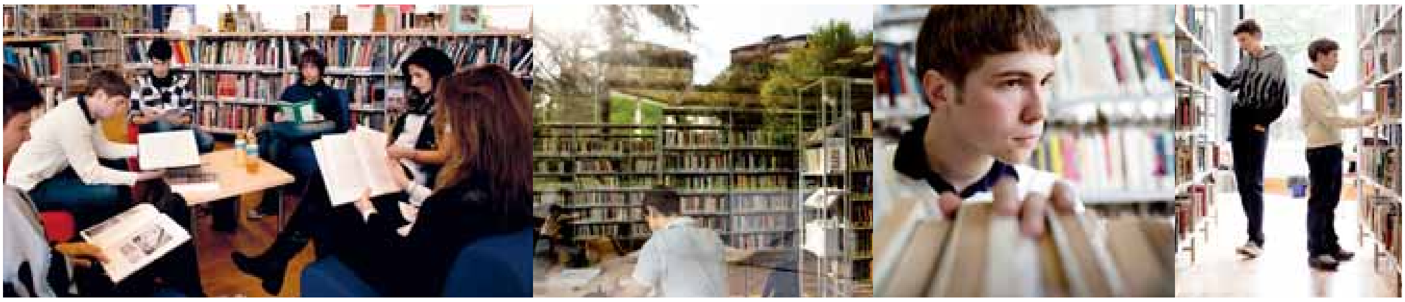
Report and Parent Company's financial statements



REPORT ON OPERATIONS

Intesa Sanpaolo – Financial highlights and alternative performance measures

Income statement figures (millions of euro)	2011	2010	Changes amount	Changes %
Net interest income	2,546	2,813	-267	-9.5
Net fee and commission income	1,962	2,072	-110	-5.3
Profits (losses) on trading	267	72	195	
Operating income	6,506	6,672	-166	-2.5
Operating costs	-3,856	-3,938	-82	-2.1
Operating margin	2,650	2,734	-84	-3.1
Net adjustments to loans	-1,537	-853	684	80.2
Income after tax from discontinued operations	-	946	-946	
Net income (loss)	-7,679	2,327	-10,006	

Balance sheet figures (millions of euro)	2011	2010	Changes amount	Changes %
Loans to customers	170,045	177,432	-7,387	-4.2
Direct customer deposits	238,021	244,860	-6,839	-2.8
Indirect customer deposits:	144,473	153,205	-8,732	-5.7
of which: Assets under management	*63,011*	*66,787*	*-3,776*	*-5.7*
Total assets	419,245	408,786	10,459	2.6
Shareholders' equity	44,271	48,849	-4,578	-9.4

Operating structure	**2011**	**2010**	**Changes amount**
Number of employees	**27,990**	**28,205**	**-215**
- Italy	*27,453*	*27,701*	*-248*
- Abroad	*537*	*504*	*33*
Number of branches	**2,256**	**2,304**	**-48**
- Italy	*2,244*	*2,292*	*-48*
- Abroad	*12*	*12*	*-*

Figures restated on a consistent basis.

2011
2010

Profitability ratios (%)

	2011	2010
Cost / Income	59.3	59.0
Net income / Average shareholders' equity (ROE) [a]	n.m.	4.8

Risk ratios (%)

	2011	2010
Net doubtful loans / Loans to customers	1.4	1.2
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	69.0	69.4

Capital ratios (%) [b]

	2011	2010
Tier 1 capital [c] net of ineligible instruments / Risk-weighted assets (Core Tier 1)	25.0	21.9
Tier 1 capital [c] / Risk-weighted assets	28.1	24.9
Total capital [d] / Risk-weighted assets	35.1	33.4
Risk-weighted assets (millions of euro)	144,338	162,375

Figures restated on a consistent basis.

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

[b] Ratios are determined using the methodology set out in the Basel 2 Capital Accord.

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

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

2011
2010

The Parent Company Intesa Sanpaolo

Introduction

The Intesa Sanpaolo S.p.A. separate financial statements 2011 show the same issues as the consolidated financial statements, which have been illustrated in the Consolidated Report on Operations and reflect the same solutions and, as far as applies, the same effects.
Intangible assets with an indefinite life recorded in the consolidated accounts are also recognised, using other methods and for different amounts, in the Parent Company's financial statements. The higher values compared to the shareholders' equity of acquired or incorporated entity's that were recorded as goodwill or brand names are also included in the Parent Company's financial statements as either goodwill or higher carrying values of the investments in subsidiaries.
As a result, the uncertainties regarding the growth of Italy and the profitability of the banking system over the next few years, which justified the impairment of these assets in the consolidated financial statements also impact the valuations of goodwill or the values of investments in subsidiaries included in the Parent Company's financial statements.

General aspects

For the purpose of a more effective presentation of results, the income statement and balance sheet of the Parent Company, Intesa Sanpaolo, as at 31 December 2011, reclassified as appropriate with respect to the scheme set out in Bank of Italy Circular 262/05, are presented hereafter. Moreover, for a homogeneous comparison, both the figures from 2011 and the comparative figures have been restated, by adjusting the historical figures as appropriate to retroactively reflect the effects of the contribution of branches in 2011.
Breakdowns of restatements and reclassifications performed are provided in separate tables included in the attachments to the financial statements, as also required by Consob in its Communication 6064293 of 28 July 2006.

Restatements in the income statement concerned the contribution of 70 branches to the Crédit Agricole Group on 16 May 2011. The result of these restatements was conventionally included in profits on investment held to maturity and on other investments.

Reclassifications and aggregations are as follows:

- dividends on shares classified as assets available for sale and as assets held for trading have been recognised in Profits (Losses) on trading;
- fair value adjustments in hedge accounting, which were reallocated to Profits (Losses) on trading;
- profits and losses on disposal or repurchase of financial assets available for sale and of financial liabilities have been reclassified to Profits (Losses) on trading;
- profits (losses) on financial assets and liabilities designated at fair value through profit and loss have been recognised in Profits (Losses) on trading;
- Administrative expenses are net of recoveries of expenses and taxes from customers;
- profits and losses on disposal or repurchase of loans are posted in Net adjustments to loans;
- net impairment losses on other financial activities, relating to guarantees, commitments and credit derivatives, are reported in Net adjustments to loans;
- net impairment losses on financial assets available for sale and investments held to maturity, which have been recognised in Net impairment losses on other assets;
- profits (losses) on equity investments together with profits (losses) on disposal of investments, are recognised in Profits (Losses) on investments held to maturity and on other investments;
- the reversal in time value on loans is recorded in Net interest income instead of being allocated to Net adjustments to loans, since the phenomenon derives directly from the application of the amortised cost criterion in the absence of changes in expected future flows. A similar approach has been used for the time value of employee termination indemnities and allowances for risks and charges;
- Taxes on income from continuing operations, to which the portions of deductible interest expense associated with the application of settlement procedures for the tax dispute, along with the amounts of the related fines, recognised among Other operating expenses, have been attributed;
- Charges (net of tax) for integration and exit incentives, which have been reclassified from Personnel expenses, Administrative expenses and, to a lesser extent, other captions of the income statement to a separate caption;
- Effect of purchase price allocation, net of the tax, is indicated in a specific caption. It represents the adjustments to financial assets and liabilities and property, equipment and intangible assets which were measured at fair value as provided for by IFRS 3.

Lastly, it should be noted that effective the 2011 financial statements, in the interest of providing a more accurate representation of ordinary operations, Goodwill impairment and impairment of investments in subsidiaries subject to revaluation following the Banca Intesa and Sanpaolo IMI merger in application of IFRS 3 and of other investments in subsidiaries are shown among "non-current" income components, as in the past for the Effect of purchase price allocation (net of tax).

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

- the inclusion of Cash and cash equivalents in the residual caption Other assets;

– the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios in Other assets/liabilities;
– the aggregation in one single caption of Property and equipment and Intangible assets;
– the aggregation of Due to customers and Securities issued in just one caption;
– the aggregation into one caption of allowances for specific purpose (Employee termination indemnities and Allowances for risks and charges);
– the presentation of Reserves as an aggregate and net of any treasury shares.

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

Reclassified income statement

(millions of euro)

	2011	2010	Changes	
			amount	%
Net interest income	2,546	2,813	-267	-9.5
Dividends	1,572	1,512	60	4.0
Net fee and commission income	1,962	2,072	-110	-5.3
Profits (Losses) on trading	267	72	195	
Other operating income (expenses)	159	203	-44	-21.7
Operating income	**6,506**	**6,672**	**-166**	**-2.5**
Personnel expenses	-2,040	-2,047	-7	-0.3
Other administrative expenses	-1,687	-1,768	-81	-4.6
Adjustments to property, equipment and intangibles assets	-129	-123	6	4.9
Operating costs	**-3,856**	**-3,938**	**-82**	**-2.1**
Operating margin	**2,650**	**2,734**	**-84**	**-3.1**
Net provisions for risks and charges	-112	-167	-55	-32.9
Net adjustments to loans	-1,537	-853	684	80.2
Net impairment losses on other assets	-57	-34	23	67.6
Profits (Losses) on investments held to maturity and on other investments	-160	19	-179	
Income (Loss) before tax from continuing operations	**784**	**1,699**	**-915**	**-53.9**
Taxes on income from continuing operations	2,101	-194	2,295	
Charges (net of tax) for integration and exit incentives	-314	-44	270	
Effect of purchase price allocation (net of tax)	-69	-80	-11	-13.8
Goodwill and controlling interests impairment (net of tax)	-10,181	-	10,181	
Income (Loss) after tax from discontinued operations	-	946	-946	
Net income (loss)	**-7,679**	**2,327**	**-10,006**	

Figures restated on a consistent basis.

Intesa Sanpaolo's 2011 income statement closed with a net loss of 7,679 million euro, which essentially derives from the negative macroeconomic scenario, which made it necessary to recognise considerable impairment of intangible assets with indefinite life, investments in subsidiaries subject to revaluation following the merger between Banca Intesa and Sanpaolo IMI, in application of IFRS 3 and of other investments in subsidiaries. This impairment, totalling 10,329 million euro gross of tax (10,181 million euro post tax), concerned goodwill for 3,377 million euro and the aforementioned investments for 6,952 million euro.

Net of this component, net result, which also includes other non-recurring income and charges of a significant amount, such as the positive effects of the tax realignment of intangible assets and provisions for exit incentives, would have been 2,502 million euro, up by 7.5% compared to the previous year, which was also significantly impacted by the sale of the securities services business, resulting in a capital gain, after tax, of 917 million euro.

The operating margin came to 2,650 million euro, down 3.1% compared to the previous year, due to a drop of 2.5% in operating income, only partly offset by lower operating costs (-2.1%).

At the level of individual aggregates, net interest income fell by 9.5%, amounting to 2,546 million euro. Profits on operations with customers amounted to 1,179 million euro, showing a reduction of 40.3% as a result of the growth of 12.5% in interest expense on securities issued, also in relation to the commercial policy which privileged the placement of the Bank's issues, and lower contributions of differentials on hedging derivative contracts (-40%), which were only partially offset by the positive trend in margins related to relations with customers (+17.5%). Interest on financial assets, amounting to 509 million euro, decreased by 15.5%, attributable to the trend in volumes, which declined sharply in the trading component and, to a lesser extent, in debt securities available for sale. The contribution of relations with Banks increased significantly (+538 million euro compared to -55 million euro in the previous year) where intragroup operations were extremely significant, given the role performed by the Parent Company in centralising Group treasury and funding.

Dividends came to 1,572 million, up 4%, owing to the greater distribution of profits by several subsidiaries.

Net fee and commission income, which amounted to 1,962 million euro, was down by 5.3%, attributable to management, dealing and consultancy activities and, in particular, to income generated by dealing and placement of securities (-20.4%) and to the distribution of insurance products (-14.7%).
Commissions on commercial banking activities increased by 3%, attributable to guarantees given and collection and payment services, which provided higher income that more than offset the decrease in fees on debit and credit cards (-10%) and on current accounts (- 3%).

Trading activities ended the year 2011 with a profit of 267 million euro, compared to 72 million euro at the end of 2010. This profit was the result of net income of 498 million euro on transactions in AFS securities and in financial liabilities, which benefited from significant capital gains deriving from the sale of equity investments (Prada and Banco di Patagonia for approximately 330 million euro) and the purchase and write-off of own debt securities (88 million euro). Profit was earned, though less than in the previous year, on currency trading (58 million euro) and transactions in credit derivatives and structured products (47 million euro), offset by net losses of 129 million euro on equity instrument transactions, essentially due to capital losses recorded on the hedge fund portfolio (-116 million euro). Interest rate transactions recorded losses for 207 million euro compared to -215 million euro in the previous year, confirming the continuation of the crisis on the financial markets.

Other operating income was 159 million euro, decreasing by 21.7%, and mainly consists of income from services rendered to Group companies. During the previous year, non-recurring positive components were recorded for 30 million euro as the result of the settlement of an important dispute.

Operating costs came to 3,856 million euro and were down 2.1%, a decrease that mainly involved other administrative expenses.

Personnel expenses totalled 2,040 million euro, decreasing by 0.3%.

Administrative expenses amounted to 1,687 million euro. The reduction of 4.6% compared to 2010 involved, in particular, information technology expenses, fees for services rendered by Group companies, general structure costs and, to a lesser extent, legal and professional fees and insurance premiums. Property management costs were substantially unchanged.

Adjustments to property and equipment and intangible assets, equal to 129 million euro, were up by 4.9%, attributable to equipment.

The trends of operating income and costs described above led to an operating margin of 2,650 million euro, with a decline of 3.1% from the previous year.

Net provisions for risks and charges were 112 million euro, down by nearly 33% compared to 2010, which was significantly affected by provisions of 100 million euro for several tax inspections, and are essentially associated with probable risks arising from revocatory actions, compensation suits, legal disputes and other issues.

Net adjustments to loans amounted to 1,537 million euro, and increased by 80% on the previous year, in relation to the gradual worsening of the economic situation, which resulted in an additional deterioration in credit quality. These adjustments reflect assessment of doubtful loans for 31%, of substandard loans for 25%, of restructured loans for 24% and past-due loans for 5%. The remaining 15% was posted to strengthening coverage of performing loans.

Net impairment losses on other assets, amounting to 57 million euro (34 million euro in 2010), essentially referred to adjustments to financial assets available for sale, including debt securities and equities.

Losses on investments held to maturity and other investments came to 160 million euro (compared to profits of 19 million euro in the previous year) attributable, on the one hand, to the impairment losses of 316 million euro on several investments in associates (of which 238 million euro relating to the equity investment in Telco), as a result of the impairment testing of these investments, and, on the other, to gains on the contribution of branches to the Crédit Agricole Group of 106 million euro, on the disposal of property, plant and equipment of 18 million euro and on the disposal of stakes of 30 million euro. Conventionally, the economic effects of the branches subject to the aforementioned contribution have also been included in this caption, generated in the period prior to the transaction.

Income before tax from continuing operations amounted to 784 million euro, compared to 1,699 million euro in the previous year.

Current and deferred taxes on income from continuing operations showed a positive value of 2,101 million euro, compared to 194 million euro in provisions allocated in 2010. Income taxes for the year benefited from the realignment of goodwill included in the consolidated financial statements, as permitted by Article 23 of Law Decree no. 98 of 6 July 2011. Specifically, as previously illustrated, the rule permits the realignment (i.e., tax recognition) of intangible assets (goodwill, trademarks and other intangible assets) recognised in the consolidated financial statements and related to the higher values of controlling interests - which must be understood as those included in the scope of consolidation based on the IAS/IFRS - recorded in the separate financial statements as a result of extraordinary transactions that are tax-neutral (business contribution, merger, spin-off) or executive (sale of companies and interests).

The law allowed recognition for tax purposes of the above assets, by paying a 16% substitute tax and recognising tax deduction for the related value, off balance sheet, in ten years, starting from 2013.
Exercise of this option results in the recognition of future tax benefits expected from deduction of the tax value of the realigned assets from corporate income, represented by deferred taxes relating to the new temporary deductible difference.
The application of the law in the preparation of the 2011 financial statements resulted in the recognition of deferred tax assets for 4,143 million euro and a substitute tax charge of 2,041 million euro, with a net benefit to the income statement for the year of 2,102 million euro.
The caption was also affected by the resolution of disputes with Agenzia delle Entrate (Italian Revenue Agency) concerning misuse of a right involving the Group through recourse to dispute settlement mechanisms, as described in further detail in Part E of the Notes to the consolidated financial statements, with a total charge recognised in the income statement of 20 million euro (17 million euro net of the deductibility of the associated interest expense).
In addition, the recent increase in the base IRAP tax rate from 3.90% to 4.65% for banks entailed an increase in taxes for the year of approximately 24 million euro, on the one hand and, on the other, a one-off benefit of approximately 30 million euro due to the adjustment of deferred tax assets and liabilities.

Charges (net of tax) for integration and exit incentive include the charges relating to the exit incentive plan pursuant to the framework agreement of 29 July 2011 of around 300 million euro, while the residual amount of 14 million euro is essentially referred to IT expenses related to the ongoing integration.

The effect of purchase price allocation represents the negative result, in terms of interest adjustments, amortisation and depreciation and capital gains/losses, attributable to the revaluation of loans, real estate and financial assets and the recognition of new intangible assets upon registration of the merger between Banca Intesa and Sanpaolo Imi, in application of IFRS 3. These negative components amounted to 69 million euro net of the relative tax effect, compared to 80 million euro in the previous year.

As illustrated in the introduction, the difficult macroeconomic scenario and the changed income forecasts for Banks made it necessary to recognise impairment of intangible assets with indefinite life, investments in subsidiaries subject to revaluation as part of the merger between Banca Intesa and Sanpaolo IMI in application of IFRS 3, and other investments in subsidiaries. This impairment, totalling 10,329 million euro before tax, equal to 10,181 million euro net of tax, concerned goodwill for 3,377 million euro (3,272 million euro after tax) and investments in subsidiaries for 6,952 million euro (6,909 million euro after tax). With reference to the methodology for impairment assessment, reference should be made to the information included in the Consolidated Report on Operations, the Notes to the consolidated financial statements and in the Notes to Parent Company's financial statements.

No income or loss on discontinued operations was recorded in 2011. In 2010 this caption amounted to 946 million euro and included the capital gain on the sale of the securities services business to State Street Corp., as well as the positive and negative income components related to said business, accrued up to the sale date.

Reclassified balance sheet

(millions of euro)

Assets	31.12.2011	31.12.2010	Changes	
			amount	%
Financial assets held for trading	18,576	29,532	-10,956	-37.1
Financial assets designated at fair value through profit and loss	354	367	-13	-3.5
Financial assets available for sale	12,664	13,030	-366	-2.8
Investments held to maturity	528	853	-325	-38.1
Due from banks	146,832	115,880	30,952	26.7
Loans to customers	170,045	177,432	-7,387	-4.2
Equity investments	39,631	43,510	-3,879	-8.9
Property, equipment and intangible assets	7,979	11,427	-3,448	-30.2
Tax assets	9,027	4,514	4,513	
Non-current assets held for sale and discontinued operations	-	13	-13	
Other assets	13,609	12,228	1,381	11.3
Total Assets	**419,245**	**408,786**	**10,459**	**2.6**

Liabilities and Shareholders' Equity	31.12.2011	31.12.2010	Changes	
			amount	%
Due to banks	112,670	93,815	18,855	20.1
Due to customers and securities issued	238,021	244,860	-6,839	-2.8
Financial liabilities held for trading	13,044	10,526	2,518	23.9
Financial liabilities designated at fair value through profit and loss	-	-	-	-
Tax liabilities	648	687	-39	-5.7
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-
Other liabilities	8,179	7,780	399	5.1
Allowances for specific purpose	2,411	2,268	143	6.3
Share capital	8,546	6,647	1,899	28.6
Reserves	43,296	38,980	4,316	11.1
Valuation reserves	109	896	-787	-87.8
Net income (loss)	-7,679	2,327	-10,006	
Total Liabilities and Shareholders' Equity	**419,245**	**408,786**	**10,459**	**2.6**

Figures restated on a consistent basis.

With reference to balance sheet aggregates, loans to customers came to 170,045 million euro as at 31 December 2011, down 4.2% compared to the end of 2010. This trend was mainly due to the decrease of 4.8 billion euro in repurchase agreements and of 2.2 billion euro in current accounts. Mortgages also decreased slightly, substantially offset by the increase in other types of loans.

As to loan quality, non-performing loans to customers stood at 7,943 million euro compared to 7,704 million euro at the end of 2010, with an average coverage ratio of approximately 45.5%.
In detail, in net values, doubtful loans rose from 2,092 million euro to 2,441 million euro, up by 349 million euro, with a coverage ratio of approximately 69%. Substandard positions rose from 2,729 million euro to 2,913 million euro, with an increase of 184 million euro and a coverage ratio of 20%. Restructured loans amounted to 2,400 million euro, with a decrease of 137 million euro and a coverage ratio of 15.9%. Past-due exposures dropped to 189 million euro, compared to 346 million euro at the end of 2010, with a coverage ratio of 10%.

Performing loans to customers, excluding securities, came to 157 billion euro compared to 165 billion euro at the end of 2010 and are provisioned with collective adjustments of 934 million euro. Net of loans to Group companies of 39.5 billion euro, and following the strengthening of coverage implemented at the end of the year, the coverage ratio increased from 0.6% at the end of 2010 to approximately 0.8%.

Direct customer deposits, including securities issued, came to 238,021 million euro, decreasing by approximately 6.8 billion euro compared to the end of 2010. This was generally due to the decrease in various types of short-term funding (current accounts and deposits, certificates of deposit and repurchase agreements), partially offset by the increase in securities.

At the end of December, indirect deposits amounted to 144 billion euro compared to 153 billion euro at the end of 2010, in decrease of 5.7%, equally divided between assets under management and assets under administration. Both segments were affected by the sovereign debt crisis in several countries in the Eurozone, and the consequent negative performance of the financial markets, which resulted in the lower value of assets in the portfolio.
Financial assets held for trading, which include debt securities and equities held for trading purposes, came to a total of 5,532 million euro, net of liabilities (13,044 million euro). The significant decrease compared to 19,006 million euro as at 31 December 2010 is essentially attributable to debt securities.

Financial assets available for sale amounted to 12,664 million euro, compared to 13,030 million euro at the end of 2010. Over 87% is related to debt securities, and the rest to equities.

Equity investments, comprising equity investments in subsidiaries, associates and companies subject to joint control, amounted to 39,631 million euro, and recorded a net decrease of almost 9% compared to the previous year, mainly due to the aforementioned impairment of equity investments in subsidiaries and associates implemented at the end of the year.

Shareholders' equity amounted to 44.3 billion euro, compared to 48.8 billion euro at the end of 2010. The increase of 5 billion euro, related to the share capital increase finalised in the first half of the year was offset by decreases of 9.5 billion euro, of which 7.7 billion euro relating to the recognition of the loss for the year, 1 billion euro relating to dividend distribution for 2010 and 0.8 billion euro as the result of the negative performance of valuation reserves.

The negative change in valuation reserves affected, for the same amount (0.4 billion euro), both the cash flow hedge reserves and the valuation reserves of financial assets available for sale, whose performance was influenced by the worsening of the fair value of debt securities and, to a lesser extent, equities, as a result of the negative performance of the financial markets.

Other information

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

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

Specifically, reference should be made to the Notes to these Parent Company's financial statements with regard to:
- information on the Bank's transactions with related parties, provided in Part H;
- information on financial and operational risks, illustrated in Part E;
- the list of subsidiaries, companies subject to joint control and companies subject to significant influence as at 31 December 2011, provided in Part B;
- information on capital, provided in Part F.

Reference should instead be made to the consolidated financial statements with regard to:
- information on risks and uncertainties, as the same considerations illustrated in the corresponding paragraph of the Report on operations of the consolidated financial statements apply also to the Bank;
- risks linked to capital stability and to going concern issues, discussed in the introduction to the Consolidated Report on Operations;
- information regarding obligations pursuant to art. 36 of the Consob Market Regulation, with reference to subsidiaries located in non-EU member states, provided in Part E.

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

Forecast for 2012

With regard to prospects for 2012 for the Parent Company Intesa Sanpaolo, forecasts are consistent with those of the Group.

In 2012 Intesa Sanpaolo will continue to pursue its primary goal of sustainable profitability founded upon strategic decisions relating not only to revenues and costs, but also to liquidity, solidity and a moderate risk profile.
Particular emphasis will be placed on strategies aimed at allocating liquidity more efficiently through investments that create greater value, enhancing management of all risks and increasing efficiency and productivity. The repricing measures launched in 2011 and planned to continue in 2012 will yield positive effects on revenues. Cost containment measures will be aimed at combating the effects of automatic contractual mechanisms and inflation. Constant monitoring of credit quality will allow the cost of credit to be kept under control, although it will remain high to due to the deteriorated economic situation. Considering these trends, operating profitability is expected to remain essentially stable, excluding the non-recurring components of 2011.

The Management Board

Milan 15 March 2012

Proposals to the Shareholders' Meeting

Distinguished Shareholders,

The Intesa Sanpaolo S.p.A. financial statements for 2011 report a net loss of 7,679,385,663.49 euro. In relation to the capital increase carried out in 2011 and the net loss for the year, we submit the following for your approval:

	(euro)
Integration of the legal reserve up to one-fifth of share capital at the date of the Shareholders' Meeting, using the share premium reserve for a total of	379,802,738.42
Coverage of the loss for 2011 using the residual amount of the share premium reserve for a total of	4,829,424,813.86
and, for the remainder, a portion of extraordinary reserve, for a total of	2,849,960,849.63
Distribution from the extraordinary reserve of a unit amount of 0.05 euro to the 16,433,772,336 ordinary shares and non-convertible savings shares, pursuant to Article 29.3 of the Articles of Association, for a total of	821,688,616.80

The justification for the first proposal lies in the need to adjust the legal reserve to the limit established by Article 2430 of the Italian Civil Code, thus making income from future years fully available.
The same need underlies the second proposal to cover the loss for the year using one of the available reserves.
With regard to the proposal of assigning a “dividend” by using the reserves, the following should be considered.
The Company and the Group have an adequate capital base, also as a result of the capital increase conducted last year. Therefore, it has been decided to submit for the approval of the Shareholders' Meeting the distribution of prior-year net income allocated to the extraordinary reserve, pursuant to Article 2364 bis of the Italian Civil Code and Articles 7.3 and 29.3 of the Company's Articles of Association.
The proposed distribution of extraordinary reserve makes it possible to remunerate shareholders consistently with sustainable profitability of the Group, while ensuring the capital adequacy of the Bank and the Banking Group. If this proposal is approved, capital requirements would stand at the following levels:
- Intesa Sanpaolo S.p.A. - Core Tier 1: 25.0%, Tier 1: 28.1% and Total Capital Ratio: 35.1%;
- Intesa Sanpaolo Group - Core Tier 1: 10.1%, Tier 1: 11.5% and Total Capital Ratio: 14.3%.

The above capital requirements meet the provisions of EU Bodies and the Supervisory Authority and the need for sound and prudent management of the Company.

We propose that the assignment be made, in compliance with legal provisions, as of 21 June 2012, with detachment of the coupon on 18 June 2012.
This assignment of reserves shall be subject to the same tax regime as the distribution of dividends.

As is known, pursuant to art. 6, paragraph 1, letter a) of Legislative Decree no. 38/2005, a portion of net income corresponding to capital gains recognised in the income statement, net of the related tax charge, arising from application of the fair value criterion, must be recorded in an unavailable reserve. As at 31 December 2011 such amount was 2,912,708.48 euro.

If the proposals formulated obtain your approval, the resulting shareholders' equity of Intesa Sanpaolo S.p.A. will be as indicated in the table below.

Please remind (see Notes to the financial statements – Part I), that on 14 November 2005, the Board of Directors of Sanpaolo IMI launched a new stock option plan, acting on the mandate given to it by the Shareholders' Meeting of 30 April 2002, in favour of 48 Group executives. This plan, as redefined after the merger following the resolution of the Shareholders' Meeting of 1 December 2006, provides for the assignment of a total of 30,059,750 options for the subscription of ordinary shares, exercisable after approval of the 2008 financial statements and not later than April 2012 at a strike price of 3.9511 euro.
Although highly unlikely given the current stock market prices of the ordinary share, if one or more of the option holders were to exercise their option rights by 13 April 2012 by subscribing ordinary shares carrying regular rights, the subscriber(s) would be entitled to receive the dividend for 2011, payable at 0.05 euro per share; in this case, the total dividend disbursement would need to be recalculated and raised by the Shareholders’ Meeting.

N.B.: as no option holder exercised its right to subscribe new shares within the aforementioned date, no changes were made to the Proposals to the Shareholders’ Meeting *(Note added after approval of the draft Financial statements 2011 by the Management Board on 15 March 2012).*

(millions of euro)

Shareholders' equity	2011 financial statements	Change due to the Shareholders' Meeting resolutions	Share capital and reserves after the Shareholders' Meeting resolutions
Share capital			
- ordinary	*8,061*	-	*8,061*
- savings	*485*	-	*485*
Total share capital	**8,546**	**-**	**8,546**
Share premium reserve	36,302	-5,209	31,093
Reserves	6,994	-3,292	3,702
Valuation reserves	109	-	109
Treasury shares	-	-	-
Total reserves	**43,405**	**-8,501**	**34,904**
TOTAL	**51,951**	**-8,501**	**43,450**

The Management Board

Milan 15 March 2012

PARENT COMPANY'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Balance sheet

(euro)

Assets		31.12.2011	31.12.2010	Changes amount	Changes %
10.	Cash and cash equivalents	1,848,945,593	2,671,205,461	-822,259,868	-30.8
20.	Financial assets held for trading	18,575,540,725	29,533,296,550	-10,957,755,825	-37.1
30.	Financial assets designated at fair value through profit and loss	354,385,987	366,562,053	-12,176,066	-3.3
40.	Financial assets available for sale	12,663,596,726	13,030,271,928	-366,675,202	-2.8
50.	Investments held to maturity	527,928,300	853,203,817	-325,275,517	-38.1
60.	Due from banks	146,831,937,085	116,884,594,267	29,947,342,818	25.6
70.	Loans to customers	170,045,411,023	178,399,768,615	-8,354,357,592	-4.7
80.	Hedging derivatives	7,901,624,571	5,549,455,546	2,352,169,025	42.4
90.	Fair value change of financial assets in hedged portfolios (+/-)	75,951,776	70,400,154	5,551,622	7.9
100.	Equity investments	39,630,516,930	43,510,047,088	-3,879,530,158	-8.9
110.	Property and equipment	2,438,394,026	2,414,599,619	23,794,407	1.0
120.	Intangible assets	5,541,232,947	9,135,242,561	-3,594,009,614	-39.3
	of which				
	- goodwill	*2,691,465,552*	*6,160,361,491*	*-3,468,895,939*	*-56.3*
130.	Tax assets	9,027,026,498	4,516,105,924	4,510,920,574	99.9
	a) current	*1,659,136,201*	*1,896,744,729*	*-237,608,528*	*-12.5*
	b) deferred	*7,367,890,297*	*2,619,361,195*	*4,748,529,102*	
140.	Non-current assets held for sale and discontinued operations	424,000	13,168,158	-12,744,158	-96.8
150.	Other assets	3,781,585,773	3,959,385,783	-177,800,010	-4.5
Total Assets		**419,244,501,960**	**410,907,307,524**	**8,337,194,436**	**2.0**

Balance sheet

(euro)

Liabilities and Shareholders' Equity	**31.12.2011**	**31.12.2010**	**Changes amount**	**%**
10. Due to banks	112,670,044,875	93,814,856,147	18,855,188,728	20.1
20. Due to customers	95,324,154,243	118,707,159,954	-23,383,005,711	-19.7
30. Securities issued	142,697,504,563	128,253,454,734	14,444,049,829	11.3
40. Financial liabilities held for trading	13,043,635,022	10,526,800,541	2,516,834,481	23.9
50. Financial liabilities designated at fair value through profit and loss	-	-	-	-
60. Hedging derivatives	2,464,909,523	2,280,639,369	184,270,154	8.1
70. Fair value change of financial liabilities in hedged portfolios (+/-)	1,175,685,301	1,040,809,797	134,875,504	13.0
80. Tax liabilities	648,071,451	687,686,756	-39,615,305	-5.8
a) current	*211,363,886*	*189,490,338*	*21,873,548*	*11.5*
b) deferred	*436,707,565*	*498,196,418*	*-61,488,853*	*-12.3*
90. Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-
100. Other liabilities	4,537,746,456	4,463,024,761	74,721,695	1.7
110. Employee termination indemnities	590,315,537	606,427,376	-16,111,839	-2.7
120. Allowances for risks and charges	1,821,521,758	1,677,240,281	144,281,477	8.6
a) post employment benefits	*306,004,877*	*277,211,411*	*28,793,466*	*10.4*
b) other allowances	*1,515,516,881*	*1,400,028,870*	*115,488,011*	*8.2*
130. Valuation reserves	108,637,384	896,228,850	-787,591,466	-87.9
140. Redeemable shares	-	-	-	-
150. Equity instruments	-	-	-	-
160. Reserves	6,994,162,337	5,708,899,781	1,285,262,556	22.5
170. Share premium reserve	36,301,937,559	33,270,672,222	3,031,265,337	9.1
180. Share capital	8,545,561,614	6,646,547,923	1,899,013,691	28.6
190. Treasury shares (-)	-	-	-	-
200. Net income (loss)	-7,679,385,663	2,326,859,032	-10,006,244,695	
Total Liabilities and Shareholders' Equity	**419,244,501,960**	**410,907,307,524**	**8,337,194,436**	**2.0**

Income statement

(euro)

		2011	2010	Changes	
				amount	%
10.	Interest and similar income	9,260,765,550	8,648,773,277	611,992,273	7.1
20.	Interest and similar expense	-6,816,245,173	-5,887,860,476	928,384,697	15.8
30.	**Interest margin**	**2,444,520,377**	**2,760,912,801**	**-316,392,424**	**-11.5**
40.	Fee and commission income	2,303,027,213	2,440,316,797	-137,289,584	-5.6
50.	Fee and commission expense	-324,352,786	-324,089,938	262,848	0.1
60.	**Net fee and commission income**	**1,978,674,427**	**2,116,226,859**	**-137,552,432**	**-6.5**
70.	Dividend and similar income	1,620,278,515	1,557,358,419	62,920,096	4.0
80.	Profits (Losses) on trading	-193,285,438	48,903,556	-242,188,994	
90.	Fair value adjustments in hedge accounting	-24,557,250	-48,287,375	-23,730,125	-49.1
100.	Profits (Losses) on disposal or repurchase of	470,928,302	17,319,104	453,609,198	
	a) loans	*5,024,005*	*9,192,119*	*-4,168,114*	*-45.3*
	b) financial assets available for sale	*377,383,059*	*10,650,690*	*366,732,369*	
	c) investments held to maturity	-	-	-	-
	d) financial liabilities	*88,521,238*	*-2,523,705*	*91,044,943*	
110.	Profits (Losses) on financial assets and liabilities designated at fair value	-29,059,875	18,933,399	-47,993,274	
120.	**Net interest and other banking income**	**6,267,499,058**	**6,471,366,763**	**-203,867,705**	**-3.2**
130.	Net losses / recoveries on impairment	-1,467,746,385	-788,232,728	679,513,657	86.2
	a) loans	*-1,388,333,278*	*-762,832,691*	*625,500,587*	*82.0*
	b) financial assets available for sale	*-55,725,110*	*-28,231,064*	*27,494,046*	*97.4*
	c) investments held to maturity	*-69,117*	-	*69,117*	-
	d) other financial activities	*-23,618,880*	*2,831,027*	*-26,449,907*	
140.	**Net income from banking activities**	**4,799,752,673**	**5,683,134,035**	**-883,381,362**	**-15.5**
150.	Administrative expenses	-4,501,977,232	-4,227,817,933	*274,159,299*	6.5
	a) personnel expenses	*-2,446,428,938*	*-2,136,508,137*	*309,920,801*	*14.5*
	b) other administrative expenses	-2,055,548,294	-2,091,309,796	*-35,761,502*	-1.7
160.	Net provisions for risks and charges	-120,870,855	-201,443,711	-80,572,856	-40.0
170.	Net adjustments to / recoveries on property and equipment	-116,002,875	-114,302,378	1,700,497	1.5
180.	Net adjustments to / recoveries on intangible assets	-95,959,518	-106,127,672	-10,168,154	-9.6
190.	Other operating expenses (income)	421,030,054	481,374,637	-60,344,583	-12.5
200.	**Operating expenses**	**-4,413,780,426**	**-4,168,317,057**	**245,463,369**	**5.9**
210.	Profits (Losses) on equity investments	-7,239,469,267	6,652,778	-7,246,122,045	
220.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-
230.	Goodwill impairment	-3,376,750,939	-	3,376,750,939	-
240.	Profits (Losses) on disposal of investments	125,510,200	1,177,189	124,333,011	
250.	**Income (Loss) before tax from continuing operations**	**-10,104,737,759**	**1,522,646,945**	**-11,627,384,704**	
260.	Taxes on income from continuing operations	2,425,352,096	-141,579,191	2,566,931,287	
270.	**Income (Loss) after tax from continuing operations**	**-7,679,385,663**	**1,381,067,754**	**-9,060,453,417**	
280.	Income (Loss) after tax from discontinued operations	-	945,791,278	-945,791,278	
290.	**Net income (loss)**	**-7,679,385,663**	**2,326,859,032**	**-10,006,244,695**	

Statement of comprehensive income

(euro)

		2011	2010	Changes amount	%
10.	**NET INCOME (LOSS)**	**-7,679,385,663**	**2,326,859,032**	**-10,006,244,695**	
	Other comprehensive income (net of tax)				
20.	Financial assets available for sale	-376,048,361	-44,797,039	331,251,322	
30.	Property and equipment	-	-	-	
40.	Intangible assets	-	-	-	
50.	Hedges of foreign investments	-	-	-	
60.	Cash flow hedges	-411,543,105	-45,199,614	366,343,491	
70.	Foreign exchange differences	-	-	-	
80.	Non-current assets held for sale	-	-	-	
90.	Actuarial gains (losses) on defined benefit plans	-	-	-	
100.	Share of valuation reserves connected with investments carried at equity	-	-	-	
110.	**Total other comprehensive income (net of tax)**	**-787,591,466**	**-89,996,653**	**697,594,813**	
120.	**TOTAL COMPREHENSIVE INCOME (CAPTIONS 10 +110)**	**-8,466,977,129**	**2,236,862,379**	**-10,703,839,508**	

Changes in shareholders' equity as at 31 December 2011

(euro)

	31.12.2011									
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	savings shares		retained earnings	other					
AMOUNTS AS AT 1.1.2011	**6,161,652,832**	**484,895,091**	**33,270,672,222**	**5,610,281,700**	**98,618,081**	**896,228,850**	**-**	**-**	**2,326,859,032**	**48,849,207,808**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR										
Reserves	**-**	**-**	**-**	**1,284,055,801**	**-**				**-1,284,055,801**	**-**
Dividends and other allocations [(a)]									**-1,042,803,231**	**-1,042,803,231**
CHANGES IN THE PERIOD										
Changes in reserves				**1,206,755**	**-**	**-**				**1,206,755**
Operations on shareholders' equity										
Issue of new shares	1,899,013,691	-	3,031,265,337	-	-			-		**4,930,279,028**
Purchase of treasury shares	-	-	-	-				-		**-**
Extraordinary dividends				-	-					**-**
Changes in equity instruments							-			**-**
Derivatives on treasury shares					-					**-**
Stock options					-					**-**
Total comprehensive income for the period						**-787,591,466**			**-7,679,385,663**	**-8,466,977,129**
SHAREHOLDERS' EQUITY AS AT 31.12.2011	**8,060,666,523**	**484,895,091**	**36,301,937,559**	**6,895,544,256**	**98,618,081**	**108,637,384**	**-**	**-**	**-7,679,385,663**	**44,270,913,231**

[(a)] The caption includes dividends and the amount attributable to the Parent Company's Allowance for charitable contributions.

Changes in shareholders' equity as at 31 December 2010

(euro)

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

[(a)] The caption includes dividends and the amount attributable to the Parent Company's Allowance for charitable contributions.

Statement of cash flows

(euro)

	31.12.2011	31.12.2010
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**-302,276,190**	**1,474,262,973**
- net income (loss) (+/-)	-7,679,385,663	2,326,859,032
- gains/losses on financial assets held for trading and on assets/liabilities designated at fair value through profit and loss (-/+)	585,059,875	-137,933,399
- gains/losses on hedging activities (-/+)	24,557,250	48,287,375
- net losses/recoveries on impairment (+/-)	12,206,252,838	960,433,338
- adjustments to/net recoveries on property, equipment and intangible assets (+/-)	211,962,394	220,430,050
- net provisions for risks and charges and other costs/revenues (+/-)	507,963,587	300,417,546
- taxes and duties to be settled (+)	-4,453,168,540	269,874,997
- net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
- other adjustments (+/-)	-1,705,517,931	-2,514,105,966
2. Cash flow from / used in financial assets	**-14,797,340,853**	**7,201,742,357**
- financial assets held for trading	10,401,755,825	238,873,692
- financial assets designated at fair value through profit and loss	-16,883,808	-15,111,250
- financial assets available for sale	-190,613,984	-1,134,527,942
- due from banks: repayable on demand	2,191,000,000	2,352,000,000
- due from banks: other	-32,138,342,818	-3,169,854,423
- loans to customers	6,870,345,726	-784,176,168
- other assets	-1,914,601,794	9,714,538,448
3. Cash flow from / used in financial liabilities	**11,763,266,700**	**-12,438,260,920**
- due to banks: repayable on demand	3,041,000,000	-7,390,000,000
- due to banks: other	15,814,188,727	8,044,999,633
- due to customers	-23,383,005,711	5,764,059,279
- securities issued	14,444,049,829	-9,259,608,717
- financial liabilities held for trading	2,516,834,481	63,664,352
- financial liabilities designated at fair value through profit and loss	-	-
- other liabilities	-669,800,626	-9,661,375,467
Net cash flow from (used in) operating activities	**-3,336,350,343**	**-3,762,255,590**
B. INVESTING ACTIVITIES		
1. Cash flow from	**2,208,445,757**	**3,108,302,867**
- sales of equity investments	62,113,853	139,672,782
- dividends collected on equity investments	1,569,831,066	1,510,902,198
- sales of investments held to maturity	325,275,517	451,671,912
- sales of property and equipment	23,000,000	5,187,567
- sales of intangible assets	121,300,000	7,000,000
- sales of subsidiaries and business branches	106,925,321	993,868,408
2. Cash flow used in	**-3,608,094,419**	**-1,605,296,793**
- purchases of equity investments	-3,445,297,137	-1,458,089,306
- purchases of investments held to maturity	-	-
- purchases of property and equipment	-162,797,282	-138,000,000
- purchases of intangibles assets	-	-9,207,487
- purchases of subsidiaries and business branches	-	-
Net cash flow from (used in) investing activities	**-1,399,648,662**	**1,503,006,074**
C. FINANCING ACTIVITIES		
- issues / purchases of treasury shares	4,956,542,367	206,118
- issues / purchases of equity instruments	-	-
- dividend distribution and other	-1,042,803,230	-1,042,803,230
Net cash flow from (used in) financing activities	**3,913,739,137**	**-1,042,597,112**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-822,259,868**	**-3,301,846,628**
RECONCILIATION		
Captions		
Cash and cash equivalents at beginning of period	2,671,205,461	5,973,052,089
Net increase (decrease) in cash and cash equivalents	-822,259,868	-3,301,846,628
Cash and cash equivalents: foreign exchange effect	-	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,848,945,593**	**2,671,205,461**

LEGEND: (+) from (–) used in

NOTE TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Part A – Accounting policies

A.1 – GENERAL CRITERIA

SECTION 1 – DECLARATION OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

As set forth by Legislative Decree 38 of 28 February 2005, Intesa Sanpaolo’s financial statements have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission as provided for by Community Regulation 1606 of 19 July 2002.
The Parent Company’s financial statements as at 31 December 2011 have been prepared based on the “Instructions for the preparation of the Parent Company’s and consolidated financial statements of banks and financial companies which are parent companies of banking groups” issued by the Bank of Italy, in the exercise of powers set forth by Art. 9 of Legislative Decree 38/2005, with Regulation of 22 December 2005 which issued Circular 262/05 and subsequently updated on 18 November 2009. These Instructions set out compulsory financial statement forms and their means of preparation, as well as the contents of the Notes to the financial statements.
The Parent Company’s financial statements have been prepared using the International Accounting Standards in force as at 31 December 2011 (including the SIC and IFRIC interpretation documents) as listed in the attachments to the consolidated financial statements.
The table below shows the new standards or amendments to existing ones, together with the related EU regulations endorsement, which came into force in 2011.

IFRS in force since 2011

Regulation endorsement	Title
1293/2009	Amendment to IAS 32 - Financial Instruments: Presentation
574/2010	Amendments to IFRS 1 - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
	Amendments to IFRS 7 - Financial Instruments: Disclosures
632/2010	IAS 24 - Related Party Disclosures
	Amendment to IFRS 8 - Operating Segments
633/2010	Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement
662/2010	IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments
	Amendments to IFRS 1 - First time Adoption of International Financial Reporting Standards
149/2011	Improvements to IFRS:
	Amendments to: IFRS 1; IFRS 3; IFRS 7; IAS 1; IAS 34; IFRIC 13

In particular, with Regulation 632, the European Commission endorsed the updated version of IAS 24 – Related party disclosures. The text of the new standard amends the definition of “related party” and lists the cases in which a person/entity may be considered as a “related party” of the reporting entity. The new version of the standard – applied from 1 January 2011 – specified that even the subsidiaries of associated companies must be considered as related parties.
The other community regulation endorsements of international accounting standards during the period in question did not significantly impact preparation of the 2011 financial statements.

The table below shows the new standards or amendments to existing ones, together with the related EU endorsement regulations, which will become mandatory - for financial statements reflecting the calendar year - on or after 1 January 2012.

IFRS applicable subsequent to 31 December 2011

Regulation endorsement	Title	Effective date
1205/2011	Amendments to IFRS 7 - Financial Instruments: Disclosures – Transfers of Financial Assets	01/01/2012 First financial year starting after 30/06/2011

It is also noted that in 2011 the IASB amended several IAS/IFRS previously issued and, at the same time, published new international accounting standards. As the European Commission has not yet endorsed these updates, none of them is relevant for the purposes of the consolidated financial statements of Intesa Sanpaolo.

Standard/ Interpretation	Title	Release date
IFRS 10	Consolidated Financial Statements	12/05/2011
IFRS 11	Joint Arrangements	12/05/2011
IFRS 12	Disclosures of Interests in Other Entities	12/05/2011
IFRS 13	Fair Value Measurement	12/05/2011
IAS 27	Separate Financial Statements	12/05/2011
IAS 28	Investments in Associates and Joint Ventures	12/05/2011
IAS 1 (changes)	Presentation of Items of Other Comprehensive Income	16/06/2011
IAS 19 (changes)	Amendments to IAS 19 - Employee benefits	16/06/2011
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	19/10/2011
IAS 32 (changes)	Offsetting Financial Assets and Financial Liabilities	16/12/2011
IFRS 7 (changes)	Disclosures - Offsetting Financial Assets and Financial Liabilities	16/12/2011
IFRS 9 (changes)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	16/12/2011

Lastly, the application of IFRS 9 – Financial Instruments, issued in October 2010 (in its full version, regarding the accounting treatment of financial assets and liabilities) but not yet endorsed by the European Commission, is not relevant for the purposes of the Intesa Sanpaolo 2011 financial statements.

SECTION 2 – GENERAL PREPARATION PRINCIPLES

The Parent Company's financial statements are made up of the Balance sheet, the Income statement, the Statement of comprehensive income, the Changes in shareholders' equity, the Statement of cash flows and the Notes to Parent Company's financial statements; the Report on operations, on the economic results achieved and on Intesa Sanpaolo's balance sheet and financial position has also been included. For information to be included in the Report on operations as required by regulatory provisions, reference should be made to the Consolidated Report on Operations. In compliance with the provisions of art. 5 of Legislative Decree 38/2005, the financial statements have been drawn up in euro as functional currency.
The amounts indicated in the Parent Company's financial statements are expressed in euro, while figures in the Notes to the Parent Company's financial statements as well as those in the Report on operations are expressed in millions of euro, unless otherwise specified.
The Parent Company's financial statements are prepared with the application of the general principles set out by IAS 1 and the specific accounting principles endorsed by the European Commission and illustrated in Part A.2 of these Notes to the Parent Company's financial statements, as well as in compliance with the general assumptions set forth by the Framework for the Preparation and Presentation of Financial Statements issued by IASB.
No exceptions to the application of IAS/IFRS have been made.
The Report on operations and the Notes to the Parent Company's financial statements contain all information required by international accounting standards, by current regulations, by the Bank of Italy and by Consob (Italian Securities and Exchange Commission), in addition to other information which is not compulsory but is nonetheless deemed to be necessary in order to give a true and fair presentation of the Bank's situation.

The balance sheet and the income statement as at 31 December 2011 do not contain assets due for imminent disposal.

The financial statement forms and the Notes to the Parent Company's financial statements show, in addition to the figures for the reference period, the comparative figures as at 31 December 2010. No adjustments were required with respect to the figures presented in the financial statements.

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

Contents of financial statement forms

Balance sheet and income statement
The compulsory forms of the balance sheet and income statement are made up of captions, subcaptions and further detailed information (specified as the "of which" items in the captions and subcaptions). For the purposes of completeness with respect to the compulsory forms defined by the Bank of Italy, captions which do not present amounts for 2011 and for 2010 are in any case included. In the income statement revenues are indicated without sign, whereas costs are preceded by the minus sign.

Statement of comprehensive income for the year
The Statement of comprehensive income shows, starting from the income/(loss) for the year, the income components recognised as a balancing entry in valuation reserves, net of the tax effect, in compliance with international accounting standards. Similarly to the balance sheet and the income statement, with respect to the compulsory forms defined by the Bank of Italy, captions which do not present amounts for 2011 and for 2010 are in any case included. Negative amounts are preceded by the minus sign.

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

Statement of cash flows
The statement of cash flows registered in the reference year and in the previous year is prepared using the indirect method, on the basis of which cash flows from operating activities are represented by net income adjusted for the effects of non-cash transactions.
Cash flows are broken down into flows from operating activities, from investing activities and from financing activities.
In the form, cash flows generated in the year are indicated without sign, whereas cash flows absorbed are preceded by the minus sign.

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

SECTION 3 – SIGNIFICANT EVENTS SUBSEQUENT TO FINANCIAL STATEMENT DATE
No significant events occurred in the period after the financial statement date other than the events described in the same section of the Notes to the consolidated financial statements.

SECTION 4 - OTHER ASPECTS

Option for the national fiscal consolidation provisions
Intesa Sanpaolo and the Group's Italian companies (with the exclusion of Banca di Trento e Bolzano and Finanziaria B.T.B.) have adopted the "national fiscal consolidation", set forth by articles 117-129 of the new Combined Tax Regulations, introduced by Legislative Decree 344/2003. It provides an option, based on which the total net income or fiscal loss of every controlled subsidiary taking part in the fiscal consolidation procedure – together with withholding tax, tax deductions and tax credits – is transferred to the parent company, which determines a single taxable income or loss carried forward (that is the result of the sum of its own income/loss and of the income/loss of the participating subsidiaries) and, consequently, a sole tax debit/credit. Based on this option, Group companies which opted for the "national fiscal consolidation" determine the tax charge pertaining to them and the corresponding taxable income is transferred to the Parent Company. If one or more companies have a negative taxable income, in the presence of a consolidated income in the year or of highly probable future taxable incomes, the fiscal losses are transferred to the Parent Company.

Certification pursuant to article 154 bis of the Consolidated Law on Finance and non-EU subsidiaries
Please refer to Part E of the Notes to the consolidated financial statements for information on the disclosure about the Certification pursuant to article 154 bis of the Consolidated Law on Finance and subsidiaries based in non-European countries that are considered significant on the basis of the Consob regulations.

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

The Management Board has decided to postpone the date of the annual Shareholders' Meeting, resulting in the meeting being called over 120 days from the end of the year, applying the right granted by art. 8.1 of the Articles of Association and by art. 2364, paragraph 2, of the Italian Civil Code, inasmuch as the company is required to draw up consolidated financial statements and in light of the need for a longer period in order to take account of the changes introduced by art. 36 of Law Decree 201/2011, which could require the supplementation of the Supervisory Board. The Management Board therefore saw fit to postpone the formal call of the Shareholders' Meeting until the deadline of 26 April, provided for in the aforementioned Decree for the choice between incompatible offices, in order to determine the items on the agenda in a more detailed manner.

A. 2 – MAIN FINANCIAL STATEMENT CAPTIONS

1. Financial assets held for trading

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

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

The reclassifications to other categories of financial assets are not permitted unless there is an event that is unusual and highly unlikely to recur in the near term.
In such cases debt securities and equities not held for trading may be reclassified into other categories established by IAS 39 if the conditions for their recognition apply (Investments held to maturity, Financial assets available for sale, Loans). The transfer value is the fair value at the time of the reclassification. On reclassification, the presence of any embedded derivative contracts, that have to be separated, is assessed.

Recognition criteria
Initial recognition of financial assets occurs at settlement date, for debt securities and equities and at trade date for derivative contracts.
On initial recognition, financial assets held for trading are recorded at fair value, without considering transaction costs or revenues directly attributable to the instrument.
Any embedded derivatives in combined financial instruments not directly connected to the latter and with the characteristics to meet the definition of derivative are recorded separately from the host contract at fair value.

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

Derecognition criteria
Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

2. Financial assets available for sale

Classification criteria
This category includes the financial assets that do not fall within any of the other categories such as Loans, Financial assets held for trading, Investments held to maturity or Financial assets designated at fair value through profit and loss. In particular, this caption is made up of i) bonds which are not held for trading and which are not included in Loans and Receivables, in Investments held to maturity or designated at fair value through profit and loss, ii) equity investments which are not held for trading and do not qualify as investments in subsidiaries, associates or entities subject to joint control, including private equity investments and private equity funds as well as iii) the portions of syndicated loans that, from inception, are destined for sale.
In the cases provided for by the accounting standards, reclassifications are only permitted towards the category Investments held to maturity. Moreover, debt securities may be reclassified into the category Investments held to maturity as well as under Loans, when there is the intention to hold them in the foreseeable future and when the recognition criteria are met. The transfer value is the fair value at the time of the reclassification.

Recognition criteria
Initial recognition of the financial asset occurs at settlement date for debt securities and equities and at disbursement date for loans.
On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument. If, in the cases provided for by the accounting standards, recognition occurs following the reclassification from Investments held to maturity or, in rare circumstances, from Financial assets held for trading, the recognition value is the fair value as at the time of transfer.

Measurement criteria
After initial recognition, Financial assets available for sale are measured at fair value, through the registration in the income statement of the value corresponding to amortised cost, while gains or losses deriving from a change in fair value are recorded in a specific reserve in shareholders' equity, until the financial asset is derecognised or a permanent loss occurs. On the sale of the financial asset or on recognition of a loss, the cumulated profit or loss must be reversed, all or in part, to the income statement.
Fair value is determined on the basis of the criteria already illustrated for financial assets held for trading.
Equities included in this category, quotas of UCI and any derivative instruments which have equities as underlying assets, which are not quoted on an active market, for which it is not possible to determine a reliable fair value, are maintained at cost.
Financial assets available for sale are assessed to identify if they show objective evidence of an impairment loss.
If such evidence exists, the loss is measured as the difference between the carrying value of the asset and its fair value.
Should the reasons for impairment cease to exist, following an event which occurred after the registration of the impairment, value recoveries are posted through the income statement in the case of loans or debt securities, and through shareholders' equity in the case of equities. The size of the recovery must not lead the carrying amount of the financial asset to exceed the amortised cost had no impairment losses been recognised in previous periods.

Derecognition criteria
Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

3. Investments held to maturity

Classification criteria
Quoted debt securities with fixed or determinable payments and fixed maturity, which the entity has the positive intention and ability to hold to maturity, are classified in this category.
In the cases provided for by the accounting standards, reclassifications are only permitted towards the category Financial assets available for sale. If during a year, prior to expiry, more than an insignificant amount classified under this category is sold or reclassified, the remaining investments held to maturity are reclassified as Financial assets available for sale and the portfolio in question may not be used for the next two years, unless the sales and reclassifications:
- are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- occur after the entity has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

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

Measurement criteria
After the initial recognition, Investments held to maturity are valued at amortised cost, using the effective interest method.
Profits or losses referred to investments held to maturity are recorded in the income statement when assets are derecognised or impaired, and through the amortisation process of the difference between book value and the value reimbursable at maturity.
Investments held to maturity are assessed to identify if they show objective evidence of an impairment loss.
If such evidence exists, the loss is measured as the difference between the carrying value of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate. The loss is recorded in the income statement.
If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement. The size of the recovery must not lead the carrying amount of the financial asset to exceed the amortised cost had no impairment losses been recognised in previous periods.

Derecognition criteria
Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

4. Loans

Classification criteria
Loans include loans to customers and due from banks, both disbursed directly and acquired by third parties, which entail fixed or in any case determinable payments, which are not quoted on an active market and which are not classified at inception in Financial assets available for sale.
The caption Loans to customers also includes commercial loans, repurchase agreements with the obligation to resell at a later date, and securities underwritten at issue or via private placements, with determined or determinable payments, not quoted in active markets.
Reclassifications to the other categories of financial assets established in IAS 39 are not permitted.

Recognition criteria
Initial recognition of a loan occurs at the date of subscription of the contract that normally coincides with the disbursement date. Should this not be the case, a commitment to disburse funds is made along the subscription of the contract, which will cease to exist on disbursement of the loan. The loan is recognised based on its fair value, equal to the amount disbursed or subscription price, inclusive of the costs/revenues directly attributable to the single loan and determinable from inception, even when settled at a later date. Costs that, even with the aforementioned characteristics, are reimbursed by the borrower or are classifiable as normal internal administrative costs are excluded.
If, in rare circumstances, the inclusion in this category occurs following reclassification from Financial assets available for sale or from Financial assets held for trading, the fair value of the asset as at the date of reclassification is used as the new amortised cost of the asset.

Measurement criteria
After initial recognition, loans are measured at amortised cost, equal to initial value increased/decreased by principal repayments, adjustments/recoveries and amortisation – calculated applying the effective interest method – of the difference between amount disbursed and amount to be reimbursed at maturity, typically attributable to the costs/revenues directly connected to the single loan. The effective interest rate is the rate that exactly discounts estimated future cash payments of the loan, for principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to the loan. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/revenues through the expected residual maturity of the loan.
The amortised cost method is not used for loans whose short maturity implies that the application of the discounting approach leads to immaterial effects. Such loans are recorded at historical cost. An analogous measurement criterion is applied to loans with unspecified maturity or with notice period.
Loans are reassessed for the purpose of identifying those which, due to events occurred after initial recognition, show objective evidence of possible impairment. These include doubtful loans, substandard, restructured or past due loans according to the rules issued by the Bank of Italy, consistent with IAS/IFRS regulations.
These non-performing loans undergo an individual measurement process, or the calculation of the expected loss for homogeneous categories and analytical allocation to each position, and the amount of the adjustment of each loan is the difference between its carrying value at the time of measurement (amortised cost) and the present value of expected future cash flows, discounted using the original effective interest rate.
Expected cash flows consider forecast recovery periods, presumed realisable value of guarantees as well as the costs sustained for the recovery of credit exposure.
The original effective rate of each loan remains unchanged over time even though the relationship has been restructured with a variation of the contractual interest rate and even though the relationship, in practice, no longer bears contractual interest.
The adjustment is recorded in the income statement.
The original value of loans is reinstated in subsequent periods to the extent that the reasons which had led to the impairment cease to exist, provided that such valuation is objectively attributed to an event which occurred subsequent to the impairment. The recovery is recorded in the income statement and must not lead the carrying amount of the loan to exceed the amortised cost had no impairment losses been recognised in previous periods.
Recoveries on impairment include time value effects.
The renegotiation of credit exposures granted by the Bank with respect to performing loans to customers is substantially similar to the opening of a new position, when it is due to commercial reasons other than the deterioration in the borrower's financial situation, provided that the interest rate applied is a market rate at the renegotiation date.
When renegotiations are granted to borrowers suffering from a deterioration in their financial situation, exposures are classified under non-performing loans.
Loans for which no objective evidence of loss has emerged from individual measurement are subject to collective measurement. Collective measurement occurs for homogeneous loan categories in terms of credit risk and the relative loss percentages are estimated considering past time-series and other objective elements observable at measurement date, which enable the latent loss to be estimated for each loan category. Measurement also considers the risk connected to the borrower's country of residence.
Collective adjustments are recorded in the income statement.

Derecognition criteria
Loans sold are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the loans. Conversely, if a significant part of the risks and rewards relative to the sold loans is maintained, they continue to be recorded in assets, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the loans are derecognised where no control over the loans has been maintained. If this is not the case, when control, even partial, is maintained, then the loans continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of loans sold and to variations in the relevant cash flows.
Lastly, loans sold are derecognised if the entity retains the contractual rights to receive the cash flows of the loan, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

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

Classification criteria
IAS/IFRS endorsed by the European Commission enable the classification as financial instruments designated at fair value through profit and loss of any financial asset thus defined at the moment of acquisition, in compliance with the cases contemplated in the reference regulations.
Reclassifications to the other categories of financial assets are not permitted.
Intesa Sanpaolo has only classified in this category some debt securities with embedded derivatives or debt securities subject to financial hedging and equity investments held, directly or through funds, in companies involved in the venture capital business.

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

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

Derecognition criteria
Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.
When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.
Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

6. Hedging transactions

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

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

Measurement criteria
Hedging derivatives are measured at fair value. In particular:
- in the case of fair value hedges, the change in the fair value of the hedged item is offset by the change in fair value of the hedging instrument. Offsetting is recognised via the registration in the income statement of the gains and losses referred to both the hedged item (as concerns the variations produced by the underlying risk factor), and the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, is therefore the net economic effect;
- in the case of cash flow hedges, changes in fair value of the derivative are recorded in equity, for the effective portion of the hedge, and these are registered in the income statement only when, with reference to the hedged item, there is a variation in the flows to be offset or if the hedge is ineffective;
- hedges of net investments in foreign currency are treated in the same way as cash flow hedges.

Derivatives are designated as hedging instruments if there is formal designation and documentation of the hedging relationship between the hedged item and the hedging instrument and if this is effective at inception and prospectively over the entire period of the hedge.
The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged item or the relating expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appraised by comparing the aforementioned changes, considering the intent pursued by the entity at the time in which it entered the hedging transaction.
A hedge is effective when the variations in fair value (or cash flows) of the hedging financial instrument almost completely neutralise, that is within the 80-125% range, the changes in the fair value of the hedged item, for the type of risk being hedged.
Effectiveness is assessed at every close of annual or interim financial statements using:

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

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

7. Equity investments

Classification criteria

The caption includes investments in subsidiaries, associates and companies subject to joint control.
Companies are considered subsidiaries when Intesa Sanpaolo, directly or indirectly, holds more than half of the voting rights or when it has a lower portion of voting rights but has the power to appoint the majority of directors of the company or determine its financial or operating policies. In the measurement of voting rights also "potential" rights are considered if they are currently exercisable or convertible into effective voting rights at any time.
Companies are considered as subject to joint control when the voting rights and the control of the economic activities of the company are equally shared by Intesa Sanpaolo, directly or indirectly, and another entity. Furthermore, a company is considered as subject to joint control even when voting rights are not equally shared if control over the economic activities and the strategies of the company is shared based on contractual agreements with other entities.
Companies are considered associates, that is subject to significant influence, when Intesa Sanpaolo holds at least 20% of voting rights (including "potential" voting rights as described above) or if the Parent Company – with a lower equity stake – has the power of participating in the determination of financial and management policies of the company based on specific juridical relations, such as the participation in voting syndicates.
Certain companies in which Intesa Sanpaolo holds a stake exceeding 20% are not considered subject to significant influence since it solely has economic rights on a portion of the returns generated by the investment, but does not have access to management policies and may exercise governance rights limited to the safeguarding of its economic interests.
The caption also includes the equity investment in Bank of Italy, in consideration of its peculiarity.

Recognition criteria

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

Measurement criteria

Equity investments are measured at cost, which may be adjusted if permanent losses are deemed to have occurred. If there is evidence of impairment, the recoverable amount of the investment is estimated, considering the present value of the future cash flows which may be generated by the investment, including the final disposal value.
If the recoverable amount is lower than the carrying value, the difference is recorded in the income statement.
If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement.

Derecognition criteria

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

8. Property and equipment

Classification criteria

Property and equipment include land, buildings used in operations, investment property, technical plants, furniture and fittings and any type of equipment.
They are tangible items that are held for use in the production or supply of goods or services, for rental to third parties and are expected to be used during more than one period.
The caption also includes the goods used in financial lease contracts, even though the ownership remains in the books of the lessor.

Recognition criteria

Property and equipment are initially measured at cost which comprises in addition to their purchase price any costs directly attributable to the purchase and required for them to be operational.
Extraordinary maintenance expenses which lead to a rise in future economic benefits are attributed to increase the value of assets, while other ordinary maintenance costs are recorded in the income statement.

Measurement criteria

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

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

If there is some evidence that an asset may have been impaired, the carrying value of the asset and its recoverable amount are compared. Any impairment losses are recorded in the income statement.
If the reasons for impairment cease to exist, a value recovery is recorded and may not exceed the value that the asset would have had, net of depreciation, determined in the absence of previous impairment losses.

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

9. Intangible assets

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

Recognition and measurement criteria
Intangible assets are recognised at cost, adjusted for any accessory charges only if it is probable that the future economic benefits attributable to the assets will be realised and if the cost of the asset may be reliably determined. If this is not the case the cost of the intangible asset is recorded in the income statement in the year in which it was sustained.
For assets with finite useful life, the cost is amortised on a straight-line basis or in decreasing portions determined on the basis of the economic benefits expected from the asset. Assets with indefinite useful life are not subject to systematic amortisation, but are periodically subjected to impairment testing.
If there is any indication that an asset may have suffered impairment losses, the asset's recoverable amount is estimated. The impairment loss, which is recorded in the income statement, is equal to the difference between the book value of the assets and the recoverable amount.
In particular, intangible assets include:
– technology related intangibles, such as software, which are amortised on the basis of their obsolescence and over a maximum period of five years;
– customer related intangibles represented, in business combinations, by asset management, insurance and core deposits portfolios. Such assets, all with a finite life, are originally measured by the discounting, using a rate representing the time value of money and the asset's specific risks, of the income margins on the ongoing relations at the time of the business combination over a period which expresses their residual, contractual or estimated life. They are amortised on a straight-line basis over the period of greater significance of the expected economic benefits in case of relations which do not have a predetermined duration or in decreasing portions corresponding to the duration of the contract in case of relations with predetermined expiry. More specifically, asset management relations are amortised over a period of 7-10 years, core deposits in 18-24 years and relations from insurance contracts in decreasing portions corresponding to the residual maturity of the policies;
– marketing related intangibles represented by the measurement of the brand name which is also recorded at the time of business combinations. This asset is considered as having indefinite life since it is deemed to contribute for an indefinite period of time to the formation of income flows.

Lastly, intangible assets include goodwill.
Goodwill may be recorded when the positive difference between fair value of shareholders' equity acquired and the purchase price of the equity investment is representative of the future income-generation potential of the equity investment.
If this difference should be negative (badwill) or if goodwill may not be attributed considering future income-generation potential of the equity investments, the same difference is directly recorded in the income statement.
Once a year (or every time that there is evidence of impairment losses), an impairment test is carried out for goodwill. This requires the identification of the cash-generating unit to which goodwill is allocated. The cash generating units of the Intesa Sanpaolo Group correspond to the operating divisions presented in segment reporting. The business operations carried out directly by the Parent Company falls under the Cash-generating units corresponding to Banca dei Territori and Corporate and Investment Banking. Therefore, goodwill is allocated to such divisions

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

10. Non-current assets held for sale and discontinued operations and related liabilities
Non-current assets/liabilities for which a disposal process has commenced and for which disposal is deemed to be extremely probable are recorded in assets under Non-current assets held for sale and discontinued operations and in liabilities under Liabilities associated with non-current assets held for sale and discontinued operations. Such assets/liabilities are measured at the lower between the carrying value and their fair value less costs to sell.
The income and charges (net of tax) attributable to non-current assets held for sale and discontinued operations or recorded as such in the year are recognised in the income statement in a separate caption.

11. Current and deferred tax
Income tax, calculated according to domestic tax regulations, is accounted for as a cost in compliance with the accruals concept, in line with the method followed to include, in the financial statements, the costs and income that generated it. Therefore, it represents the balance of current and deferred taxation relating to the net result for the year. Current tax assets and liabilities

include the tax balances of the Bank due to the relevant Italian and foreign tax authorities. More specifically, these captions include the net balance of current tax liabilities for the year, calculated on the basis of a prudent estimate of the tax charges due for the year, assessed according to the tax regulations currently in force, and the current tax assets represented by advances paid and other tax credits for withholding taxes borne or tax credits of previous years that the Bank claimed against taxes payable in future years.
Current tax assets also include tax credits in respect of which a tax refund claim has been filed by the Bank with the relevant tax authorities.
Considering the Group's adoption of the national fiscal consolidation provisions, tax positions which may be referred to the Bank and those originated by other Group companies are managed separately from an administrative standpoint.
Deferred taxation is calculated according to the balance sheet liability method, taking into account the tax effect of the temporary differences between the book value of the assets and liabilities and their value for taxation purposes, which will determine taxable income or deductible amounts in the future. To this end, "taxable temporary differences" are differences which will give rise to taxable income in future years while "deductible temporary differences" are those which will give rise to deductible amounts in future years.
Deferred tax liabilities are calculated by applying the tax rates currently in force to taxable temporary differences that are likely to generate a tax burden, and to the deductible temporary differences for which it is likely that there will be future taxable amounts at the time when the related tax deductibility occurs (probability test). Deferred tax assets and liabilities related to the same tax and due in the same period are compensated.
In the years where deductible temporary differences are greater than taxable temporary differences, the related deferred tax assets are included under balance sheet assets among "deferred tax assets". On the other hand, in the years where taxable temporary differences are greater than deductible temporary differences, the related deferred taxes are included under balance sheet liabilities among "deferred tax liabilities".
If deferred tax assets and liabilities refer to items affecting the Income statement, the counterbalance is represented by income taxes.
Where deferred tax assets and liabilities relate to transactions that have been recorded in shareholders' equity without affecting earnings (such as adjustments on IAS/IFRS first-time adoption, evaluations of financial assets available for sale or of cash flow hedge derivative contracts), the balancing entry is made in shareholders' equity, under specific reserves where so provided (e.g. valuation reserves).
No provision is made for reserves subject to taxation only in the event of distribution, since the size of the available reserves which have already been taxed, leads to the belief that the Bank will not undertake any transactions which may cause taxation of the untaxed reserves.
Deferred tax liabilities referred to companies included in the fiscal consolidation are reported in their financial statements, in application of the matching principle and in consideration of the fact that the effects of fiscal consolidation are limited to the settlement of current tax positions.

12. Allowances for risks and charges

Post employment benefits
Company post employment benefits are based on agreements and qualify as defined benefit plans. Liabilities related to such plans and the relative cost of current service are determined on the basis of actuarial assumptions based on the Projected Unit Credit Method. This method sets out that future obligations are forecast using past time-series analyses and the demographic curve and that such future cash flows are discounted based on a market interest rate. The provisions made in each year of service are considered separately and give rise to an additional unit of benefit entitlement for the purposes of the final obligation. The rate used to discount future flows is the average market yield curve on measurement dates. The present value of the liability at the reference date of the financial statements is also adjusted by the fair value of any plan assets.
Actuarial profits and losses are recognised in the income statement, on the basis of the "corridor approach" only for the part of profits and losses not recorded at the end of the previous year which exceeds the higher between 10% of the present value of the defined benefit obligation and 10% of fair value of plan assets; this excess is recorded in the income statement on the basis of the expected average remaining working life of the participants in the plan or in the year in the case of retired personnel.

Other allowances
Other allowances for risks and charges record provisions related to legal obligations or connected to labour relationships or to litigations, also of a fiscal nature, originating from a past event for which a disbursement will probably arise to settle the obligations, provided that the amount of the disbursement may be estimated reliably.
Consequently, a provision is recognised when, and only when:
- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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

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

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

13. Payables and securities issued

Classification criteria
Amounts Due to banks, Due to customers and Securities issued include various forms of funding on the interbank market and with customers, repurchase agreements with commitment to repurchase and funding via certificates of deposit, bonds issued and other funding instruments in circulation, net of any amounts repurchased.
It also includes the payables recorded by the bank in the capacity of lessee in financial lease transactions.

Recognition criteria
Initial recognition of these financial liabilities occurs at the date of subscription of the contract, which normally coincides with the time of collection of the sums deposited or the issue of debt securities.
Initial recognition is based on the fair value of the liabilities, normally equal to the amount collected or the issue price, increased by any additional charges/revenues directly attributable to the single funding or issuing transaction. Internal administrative costs are excluded.

Measurement criteria
After initial recognition, financial liabilities are measured at amortised cost with the effective interest method.
An exception is made for short-term liabilities, where time value is immaterial, which are stated at collected amount.

Derecognition criteria
Financial liabilities are derecognised from the balance sheet when they have expired or extinguished. Derecognition also occurs for repurchase of previously-issued bonds. The difference between book value of the liability and amount paid for repurchase is recorded in the income statement.
Placement of own securities, after their repurchase, is considered a new issue with recognition at the new placement price.

14. Financial liabilities held for trading

Recognition criteria
These financial instruments are recognised at the subscription or issue date at cost, which reflects the fair value of the instrument, without taking into account directly attributable transaction costs or revenues.
This liability category includes, specifically, the negative value of trading derivatives as well as the negative value of embedded derivatives in combined contracts but which are not closely correlated to the latter. It also includes liabilities determined by short selling generated by securities trading activities.

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

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

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

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

16. Foreign currency transactions

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

Subsequent measurement
At every close of annual or interim financial statements, captions in foreign currency are measured as follows:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the closing rates.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised through profit and loss in the period in which they arise.
When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised through profit and loss, any exchange component of that gain or loss is recognised through profit and loss.

17. Other information

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

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

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

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

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

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

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

Share-based payments
Share-based payments are recorded in the income statement, with a corresponding increase in shareholders' equity, on the basis of the fair value of financial instruments attributed at assignment date, dividing the charge over the period set forth by the plan.
In the case of options, the fair value is calculated using a model which considers, in addition to information such as strike price and expiry date of the option, spot price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the specific characteristics of the plan. The pricing model values the option and the probability of realisation of the condition on the basis of which the options have been assigned.
The combination of the two values supplies the fair value of the assigned instrument.
Any decrease in the number of financial instruments granted is accounted for as a cancellation of such instruments.

Recognition of revenues and costs
Revenues are recognised when they are collected or, in case of sale of goods or products, when it is probable that the economic benefits will be received and these benefits may be measured reliably, in the case of services, when these have been rendered. In particular:
– interest is recognised on accrual on the basis of the contractual interest rate or the effective interest rate in the case of application of amortised cost. Interest income (or interest expense) includes differentials and positive (or negative) margins accrued until the reference date of the financial statements, relating to financial derivatives:
  a) hedging interest-generating assets and liabilities;
  b) classified in the balance sheet in the trading book, though related to financial assets and/or liabilities designated at fair value through profit and loss (fair value option) in management terms;
  c) related in management terms to assets and/or liabilities classified in the trading book and providing for the settlement of differentials or margins with different maturities;
– overdue interest, which may be provided for by the relevant contracts is recorded in the income statement solely at the time of collection;
– dividends are posted in the income statement in the financial year when their distribution is approved;
– commission income from services is recorded, on the basis of the existence of contractual agreements, in the period in which the services have been rendered. commission income included in the amortised cost for the purposes of determining the effective interest rate are recognised under interest;
– costs and revenues from the sale of financial instruments, determined by the difference between transaction amount paid or received and the fair value of the instrument, are recognised in the income statement at the time of the transaction if the fair value is determinable with reference to effective market quotes, or assets and liabilities measured using valuation techniques based on market-observable parameters other than financial instruments quotes (levels 1 and 2 of the fair value hierarchy). When such reference parameters are not observable on the market or the instruments present a reduced liquidity (level 3), the financial instrument is recognised at a value equal to the price of the transaction; the difference with respect to the fair value is recorded in the income statement during the life of the transaction;

- profits and losses from securities trading are recognised in the income statement at the date of sale, on the basis of the difference between the consideration paid or collected and the carrying value of such instruments;
- revenues deriving from the sale of non-financial assets are recorded at the date of sale, unless most of the risks and rewards related to the asset are maintained.

Revenue and costs are recorded in the income statement for the periods to which their income relates. If matching can only be attributed generally or indirectly, then the costs are allocated to more than one accounting period according to rational procedures and on a systematic basis.
Those costs that cannot be matched with the related revenues are immediately charged to the income statement.

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

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

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

Financial instruments
The fair value of financial instruments is determined through the use of prices obtained from financial markets in the case of instruments quoted on active markets or via internal valuation techniques for other financial instruments.
A market is regarded as active if quoted prices, representing actual and regularly occurring market transactions considering a normal reference period, are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency.
When no quote on an active market exists or the market is not functioning regularly, that is when the market does not have a sufficient and continuous number of trades, and bid-offer spreads and volatility that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price of a hypothetical arm's length transaction, motivated by normal business considerations, as at the measurement date. Such techniques include:
- reference to market values indirectly connected to the instrument to be valued and deduced from products with the same risk profile (Comparable Approach);
- valuations performed using – even partially – inputs not identified from parameters observed on the market, which are estimated also by way of assumptions made by the valuator (Mark-to-Model).

The choice between the aforesaid methodologies is not optional, since they must be applied according to a hierarchy: absolute priority is attributed to effective market quotes (level 1) for valuation of assets and liabilities or for similar assets and liabilities measured using valuation techniques based on market-observable parameters other than financial instruments quotes (Comparable Approach - level 2) and a lower priority to assets and liabilities whose fair value is determined using valuation techniques based on non-observable and, therefore, more discretional inputs (Mark-to-Model Approach - level 3).
The following instruments are considered quoted on an active market (***level 1***): equities quoted on a regulated market, bonds quoted on the EuroMTS circuit and those for which it is possible to continuously derive from the main price contribution international platforms at least three bid and ask prices, mutual funds, spot exchange rates, derivatives for which quotes are available on an active market (for example, futures and exchange traded options). Lastly, hedge funds for which the fund administrator provides the NAV (Net Asset Value) with the frequency established in the subscription contract, are considered as quoted on an active market, provided that no adjustments are required for the valuation of the liquidity or counterparty risks of the underlying assets. Conversely, all other financial instruments, which do not fall in the categories described above, are not considered quoted on an active market.
For financial instruments quoted on active markets, the current bid price is used for financial assets and the current asking price for financial liabilities, struck on the most advantageous active market at the close of the reference period.
For financial instruments with a scarcely significant bid-ask spread or for financial assets and liabilities with offsetting market risks, mid-market prices are used (again referred to the last day of the reference period) instead of the bid or ask price.
When no prices can be derived on active markets, the fair value of financial instruments is determined using the Comparable Approach (**level 2**) which uses measurement models based on market parameters. In this case, the valuation is not based on the price of the same financial instrument to be measured, but on prices or credit spreads presumed from official listing of instruments which are similar in terms of risk factors, using a given calculation methodology (pricing model). The use of this approach requires the identification of transactions on active markets in relation to instruments that, in terms of risk factors, are

comparable with the instrument to be measured. The calculation methodologies used in the Comparable Approach reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretional parameters – parameters for which values may not be inferred from quotes of financial instruments present on active markets or fixed at levels capable of reproducing quotes on active markets – that significantly influence the final valuation.
The fair value of bonds without official quotes expressed by an active market is determined through the use of an appropriate credit spread which is estimated starting from contributed and liquid financial instruments with similar characteristics. Credit spread sources are contributed and liquid securities of the same issuer, credit default swaps on the same reference entity, contributed and liquid securities issued by an issuer with the same rating and belonging to the same sector. The different seniority of the security to be priced relatively to the issuer's debt structure is also considered.
For derivatives, in consideration of their number and complexity, a systematic reference framework has been developed which represents the common elements (calculation algorithms, processing models, market data used, basic assumptions of the model) that are used to measure all categories of derivatives.
Interest rate, foreign exchange, equity, inflation and commodity derivatives, if not traded on regulated markets, are Over The Counter (OTC) instruments, which are bilaterally exchanged with market counterparties and are valued through specific pricing models, fed by input parameters (such as yield, foreign exchange and volatility curves) observed on the market.
Moreover, when determining fair value, the credit quality of the counterparty is also considered. Fair value considers counterparty credit risk and future exposures of the contract through Credit Risk Adjustment (CRA).
With respect to structured credit products, in the case of ABS, if significant prices are not available, valuation techniques consider parameters which may be presumed from the market (Comparable Approach), such as spreads presumed from new issuers and/or collected from the major investment banks, further strengthened by a qualitative analysis relative to the performance of the underlying asset presumed from periodic investor reports and subject to backtesting with actual sale prices.
Financial instruments for which fair value is determined using the Comparable Approach also include equities measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions, using, therefore, the "relative" valuation models based on multipliers. Multipliers are used under the comparable companies' or comparable transactions' approach. In the former case, reference is made to a sample of comparable listed companies, therefore the stock prices from which the multiples to measure the investment are deducted. In the latter case, reference is made to the trading prices of the market related to comparable companies registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions.
Finally, loans also fall under the financial instruments whose fair value is determined using the Comparable Approach. In particular, for medium- and long-term assets and liabilities measurement is carried out by discounting future cash flows. This is based on the discount rate adjustment approach, in which the risk factors connected to the granting of loans are taken into consideration in the rate used to discount future cash flows.
The calculation of the fair value of certain types of financial instruments is based on valuation models which consider parameters not directly observable on the market, therefore implying estimates and assumptions on the part of the valuator (level 3). In particular, the valuation of the financial instrument uses a calculation methodology which is based on specific assumptions of:
- the development of future cash-flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
- the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where this is not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The following are measured under the Mark-to-Model Approach:
- debt securities and complex credit derivatives (CDOs) included among structured credit products and credit derivatives on index tranches;
- hedge funds not included in level 1;
- shareholding and other equities measured using models based on discounted cash flows;
- other loans, of a smaller amount, classified in the available-for-sale portfolio;
- derivative transactions relating to securitisations;
- interest rate derivatives and equity-risk structured options, valued using input data not directly observable on the market.

The fair value of debt securities and complex credit derivatives (funded and unfunded CDOs) is determined based on a quantitative model which estimates losses on collateral with a simulation of the relevant cash flows which uses copula functions. The most significant factors considered in the simulation – for each collateral – are the risk-neutral probability of default derived from market spreads, recovery rates, the correlation between the value of collaterals present in the structure and the expected residual life of the contract. In order to incorporate high market dislocation and intense market illiquidity phenomena in valuations, a series of corrections have been prepared for valuations referred to the main input parameters. On the basis of this valuation, a Qualitative Credit Review is provided for and entails an accurate analysis of credit aspects referred to the specific structure of the ABS/CDO and to the collateral present. This is to identify any present or future weaknesses which emerge from the characteristics of the underlying assets, which could have been missed by rating agencies and as such not fully considered in the valuations described in the previous point. The results of this analysis, condensed in certain objective elements (such as Past Due, Weighted Average Delinquency, etc.), are summarised in an indicator representing credit quality on which downgrades depend, so as to proceed to a consistent adjustment in the valuation. Finally, for this class of products, management has the possibility to decide a further adjustment which must be based on prices observed from counterparties and on expert opinions.
With respect to credit derivatives on index tranches, off-the-run series are valued at level 3 when no reliable and verifiable quotes are available from the Risk Management Department. Fair value is determined based on the quotes of series being issued, adjusted to reflect the different underlying.
The fair value of hedge funds is determined by reducing the operating NAV provided by the Fund Administrator, by an amount deriving from an individual measurement process of the counterparty risk (being the risk associated with the credit quality of the

fund's prime brokers[1]) and the liquidity risk (which occurs when the assets in which the fund is invested become so illiquid that they cast doubts as to the validity of the valuation process).
Equities to which the "relative" models indicated with respect to level 2 are not applied are valued using "absolute" valuation models. In particular, these models are based on flows which substantially anticipate the measurement of the security value by estimating the cash flows it can generate over time, discounted using a rate that is in line with the risk level of the instrument, equity models or equity-income models.

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

The fair value policy also provides for adjustments to reflect the model risk and other uncertainties relating to valuation. In particular, model risk is represented by the possibility that the valuation of a complex instrument is materially influenced by the model chosen. Indeed, it is possible that models using price elementary instruments with the same quality may give rise to different prices for exotic instruments. In these cases, where possible, alternative models are compared, and where necessary, model inputs are subjected to stress tests, thus obtaining useful elements to quantify fair value adjustments, expressed in terms of measurable financial indicators (vega, delta, correlation shift), and periodically reviewed. These fair value adjustments, due to model risks, are part of a Mark to Market Adjustment Policy adopted for the purpose of considering, in addition to model risk described above, also other factors eligible to influence valuation and essentially attributable to:
- high and/or complex risk profile;
- position illiquidity determined by temporary or structural market conditions or in relation to the entity of exchange values held (in case of excessive concentration) and
- valuation difficulties due to the lack of liquid and observable market parameters.

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

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

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

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition net of any principal repayments, plus or minus cumulative amortisation, calculated using the effective interest rate method, of any difference between initial amount and amount at maturity and net of any reduction for impairment.
The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or through the subsequent date for recalculation of the price to the present value of the financial asset or financial liability. In the calculation of the present value, the effective interest rate is applied to the flow of future cash receipts or payments through the entire useful life of the financial asset or liability or for a shorter period when certain conditions recur (for

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

example review of market interest rates).
After initial recognition, amortised cost enables allocation of revenues and costs directly by decreasing or increasing the value of the instrument over its entire expected life via the amortisation process. The determination of amortised cost is different depending on the fact that financial assets/liabilities have fixed or variable rates and – in this last case – if the volatility of the rate is known or not beforehand. For instruments with fixed rate or fixed rate by time bands, future cash flows are quantified on the basis of the known interest rate (sole or variable) over the life of the loan. For financial assets/liabilities with a variable rate, for which the volatility is not known beforehand (for example because it is linked to an index), the determination of cash flows is carried out based on the last rate available. At every revision of the interest rate the amortisation plan and the effective interest rate for the entire life of the investment, that is, until maturity, are recalculated. Any changes are recorded in the income statement as income or loss.
Loans, investments held to maturity and financial assets available for sale, payables and securities issued are measured at amortised cost.
Financial assets and liabilities traded at market conditions are initially recognised at fair value, which normally corresponds to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and any directly attributable fees.
Transaction costs include internal or external marginal costs and income attributable to the issue, the acquisition or the disposal of a financial instrument which are not debited to the client. These commissions, which must be directly attributable to the single financial asset or liability, modify the original effective interest rate, thereby the effective interest rate associated to the transaction differs from contractual interest rate. Transaction costs do not include costs/income referred to more than one transaction and the components related to events which may occur during the life of the financial instrument, but which are not certain at the time of the initial agreement, such as for example: commissions for retrocession, for non-use, for advance termination. Furthermore, amortised cost does not include costs which would be sustained independently from the transaction (e.g. administrative and communication costs, stationery expenses), those, which though directly attributable to the transaction are part of standard practice for the management of the financing (e.g. activities related to the loan granting process), as well as commissions of services received following structured finance activities which would in any case have been received independently from the subsequent financing of the transaction (e.g. commissions for facility and arrangement).
With reference to loans, the following costs are considered directly attributable to the financial instrument: fees paid to distribution networks, fees paid for the origination and/or the participation in, syndicated loans and lastly, up-front fees correlated to loans disbursed at rates exceeding market rates. Income considered in the calculation of amortised cost includes: up-front fees correlated to loans disbursed at rates under market rates, income for the participation of syndicated loans and brokerage commissions received.
For securities not classified as held for trading, the following are considered transaction costs: commissions on contracts with brokers operating on the Italian stock exchange, commissions paid to dealers operating on the Italian and foreign stock and bond markets defined on the basis of the commission tables. Stamp duty is not considered in amortised cost since immaterial.
Regarding securities issued, amortised cost considers placement commissions on bond issues paid to third parties, amounts paid to Exchanges and remuneration paid to Independent auditors for the activities performed for each single issue, while amortised cost does not consider commissions paid to rating agencies, legal and advisory/review expenses for the annual update of prospectuses, the costs for the use of indexes and commissions which originate during the life of the bond issue.
Amortised cost is also applied for the measurement of loss incurred by the financial instruments listed above as well as for the measurement of instruments issued or purchased at a value other than fair value. The latter are measured at fair value, instead of the amount collected or paid, by discounting expected future cash flows at a rate equal to the effective interest rate of similar instruments (in terms of credit rating, contractual expiry, currency, etc.), with the simultaneous registration in the income statement of a financial charge or income; after initial recognition, these are measured at amortised cost with the registration of higher or lower effective interest with respect to nominal interest. Lastly, also structured assets and liabilities which are not measured at fair value through profit and loss for which the embedded derivative has been separated from the financial instrument are measured at amortised cost.
The amortised cost measurement criteria is not applied to financial assets/liabilities hedged for which fair value changes related to the risk hedged are recorded through profit and loss. The financial instrument is again measured at amortised cost in the case of hedge termination; from that moment the fair value changes recorded before are amortised, calculating a new effective interest rate which considers the value of the loan adjusted by the fair value of the hedged part, until the natural expiry of the hedge. Furthermore, as already mentioned in the paragraph relative to measurement criteria of due to and from banks and customers and securities issued, measurement at amortised cost is not applied to short-term assets/liabilities for which the time value is deemed to be immaterial and to loans without a definite maturity or revocable.

Impairment of assets

Financial assets

At every balance sheet date the financial assets not classified under Financial assets held for trading or Financial assets designated at fair value through profit and loss are subject to an impairment test to assess whether there is objective evidence to consider that the carrying value of these assets is not fully recoverable.
A permanent loss occurs if there is objective evidence of a reduction in future cash flows with respect to those originally estimated, following specific events; the loss must be quantified in a reliable way and must be incurred and not merely expected.
The measurement of impairment is carried out on an individual basis for financial assets which present specific evidence of losses and collectively for financial assets for which individual measurement is not required or which do not lead to adjustments. Collective measurement is based on the identification of portfolios of financial assets with the same risk characteristics with respect to the borrower/issuer, the economic sector, the geographic area, the presence of any guarantees and other relevant factors.
With reference to loans to customers and due from banks, positions attributed the status of doubtful, substandard, restructured or past due according to the definitions of the Bank of Italy, consistent with IAS/IFRS, are subject to individual measurement.
These non-performing loans undergo an individual measurement process, or the calculation of the expected loss for

homogeneous categories and analytical allocation to each position, and the amount of the adjustment of each loan is the difference between its carrying value at the time of measurement (amortised cost) and the present value of expected future cash flows, discounted using the original effective interest rate.
Expected cash flows consider forecast recovery periods, presumed realisable value of guarantees as well as the costs sustained for the recovery of credit exposure. Cash flows relative to loans which are deemed to be recovered in the short term are not discounted, since the time value is immaterial.
Loans for which no objective evidence of loss has emerged from individual measurement are subject to collective measurement. Collective measurement occurs for homogeneous loan categories in terms of credit risk and the relative loss percentages are estimated considering past time-series, founded on observable elements at measurement date, that enable to estimate the value of the latent loss in each loan category. Measurement also considers the risk connected to the borrower's country of residence.
The determination of provisions on performing loans is carried out by identifying the highest possible synergies (as permitted by the various regulations) with the supervisory approach contained in the "New capital accord" generally known as Basel 2. In particular, the parameters of the calculation model set out in the supervisory provisions, namely Probability of Default (PD) and Loss Given Default (LGD), are used – where already available – also for the purposes of financial statement valuation. The relationship between the two aforementioned parameters represents the starting point for loan segmentation, since they summarise the relevant factors considered by IAS/IFRS for the determination of the homogeneous categories and for the calculation of provisions. The time period of a year used for the determination of the probability of default is considered suitable to approximate the notion of incurred loss, that is, the loss based on current events but not yet included by the entity in the review of the risk of the specific customer, set forth by international accounting standards. This time period is reduced to six months solely for counterparties that are natural persons for whom the recognition of a worsening credit situation and the consequent transfer among the non-performing loans generally take place following unpaid instalments or continuous defaults for more than 90/180 days.
The allocation also takes into account corrective factors such as the state of the economic cycle and the concentration of credit risks towards persons who have a significant exposure to the Group.
With reference to assets available for sale, the process of detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down.
The impairment indicators are essentially divided into two categories: indicators deriving from internal factors relating to the company being valued, and therefore qualitative, and - for equities - external quantitative indicators deriving from the market values of the company.
Within the first category, the following indicators are considered significant: the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start up of insolvency proceedings or restructuring plans, and the downgrading by more than two categories of the rating issued by a specialist company. With respect to the second category, a significant or prolonged reduction in fair value below the initial recognition value is particularly important. Specifically, in relation to the latter amount, a fair value reduction of over 30% is considered significant, and a reduction of over 24 months is considered a "prolonged" continuous reduction. If one of these thresholds is exceeded, impairment of the security is carried out. If these thresholds are not exceeded but other impairment indicators are present, recognition of the impairment must also be corroborated by the result of specific analyses of the security and the investment.
The amount of the impairment is calculated with reference to the fair value of the financial asset.
For an illustration of the valuation techniques used to determine fair value, see the relevant chapter.

Equity investments

At each balance sheet date the investments in associates or companies subject to joint control are subjected to an impairment test to assess whether there is objective evidence to consider that the carrying value of such assets is not fully recoverable.
The process of detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative indicators, such as the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start up of insolvency proceedings or restructuring plans, and the downgrading by more than two categories of the rating issued by a specialist company; quantitative indicators, represented by a reduction in fair value of over 30% below the carrying value or for a period of over 24 months, by market capitalisation lower than the company's net book value, in the case of securities listed on active markets or by a carrying value of the investment in the Parent Company's financial statements higher than the carrying value in the consolidated financial statements of the investee's net assets and goodwill or by distribution by the latter of a dividend that is higher than its total income.
The presence of impairment indicators results in the recognition of a write-down to the extent that the recoverable amount is lower than the recognition value.
The recoverable amount consists of the higher of the fair value net of sales costs and the value in use.
For an illustration of the valuation techniques used to determine fair value, see the relevant chapter above.
Value in use is the present value of expected future cash flows from the asset; it reflects estimated expected future cash flows from the asset, the estimate of possible changes in the amount and/or timing of cash flows, time value of money, the price able to repay the risk of the asset and other factors, which may affect the appreciation by market participants of expected future cash flows from the asset.
Value in use is determined by discounting future cash flows.
For controlling investments in subsidiaries, the single investments are not individually significant for the purposes of the impairment test in the Parent Company's financial statements, instead they are included in the impairment test of the Cash Generating Units (CGU) conducted at consolidated level. The CGUs identified are represented in some cases (Banca dei Territori and Corporate & Investment Banking) by operations conducted directly by the Parent Company and some subsidiaries, in other cases (International Subsidiary Banks) by combinations of subsidiaries, and also (Banca Fideuram and Eurizon Capital) when they are linked to the associated legal entity. When an investment does not produce cash flows that are largely independent of the cash flows from other assets the impairment tests are conducted at CGU level, rather than at the individual investment level. Consequently, when the assets attributable to a subsidiary are included in a CGU that is broader than the investment itself, as

described in more detail in the following chapter, the impairment test can only be conducted at this level and not at the level of individual subsidiary for which the accurate estimation of a value in use is not possible.

Other non-financial assets

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

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

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

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

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

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

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

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

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

Business combinations

Business combinations are governed by IFRS 3.

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

For this purpose the transfer of control occurs when more than one-half of the voting rights is acquired, or when, even if the combining entity does not acquire more than one-half of the other entity's voting rights, control is obtained since, as a consequence of the combination, the acquirer has the power: (i) over one-half of voting rights of another company, by virtue of an agreement with other investors, (ii) to govern the financial and operating policies of the other entity on the basis of the Articles of Association or of an agreement, (iii) to appoint or remove the majority of the members of the company's governing body, (iv) to cast the majority of the votes at meetings of the company's governing body.

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

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

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

In transactions which entail cash consideration (or when payment occurs via cash-equivalent financial instruments), the purchase price is the agreed consideration. When settlement does not occur in the short-term, the fair value of any deferred component is calculated by discounting the amounts payable to their present value; when payment occurs via an instrument other than cash,

therefore via the issue of financial instruments, the price is equal to the fair value of such instruments net of the costs directly attributable to their issue. For the determination of fair value of financial instruments, see the relevant paragraph and note that, in the case of shares listed on active markets, fair value is represented by stock exchange quotations at acquisition date or, should that not be available, the last quotation available.
Purchase price at acquisition date includes any adjustments to the cost contingent on future events, if provided for by the combination agreement and only if the adjustment is probable, can be measured reliably and realised within the twelve months subsequent to the date of acquisition of control. Instead, any restoration related to any loss in the value of the assets used as consideration is not included in purchase price since it is already considered either in the fair value of equity instruments or as a reduction in the premium or an increase in the discount on the initial issue of debt instruments.
Acquisition costs refer to the charges incurred by the acquirer to carry out the business combination, including, for example, professional fees paid to independent auditors, experts, legal advisors, costs for legal opinions and audit of accounts, preparation of information documents required by the law, as well as advisory fees sustained to identify potential acquisition targets if the contract provides for the payment of success fees as well as debt securities' or equities' registration and issue costs. Acquisition costs must be recognised as charges when incurred and when the related services are provided, except for the costs relating to the issue of debt securities or equities which must be recognised in accordance with IAS 32 and IAS 39.
Business combinations must be accounted for using the "acquisition method" whereby identifiable assets acquired (including any intangible assets which had not been previously recognised by the acquired company) or liabilities assumed (including contingent liabilities) are recognised at their fair value at acquisition date.
Moreover, for each business combination, any minority interest in the acquired company can be recognised at fair value (therefore increasing the consideration transferred) or in proportion to the minority investment in the net identifiable assets of the acquired company.
If control is achieved in stages, the acquirer recalculates its previous interest in the acquired company at the acquisition date fair value. Any difference with respect to the previous carrying amount is taken to income statement.
Excess between the consideration transferred (being the fair value of transferred assets, liabilities incurred and equity instruments issued by the acquirer), increased, where present, by minority interests (determined as above) as well as the fair value of the stakes already held by the acquirer, and the fair value of acquired assets and liabilities should be recognised as goodwill. Conversely, such difference is taken to the income statement when the latter exceed the sum of the consideration, minority interests and the fair value of the stakes already held.
The accounting for business combination can be determined provisionally by the end of the year in which the combination is realised and must be completed within twelve months of the acquisition date.
The following combinations are outside the scope of IFRS 3 – business combinations: transactions aimed at acquiring control over one or more entities which are not part of the company's business or transactions conducted for organisational purposes, therefore between two or more companies or businesses which are already part of the Intesa Sanpaolo Group, and which do not entail changes in control, independently of the extent of minority interests in each of the combining entities before and after the business combinations (business combinations involving entities under common control). These transactions are considered immaterial. Therefore, since there are no specific provisions in IAS/IFRS and in compliance with IAS 8 which requires – in the absence of a specific Standard – that the reporting entity must use its judgement in applying an accounting policy that results in information that is relevant, reliable, prudent and that reflects the economic substance of the transaction, these are accounted for safeguarding the consistency of the values of the acquiree in the financial statements of the acquirer.
Mergers are examples of concentrations between companies and represent the most complete business combinations, since they imply the legal and economic unification of the merged entities.
Mergers which entail the establishment of a new legal entity and mergers by incorporation (which entail that an entity is absorbed by another existing entity) are treated according to the criteria illustrated above, that is:
- if the transaction leads to the transfer of control of a company, it is accounted for as a business combination as provided for by IFRS 3;
- if the transaction does not lead to the transfer of control, it is accounted for by privileging the continuity of the values of the merged company.

A.3 – INFORMATION ON FAIR VALUE

A.3.1. Transfers between portfolios

The following table shows financial instrument reclassifications mainly carried out in 2008. No reclassifications were made in 2011.

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

(millions of euro)

Type of financial instrument	Previous portfolio	New portfolio	Book value at 31.12.2011	Fair value at 31.12.2011	Income components in case of no transfer (before tax)		Annual income components (before tax)	
					Valuation	Other	Valuation	Other
Debt securities	Financial assets held for trading	Loans	2,042	1,745	-58	46	-3	69
Loans	Financial assets available for sale	Loans	127	117	-	3	-3	3
Total			**2,169**	**1,862**	**-58**	**49**	**-6**	**72**

The income components related to net increases attributable to the risk profile being hedged of reclassified assets amount to 7 million euro.

Had the Bank not reclassified the above financial assets, negative income components would have been recognised for an amount of 58 million euro, instead of negative income components of 6 million euro, generating a negative effect of 52 million euro, broken down as follows:

– write-off of the negative income components recognised during the year following the 6 million euro transfer. Of this amount, 13 million euro relates to adjustments and 7 million euro to fair value increases following hedges;
– reversal of the negative income components which would have been recognised had no transfer taken place, totalling 58 million euro. Of this amount, 65 million euro refers to adjustments and 7 million euro to fair value increases due to hedges.

Moreover, had no reclassification taken place, other positive income components amounting to 23 million euro would have not been recognised. Indeed, this amount is mainly related to the amortised cost of the reclassified securities.
Overall, starting from the respective reclassification dates, reclassified assets as at 31 December 2011 would have been written down by 307 million euro, of which 294 million to be recognised in the income statement (negative components for 2008: 357 million euro, positive components for 2009: 16 million euro, positive components for 2010: 99 million euro and negative components for 2011: 52 million euro) and 13 million euro to be recognised in the Valuation reserve in Shareholders' equity (against 13 million euro as at 31 December 2010 with no net variation).

As at 31 December 2011, the reclassifications performed by the Bank to reflect the amendments to IAS 39 in October 2008 with respect to financial instrument reclassification, amount to a nominal 2,264 million euro. Of this amount:

– 1,836 million euro was reclassified by 1 November 2008 and therefore taking as reference the value of these assets as at 1 July 2008 if already present as at that date in the portfolio, or with reference to the purchase price if this took place after 1 July 2008, or at nominal value for loans issued after that date;
– 428 million euro was reclassified after 1 November 2008 and therefore on the basis of fair value as at the date of reclassification; the latter figure refers to reclassifications carried out in 2009 concerning unfunded trading instruments (derivatives) transformed into funded instruments (securities), while maintaining the same risk profile to which the Bank is exposed.

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

No portfolio transfers were made in 2011.

A.3.1.3 Transfer of financial assets held for trading

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

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

The effective interest rate attributable to the reclassified securities portfolio is equal to 3.2% and estimated cash flows at the date financial assets were reclassified amount to 2,257 million euro.

A.3.2. Fair value hierarchy

A.3.2.1 Accounting portfolios: fair value by level

(millions of euro)

Financial assets / liabilities at fair value	31.12.2011			31.12.2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	4,037	13,608	931	15,930	12,292	1,311
2. Financial assets designated at fair value through profit or loss	-	171	183	-	177	190
3. Financial assets available for sale	11,113	828	723	6,320	5,913	797
4. Hedging derivatives	-	7,901	1	-	5,546	4
Total	**15,150**	**22,508**	**1,838**	**22,250**	**23,928**	**2,302**
1. Financial liabilities held for trading	420	12,188	436	275	9,739	513
2. Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
3. Hedging derivatives	-	2,465	-	-	2,281	-
Total	**420**	**14,653**	**436**	**275**	**12,020**	**513**

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

(millions of euro)

	FINANCIAL ASSETS			
	held for trading	designated at fair value through profit or loss	available for sale	for hedging purposes
1. Initial amount	**1,311**	**190**	**797**	**4**
2. Increases	**1,302**	**1**	**668**	**-**
2.1 Purchases	1,158	-	572	-
2.2 Gains recognised in:	69	-	44	-
2.2.1 Income statement	*69*	-	*6*	-
- of which capital gains	*37*	-	-	-
2.2.2 Shareholders' equity	*X*	*X*	*38*	-
2.3 Transfers from other levels	43	1	32	-
2.4 Other increases	32	-	20	-
3. Decreases	**-1,682**	**-8**	**-742**	**-3**
3.1 Sales	-1,302	-	-464	-
3.2 Reimbursements	-172	-	-8	-
3.3 Losses recognised in:	-182	-8	-76	-3
3.3.1 Income statement	*-182*	*-8*	*-39*	*-3*
- of which capital losses	*-164*	*-8*	*-39*	*-3*
3.3.2 Shareholders' equity	*X*	*X*	*-37*	-
3.4 Transfers to other levels	-4	-	-160	-
3.5 Other decreases	-22	-	-34	-
4. Final amount	**931**	**183**	**723**	**1**

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

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

(millions of euro)

	FINANCIAL LIABILITIES		
	held for trading	designated at fair value through profit or loss	for hedging purposes
1. Initial amount	**513**	**-**	**-**
2. Increases	**135**	**-**	**-**
2.1 Issues	29	-	-
2.2 Losses recognised in:	66	-	-
2.2.1 Income statement	*66*	-	-
- of which capital losses	*66*	-	-
2.2.2 Shareholders' equity	*X*	*X*	-
2.3 Trasfers from other levels	29	-	-
2.4 Other increases	11	-	-
3. Decreases	**-212**	**-**	**-**
3.1 Reimbursements	-52	-	-
3.2 Repurchases	-76	-	-
3.3 Gains recognised in:	-77	-	-
3.3.1 Income statement	*-77*	-	-
- of which capital gains	*-59*	-	-
3.3.2 Shareholders' equity	*X*	*X*	-
3.4 Trasfers to other levels	-7	-	-
3.5 Other decreases	-	-	-
4. Final amount	**436**	**-**	**-**

"Financial liabilities held for trading" refer to derivative contracts with a negative fair value.
Repurchases include the early completion of derivative contracts.

A.3.3.3 Information on the "Day-One-Profit/loss"

Under IAS 39, financial instruments shall be initially recognised at fair value. The fair value of a financial instrument on initial recognition is normally the "transaction price", i.e. the fair value of the consideration given or received in relation to, respectively, financial assets and liabilities.
The fact that, upon initial recognition, the fair value of a financial instrument coincides with the transaction price is always intuitively verifiable in the case of transactions falling under level 1 of the fair value hierarchy. Also in the case of level 2, which is based on quotes that can be derived indirectly from the market (Comparable Approach), the fair value and the price often coincide upon initial recognition. Any differences between the price and the fair value are usually allocated to the so-called commercial margins. Commercial margins are taken to the income statement when the financial instrument is initially measured.
Conversely, with respect to level 3 instruments, which have more discretion in fair value measurement, no definite reference benchmark is available to compare the transaction price with. For the same reason, the calculation of any commercial margin to be taken to the income statement is also difficult. In this event, the instrument is always initially recognised at cost. Subsequent measurement shall not include the difference between cost and fair value identified upon initial recognition (Subsequent or Day-One-Profit - DOP).
This difference shall be recognised in the income statement only when it arises from changes of the factors over which market participants base their valuations when fixing prices (including the time effect). Where the instrument has a definite maturity and no model is available to monitor the changes to the factors over which prices are based, the DOP can be recognised in the income statement systematically over the life of such instrument.
When a level 3 instrument is reclassified to level 2, the residual deferred Day-One-Profits are recognised in the income statement. Similarly, in the event of "on the book" transactions falling under the Bank's investing activities, the Day-One-Profits earned on level 3 transactions (including in the above "on the book" management) are taken to the income statement when the Group entity (the investment bank) carries out transactions which substantially eliminate the risks of the level 3 instrument which generated the DOP.
The above accounting treatment applies only to those instruments which fall in one of the classes which can be recognised at fair value through profit and loss (Fair value Option and Trading book). Indeed, only for the latter, the difference between the transaction price and the fair value would be taken to the income statement upon initial recognition.
No significant amounts to be deferred to income statement were identified which are not attributable to risk factors or commercial margins.

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

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - CAPTION 10

1.1 Cash and cash equivalents: breakdown

(millions of euro)

	31.12.2011	31.12.2010
a) Cash	1,219	1,303
b) On demand deposits with Central Banks	630	1,368
TOTAL	**1,849**	**2,671**

SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - CAPTION 20

2.1 Financial assets held for trading: breakdown

(millions of euro)

	31.12.2011			31.12.2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	3,846	1,946	273	15,816	2,974	311
1.1 structured securities	*-*	*2*	*9*	*8*	*38*	*-*
1.2 other debt securities	*3,846*	*1,944*	*264*	*15,808*	*2,936*	*311*
2. Equities	-	-	-	-	-	-
3. Quotas of UCI	102	-	563	23	-	814
4. Loans	-	-	-	-	-	-
4.1 reverse repurchase agreements	*-*	*-*	*-*	*-*	*-*	*-*
4.2 other	*-*	*-*	*-*	*-*	*-*	*-*
Total A	**3,948**	**1,946**	**836**	**15,839**	**2,974**	**1,125**
B. Derivatives						
1. Financial derivatives	6	11,474	39	1	9,172	83
1.1 trading	*6*	*11,462*	*39*	*1*	*9,156*	*83*
1.2 fair value option	*-*	*9*	*-*	*-*	*13*	*-*
1.3 other	*-*	*3*	*-*	*-*	*3*	*-*
2. Credit derivatives	83	188	56	90	146	103
2.1 trading	*83*	*188*	*56*	*90*	*146*	*103*
2.2 fair value option	*-*	*-*	*-*	*-*	*-*	*-*
2.3 other	*-*	*-*	*-*	*-*	*-*	*-*
Total B	**89**	**11,662**	**95**	**91**	**9,318**	**186**
TOTAL (A+B)	**4,037**	**13,608**	**931**	**15,930**	**12,292**	**1,311**

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

(millions of euro)

	31.12.2011	31.12.2010
A) CASH ASSETS		
1. Debt securities	**6,065**	**19,101**
a) Governments and Central Banks	2,264	14,772
b) Other public entities	91	47
c) Banks	2,779	2,540
d) Other issuers	931	1,742
2. Equities	**-**	**-**
a) Banks	-	-
b) Other issuers	-	-
- insurance companies	-	-
- financial institutions	-	-
- non-financial companies	-	-
- other	-	-
3. Quotas of UCI	**665**	**837**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other counterparties	-	-
Total A	**6,730**	**19,938**
B) DERIVATIVES		
a) Banks	9,363	7,392
- fair value	*9,363*	7,392
b) Customers	2,483	2,203
- fair value	*2,483*	2,203
Total B	**11,846**	**9,595**
TOTAL (A+B)	**18,576**	**29,533**

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

2.3 Cash financial assets held for trading: annual changes

(millions of euro)

	Debt Securities	Equities	Quotas of UCI	Loans	Total
A. Initial amount	**19,101**	**-**	**837**	**-**	**19,938**
B. Increases	**64,619**	**347**	**1,291**	**-**	**66,257**
B.1 purchases	64,333	347	1,243	-	65,923
of which business combinations	-	-	-	-	-
B.2 positive fair value differences	33	-	4	-	37
B.3 other changes	253	-	44	-	297
C. Decreases	**-77,655**	**-347**	**-1,463**	**-**	**-79,465**
C.1 sales	-57,171	-347	-1,309	-	-58,827
of which business combinations	-	-	-	-	-
C.2 reimbursements	-20,151	-	-	-	-20,151
C.3 negative fair value differences	-72	-	-115	-	-187
C.4 transfers to other portfolios	-	-	-	-	-
C.5 other changes	-261	-	-39	-	-300
D. Final amount	**6,065**	**-**	**665**	**-**	**6,730**

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

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

(millions of euro)

	31.12.2011			31.12.2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	-	171	1	-	177	-
1.1 structured securities	-	-	-	-	-	-
1.2 other debt securities	-	*171*	*1*	-	*177*	-
2. Equities	-	-	14	-	-	14
3. Quotas of UCI	-	-	168	-	-	176
4. Loans	-	-	-	-	-	-
4.1 structured	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
Total	**-**	**171**	**183**	**-**	**177**	**190**
Cost	**-**	**178**	**191**	**-**	**184**	**163**

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

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

(millions of euro)

	31.12.2011	31.12.2010
1. Debt securities	**172**	**177**
a) Governments and Central Banks	1	1
b) Other public entities	-	-
c) Banks	171	149
d) Other issuers	-	27
2. Equities	**14**	**14**
a) Banks	-	-
b) Other issuers	14	14
- insurance companies	-	-
- financial institutions	-	-
- non-financial companies	*14*	*14*
- other	-	-
3. Quotas of UCI	**168**	**176**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other counterparties	-	-
TOTAL	**354**	**367**

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

(millions of euro)

	Debt securities	Equities	Quotas of UCI	Loans	Total
A. Initial amount	**177**	**14**	**176**	**-**	**367**
B. Increases	**20**	**-**	**-**	**-**	**20**
B.1 purchases	-	-	-	-	-
of which business combinations	-	-	-	-	-
B.2 positive fair value differences	4	-	-	-	4
B.3 other changes	16	-	-	-	16
C. Decreases	**-25**	**-**	**-8**	**-**	**-33**
C.1 sales	-	-	-	-	-
of which business combinations	-	-	-	-	-
C.2 reimbursements	-	-	-	-	-
C.3 negative fair value differences	-11	-	-7	-	-18
C.4 other changes	-14	-	-1	-	-15
D. Final amount	**172**	**14**	**168**	**-**	**354**

SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - CAPTION 40

4.1 Financial assets available for sale: breakdown

(millions of euro)

	31.12.2011			31.12.2010		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	10,490	367	216	5,622	5,352	279
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	*10,490*	*367*	*216*	*5,622*	*5,352*	*279*
2. Equities	615	451	398	688	551	450
2.1 Measured at fair value	*615*	*443*	*395*	*688*	*543*	*447*
2.2 Measured at cost	-	*8*	*3*	-	*8*	*3*
3. Quotas of UCI	8	-	83	10	-	45
4. Loans	-	10	26	-	10	23
TOTAL	**11,113**	**828**	**723**	**6,320**	**5,913**	**797**

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

4.2 Financial assets available for sale: borrower/issuer breakdown

(millions of euro)

	31.12.2011	31.12.2010
1. Debt securities	**11,073**	**11,253**
a) Governments and Central Banks	10,708	5,914
b) Other public entities	51	55
c) Banks	46	4,996
d) Other issuers	268	288
2. Equities	**1,464**	**1,689**
a) Banks	268	375
b) Other issuers	1,196	1,314
- insurance companies	*320*	*318*
- financial institutions	*237*	*101*
- non-financial companies	*639*	*895*
- other	-	-
3. Quotas of UCI	**91**	**55**
4. Loans	**36**	**33**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	10	10
d) Other counterparties	26	23
TOTAL	**12,664**	**13,030**

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

4.3 Financial assets available for sale: assets with specific hedges

(millions of euro)

	31.12.2011	31.12.2010
1. Financial assets with specific fair value hedges	**10,472**	**5,352**
a) Interest rate risk	10,472	5,352
b) Price risk	-	-
c) Foreign exchange risk	-	-
d) Credit risk	-	-
e) Various risks	-	-
2. Financial assets with specific cash flow hedges	**-**	**-**
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
TOTAL	**10,472**	**5,352**

4.4 Financial assets available for sale: annual changes

(millions of euro)

	Debt securities	Equities	Quotas of UCI	Loans	Total
A. Initial amount	**11,253**	**1,689**	**55**	**33**	**13,030**
B. Increases	**17,805**	**911**	**506**	**6**	**19,228**
B.1 purchases	17,312	443	504	6	18,265
of which business combinations	-	-	-	-	-
B.2 positive fair value differences	198	107	1	-	306
B.3 write-backs recognised in:	-	-	-	-	-
- income statement	-	*X*	-	-	-
- shareholders' equity	-	-	-	-	-
B.4 transfers from other portfolios	-	-	-	-	-
B.5 other changes	295	361	1	-	657
C. Decreases	**-17,985**	**-1,136**	**-470**	**-3**	**-19,594**
C.1 sales	-5,537	-848	-466	-	-6,851
of which business combinations	-	-	-	-	-
C.2 reimbursements	-11,848	-	-	-3	-11,851
C.3 negative fair value differences	-386	-117	-3	-	-506
C.4 impairment losses recognised in:	-24	-32	-	-	-56
- income statement	*-24*	*-32*	-	-	*-56*
- shareholders' equity	-	-	-	-	-
C.5 transfers to other portfolios	-	-	-	-	-
C.6 other changes	-190	-139	-1	-	-330
D. Final amount	**11,073**	**1,464**	**91**	**36**	**12,664**

Impairment tests for financial assets available for sale

As required under IFRS, financial assets available for sale are subjected to impairment testing to assess whether there is objective evidence to consider that the carrying value of such assets is not fully recoverable.
The detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down.
For further details on the criteria for impairment testing of financial assets available for sale, reference should be made to Part A - Accounting policies of the Notes to the consolidated and Parent Company’s financial statements and to Part B – Information on the consolidated balance sheet – Assets of the Notes to the consolidated financial statements.

SECTION 5 - INVESTMENTS HELD TO MATURITY - CAPTION 50

5.1 Investments held to maturity: breakdown

(millions of euro)

	31.12.2011				31.12.2010			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	528	226	143	-	853	783	-	-
1.1 Structured securities	-	-	-	-	-	-	-	-
1.2 Other debt securities	*528*	*226*	*143*	-	*853*	*783*	-	-
2. Loans	-	-	-	-	-	-	-	-
TOTAL	**528**	**226**	**143**	**-**	**853**	**783**	**-**	**-**

5.2 Investments held to maturity: borrowers/issuers

(millions of euro)

	31.12.2011	31.12.2010
1. Debt securities	**528**	**853**
a) Governments and Central Banks	527	851
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	1	2
2. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other counterparties	-	-
TOTAL	**528**	**853**

5.3 Investments held to maturity with specific hedges

As at 31 December 2011, no investments held to maturity with specific hedges were recorded.

5.4 Investments held to maturity: annual changes

(millions of euro)

	Debt securities	Loans	Total
A. Initial amount	**853**	**-**	**853**
B. Increases	**6**	**-**	**6**
B.1 purchases	-	-	-
of which business combinations	-	-	-
B.2 write-backs	-	-	-
B.3 transfers from other portfolios	-	-	-
B.4 other changes	6	-	6
C. Decreases	**-331**	**-**	**-331**
C.1 sales	-	-	-
of which business combinations	-	-	-
C.2 reimbursements	-325	-	-325
C.3 impairment losses	-	-	-
C.4 transfers to other portfolios	-	-	-
C.5 other changes	-6	-	-6
D. Final amount	**528**	**-**	**528**

SECTION 6 – DUE FROM BANKS – CAPTION 60

6.1 Due from banks: breakdown

(millions of euro)

	31.12.2011	31.12.2010
A. Due from Central Banks	**3,976**	**3,277**
1. Time deposits	1	1
2. Compulsory reserve	3,975	3,276
3. Reverse repurchase agreements	-	-
4. Other	-	-
B. Due from banks	**142,856**	**113,608**
1. Current accounts and deposits	9,440	13,683
2. Time deposits	77,803	66,493
3. Other loans	40,543	22,052
3.1 Reverse repurchase agreements	*25,808*	*6,779*
3.2 Financial leases	-	-
3.3 Other	*14,735*	*15,273*
4. Debt securities	15,070	11,380
4.1 Structured	-	-
4.2 Other	*15,070*	*11,380*
TOTAL (book value)	**146,832**	**116,885**
TOTAL (fair value)	**146,576**	**116,740**

Non-performing loans due from banks amounted to 51 million euro as at 31 December 2011 (54 million euro as at 31 December 2010).

6.2 Due from banks with specific hedges

(millions of euro)

	31.12.2011	31.12.2010
1. Due from banks with specific fair value hedges	**771**	**779**
a) Interest rate risk	771	779
b) Foreign exchange risk	-	-
c) Credit risk	-	-
d) Various risks	-	-
2. Due from banks with specific cash flow hedges	**-**	**-**
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
TOTAL	**771**	**779**

6.3 Financial leases

Intesa Sanpaolo has no financial leases with banks.

SECTION 7 – LOANS TO CUSTOMERS – CAPTION 70

7.1 Loans to customers: breakdown

(millions of euro)

	31.12.2011		31.12.2010	
	Performing	Non-performing	Performing	Non-performing
1. Current accounts	15,133	1,058	17,612	944
2. Reverse repurchase agreements	396	-	5,184	-
3. Mortgages	71,836	3,903	74,565	3,603
4. Credit card loans, personal loans and transfer of one fifth of salaries	1,449	31	1,596	42
5. Finance leases	-	-	-	-
6. Factoring	-	-	-	-
7. Other transactions	67,583	2,802	66,640	3,140
8. Debt securities	5,705	149	5,074	-
8.1 Structured securities	-	-	*100*	-
8.2 Other debt securities	*5,705*	*149*	*4,974*	-
TOTAL (book value)	**162,102**	**7,943**	**170,671**	**7,729**
TOTAL (fair value)	**162,342**	**7,943**	**171,269**	**7,729**

Loans to customers include loans disbursed on public funds under administration for which the Bank holds the risk in the amount of 3 million euro.

7.2 Loans to customers: borrower/issuer breakdown

(millions of euro)

	31.12.2011		31.12.2010	
	Performing	Non-performing	Performing	Non-performing
1. Debt securities	**5,705**	**149**	**5,074**	**-**
a) Governments	627	-	627	-
b) Other public entities	4	-	4	-
c) Other issuers	5,074	149	4,443	-
- non-financial companies	*282*	*149*	*272*	-
- financial institutions	*4,443*	-	*3,076*	-
- insurance companies	*306*	-	*1,095*	-
- other	*43*	-	-	-
2. Loans	**156,397**	**7,794**	**165,597**	**7,729**
a) Governments	1,076	-	1,168	-
b) Other public entities	648	3	669	3
c) Other counterparties	154,673	7,791	163,760	7,726
- non-financial companies	*75,938*	*6,294*	*77,688*	*6,197*
- financial institutions	*43,182*	*197*	*49,658*	*220*
- insurance companies	*1,133*	-	*1,170*	-
- other	*34,420*	*1,300*	*35,244*	*1,309*
TOTAL	**162,102**	**7,943**	**170,671**	**7,729**

7.3 Loans to customers with specific hedges

(millions of euro)

	31.12.2011	31.12.2010
1. Loans to customers with specific fair value hedges	**3,889**	**2,697**
a) Interest rate risk	3,889	2,697
b) Foreign exchange risk	-	-
c) Credit risk	-	-
d) Various risks	-	-
2. Loans to customers with specific cash flow hedges	**-**	**-**
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
TOTAL	**3,889**	**2,697**

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

7.4 Financial leases

Intesa Sanpaolo has no financial leases with customers.

SECTION 8 - HEDGING DERIVATIVES – CAPTION 80

Concerning the objectives and the strategies underlying hedging transactions see the information provided in Part E – Information on risks and relative hedging policies, Section 2 – Market risks.
Only derivatives traded on regulated markets are considered quoted derivatives.

8.1 Hedging derivatives: breakdown by type of hedge and level

(millions of euro)

	Fair value 31.12.2011			Notional value 31.12.2011	Fair value 31.12.2010			Notional value 31.12.2010
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A) Financial derivatives	**-**	**7,901**	**1**	**115,251**	**-**	**5,546**	**4**	**102,381**
1) fair value	-	7,901	1	115,232	-	5,534	4	102,327
2) cash flows	-	-	-	19	-	12	-	54
3) foreign investments	-	-	-	-	-	-	-	-
B) Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) fair value	-	-	-	-	-	-	-	-
2) cash flows	-	-	-	-	-	-	-	-
Total	**-**	**7,901**	**1**	**115,251**	**-**	**5,546**	**4**	**102,381**

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

(millions of euro)

Operations/Type of hedge	Fair value						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	interest rate risk	foreign exchange risk	credit risk	price risk	various risks				
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Loans	171	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total assets	**171**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	5,678	-	-	X	655	X	-	X	X
2. Portfolio	X	X	X	X	X	1,398	X	-	X
Total liabilities	**5,678**	**-**	**-**	**-**	**655**	**1,398**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

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

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

(millions of euro)

	31.12.2011	31.12.2010
1. Positive fair value change	**76**	**70**
1.1. of specific portfolios	76	70
a) loans	*76*	*70*
b) assets available for sale	-	-
1.2. overall	-	-
2. Negative fair value change	**-**	**-**
2.1. of specific portfolios	-	-
a) loans	-	-
b) assets available for sale	-	-
2.2. overall	-	-
TOTAL	**76**	**70**

9.2 Assets hedged by macrohedging of interest rate risk:

(millions of euro)

Hedged assets	31.12.2011	31.12.2010
1. Loans	9,728	11,321
2. Assets available for sale	-	-
3. Portfolio	-	335
TOTAL	**9,728**	**11,656**

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

SECTION 10 – EQUITY INVESTMENTS – CAPTION 100

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

	Registered office	% held	Votes available %
A. WHOLLY-OWNED SUBSIDIARIES			
1. 08 GENNAIO S.r.l.	Milano	100.00	100.00
2. AGRICOLA INVESTIMENTI S.r.l. in liquidation	Milano	100.00	100.00
3. AGRIVENTURE S.p.A.	Firenze	80.00	80.00
4. BANCA DELL'ADRIATICO S.p.A.	Pesaro	100.00	100.00
5. BANCA DI CREDITO SARDO S.p.A.	Cagliari	100.00	100.00
6. BANCA DI TRENTO E BOLZANO S.p.A.	Trento	23.33	23.33
7. BANCA FIDEURAM S.p.A.	Roma	100.00	100.00
8. BANCA IMI S.p.A.	Milano	100.00	100.00
9. BANCA INFRASTRUTTURE INNOVAZIONE E SVILUPPO S.p.A.	Roma	100.00	100.00
10. BANCA INTESA (Closed Joint-Stock Company)	Moscow	46.98	46.98
11. BANCA INTESA A.D. - BEOGRAD	Novi Beograd	15.21	15.21
12. BANCA MONTE PARMA S.p.A.	Parma	64.05	64.05
13. BANCA PROSSIMA S.p.A.	Milano	71.67	71.67
14. BANCO DI NAPOLI S.p.A.	Napoli	100.00	100.00
15. BANCO EMILIANO ROMAGNOLO S.p.A.	Bologna	99.97	99.97
16. BANK OF ALEXANDRIA S.A.E. (a)	Cairo	80.00	70.25
17. BANKA KOPER D.D.	Koper (Slovenia)	97.55	97.55
18. CASSA DEI RISPARMI DI FORLI' E DELLA ROMAGNA S.p.A. - CARIROMAGNA	Forlì	82.08	82.08
19. CASSA DI RISPARMIO DEL FRIULI VENEZIA GIULIA S.p.A. - CariFVG	Gorizia	100.00	100.00
20. CASSA DI RISPARMIO DEL VENETO S.p.A.	Padova	100.00	100.00
21. CASSA DI RISPARMIO DI FIRENZE S.p.A.	Firenze	89.71	89.71
22. CASSA DI RISPARMIO DI VENEZIA S.p.A.	Venezia	100.00	100.00
23. CASSA DI RISPARMIO IN BOLOGNA S.p.A.	Bologna	100.00	100.00
24. CENTRO FACTORING S.p.A.	Firenze	11.38	11.38
25. CIB BANK Ltd.	Budapest	32.31	32.31
26. CONSORZIO STUDI E RICERCHE FISCALI - GRUPPO INTESA SANPAOLO	Roma	55.00	55.00
27. CORMANO S.r.l.	Varese	70.82	70.82
28. EQUITER S.p.A.	Torino	100.00	100.00
29. EURIZON CAPITAL A.D. BEOGRAD	Beograd	20.00	20.00
30. EURIZON CAPITAL SGR S.p.A.	Torino	100.00	100.00
31. FIDEURAM VITA S.p.A.	Roma	80.01	80.01
32. FINANZIARIA B.T.B S.p.A.	Trento	99.29	99.29
33. IMI INVESTIMENTI S.p.A.	Bologna	100.00	100.00
34. IMMIT - IMMOBILI ITALIANI S.r.l.	Torino	100.00	100.00
35. IN.FRA - INVESTIRE NELLE INFRASTRUTTURE S.p.A.	Milano	90.60	90.60
36. INFOGROUP S.c.p.A.	Firenze	31.07	31.07
37. INTESA FUNDING LLC	Wilmington	100.00	100.00
38. INTESA INVESTIMENTI S.p.A.	Milano	100.00	100.00
39. INTESA LEASE SEC S.r.l.	Milano	60.00	60.00
40. INTESA REAL ESTATE S.r.l.	Milano	100.00	100.00
41. INTESA SANPAOLO BANK ALBANIA SH.A. (b)	Tirana	98.61	100.00
42. INTESA SANPAOLO BANK IRELAND PLC	Dublin	100.00	100.00
43. INTESA SANPAOLO FORMAZIONE Società Consortile per Azioni	Napoli	54.98	54.98
44. INTESA SANPAOLO GROUP SERVICES S.c.p.A.	Torino	99.87	99.87
45. INTESA SANPAOLO HOLDING INTERNATIONAL S.A.	Luxembourg	100.00	100.00
46. INTESA SANPAOLO PREVIDENZA - SOCIETA' D'INTERMEDIAZIONE MOBILIARE S.p.A.	Milano	78.53	78.53
47. INTESA SANPAOLO PRIVATE BANKING S.p.A.	Milano	100.00	100.00
48. INTESA SANPAOLO REAL ESTATE ROMANIA S.A.	Arad	100.00	100.00
49. INTESA SANPAOLO ROMANIA S.A. COMMERCIAL BANK	Arad	99.61	99.61

	Registered office	% held	Votes available %
50. INTESA SANPAOLO SERVICOS E EMPREENDIMENTOS Ltda.	Sao Paulo	99.82	99.82
51. INTESA SANPAOLO TRUST COMPANY FIDUCIARIA S.p.A.	Milano	100.00	100.00
52. INTESA SANPAOLO VITA S.p.A.	Milano	99.98	99.98
53. INTESA SEC. 2 S.r.l.	Milano	60.00	60.00
54. INTESA SEC. 3 S.r.l.	Milano	60.00	60.00
55. INTESA SEC. NPL S.p.A.	Milano	60.00	60.00
56. INTESA SEC. S.p.A.	Milano	60.00	60.00
57. INTESASANPAOLO EURODESK S.p.r.l.	Brussels	100.00	100.00
58. INVERSIONES MOBILIARIAS S.A. "IMSA"	Lima	99.40	99.40
59. ISP CB IPOTECARIO S.r.l.	Milano	60.00	60.00
60. ISP CB PUBBLICO S.r.l.	Milano	60.00	60.00
61. ISP SEC. 4 S.r.l.	Milano	100.00	100.00
62. LEASINT S.p.A.	Milano	100.00	100.00
63. LIMA SUDAMERIS HOLDING S.A. in liquidation	Lima	52.87	52.87
64. MEDIOCREDITO ITALIANO S.p.A.	Milano	100.00	100.00
65. MEDIOFACTORING S.p.A.	Milano	100.00	100.00
66. MONETA S.p.A.	Bologna	100.00	100.00
67. NEOS FINANCE S.p.A.	Bologna	100.00	100.00
68. OOO INTESA REALTY RUSSIA	Moscow	100.00	100.00
69. OTTOBRE 2008 S.r.l.	Milano	100.00	100.00
70. PRAVEX BANK Joint-Stock Commercial Bank	Kiev	100.00	100.00
71. PRIVATE EQUITY INTERNATIONAL S.A.	Luxembourg	90.90	90.90
72. SEP - Servizi e Progetti S.c.p.A.	Torino	100.00	100.00
73. SETEFI - SERVIZI TELEMATICI FINANZIARI PER IL TERZIARIO S.p.A.	Milano	100.00	100.00
74. SOCIETA' ITALIANA DI REVISIONE E FIDUCIARIA S.I.RE.F. S.p.A.	Milano	100.00	100.00
75. STUDI E RICERCHE PER IL MEZZOGIORNO (c)	Napoli	16.67	16.67
76. ZACCHERINI ALVISI S.r.l.	Milano	100.00	100.00
B. COMPANIES SUBJECT TO JOINT CONTROL			
1. ALLFUNDS BANK S.A.	Madrid	50.00	50.00
2. AUGUSTO S.r.l.	Milano	5.00	5.00
3. COLOMBO S.r.l.	Milano	5.00	5.00
4. DIOCLEZIANO S.r.l.	Milano	5.00	5.00
5. LEONARDO TECHNOLOGY S.p.A.	Milano	25.00	25.00
6. MANUCOR S.p.A.	Milano	72.75	45.50
7. NOVERCA ITALIA S.R.L.	Roma	34.00	34.00
8. SHANGHAI SINO-ITALY BUSINESS ADVISORY COMPANY LIMITED	Shangai	40.00	40.00
C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE (*)			
1. AL.FA. - UN'ALTRA FAMIGLIA DOPO DI NOI - IMPRESA SOCIALE S.r.l.	Milano	42.86	42.86
2. ALITALIA - COMPAGNIA AEREA ITALIANA S.p.A.	Fiumicino	8.86	8.86
3. AUTOSTRADE LOMBARDE S.p.A.	Bergamo	39.71	39.71
4. B.E.E. SOURCING S.p.A.	Spoleto	13.04	13.04
5. BANCA IMPRESA LAZIO S.p.A.	Roma	12.00	12.00
6. BANK OF QINGDAO CO. Ltd.	Qingdao	20.00	20.00
7. CARGOITALIA S.p.A. in liquidation	Milano	33.33	33.33
8. CASSA DI RISPARMIO DI FERMO S.p.A.	Fermo	33.33	33.33
9. CONSORZIO BANCARIO SIR S.p.A in liquidation	Roma	32.86	32.86
10. EUROMILANO S.p.A.	Milano	38.00	38.00
11. EUROPROGETTI E FINANZA in liquidazione S.p.A.	Roma	15.97	15.97
12. GCL HOLDINGS L.P. S.à.r.l.	Luxembourg	21.95	21.95
13. IMPIANTI S.r.l. in liquidation	Milano	26.27	26.27
13. ITALFONDIARIO S.p.A.	Roma	11.25	11.25
14. MATER-BI S.p.A.	Milano	34.48	34.48
15. NH HOTELES S.A.	Madrid	2.35	2.35
16. NH ITALIA S.r.l.	Milano	44.50	44.50
17. NOVERCA S.r.l.	Roma	10.00	10.00
18. OBIETTIVO NORDEST SICAV	Venezia Marghera	22.74	22.74

	Registered office	% held	Votes available %
19. PIETRA S.r.l.	Milano	22.22	22.22
20. PIRELLI & C. S.p.A.	Milano	1.58	1.62
21. PRELIOS S.p.A.	Milano	0.91	0.91
22. PRELIOS SGR S.p.A.	Milano	10.00	10.00
23. R.C.N. FINANZIARIA S.p.A.	Mantova	23.96	23.96
24. RISANAMENTO S.p.A.	Milano	35.97	35.97
25. RIZZOLI CORRIERE DELLA SERA MEDIAGROUP S.p.A.	Milano	4.83	5.02
26. SIA S.p.A.	Milano	30.64	30.64
27. SOCIETA' GESTIONE PER IL REALIZZO In liquidazione S.p.A.	Roma	38.33	38.33
28. SOLAR EXPRESS S.r.l.	Firenze	40.00	40.00
29. TELCO S.p.A.	Milano	11.62	11.62
30. TERMOMECCANICA S.p.A.	La Spezia	27.50	27.50
31. VARESE INVESTIMENTI S.p.A.	Varese	40.00	40.00

(a) In March 2009, 9.75% of the share capital of Bank of Alexandria S.A.E. was sold to International Finance Corporation (IFC) with the concurrent signing by the parties of a Put&Call Agreement covering the portion sold by Intesa Sanpaolo. It should be noted that, based on the contractual clauses underlying the transaction and failing to meet IFRS derecognition criteria, the percentage of equity investment includes the portion sold, while voting rights were transferred to the buyer.

(b) In relation to the investment in Intesa Sanpaolo Bank Albania SH.A. there are Potential Voting Rights on 1.39% of the capital due to the share of former Banca Italo Albanese (merged into Intesa Sanpaolo Bank Albania) sold to Società Italiana per le Imprese all'Estero (Simest) in July 2006.

(c) Company included among significant equity investments as, in total, the Group holds a controlling share.

(*) Intesa Sanpaolo holds 5% of the capital of Adriano Finance S.r.l., Adriano Finance 2 S.r.l. and Adriano Lease Sec. S.r.l., vehicles used for Group securitisations.

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

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

(millions of euro)

	Total assets	Revenues	Net income (loss)	Shareholders' equity	Book value	Fair value
A. WHOLLY-OWNED SUBSIDIARIES (*)					**37,909**	
1. 08 GENNAIO S.r.l.	-	-	-	-	-	-
2. AGRICOLA INVESTIMENTI S.r.l. in liquidation	1					
3. AGRIVENTURE S.p.A.	7	7	1	4	3	
4. BANCA DELL'ADRIATICO S.p.A.	5,968	625	-65	370	344	
5. BANCA DI CREDITO SARDO S.p.A.	5,327	441	2	517	377	
6. BANCA DI TRENTO E BOLZANO S.p.A.	2,954	166	-18	169	40	
7. BANCA FIDEURAM S.p.A.	10,671	1,489	-51	1,110	2,477	
8. BANCA IMI S.p.A.	140,055	73,918	512	2,705	2,713	
9. BANCA INFRASTRUTTURE INNOVAZIONE E SVILUPPO S.p.A.	56,525	4,830	-466	535	482	
10. BANCA INTESA (Closed Joint-Stock Company)	2,100	342	24	331	85	
11. BANCA INTESA A.D. - BEOGRAD	3,693	1,871	94	755	199	
12. BANCA MONTE PARMA S.p.A.	2,970	91	-10	239	181	
13. BANCA PROSSIMA S.p.A.	1,051	40	2	122	95	
14. BANCO DI NAPOLI S.p.A.	27,230	2,461	143	2,486	2,358	
15. BANCO EMILIANO ROMAGNOLO S.p.A.	153	7	-8	34	27	
16. BANK OF ALEXANDRIA S.A.E.	4,887	522	43	504	407	
17. BANKA KOPER D.D.	2,250	403	15	268	252	
18. CASSA DEI RISPARMI DI FORLI' E DELLA ROMAGNA S.p.A. - CARIROMAGNA	5,002	348	-11	358	297	
19. CASSA DI RISPARMIO DEL FRIULI VENEZIA GIULIA S.p.A. - CariFVG	4,465	327	-11	349	347	
20. CASSA DI RISPARMIO DEL VENETO S.p.A.	19,668	1,472	56	1,558	1,571	
21. CASSA DI RISPARMIO DI FIRENZE S.p.A.	16,047	1,293	117	2,207	2,381	
22. CASSA DI RISPARMIO DI VENEZIA S.p.A.	4,490	397	-8	444	511	
23. CASSA DI RISPARMIO IN BOLOGNA S.p.A.	10,215	729	-34	944	911	
24. CENTRO FACTORING S.p.A.	1,714	71	11	88	5	-
25. CIB BANK Ltd.	7,993	1,119	-121	715	251	-
26. CONSORZIO STUDI E RICERCHE FISCALI - GRUPPO INTESA SANPAOLO	1	2	-	-	-	-
27. CORMANO S.r.l.	-	-	-	-	-	-
28. EQUITER S.p.A.	332	8	-1	328	369	-
29. EURIZON CAPITAL A.D. BEOGRAD	-	-	-	-	-	-
30. EURIZON CAPITAL SGR S.p.A.	758	750	67	556	1,683	-
31. FIDEURAM VITA S.p.A.	10,595	1,732	-1	368	309	-
32. FINANZIARIA B.T.B S.p.A.	98	-	-	79	134	-
33. IMI INVESTIMENTI S.p.A.	967	14	1	959	917	-
34. IMMIT - IMMOBILI ITALIANI S.r.l.	3	2	1	2	2	-
35. IN.FRA - INVESTIRE NELLE INFRASTRUTTURE S.p.A.	102	-	-32	102	113	-
36. INFOGROUP S.c.p.A.	52	80	-	21	4	-
37. INTESA FUNDING LLC	306	19	-	-	-	-
38. INTESA INVESTIMENTI S.p.A.	922	18	-111	917	1,000	-
39. INTESA LEASE SEC S.r.l.	-	-	-	-	-	-
40. INTESA REAL ESTATE S.r.l.	35	2	1	34	39	-
41. INTESA SANPAOLO BANK ALBANIA SH.A.	928	71	18	105	185	-
42. INTESA SANPAOLO BANK IRELAND PLC	20,796	860	89	1,116	921	-
43. INTESA SANPAOLO FORMAZIONE Società Consortile per Azioni	3	2	-	-	-	-
44. INTESA SANPAOLO GROUP SERVICES S.c.p.A.	1,299	1,785	-	496	493	-
45. INTESA SANPAOLO HOLDING INTERNATIONAL S.A.	13,922	299	120	8,625	8,133	-
46. INTESA SANPAOLO PREVIDENZA - SOCIETA' D'INTERMEDIAZIONE MOBILIARE S.p.A.	28	16	1	22	12	-
47. INTESA SANPAOLO PRIVATE BANKING S.p.A.	4,765	425	85	394	257	-
48. INTESA SANPAOLO REAL ESTATE ROMANIA S.A.	-	-	-	-	-	-
49. INTESA SANPAOLO ROMANIA S.A. COMMERCIAL BANK	999	181	-32	215	215	-
50. INTESA SANPAOLO SERVICOS E EMPREENDIMENTOS Ltda.	-	-	-	-	1	-
51. INTESA SANPAOLO TRUST COMPANY FIDUCIARIA S.p.A.	4	1	-	4	8	-
52. INTESA SANPAOLO VITA S.p.A.	58,909	8,243	20	2,913	3,865	-

(millions of euro)

	Total assets	Revenues	Net income (loss)	Shareholders' equity	Book value	Fair value
53. INTESA SEC. 2 S.r.l.	-	-	-	-	-	-
54. INTESA SEC. 3 S.r.l.	-	-	-	-	-	-
55. INTESA SEC. NPL S.p.A.	1	-	-	-	-	-
56. INTESA SEC. S.p.A.	-	-	-	-	-	-
57. INTESASANPAOLO EURODESK S.p.r.l.	-	-	-	-	-	-
58. INVERSIONES MOBILIARIAS S.A. "IMSA"	9	1	-	8	-	-
59. ISP CB IPOTECARIO S.r.l.	-	-	-	-	-	-
60. ISP CB PUBBLICO S.r.l.	-	-	-	-	-	-
61. ISP SEC. 4 S.r.l.	-					
62. LEASINT S.p.A.	18,931	699	51	952	842	
63. LIMA SUDAMERIS HOLDING S.A. in liquidation	11	-	-1	11		
64. MEDIOCREDITO ITALIANO S.p.A.	14,904	560	-89	748	873	
65. MEDIOFACTORING S.p.A.	10,347	296	68	486	290	
66. MONETA S.p.A.	4,198	428	26	211	193	
67. NEOS FINANCE S.p.A.	4,985	681	-129	54	53	
68. OOO INTESA REALTY RUSSIA	-			-		
69. OTTOBRE 2008 S.r.l.	-			-	13	
70. PRAVEX BANK Joint-Stock Commercial Bank	598	130	-	144	131	-
71. PRIVATE EQUITY INTERNATIONAL S.A.	1,053	8	-1	660	501	-
72. SEP - Servizi e Progetti S.c.p.A.	1	-	-	-	-	-
73. SETEFI - SERVIZI TELEMATICI FINANZIARI PER IL TERZIARIO S.p.A.	315	400	116	159	25	-
74. SOCIETA' ITALIANA DI REVISIONE E FIDUCIARIA S.I.RE.F. S.p.A.	22	12	2	17	8	-
75. STUDI E RICERCHE PER IL MEZZOGIORNO	1	2	-	-	-	-
76. ZACCHERINI ALVISI S.r.l.	7	-	-	7	6	-
B. COMPANIES SUBJECT TO JOINT CONTROL (*)					**84**	
1. ALLFUNDS BANK S.A.	320	255	21	127	72	-
2. AUGUSTO S.r.l.	-	-	-	-	-	-
3. COLOMBO S.r.l.	-	-	-	-	-	-
4. DIOCLEZIANO S.r.l.	-	-	-	-	-	-
5. LEONARDO TECHNOLOGY S.p.A.	155	40	-1	15	5	-
6. MANUCOR S.p.A.	128	145	-	16	5	-
7. NOVERCA ITALIA S.R.L.	34	3	-	19	2	-
8. SHANGHAI SINO-ITALY BUSINESS ADVISORY COMPANY LIMITED	-	-	-	-	-	-
C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE (*)					**1,106**	
1. AL.FA. - UN'ALTRA FAMIGLIA DOPO DI NOI - IMPRESA SOCIALE S.r.l.	-	-	-	-	-	-
2. ALITALIA - COMPAGNIA AEREA ITALIANA S.p.A.	2,856	3,408	-83	455	100	-
3. AUTOSTRADE LOMBARDE S.p.A.	281	-	-1	220	94	-
4. B.E.E. SOURCING S.p.A.	27	22	-	4	-	-
5. BANCA IMPRESA LAZIO S.p.A.	59	3	-	7	1	-
6. BANK OF QINGDAO CO. Ltd.	9,443	428	82	853	163	-
7. CARGOITALIA S.p.A. in liquidation	65	53	-10	9	-	-
8. CASSA DI RISPARMIO DI FERMO S.p.A.	1,429	37	4	150	48	-
9. CONSORZIO BANCARIO SIR S.p.A in liquidation	-	-	-	-1	-	-
10. EUROMILANO S.p.A.	137	6	-5	31	12	-
11. EUROPROGETTI E FINANZA in liquidazione S.p.A.	7	1	-	-9	-	-
12. GCL HOLDINGS L.P. S.à.r.l.	835	315	-11	207	55	-
13. IMPIANTI S.r.l. in liquidation	-	-	-	-2	-	-
13. ITALFONDIARIO S.p.A.	71	24	-3	35	5	-
14. MATER-BI S.p.A.	78	90	-1	24	11	-
15. NH HOTELES S.A.	3,306	728	22	1,154	38	13
16. NH ITALIA S.r.l.	918	62	-15	352	195	-
17. NOVERCA S.r.l.	34	1	-	26	-	-
18. OBIETTIVO NORDEST SICAV	7	-	-	7	1	-
19. PIETRA S.r.l.	29	-	-	24	5	-

(millions of euro)

	Total assets	Revenues	Net income (loss)	Shareholders' equity	Book value	Fair value
20. PIRELLI & C. S.p.A.	6,499	4,468	255	2,026	35	50
21. PRELIOS S.p.A.	1,208	179	-153	456	3	1
22. PRELIOS SGR S.p.A.	61	16	6	44	20	-
23. R.C.N. FINANZIARIA S.p.A.	-	-	-	-	-	-
24. RISANAMENTO S.p.A.	-	-	-	-	58	25
25. RIZZOLI CORRIERE DELLA SERA MEDIAGROUP S.p.A.	3,225	1,044	-20	975	44	25
26. SIA S.p.A.	250	357	-9	121	71	-
27. SOCIETA' GESTIONE PER IL REALIZZO In liquidazione S.p.A.	63	53	53	57	-	-
28. SOLAR EXPRESS S.r.l.	6	1	-	5	2	-
29. TELCO S.p.A.	5,410	160	-34	2,110	140	-
30. TERMOMECCANICA S.p.A.	335	184	1	96	3	-
31. VARESE INVESTIMENTI S.p.A.	4	-	-	4	2	-
D. OTHER EQUITY INVESTMENTS					**532**	
BANCA D'ITALIA					532	
TOTAL					**39,631**	

(*) The figures indicated refer to financial statements being approved.

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

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

10.3 Equity investments: annual changes

(millions of euro)

	31.12.2011	31.12.2010
A. Initial amount	**43,510**	**42,327**
B. Increases	**5,461**	**1,467**
B.1 purchases	2,708	1,255
of which business combinations	-	-
B.2 write-backs	-	-
B.3 revaluations	-	-
B.4 other changes	2,753	212
C. Decreases	**-9,340**	**-284**
C.1 sales	-47	-16
C.2 impairment losses	-7,269	-11
C.3 other changes	-2,024	-257
D. Final amount	**39,631**	**43,510**
E. Total revaluations	**391**	**391**
F. Total impairment losses	**-10,553**	**-3,300**

Subcaption B.1 "Purchases" essentially refers to the following transactions:
- subscription to a share capital increase of Intesa Sanpaolo Holding International S.A. for a total of 2,000 million euro;
- 1,793,353 shares of Banca Monte Parma S.p.A., corresponding to 64.05% of share capital, at a price of 134 million euro;
- subscription to a share capital increase of CIB Bank Ltd. for a total of 151 million euro;
- subscription to a share capital increase of Intesa Sanpaolo Romania S.A. – Commercial Bank, for a total of 102 million euro;
- subscription to a share capital increase of Risanamento S.p.A. for a total of 82 million euro, of which 69 million was discharged by converting non-performing loans into shares of the company; the Bank's equity interest came to 36% as a result of the transaction;
- subscription to a share capital increase of IN.FRA – Investire nelle Infrastrutture S.p.A., for a total of 62 million euro;
- subscription to a share capital increase of Bank of Qingdao Co. Ltd. for a total of 43 million euro;
- 12,130,287 shares of Cassa dei Risparmi di Forlì e della Romagna S.p.A. (Cariromagna S.p.A.), corresponding to 5.7% of share capital, at a price of 36 million euro; as a result of this transaction the Bank's equity stake rose to 82.1%;

- subscription to a share capital increase of Pravex Bank Public Joint-Stock Company Commercial Bank, for a total of 30 million euro;
- subscription to a share capital increase of Banco Emiliano Romagnolo S.p.A., for a total of 26 million euro;
- subscription to a share capital increase of Banca Intesa A.D. – Beograd, for a total of 20 million euro;
- 1,212,224 shares of Intesa Sanpaolo Bank Albania Sh. A., corresponding to 7.8% of share capital, at a price of 11 million euro;
- subscription to a share capital increase of GCL Holdings S.à.r.l., for a total of 7 million euro.

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

- the reorganisation of the insurance hub through the merger by incorporation into Intesa Sanpaolo Vita S.p.A. (formerly Eurizon Vita S.p.A.) of the subsidiaries Centrovita Assicurazioni S.p.A., Sud Polo Vita S.p.A. and Intesa Sanpaolo Vita S.p.A., for a total of 1,980 million euro;
- payment for a future capital increase amounting to 300 million euro in favour of Leasint S.p.A.;
- payment for a future capital increase amounting to 120 million euro in favour of Banca Monte Parma S.p.A.;
- payment for a future capital increase amounting to 100 million euro in favour of Sud Polo Vita S.p.A.;
- payment of 100 million euro to Neos Finance S.p.A. for settlement of losses;
- payment for a capital increase amounting to 80 million euro in favour of Banca di Credito Sardo S.p.A.;
- assignment to Intesa Sanpaolo S.p.A. of the interest in Setefi – Servizi Telematici Finanziari per il Terziario S.p.A., for 25 million euro, due to the partial de-merger of Moneta S.p.A.;
- payment for a future capital increase amounting to 16 million euro in favour of Autostrade Lombarde S.p.A.;
- payment for a future capital increase amounting to 15 million euro in favour of Ottobre 2008 S.r.l.

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

- sale of 28.33% of Banca Prossima S.p.A. to Compagnia di Sanpaolo, Fondazione Cariplo and Fondazione Cassa di Risparmio di Padova e Rovigo for a price of 34 million euro;
- sale of the entire 30% interest in MF Honyvem S.p.A. for a price of 13 million euro.

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

- the reorganisation of the insurance hub through the merger by incorporation into Intesa Sanpaolo Vita S.p.A. (formerly Eurizon Vita S.p.A.) of the subsidiaries Centrovita Assicurazioni S.p.A., Sud Polo Vita S.p.A. and Intesa Sanpaolo Vita S.p.A., for a total of 1,980 million euro;
- the partial de-merger of Moneta S.p.A., for 25 million euro;
- the placement in liquidation and subsequent dissolution of IntesaBci Preferred Capital Company LLC III, for 13 million euro.

10.4 Commitments referred to investments in subsidiaries

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

- after obtaining control (with an 89.7% share) of Cassa di Risparmio di Firenze, in accordance with the Shareholders' Agreement which entered into force after the delisting of Cassa di Risparmio di Firenze, Intesa Sanpaolo recognised a total of approximately 273 million euro to "Commitments against put options issued" for the remaining 10.3%;
- further to the Shareholders' Agreement stipulated between Intesa Sanpaolo, Finanziaria B.T.B. and ISA regarding approximately 9% of Banca di Trento e Bolzano share capital, Intesa Sanpaolo recognised approximately 37 million euro to "Commitments against put options issued";
- following the sale of 28.3% of Banca Prossima S.p.A. to Compagnia di Sanpaolo, Fondazione Cariplo and Fondazione Cassa di Risparmio di Padova e Rovigo, Intesa Sanpaolo recognised approximately 34 million euro among "Commitments against put options issued";
- further to the Shareholders' Agreement stipulated between Intesa Sanpaolo, Invester S.p.A. and Gambari Finanziaria S.r.l. regarding approximately 15% of the share capital of IN.FRA - Investire nelle Infrastrutture S.p.A., Intesa Sanpaolo recognised approximately 11 million euro to "Commitments against put options issued";
- the squeeze-out and sell-out rules of the Slovenian Companies Act of 3 May 2006 envisage a put option in favour of minority shareholders of Banka Koper if Intesa Sanpaolo should exceed 90% of the bank's share capital. These squeeze-out and sell-out rules led to the recognition of approximately 7 million euro to "Commitments against put options issued".

10.5 Commitments referred to investments in companies subject to joint control

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

10.6 Commitments referred to investments in companies subject to significant influence

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

Impairment tests of investments

As required under IFRS, equity investments are subjected to impairment testing to assess whether there is objective evidence to consider that the carrying value of the assets is not fully recoverable.
With reference to investments in associates and companies subject to joint control, the process of detection of any impairment involves verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative indicators, such as the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start up of insolvency proceedings or restructuring plans, and the downgrading by more than two categories of the rating issued by a specialist company; quantitative indicators, represented by a reduction in fair value of over 30% below the carrying value or for a period of over 24 months, by market capitalisation lower than the company's net book value, in the case of securities listed on active markets, or by a carrying value of the investment in the separate financial statements higher than the carrying value of the investee's net assets and goodwill in the consolidated financial statements or by distribution by the latter of a dividend that is higher than its total income. If impairment indicators are detected the recoverable amount, represented by the higher between the fair value less costs to sell and the value in use, is calculated and if it proves lower than the carrying value, impairment is recognised.
With regard to investments in associates or companies subject to joint control, impairment testing led to the need to adjust the values of certain companies. Specifically, write-downs were recorded mainly for the investments in Telco (238 million euro), Risanamento (23 million euro), and RCS Mediagroup (22 million euro).
Individual investments in subsidiaries, while material as individual assets from an accounting standpoint, do not present independent cash flow generation and governance capacity, given the organisational model, which calls for CGUs larger than the individual legal entities. Accordingly, controlling interests are not individually material for the purposes of conducting impairment tests in the financial statements of the Parent Company, but rather are aggregated (along with the operating activities conducted directly by the Parent Company) into CGUs consistent with those defined for the consolidated financial statements. This approach is tied to the organisational model applied by the Group. According to that model, individual investments belonging to a given CGU are not capable of generating cash flows independently from the other investments. Therefore, their recoverable amounts cannot be calculated individually, as required by IAS 36.
In view of the consistency that must be preserved between the impairment tests conducted in the consolidated financial statements and the financial statements of the Parent Company, in addition to the homogeneity of the composition of CGUs, the correlation between the items tested in the two sets of financial statements must be carefully considered: the goodwill attributed to the various CGUs in the consolidated financial statements and the financial statements of the Parent Company partly reflects the goodwill associated solely with the Parent Company and partly the carrying amounts of investments in subsidiaries. The goodwill associated with the latter is implicit in the carrying amounts of the investments in the financial statements of the Parent Company and emerges in the consolidated financial statements following the consolidation process on the basis of the values determined during the purchase process pursuant to IFRS 3.
If at the level of the consolidated financial statements it becomes necessary to recognise an impairment loss on the goodwill allocated to a given CGU, in the financial statements of the Parent Company that impairment loss must be attributed to assets allocated to that same CGU not subject to testing individually, namely goodwill, the brand name and investments in subsidiaries.
As described in Part B – Information on the consolidated balance sheet - Assets, adjustments identified at the level of CGUs in the consolidated financial statements have been allocated in their entirety to goodwill, without adjusting the value of the brand name. Accordingly, in the financial statements of Intesa Sanpaolo S.p.A., the losses identified in the consolidated financial statements have been allocated to goodwill and controlling interests.
It should be noted that the goodwill recognised in the financial statements of Intesa Sanpaolo has been allocated partly to the Banca dei Territori CGU and partly to the Corporate and Investment Banking CGU. The associated adjustments have been determined by separating the part associated solely with the Parent Company's goodwill from the adjustments made to the Banca dei Territori CGU and Corporate and Investment Banking CGU in the consolidated financial statements.
The controlling interests carried in the Parent Company's financial statements allocated to a CGU subject to impairment in the consolidated financial statements and including in their carrying amounts an implicit share of goodwill have been written down to their carrying amounts in the consolidated financial statements, determined after allocating the CGU's overall loss to the goodwill implicit in the carrying amounts of the individual legal entities. In extremely short form, the value of the investments in question after impairment corresponds to the sum of the company's shareholders' equity (net of consolidation entries) and the residual goodwill carried in the consolidated financial statements as attributed to the legal entity concerned.
The process described above is valid for the investments included in CGUs comprising multiple legal entities (Banca dei Territori, Corporate and Investment Banking and International Subsidiary Banks). The CGU's value in use was compared directly with the carrying amount in the Parent Company's financial statements for the investments in Eurizon Capital, Banca Fideuram, Bank of Alexandria and Pravex Bank, inasmuch as these CGUs coincide with the relative legal entities.
Differentiated treatment was applied to the companies that ended 2011 with a loss, for which it was conservatively decided to verify whether the loss was due to contingent, non-structural factors.
This analysis resulted in the identification of the need to recognise an impairment loss on the investee Neos Finance, for which the carrying amount was reduced to the company's shareholders' equity.
Impairment testing according to the method described above determined the need to recognise impairment losses on the following investments in subsidiaries:
- Cassa di Risparmio di Firenze (1,809 million euro);
- Banco di Napoli (972 million euro);
- Bank of Alexandria (867 million euro);
- Intesa Sanpaolo Vita (537 million euro);
- Eurizon Capital SGR (517 million euro);
- Banca IMI (507 million euro);
- Banca Infrastrutture Innovazione e Sviluppo (420 million euro);
- Neos Finance (231 million euro);
- Cassa di Risparmio del Veneto (209 million euro);

- Cassa di Risparmio in Bologna (199 million euro);
- Banca dell'Adriatico (178 million euro);
- Cassa di Risparmio di Venezia (166 million euro);
- Cassa dei Risparmi di Forlì e della Romagna (114 million euro);
- Banca Monte Parma (74 million euro);
- Intesa Sanpaolo Romania SA Commercial Bank (64 million euro);
- Cassa di Risparmio del Friuli Venezia Giulia (60 million euro);
- Banca Intesa Closed Joint-Stock Company (14 million euro);
- IN.FRA (10 million euro);
- Intesa Sanpaolo Trust Company Fiduciaria (4 million euro).

SECTION 11 – PROPERTY AND EQUIPMENT – CAPTION 110

11.1 Property and equipment: breakdown of assets measured at cost

(millions of euro)

	31.12.2011	31.12.2010
A. Property and equipment used in operations		
1.1 owned	2,433	2,410
a) land	*904*	*905*
b) buildings	*1,265*	*1,239*
c) furniture	*170*	*170*
d) electronic equipment	*88*	*90*
e) other	*6*	*6*
1.2 acquired under finance lease	5	5
a) land	*2*	*2*
b) buildings	*3*	*3*
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total A	**2,438**	**2,415**
B. Investment property		
2.1 owned	-	-
a) land	-	-
b) buildings	-	-
2.2 acquired under finance lease	-	-
a) land	-	-
b) buildings	-	-
Total B	**-**	**-**
TOTAL (A + B)	**2,438**	**2,415**

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

As at 31 December 2011 there are no assets measured at fair value or revalued.

11.3 Property and equipment used in operations: annual changes

(millions of euro)

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross initial carrying amount	**911**	**1,897**	**846**	**1,104**	**32**	**4,790**
A.1 Total net adjustments	-4	-655	-676	-1,014	-26	-2,375
A.2 Net initial carrying amount	**907**	**1,242**	**170**	**90**	**6**	**2,415**
B. Increases	**7**	**94**	**27**	**33**	**1**	**162**
B.1 Purchases	1	31	27	33	1	93
of which business combinations	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	55	-	-	-	55
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfer from investment property	-	-	-	-	-	-
B.7 Other changes	6	8	-	-	-	14
C. Decreases	**-8**	**-68**	**-27**	**-35**	**-1**	**-139**
C.1 Sales	-8	-13	-1	-1	-	-23
of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	-54	-26	-34	-1	-115
C.3 Impairment losses recognised in	-	-1	-	-	-	-1
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	*-1*	-	-	-	*-1*
C.4 Negative fair value differences recognised in	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	-	-	-	-	-	-
a) investment property	-	-	-	-	-	-
b) non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
D. Net final carrying amount	**906**	**1,268**	**170**	**88**	**6**	**2,438**
D.1 Total net adjustments	-	706	699	1,043	26	2,474
D.2 Gross final carrying amount	**906**	**1,974**	**869**	**1,131**	**32**	**4,912**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

Total net adjustments (A1 and D1) include the amounts relating to depreciation and to adjustments recorded for the purpose of aligning the book value of an asset to its recoverable amount.
Subcaption E - Measurement at cost does not present any value since, as per instructions issued by the Bank of Italy, it must be completed only for property and equipment measured at fair value.

11.4 Investment property: annual changes

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

11.5 Commitments to purchase property and equipment

Commitments to purchase property and equipment as at 31 December 2011 came to approximately 251 million euro and mostly referred to the construction of the new Headquarters in Torino.

SECTION 12 – INTANGIBLE ASSETS - CAPTION 120

12.1 Intangible assets: breakdown by type of asset

(millions of euro)

	31.12.2011		31.12.2010	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
A.1 Goodwill	**X**	**2,691**	**X**	**6,160**
A.2 Other intangible assets	**841**	**2,009**	**966**	**2,009**
A.2.1 Assets measured at cost	841	2,009	966	2,009
a) Internally generated intangible assets	-	-	-	-
b) Other assets	*841*	*2,009*	*966*	*2,009*
A.2.2 Assets measured at fair value	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**841**	**4,700**	**966**	**8,169**

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

12.2 Intangible assets: annual changes

(millions of euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
A. Gross initial carrying amount	**6,160**	**-**	**-**	**1,573**	**2,009**	**9,742**
A.1 Total net adjustments	-	-	-	-607	-	-607
A.2 Net initial carrying amount	**6,160**	**-**	**-**	**966**	**2,009**	**9,135**
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Purchases	-	-	-	-	-	-
of which business combinations	-	-	-	-	-	-
B.2 Increases of internally generated intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-3,469**	**-**	**-**	**-125**	**-**	**-3,594**
C.1 Sales	-92	-	-	-29	-	-121
of which business combinations	-	-	-	-	-	-
C.2 Impairment losses	-3,377	-	-	-96	-	-3,473
- Amortisation	X	-	-	-96	-	-96
- Write-downs recognised in	-3,377	-	-	-	-	-3,377
shareholders' equity	*X*	-	-	-	-	-
income statement	*-3,377*	-	-	-	-	*-3,377*
C.3 Negative fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
D. Net final carrying amount	**2,691**	**-**	**-**	**841**	**2,009**	**5,541**
D.1 Total net adjustments	3,377	-	-	664	-	4,041
E. Gross final carrying amount	**6,068**	**-**	**-**	**1,505**	**2,009**	**9,582**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

Sales refer to the contribution of branches to the Crédit Agricole Group completed in May.

12.3 Intangible assets: other information

There were no commitments to purchase intangible assets as at 31 December 2011.

Information on intangible assets and goodwill

Intangible assets and goodwill recognised to the Intesa Sanpaolo balance sheet derive mainly from the merger between Banca Intesa and Sanpaolo IMI completed on 1 January 2007.
Reference should be made to Part B – Information on the consolidated balance sheet – Assets of the consolidated financial statements for further details of the various components and measurement criteria.
The following table summarises the different values recorded for changes occurring during 2011.

(millions of euro)

	Financial statements as at 31.12.2010	Amortisation	Sale of branches to Crédit Agricole	Impairment	Financial statements as at 31.12.2011
BANCA DEI TERRITORI					
- Intangible asset management - distribution	133	-33	-2	-	98
- Intangible assets insurance - distribution	34	-8	-	-	26
- Intangible core deposits	798	-55	-27	-	716
- Intangible brand name	1,507	-	-	-	1,507
- Goodwill	4,690	-	-92	-2,376	2,222
CORPORATE AND INVESTMENT BANKING					
- Intangible brand name	502	-	-	-	502
- Goodwill	1,470	-	-	-1,001	469
TOTAL	**9,134**	**-96**	**-121**	**-3,377**	**5,540**
- Intangible asset management - distribution	133	-33	-2	-	98
- Intangible assets insurance - distribution	34	-8	-	-	26
- Intangible core deposits	798	-55	-27	-	716
- Intangible brand name	2,009	-	-	-	2,009
- Goodwill	6,160	-	-92	-3,377	2,691

Intangible assets recognised include intangible assets linked to customers, represented by the measurement of asset management and insurance portfolio accounts (for the value component attributable to distribution) and to core deposits. Such assets, all with a finite life, are originally measured by discounting the income margin cash flows over a period representing the residual life, contractual or estimated, of accounts existing at the time of the business combination.
The brand name, an intangible asset linked to marketing, was also measured. This asset is considered to have an indefinite life since it is expected to contribute for an indefinite period of time to the formation of income flows.
For the intangible assets with a finite useful life, the amortisation for the year was recognised to the income statement (under 180. Net adjustments to/recoveries on intangible assets) for a total of 96 million euro.

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

Lastly, it should be mentioned that IAS 36, for the purpose of calculating the value in use of intangibles subject to impairment testing, states that reference must be made to cash flows for the intangible asset in its current condition (as at the impairment test date), with no distinction between cash flows arising from the asset initially recognised according to IFRS 3 and those deriving from later changes, improvements or developments since its acquisition. This because it would be difficult, especially with regard to extraordinary transactions between businesses or changes in the asset following significant turnover in volumes, customers, contracts, etc., to separate flows relating to the original asset from others.
This concept can also be applied in impairment testing of goodwill to calculate the value in use of the CGUs, for which the cash flows have to be considered with regard to all assets and liabilities of that CGU and not only the assets and liabilities for which goodwill was recognised on application of IFRS 3.
As in previous financial statements, given the instability of the financial markets and the severely depressed available values for calculation of the recoverable amount, values in use were adopted in the impairment tests for the 2011 financial statements.

Furthermore, the methods and assumptions of the impairment test procedures for intangible assets and goodwill defined by management were approved by the Management Board prior to approval of the proposed financial statements for 2011.

Impairment testing of intangibles

Asset management portfolio

Firstly, it should be noted that in 2011 the assets taken into consideration for the purpose of measuring the distribution component of the AUM intangible showed a downtrend, albeit not to an especially significant extent, largely explained by financial market dynamics.

The intangible asset recognised in the financial statements of Intesa Sanpaolo is considered to have a finite useful life. For the purposes of the 2011 financial statements, preliminary analyses were conducted on the main indicators of the value of this asset, which were also monitored throughout the year (these include asset volume trends and redemption rates, changes in product unit profitability and operating cost levels).
The above analysis showed that there were no indicators that the AUM intangible had become impaired, partly on the basis of the significant difference between value in use and carrying amount detected during the impairment test at the end of 2010. Therefore, the value of the portfolio was not re-determined by conducting an impairment test on the component of the AUM intangible associated with distribution recognised in the financial statements of Intesa Sanpaolo.
It should be recalled that the impairment tests conducted for the 2010 and 2009 financial statements yielded positive results, meaning that it was not necessary to recognise impairment beyond depreciation and amortisation, whereas an impairment loss of 223 million euro gross of the tax effect (and of 152 million euro net of the tax effect) was identified in 2008.
For the 2011 financial statements, the amortisation for the year of the asset was recognised to the income statement, decreasing its carrying amount (a total of 33 million euro, gross of the tax effect, which represents approximately 25% of the value of the AUM intangible carried at 31 December 2010).

Insurance portfolio
For the 2011 financial statements, the amortisation for the year of the asset was recognised to the income statement (a total of 8 million euro, gross of the tax effect, or approximately 24% of the value of the insurance intangible carried at 31 December 2010).
In addition, although there were no significant indicators of impairment, considering the volatility of financial markets and the outbreak of the sovereign debt crisis in the second half of 2011, the impairment test was conducted by applying methods consistent with those adopted at the time of the initial asset recognition. The measurement was prepared in relation to the portfolios of Eurizon Vita, Intesa Sanpaolo Life and Intesa Sanpaolo Vita, with regard to the component of value attributable to the distribution activity undertaken by the Parent Company, and in reference to the insurance companies prior to the merger by incorporation of Intesa Sanpaolo Vita, Sud Polo Vita and Centrovita into Eurizon Vita (renamed Intesa Sanpaolo Vita) effective 31 December 2011.
Impairment testing showed that the value of these intangible assets is higher than the amount recorded in the Parent Company's financial statements after deducting the amortisation for the year and, therefore, no impairment need be recognised to the income statement.

Core deposits
"Core deposits" are "customer-related intangibles", generally recorded in business combinations between banks. The intangible value of core deposits stems from the future benefits for the acquirer deriving from the lower funding cost compared to market parameters and from the more stable form of funding. Basically, the acquirer may obtain funds for its lending and investment activities at a cheaper rate than the interbank interest rate.
For the 2011 financial statements, the amortisation of the asset for the year was recognised to the income statement (a total of 55 million euro, gross of the tax effect, or approximately 7% of the value of the intangible in question carried at 31 December 2010). In addition, as these are intangible assets with a finite life, as mentioned previously the existence of impairment indicators has to be verified; in this case impairment testing has to be performed. The area of reference for the purpose of impairment testing is represented by the contract types considered in the initial measurement of intangible assets for the balances as at 31 December 2011.
As already reported in Part B – Information on the consolidated balance sheet – Assets of the consolidated financial statements, no indicators were detected to imply that the intangible asset is impaired.

Brand name
IFRS 3 considers the "brand name" a marketing-related intangible asset, which may be recorded at the time of purchase price allocation in business combinations.
For this purpose please note that the term "brand" is used in accounting standards with an extensive meaning and not as a synonym of trademark (the logo and the name). It is considered a general marketing term which defines a set of complementary intangible assets (in addition to the name and the logo, also the competencies, consumer trust, service quality, etc.) which concur to form brand equity.
The value recorded in the Intesa Sanpaolo financial statements refers to the Sanpaolo IMI brand recognised at the time of the Banca Intesa-Sanpaolo IMI merger.
As this intangible asset has no independent cash flows, for impairment testing purposes for the 2011 financial statements, similarly to previous financial statements, it was included in the verification of the retention of goodwill for the various CGUs. The tests conducted did not identify the need for any impairment.

Impairment of CGUs and goodwill
The estimation process of the value in use relating to intangible assets with an indefinite life (including goodwill) that do not generate cash flows unless jointly with other business as per IAS 36, requires the preliminary assignment of such intangible assets to relatively independent business units, able to generate cash flows strongly independent from those produced in other business areas, but interdependent within the business unit generating them. In IAS/IFRS terminology such business units are known as Cash Generating Units (CGUs).
Specifically, the allocation of goodwill as at the date of the business combination takes into account the benefits produced by the synergies expected from the combination.
In the Intesa Sanpaolo Group, the CGUs which in the long-term benefit from the synergies of the business combinations performed and which to various extents have recognised goodwill values are:

- Banca dei Territori;
- Corporate and Investment Banking;
- Eurizon Capital;
- Banca Fideuram;
- International Subsidiary Banks.

It should be recalled that with respect to 2010 the Public Finance CGU had been incorporated into the Corporate and Investment Banking CGU. In addition, Pravex Bank and Bank of Alexandria were treated separately from the International Subsidiary Banks CGU in the 2008 and 2011 financial statements, respectively, owing to the financial and political difficulties experienced by their respective countries.

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

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

Furthermore, as illustrated in the Accounting Policies, controlling investments are not treated, for impairment test purposes, as single assets to be individually subjected to testing. The definition of CGU, considering the organisational model adopted by Intesa Sanpaolo, ignores the network of legal entities, as the investments are combined, together with the operations conducted directly by the Parent Company, into CGUs that are larger or that have a different structure. Therefore, the impairment test carried out at the consolidated level is also relevant at the Parent Company's financial statements level.

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

If at the level of the consolidated financial statements it becomes necessary to recognise an impairment loss on the goodwill allocated to a given CGU, in the Parent Company's financial statements that impairment loss must be attributed to assets allocated to that same CGU not subject to testing individually, namely goodwill, the brand name and investments in subsidiaries.

As described in Part B – Information on the consolidated balance sheet - Assets, adjustments identified at the level of CGUs in the consolidated financial statements have been allocated in their entirety to goodwill, without adjusting the value of the brand name. Accordingly, in the financial statements of Intesa Sanpaolo S.p.A., the losses identified in the consolidated financial statements have been allocated to goodwill and controlling interests.

With respect to goodwill in particular, on the basis of the impairment tests conducted at the level of the consolidated financial statements, the need for a total of 3,377 million euro in impairment losses was identified in the Parent Company's financial statements, of which 2,376 million euro is associated with the component attributed to Banca dei Territori and 1,001 million euro with the component attributed to Corporate and Investment Banking.

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

13.1 Deferred tax assets: breakdown

(millions of euro)

	31.12.2011		31.12.2010	
Corresponding caption in income statement	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (4.80%)**
A. Temporary deductible differences				
Adjustment to/Impairment of loans deductible in future years	596	-	477	-
of which pertaining to countries of foreign branches	*7*	-	*4*	-
Provisions for future charges	314	-	346	-
Higher tax value of equity investments, securities and other assets	54	9	67	2
of which pertaining to countries of foreign branches	-	-	*1*	-
Extraordinary charges for incentive-driven exit plans	95	-	-	-
Goodwill, trademarks and other intangible assets	4,898	971	-	-
Other	167	1	1,627	280
B. Taxable temporary differences				
Costs deducted off balance sheet	-	4	4	8
Capital gains in instalments	98	-	196	-
Lower tax value of equity investments, securities and other assets	133	27	93	28
Other	-	2	45	7
TOTAL	**5,893**	**948**	**2,179**	**239**
Corresponding caption in Shareholders' equity	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (4.80%)**
Cash flow hedge	324	65	153	27
Recognition of actuarial gains/losses	-	-	-	-
Assets available for sale	114	24	15	2
Other reserves	-	-	3	1
TOTAL	**438**	**89**	**171**	**30**
Total deferred tax assets	**6,331**	**1,037**	**2,350**	**269**

Since the date of approval of the financial statements, the deferred tax assets associated with Adjustment to/Impairment of loans deductible in future years and Goodwill, trademarks and other intangible assets have been transformed into tax credits pursuant to article 2, paragraphs 55 and 56, of Law Decree 225 of 29 December 2010 in an amount equal to the product of the loss for the year recognised in the Parent Company's financial statements and the ratio of the foregoing deferred tax assets to the sum of share capital and reserves.

13.2 Deferred tax liabilities: breakdown

(millions of euro)

	31.12.2011		31.12.2010	
Corresponding caption in income statement	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (4.80%)**
A. Taxable temporary differences				
Costs deducted off balance sheet	131	23	97	10
Lower tax value of securities and other assets	243	9	273	8
of which pertaining to countries of foreign branches	-	-	-	-
Other	6	12	67	17
B. Temporary deductible differences				
Adjustment to/Impairment of loans deductible in future years	-	-	-	-
Higher tax value of securities and other assets	-	-	-	-
Other	-	-	-	-
TOTAL	**380**	**44**	**437**	**35**
Corresponding caption in Shareholders' equity	**IRES (27.5%)**	**IRAP (5.56%)**	**IRES (27.5%)**	**IRAP (4.80%)**
Cash flow hedge	-	-	-	-
Reserve pursuant to Law 169/83	4	-	4	-
Reserve pursuant to Law 213/98	-	-	8	-
Assets available for sale	3	6	5	9
TOTAL	**7**	**6**	**17**	**9**
Total deferred tax liabilities	**387**	**50**	**454**	**44**

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

(millions of euro)

	31.12.2011	31.12.2010
1. Initial amount	**2,418**	**2,556**
2. Increases	**5,115**	**810**
2.1 Deferred tax assets recognised in the period	4,646	284
a) related to previous years	*6*	*110*
b) due to changes in accounting criteria	-	-
c) writebacks	-	-
d) other	*4,640*	*174*
2.2 New taxes or tax rate increases	30	-
2.3 Other increases	439	526
2.4 Business combinations	-	-
3. Decreases	**-692**	**-948**
3.1 Deferred tax assets eliminated in the period	-366	-511
a) reversals	*-366*	*-511*
b) write-offs due to expired recoverability	-	-
c) changes in accounting criteria	-	-
d) other	-	-
3.2 Tax rate reductions	-	-
3.3 Other decreases	-326	-437
3.4 Business combinations	-	-
4. Final amount	**6,841**	**2,418**

Deferred tax assets recognised in the period – other include deferred tax assets recognised due to the tax realignment of goodwill, trademarks and other intangible assets carried in the consolidated financial statements and associated with the greater values of controlling interests carried in the financial statements of the Parent Company as a result of extraordinary operations that are tax-neutral or recognised for tax purposes, as permitted by article 15, paragraphs 10-bis and 10-ter of Law Decree 185/2008, as amended by Law Decree 98/2011.

Other increases refer to write-off of netting against deferred tax liabilities performed as at 31 December 2010 for 381 million euro.
Other decreases as at 31 December 2011 refer to the netting of deferred tax liabilities for the year of 264 million euro.

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

(millions of euro)

	31.12.2011	31.12.2010
1. Initial amount	**472**	**392**
2. Increases	**492**	**589**
2.1 Deferred tax liabilities recognised in the period	79	85
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	*79*	*85*
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	413	504
2.4 Business combinations	-	-
3. Decreases	**-540**	**-509**
3.1 Deferred tax liabilities eliminated in the period	-258	-117
a) reversals	*-258*	*-116*
b) due to changes in accounting criteria	-	-
c) other	-	*-1*
3.2 Tax rate reductions	-	-
3.3 Other decreases	-282	-392
3.4 Business combinations	-	-
4. Final amount	**424**	**472**

Other increases refer to write-off of netting against deferred tax assets performed as at 31 December 2010 for 381 million euro.
Other decreases as at 31 December 2011 refer to the netting of deferred tax assets for the year of 264 million euro.

13.5 Changes in deferred tax assets (recorded in equity)

(millions of euro)

	31.12.2011	31.12.2010
1. Initial amount	**201**	**159**
2. Increases	**330**	**98**
2.1 Deferred tax assets recognised in the period	325	57
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	*325*	*57*
2.2 New taxes or tax rate increases	5	-
2.3 Other increases	-	37
2.4 Business combinations	-	4
3. Decreases	**-4**	**-56**
3.1 Deferred tax assets eliminated in the period	-	-11
a) reversals	-	*-3*
b) write-offs	-	-
c) due to changes in accounting criteria	-	-
d) other	-	*-8*
3.2 Tax rate reductions	-	-
3.3 Other decreases	-4	-45
3.4 Business combinations	-	-
4. Final amount	**527**	**201**

13.6 Changes in deferred tax liabilities (recorded in equity)

(millions of euro)

	31.12.2011	31.12.2010
1. Initial amount	**26**	**44**
2. Increases	**2**	**74**
2.1 Deferred tax liabilities recognised in the period	-	37
a) related to previous years	-	-
b) due to changes in accounting criteria	-	-
c) other	-	*37*
2.2 New taxes or tax rate increases	2	-
2.3 Other increases	-	37
2.4 Business combinations	-	-
3. Decreases	**-15**	**-92**
3.1 Deferred tax liabilities eliminated in the period	-7	-46
a) reversals	*-7*	*-4*
b) due to changes in accounting criteria	-	-
c) other	-	*-42*
3.2 Tax rate reductions	-	-
3.3 Other decreases	-8	-46
3.4 Business combinations	-	-
4. Final amount	**13**	**26**

Probability test on deferred taxation

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

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

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

Given the significant amount of deferred tax assets carried among the Group's assets, including in the 2011 financial statements, as for previous financial statements, an analysis was conducted to verify projections of future profitability sufficient to ensure the recovery of those deferred tax assets and thus justify recognising and continuing to carrying them (a procedure known as a "probability test").

In conducting the probability test for the deferred tax assets carried in the Group's financial statements at 31 December 2011, assets arising from temporary deductible differences associated with impairment losses on loans, goodwill and other intangible assets ("eligible deferred tax assets" and "eligible temporary differences") were considered separately. In this regard it bears noting that effective the tax period ended 31 December 2011 deferred tax assets recognised to account for tax losses due to the deferred deduction of eligible temporary differences are eligible for conversion into tax credits (article 2, paragraph 56-bis, of Law Decree 225/2010, introduced by article 9 of Law Decree 201/2011), in addition to the previously allowed case of losses in the financial statements of the Parent Company (article 2, paragraphs 55 and 56 of Law Decree 225/2010). This convertibility introduced an additional, supplementary method of recovery suited to ensuring the recovery of eligible deferred tax assets in any situation, regardless of the company's future profitability. If in a given year there are surplus eligible temporary differences with respect to taxable income, the recovery of deferred tax assets takes the form not of a decrease in current taxes, but rather the recognition of deferred tax assets on the tax loss, convertible into tax credits pursuant to article 2, paragraph 56-bis, of Law Decree 225/2010. The convertibility of deferred tax assets on tax losses that result from eligible temporary differences is therefore a sufficient condition for the recognition of eligible deferred tax assets, effectively resulting in implicit passage of the associated probability test.

On this basis, the test consisted of:

a) identifying deferred tax assets, other than those associated with impairment losses on loans, goodwill and other intangible assets ("ineligible deferred tax assets") carried in the consolidated financial statements;
b) analysing such ineligible deferred tax assets and the deferred tax liabilities carried in the consolidated financial statements, distinguishing them by type of origin and thus by foreseeable recovery timing;
c) provisionally determining the amount of the Group's future earnings in order to verify its ability to recover the recognised deferred tax assets set forth in point a) above.

The analysis conducted indicated a taxable base that was more than sufficient and adequate to allow recovery of the deferred tax assets carried in the financial statements as at 31 December 2011.

13.7 Other information

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

SECTION 14 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES - CAPTION 140 OF ASSETS AND CAPTION 90 OF LIABILITIES

14.1 Non-current assets held for sale and discontinued operations: breakdown by type of asset

(millions of euro)

	31.12.2011	31.12.2010
A. Non-current assets held for sale		
A.1 Financial assets	-	-
A.1 Equity investments	-	-
A.2 Property and equipment	-	13
A.3 Intangible assets	-	-
A.4 Other non-current assets	-	-
Total A	**-**	**13**
B. Discontinued operations		
B.1 Financial assets held for trading	-	-
B.2 Financial assets designated at fair value through profit and loss	-	-
B.3 Financial assets available for sale	-	-
B.4 Investments held to maturity	-	-
B.5 Due from banks	-	-
B.6 Loans to customers	-	-
B.7 Equity investments	-	-
B.8 Property and equipment	-	-
B.9 Intangible assets	-	-
B.10 Other	-	-
Total B	**-**	**-**
C. Liabilities associated with non-current assets held for sale		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other	-	-
Total C	**-**	**-**
D. Liabilities associated with discontinued operations		
D.1 Due to banks	-	-
D.2 Due to customers	-	-
D.3 Securities issued	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities designated at fair value through profit and loss	-	-
D.6 Allowances	-	-
D.7 Other	-	-
Total D	**-**	**-**

14.2 Other information

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

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

This caption is not present.

SECTION 15 – OTHER ASSETS – CAPTION 150

15.1 Other assets: breakdown

(millions of euro)

	TOTAL
Amounts to be debited - under processing	930
Amounts to be debited - deriving from securities transactions	3
Bank cheques drawn on third parties to be settled	-
Transit items	45
Checks and other instruments held	13
Leasehold improvements	48
Due from Group companies on fiscal consolidation	310
Other	2,433
TOTAL 31.12.2011	**3,782**
TOTAL 31.12.2010	**3,959**

LIABILITIES

SECTION 1 – DUE TO BANKS – CAPTION 10

1.1 Due to banks: breakdown

(millions of euro)

	31.12.2011	31.12.2010
1. Due to Central Banks	**44,794**	**8,592**
2. Due to banks	**67,876**	**85,223**
2.1 Current accounts and deposits	7,353	6,847
2,2 Time deposits	53,001	63,401
2.3 Loans	7,503	14,961
2.3.1 Repurchase agreements	*5,621*	*11,451*
2.3.2 Other	*1,882*	*3,510*
2.4 Debts for commitments to repurchase own equity instruments	-	-
2.5 Other debts	19	14
TOTAL	**112,670**	**93,815**
Fair value	**112,421**	**93,718**

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

1.2 Breakdown of caption 10 Due to banks: subordinated debts

The complete list of subordinated debts is presented in Part F – Information on capital. As at 31 December 2011 Intesa Sanpaolo had no subordinated debts to banks.

1.3 Breakdown of caption 10 Due to banks: structured debts

As at 31 December 2011 Intesa Sanpaolo has structured debts totalling 298 million euro.

1.4 Due to banks with specific hedges

(millions of euro)

	31.12.2011	31.12.2010
1. Due to banks with specific fair value hedges	**2,815**	**4,876**
a) Interest rate risk	2,514	4,610
b) Foreign exchange risk	-	-
c) Various risks	301	266
2. Due to banks with specific cash flow hedges	**-**	**-**
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
TOTAL	**2,815**	**4,876**

1.5 Financial lease payables

Intesa Sanpaolo has no financial leases with banks.

SECTION 2 – DUE TO CUSTOMERS – CAPTION 20

2.1 Due to customers: breakdown

(millions of euro)

	31.12.2011	31.12.2010
1. Current accounts and deposits	76,885	80,787
2. Time deposits	10,144	22,067
3. Loans	6,088	13,696
3.1 Repurchase agreements	*2,475*	*8,516*
3.2 Other	*3,613*	*5,180*
4. Debts for commitments to repurchase own equity instruments	-	-
5. Other debts	2,207	2,157
TOTAL	**95,324**	**118,707**
Fair value	**95,125**	**118,683**

Repurchase agreements related to assets sold not derecognised are detailed in Part E - Section C.2.
Loans - other includes 1,319 million euro regarding the exposure on the sale of loans related to the Sec 3 securitisation. For additional details, see Part E – Section C of the Notes.

2.2 Breakdown of caption 20 Due to customers: subordinated debts

As at 31 December 2011 Intesa Sanpaolo had no subordinated debts to customers.

2.3 Breakdown of caption 20 Due to customers: structured debts

As at 31 December 2011 Intesa Sanpaolo had no structured debts to customers.

2.4 Due to customers with specific hedges

(millions of euro)

	31.12.2011	31.12.2010
1. Due to banks with specific fair value hedges	**-**	**528**
a) Interest rate risk	-	528
b) Foreign exchange risk	-	-
c) Various risks	-	-
2. Due to banks with specific cash flow hedges	**-**	**-**
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
TOTAL	**-**	**528**

2.5 Financial lease payables

2.5.1 Financial lease payables: breakdown by time interval

(millions of euro)

	31.12.2011	31.12.2010
Finance lease payables		
a) within 1 year	1	1
b) between 1 and 5 years	2	3
c) over 5 years	3	3
TOTAL	**6**	**7**

SECTION 3 – SECURITIES ISSUED - CAPTION 30

3.1 Securities issued: breakdown

(millions of euro)

	31.12.2011				31.12.2010			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. bonds	138,472	41,984	82,691	63	113,076	44,459	66,129	-
1.1 structured	*9,992*	*244*	*8,926*	-	*11,379*	*70*	*11,089*	-
1.2 other	*128,480*	*41,740*	*73,765*	*63*	*101,697*	*44,389*	*55,040*	-
2. other	4,225	-	4,225	-	15,177	-	15,177	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	*4,225*	-	*4,225*	-	*15,177*	-	*15,177*	-
TOTAL	**142,697**	**41,984**	**86,916**	**63**	**128,253**	**44,459**	**81,306**	**-**

Embedded derivatives that have satisfied the conditions set forth by IAS 39 as at their issue date for separation from the host contract as at 31 December 2011 have a negative fair value of 433 million euro.
The illustration of the criteria to determine fair value is contained in Part A – Accounting policies.

3.2 Breakdown of caption 30 Securities issued: subordinated securities

The complete list of subordinated securities is presented in Part F – Information on capital. Securities issued includes subordinated securities amounting to 19,155 million euro.

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

(millions of euro)

	31.12.2011	31.12.2010
1. Securities with specific fair value hedges	**88,156**	**78,079**
a) Interest rate risk	86,024	73,654
b) Foreign exchange risk	-	-
c) Various risks	2,132	4,425
2. Securities with specific cash flow hedges	**73**	**104**
a) Interest rate risk	73	104
b) Foreign exchange risk	-	-
c) Other	-	-
TOTAL	**88,229**	**78,183**

SECTION 4 – FINANCIAL LIABILITIES HELD FOR TRADING – CAPTION 40

4.1 Financial liabilities held for trading: breakdown

(millions of euro)

	31.12.2011					31.12.2010				
	Nominal or notional value	Fair value			Fair value (*)	Nominal or notional value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. CASH LIABILITIES										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	327	334	-	-	334	186	185	-	-	185
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 structured	-	-	-	-	*X*	-	-	-	-	*X*
3.1.2 other bonds	-	-	-	-	*X*	-	-	-	-	*X*
3.2 Other	-	-	-	-	X	-	-	-	-	X
3.2.1 structured	-	-	-	-	*X*	-	-	-	-	*X*
3.2.2 other	-	-	-	-	*X*	-	-	-	-	*X*
Total A	327	334	-	-	334	186	185	-	-	185
B. DERIVATIVES										
1. Financial derivatives	X	-	12,006	113	X	X	-	9,595	81	X
1.1 Trading	X	-	11,433	30	X	X	-	8,877	3	X
1.2 Fair value option	X	-	23	-	X	X	-	12	-	X
1.3 Other	X	-	550	83	X	X	-	706	78	X
2. Credit derivatives	X	86	182	323	X	X	90	144	432	X
2.1 Trading	X	86	182	323	X	X	90	144	432	X
2.2 Fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	X	86	12,188	436	X	X	90	9,739	513	X
TOTAL (A+B)	X	420	12,188	436	X	X	275	9,739	513	X

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

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

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

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

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

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

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

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

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

Not applicable to Intesa Sanpaolo.

SECTION 6 - HEDGING DERIVATIVES – CAPTION 60

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

(millions of euro)

	Fair value 31.12.2011			Notional value	Fair value 31.12.2010			Notional value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	**-**	**2,465**	**-**	**45,711**	**-**	**2,281**	**-**	**51,007**
1. Fair value	-	905	-	41,403	-	1,308	-	46,463
2. Cash flows	-	1,560	-	4,308	-	973	-	4,544
3. Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Fair value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**2,465**	**-**	**45,711**	**-**	**2,281**	**-**	**51,007**

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

(millions of euro)

Operations/Type of hedge	Fair value						Cash flow		Foreign investm.
	Specific					Generic	Specific	Generic	
	interest rate risk	foreign exchange risk	credit risk	price risk	various risks				
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Loans	403	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	45	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total assets	**403**	**-**	**-**	**-**	**-**	**45**	**-**	**-**	**-**
1. Financial liabilities	252	-	-	X	128	X	5	X	X
2. Portfolio	X	X	X	X	X	77	X	1,555	X
Total liabilities	**252**	**-**	**-**	**-**	**128**	**77**	**5**	**1,555**	**-**
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	X	-	-

The table indicates negative fair values of hedging derivatives, broken down in relation to asset or liability hedged and type of hedge.
These mainly refer to specific fair value hedges of loans disbursed and liabilities issued and generic cash flow hedge derivatives of portfolios of liabilities. These cash flow hedges refer to floating rate securities used to fund fixed rate investments.
There are also generic fair value hedges of core deposits.

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

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

(millions of euro)

	31.12.2011	31.12.2010
1. Positive fair value change of financial liabilities	1,238	1,133
2. Negative fair value change of financial liabilities	-62	-92
TOTAL	**1,176**	**1,041**

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

(millions of euro)

	31.12.2011	31.12.2010
1. Debts	-	-
2. Portfolio	22,114	22,525
TOTAL	**22,114**	**22,525**

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

SECTION 8 – TAX LIABILITIES – CAPTION 80

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

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

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

SECTION 10 – OTHER LIABILITIES – CAPTION 100

10.1 Other liabilities: breakdown

(millions of euro)

	31.12.2011
Due to suppliers	374
Amounts due to third parties	54
Transit items	15
Adjustments for portfolio items to be settled	4
Amounts to be credited and items under processing	719
Personnel charges	241
Due to social security entities	92
Guarantees given and commitments	247
Due to Group companies on fiscal consolidation	304
Due to tax authorities	183
Other	2,305
TOTAL 31.12.2011	**4,538**
TOTAL 31.12.2010	**4,463**

SECTION 11 – EMPLOYEE TERMINATION INDEMNITIES – CAPTION 110

11.1 Employee termination indemnities: annual changes

(millions of euro)

	31.12.2011	31.12.2010
A. Initial amount	**606**	**602**
B. Increases	**37**	**90**
B.1 Provisions in the year	29	26
B.2 Other	8	64
of which business combinations	-	-
C. Decreases	**-53**	**-86**
C.1 Benefits paid	-19	-69
C.2 Other	-34	-17
of which business combinations	-	-
D. Final amount	**590**	**606**

C.1 refers to benefits paid as at 31 December 2011.

11.2 Other information

The value of employee termination indemnities qualifying as unfunded defined benefit plans totalled 603 million euro at the end of 2011, while at the end of 2010 it amounted to 578 million euro.
Actuarial losses not recognised in the income statement, in application of the "corridor approach", totalled 13 million euro.

SECTION 12 – ALLOWANCES FOR RISKS AND CHARGES – CAPTION 120

12.1 Allowances for risks and charges: breakdown

(millions of euro)

	31.12.2011	31.12.2010
1. Post employment benefits	**306**	**277**
2. Other allowances for risks and charges	**1,515**	**1,400**
2.1 Legal disputes	449	579
2.2 Personnel charges	555	266
2.3 Other	511	555
TOTAL	**1,821**	**1,677**

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

12.2 Allowances for risks and charges: annual changes

(millions of euro)

	Post employment benefits	Other allowances	Total
A. Initial amount	**277**	**1,400**	**1,677**
B. Increases	**52**	**721**	**773**
B.1 Provisions in the year	38	705	743
B.2 Time value changes	13	12	25
B.3 Changes due to discount rate variations	-	2	2
B.4 Other	1	2	3
of which business combinations	-	-	-
C. Decreases	**-23**	**-606**	**-629**
C.1 Uses in the year	-21	-467	-488
C.2 Changes due to discount rate variations	-	-	-
C.3 Other	-2	-139	-141
of which business combinations	-	-	-
D. Final amount	**306**	**1,515**	**1,821**

Other allowances include net provisions of 121 million euro to caption 160 of the income statement and net provisions to other income statement captions.

12.3 Post employment defined benefit plans

1. Illustration of the funds

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

The defined benefit plans, in which Intesa Sanpaolo S.p.A. is jointly responsible, can be distinguished in:
- internal supplementary pension funds;
- external supplementary pension funds.

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

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

External funds include:

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

2. Changes in the year of the funds

(millions of euro)

Defined benefit obligations	31.12.2011			31.12.2010		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
Initial amount	**578**	**145**	**2,481**	**606**	**160**	**2,598**
Current service costs	3	2	19	2	1	19
Recognised past service costs	-	-	-	-	-	-
Unrecognised past service costs	-	-	-	-	-	-
Interest costs	26	7	126	24	7	119
Recognised actuarial losses	-	-	9	-	-	2
Unrecognised actuarial losses	41	13	80	-	1	1
Positive exchange differences	-	3	-	-	2	1
Increases - business combinations	-	-	-	-	-	-
Participants' contributions	-	-	2	-	-	-
Recognised actuarial gains	-	-	-	-	-	-6
Unrecognised actuarial gains	-	-	-	-33	-3	-90
Negative exchange differences	-	-	-	-	-	-
Benefits paid	-19	-9	-192	-69	-9	-203
Decreases - business combinations	-	-	-	-	-	-
Curtailments of the fund	-	-	-	-	-	-
Settlements of the fund	-	-	-	-	-	-
Other increases	8	-	-	64	-	40
Other decreases	-34	-	-	-16	-14	-
Final amount	**603**	**161**	**2,525**	**578**	**145**	**2,481**
Total unrecognised actuarial gains	**-**	**-**	**-**	**-33**	**-3**	**-90**
Total unrecognised actuarial losses	**41**	**13**	**80**	**-**	**1**	**1**

Liabilities of the defined benefit obligations pension plan	31.12.2011			31.12.2010		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
Unfunded plans	603	43	-	578	44	-
Partly funded plans	-	-	-	-	-	-
Wholly funded plans	-	118	2,525	-	101	2,481

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

Internal plans:

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

External plans:

- 1,211 million euro referred to the Pension fund "Cassa di Previdenza" for employees of Istituto Bancario San Paolo di Torino (1,050 million euro pertaining to Intesa Sanpaolo S.p.A.);
- 509 million euro referred to the Complementary Pension Fund for the Employees of Banco di Napoli – Section A (350 million euro pertaining to Intesa Sanpaolo S.p.A.);
- 31 million euro referred to Pension fund for employees of former Crediop hired before 30 September 1989; entirely contributed by Intesa Sanpaolo S.p.A.;
- 755 million euro referred to Pension fund for employees of Cariplo, entirely contributed by Intesa Sanpaolo S.p.A.;
- 19 million euro referred to defined benefit plans at the New York branch, entirely contributed by Intesa Sanpaolo S.p.A.

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

(millions of euro)

Plan assets	31.12.2011		31.12.2010	
	Internal plans	External plans	Internal plans	External plans
Initial amount	**85**	**2,373**	**93**	**2,410**
Expected return	5	120	5	109
Recognised actuarial losses	-	-32	-	-23
Unrecognised actuarial losses	-4	-96	-1	-7
Positive exchange differences	2	1	1	1
Increases- business combinations	-	-	-	-
Employer contributions	3	-	3	-
Participants' contributions	-	2	-	-
Recognised actuarial gains	-	-	-	3
Unrecognised actuarial gains	-	-	3	-
Negative exchange differences	-	-	-	-
Decreases - business combinations	-	-	-	-
Benefits paid	-4	-192	-4	-203
Curtailments of the fund	-	-	-	-
Settlements of the fund	-	-	-	-
Other changes	-	36	-15	83
Final amount	**87**	**2,212**	**85**	**2,373**
Total unrecognised actuarial gains	**-**	**-**	**3**	**-**
Total unrecognised actuarial losses	**-4**	**-96**	**-1**	**-7**

The final amount of internal plans was broken down as follows:
- 22 million euro referred to Supplementary pension fund for tax-collection personnel formerly employed by Cariplo;
- 65 million euro referred to defined benefit plans at the London branch;

The final amount of external plans was broken down as follows:
- 863 million euro referred to the Pension Fund (Cassa di Previdenza) for employees of the Istituto Bancario San Paolo di Torino;
- 513 million euro referred to the Complementary Pension Fund for the Employees of Banco di Napoli – Sez. A;
- 31 million euro referred to the Pension fund for employees of former Crediop hired before 30 September 1989;
- 788 million euro referred to the Pension fund for employees of Cariplo,
- 17 million euro referred to defined benefit plans at the New York branch, entirely contributed by Intesa Sanpaolo S.p.A.

(millions of euro)

	31.12.2011				31.12.2010			
	Internal plans	%	External plans	%	Internal plans	%	External plans	%
Equities and equity funds	41	47.1	850	38.4	41	48.2	418	17.6
Debt securities and bond investment funds	28	32.2	692	31.3	25	29.4	1,320	55.6
Real estate assets and equity shareholdings in real estate companies	6	6.9	452	20.4	5	5.9	467	19.7
Insurance activities	-	-	-	-	-	-	-	-
Other assets	12	13.8	218	9.9	14	16.5	168	7.1
TOTAL	**87**	**100.0**	**2,212**	**100.0**	**85**	**100.0**	**2,373**	**100.0**

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

(millions of euro)

	31.12.2011			31.12.2010		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
1. Present value of the defined benefit obligations	603	161	2,525	578	145	2,481
2. Fair value of the plan assets	-	-87	-2,212	-	-85	-2,373
A. Fund status	**603**	**74**	**313**	**578**	**60**	**108**
1. Unrecognised actuarial gains (sum of cumulated gains)	-	1	-	28	3	-
2. Unrecognised actuarial losses (sum of cumulated losses)	-13	-21	-186	-	-4	-105
3. Unrecognised past service costs	-	-	-	-	-	-
4. Unrecognised assets because not reimbursable	-	-	118	-	-	205
5. Fair value of assets reimbursable by third parties	-	-	-	-	-	-
B. Total	**-13**	**-20**	**-68**	**28**	**-1**	**100**
Recognised assets	**-**	**22**	**-**	**-**	**24**	**-**
Recognised liabilities	**590**	**75**	**245**	**606**	**82**	**208**

Regarding internal funds, both assets and liabilities are recorded in the financial statements of the Bank which stipulated the agreements which regulate the Funds, with the exception of actuarial gains/losses which are divided between the Banks jointly responsible. The portions of liabilities posted by Intesa Sanpaolo S.p.A. totalled:
– 21 million euro referred to the Supplementary pension fund for tax-collection personnel formerly employed by Cariplo;
– 30 million euro referred to the Supplementary pension fund for top management of Banca Commerciale Italiana;
– 14 million euro referred to the Supplementary pension fund for employees of Mediocredito Lombardo;
– 10 million euro referred to defined benefit plans at the London branch.

Concerning external funds, the portions of liabilities posted by Intesa Sanpaolo totalled:
– 200 million euro referred to the Pension Fund (Cassa di Previdenza) for employees of the Istituto Bancario San Paolo di Torino;
– 1 million euro referred to defined benefit plan at the New York branch.

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

In addition to the liabilities described above, additional provisions for risks and charges were made in order to cover risks as follows:
– 5 million euro to cover forecasts of liquidation of several minor funds;
– 24 million euro to cover settlement of the technical imbalance of the former Crediop Fund (4 million) and the former Banco di Napoli Fund (20 million), given the immediate coverage obligation envisaged by the articles of association of the funds.

5. Description of the main actuarial assumptions

Actuarial assumptions	31.12.2011				31.12.2010			
	Discount rate	Expected yield rates	Expected increase in salaries (a)	Annual inflation rate	Discount rate	Expected yield rates	Expected increase in salaries	Annual inflation rate
EMPLOYEE TERMINATION INDEMNITIES	4.0%	X	3.5%	2.0%	4.6%	X	3.5%	2.0%
INTERNAL PLANS	3.6%	2.4%	1.3%	2.0%	4.1%	2.1%	1.4%	2.0%
EXTERNAL PLANS	5.6%	6.9%	2.0%	2.0%	6.6%	6.4%	2.0%	2.0%

[a] Net of career developments.

12.4 Allowances for risks and charges – Other allowances

(millions of euro)

	31.12.2011	31.12.2010
2. Other allowances		
2.1 legal disputes	449	579
2.2 personnel charges	555	266
incentive-driven exit plans	*346*	-
employee seniority bonuses	*75*	*79*
other personnel expenses	*134*	*187*
2.3 other risks and charges	511	555
TOTAL	**1,515**	**1,400**

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

SECTION 13 – REDEEMABLE SHARES – CAPTION 140

Caption not applicable to Intesa Sanpaolo.

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

14.1 Share capital and Treasury shares: breakdown

For information of this section, see point 14.3 below.

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

(millions of euro)

	Ordinary	Other
A. Initial number of shares	**11,849,332,367**	**932,490,561**
- fully paid-in	11,849,332,367	932,490,561
- not fully paid-in	-	-
A.1 Treasury shares (-)	**-**	**-**
A.2 Shares outstanding: initial number	**11,849,332,367**	**932,490,561**
B. Increases	**3,651,949,408**	**-**
B.1 New issues	3,651,949,408	-
- for consideration	3,651,949,408	-
business combinations	-	-
conversion of bonds	-	-
exercise of warrants	-	-
other	*3,651,949,408*	-
- for free	-	-
in favour of employees	-	-
in favour of directors	-	-
other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other	-	-
C. Decreases	**-**	**-**
C.1 Annulment	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of companies	-	-
C.4 Other	-	-
D. Shares outstanding: final number	**15,501,281,775**	**932,490,561**
D.1 Treasury shares (+)	-	-
D.2 Final number of shares	15,501,281,775	932,490,561
- fully paid-in	15,501,281,775	932,490,561
- not paid-in	-	-

14.3 Share capital: other information

The share capital of the Bank as at 31 December 2011 amounted to 8,546 million euro, divided into 15,501,281,775 ordinary shares and 932,490,561 non-convertible savings shares, with a nominal value of 0.52 euro each. Each ordinary share gives the right to one vote in the Shareholders' Meeting.

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

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

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

At the date of this document the share capital was fully paid-in and liberated.

Entries made in accordance with IFRS 3 regarding the merger between Banca Intesa and SANPAOLO IMI generated a reserve of 31,093 million euro, equal to the difference between the acquisition cost of the Sanpaolo IMI Group and the nominal value of the shares issued to service the exchange.
In the 2007 financial statements it was reported under share premium reserve, based on the opinions expressed by legal experts.
This reserve will be reported differently should the Law or Supervisory Authorities indicate a different solution.

14.4 Reserves from retained earnings: other information

Reserves amounted to 6,994 million euro and included: legal reserve, extraordinary reserve, concentration reserves (Law 218 of 30 July 1990, art. 7, par. 3, and Law 218 of 30 July 1990, par. 7) and other reserves.
The legal reserve, set up as provided for by law, must be at least one fifth of share capital; in the past it was set up by allocating each year at least one twentieth of net income for the year. Should the reserve decrease, it must be reintegrated by allocating at least one twentieth of net income for the year.
Concentration reserves ex Law 218 of 30 July 1990 were set up at the time of reorganisations or concentrations carried out pursuant to the aforementioned law.
Other reserves included reserves pertaining to branches abroad and other reserves set up in the past following specific legal provisions.
Valuation reserves amounted to 109 million euro and included valuation reserves of financial assets available for sale and of cash flow hedge derivatives, as well as legally-required revaluations.

(millions of euro)

	Amount as at 31.12.2011	**Principal**	**Portion of net income**	**Portion of net income subject to a suspended tax regime** (a)	**Portion available** (b)	**Uses in the past three years**
Shareholders' equity						
– Share capital	8,546	6,221	1,334	991	-	
– Share premium reserve (c)	36,302	18,205	17,585	512	A, B, C	
– Legal reserve	1,329	85	1,244	-	A(1), B	
– Extraordinary reserve	4,984	38	4,946	-	A, B, C	
– Concentration reserve (Law 218 of 30/7/1990, art. 7, par. 3)	232	-	-	232	A, B(2), C(3)	
– Concentration reserve (Law 218 of 30/7/1990, art. 7)	302	-	-	302	A, B(2), C(3)	
– Legal Reserve Foreign Branches	20	-	20	-	A, B, C	
– Reserve for stock option plans	13	-	13	-	A	
– Oper. reserve under common control	52	-	52	-	A, B, C	
– Tax rate revision reserve on FTA real estate	25	-	25	-	A, B, C	
– Other reserves	37	-	35	2	A, B, C	
Valuation reserves						
– Realuation reserve (Law 576 of 2/12/1975)	3	-	-	3	A, B(2), C(3)	
– Revaluation reserve (Law 72 of 19/3/1983)	143	-	-	143	A, B(2), C(3)	
– Revaluation reserve (Law 408 of 29/12/1990)	7	-	-	7	A, B(2), C(3)	
– Revaluation reserve (Law 413 of 30/12/1991)	379	-	-	379	A, B(2), C(3)	
– Revaluation reserve (Law 342 of 22/11/2000)	455	-	-	455	A, B(2), C(3)	
– AFS valuation reserve	-90	-	-90	-	(4)	
– CFH valuation reserve	-788	-	-788	-	(4)	
– Treasury shares	-	-	-	-	-	
Total Capital and Reserves	**51,951**	**24,549**	**24,376**	**3,026**	(5)	
Non-distributable portion (d)	34,017	-	-	-	-	

[a] Restricted reserves for tax purposes pursuant to art. 109, par. 4 of the Combined Tax Regulations as amended by Legislative Decree 247/2005 amount to 11 million euro.

[b] A = capital increase; B = loss coverage; C = distribution to shareholders.

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

[d] In accordance with art. 16, par. 1 of Legislative Decree 87/92, the non-distributable portion refers to revaluation reserves, share premium reserve for 31,093 million euro (merger reserve) and valuation reserves, which can be decreased only in compliance with the provisions of art. 2445 of the Italian Civil Code, as well as a share of net income for 23 million euro corresponding to capital gains recognised in the income statement of the previous year, net of the related tax charge, arising from application of the fair value criterion, pursuant to art 6, par. 1, letter a) of Legislative Decree 38/2005 and to a share of reserves under letter (a).

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

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

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

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

[5] Pursuant to art. 47, par. 1 of the Combined Tax Regulations, the portion of net income includes retained earnings reserves for 4,208 million euro classified for tax purposes as capital reserves.

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

14.5 Equity instruments: breakdown and annual changes

Not applicable to Intesa Sanpaolo.

14.6 Other information

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

OTHER INFORMATION

1. Guarantees and commitments

(millions of euro)

	31.12.2011	31.12.2010
1) Financial guarantees given	**33,099**	**44,050**
a) Banks	12,761	15,983
b) Customers	20,338	28,067
2) Commercial guarantees given	**27,675**	**27,082**
a) Banks	5,124	4,310
b) Customers	22,551	22,772
3) Irrevocable commitments to lend funds	**42,791**	**41,158**
a) Banks	8,206	6,156
- of certain use	*6,741*	*4,761*
- of uncertain use	*1,465*	*1,395*
b) Customers	34,585	35,002
- of certain use	*4,965*	*4,133*
- of uncertain use	*29,620*	*30,869*
4) Underlying commitments on credit derivatives: protection sales	**6,736**	**11,196**
5) Assets pledged as collateral of third party commitments	**15**	**74**
6) Other commitments	**363**	**431**
TOTAL	**110,679**	**123,991**

2. Assets pledged as collateral of liabilities and commitments

(millions of euro)

	31.12.2011	31.12.2010
1. Financial assets held for trading	2,934	8,019
2. Financial assets designated at fair value through profit and loss	14	-
3. Financial assets available for sale	8,527	6,113
4. Investments held to maturity	448	256
5. Due from banks	7,444	3,424
6. Loans to customers	17,703	7,342
7. Property and equipment	-	-
TOTAL	**37,070**	**25,154**

Bonds issued by the Bank, held in portfolio, covered by a guarantee from the Italian government pursuant to art. 8 of Law Decree 201 of 6 December 2011, converted into Law 214 of 22 December 2011, have been pledged as collateral for loans received from the European Central Bank. Such bonds, which in accordance with IFRS are not recognised as either assets or liabilities on the balance sheet, come to 12 billion euro.

3. Information on operating leases

The costs recorded during the year for motor vehicles include potential lease payments of 4 million euro. Future minimum lease payments for motor vehicles totalled approximately 10 million euro.

4. Management and dealing on behalf of third parties

(millions of euro)

	31.12.2011	31.12.2010
1. Trading on behalf of customers		
a) Purchases	707	914
1. settled	*707*	*914*
2. to be settled	-	-
b) Sales	987	932
1. settled	*987*	*932*
2. to be settled	-	-
2. Portfolio management		
a) individual	-	-
b) collective	-	-
3. Custody and administration of securities		
a) third party securities held in deposit: related to depositary bank activities (excluding portfolio management)	-	-
1. securities issued by the reporting bank	-	-
2. other securities	-	-
b) third party securities held in deposit (excluding portfolio management): other	615,515	657,254
1. securities issued by the reporting bank	*79,126*	*104,524*
2. other securities	*536,389*	*552,730*
c) third party securities deposited with third parties	575,873	637,570
d) portfolio securities deposited with third parties	64,949	75,229
4. Other	**55,150**	**61,833**

Note regarding financial payables

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

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

SECTION 1 – INTEREST – CAPTIONS 10 AND 20

1.1 Interest and similar income: breakdown

(millions of euro)

	Debt securities	Loans	Other transactions	2011	2010
1. Financial assets held for trading	266	-	-	266	326
2. Financial assets designated at fair value through profit and loss	2	-	-	2	-
3. Financial assets available for sale	231	1	-	232	264
4. Investments held to maturity	13	-	-	13	13
5. Due from banks	364	1,922	-	2,286	1,324
6. Loans to customers	113	4,958	2	5,073	4,398
7. Hedging derivatives	X	X	1,371	1,371	2,313
8. Other assets	X	X	18	18	11
TOTAL	**989**	**6,881**	**1,391**	**9,261**	**8,649**

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

1.2. Interest and similar income: differentials on hedging transactions

(millions of euro)

	2011	2010
A. Positive differentials on hedging transactions	1,808	2,814
B. Negative differentials on hedging transactions	-437	-501
BALANCE (A - B)	**1,371**	**2,313**

1.3 Interest and similar income: other information

1.3.1 Interest income on foreign currency financial assets

As at 31 December 2011, interest income on foreign currency financial assets amounted to 846 million euro.

1.3.2 Interest income on financial lease receivables

No interest income on financial lease receivables was recorded.

1.4 Interest and similar expense: breakdown

(millions of euro)

	Debts	Securities	Other transactions	2011	2010
1. Due to Central Banks	188	X	-	188	48
2. Due to banks	1,562	X	2	1,564	1,351
3. Due to customers	440	X	1	441	388
4. Securities issued	X	4,609	-	4,609	4,098
5. Financial liabilities held for trading	-	-	3	3	-
6. Financial liabilities designated at fair value through profit and loss	-	-	-	-	-
7. Other liabilities and allowances	X	X	11	11	3
8. Hedging derivatives	X	X	-	-	-
TOTAL	**2,190**	**4,609**	**17**	**6,816**	**5,888**

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

1.5 Interest and similar expense: differentials on hedging transactions

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

1.6 Interest and similar expense: other information

1.6.1 Interest expense on foreign currency financial liabilities

Interest and similar expense as at 31 December 2011 included 598 million euro relative to financial liabilities in foreign currency.

1.6.2 Interest expense on financial lease payables

The amount of interest expense on financial lease payables as at 31 December 2011 was immaterial.

SECTION 2 – NET FEE AND COMMISSION INCOME - CAPTIONS 40 AND 50

2.1 Fee and commission income: breakdown

(millions of euro)

	2011	2010
A) Guarantees given	**317**	**295**
B) Credit derivatives	**56**	**6**
C) Management, dealing and consultancy services	**830**	**997**
1. trading in financial instruments	2	1
2. currency dealing	33	33
3. portfolio management	-	-
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	65	65
5. depositary bank	4	3
6. placement of securities	280	381
7. reception and transmission of orders	88	78
8. consultancy services	-	-
8.1. on investments	-	-
8.2. on financial structure	-	-
9. distribution of third party services	358	436
9.1. portfolio management	*50*	*56*
9.1.1. individual	*49*	*55*
9.1.2. collective	*1*	*1*
9.2. insurance products	*262*	*312*
9.3. other products	*46*	*68*
D) Collection and payment services	**146**	**151**
E) Servicing related to securitisations	**-**	**1**
F) Services related to factoring	**-**	**-**
G) Tax collection services	**-**	**-**
H) Management of multilateral trading facilities	**-**	**-**
I) Management of current accounts	**376**	**393**
J) Other services	**578**	**597**
TOTAL	**2,303**	**2,440**

J) Other services mostly recorded fees on credit and debit cards of 217 million euro, commissions on medium-/long-term loans of 193 million euro, commissions on short-term loans of 95 million euro and commissions on sundry services rendered to customers and banks of 73 million euro.

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

(millions of euro)

	2011	2010
A) Group branches	**638**	**817**
1. portfolio management	-	-
2. placement of securities	280	381
3. third party services and products	358	436
B) "Door-to-door" sales	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. third party services and products	-	-
C) Other distribution channels	**-**	**-**
1. portfolio management	-	-
2. placement of securities	-	-
3. third party services and products	-	-

2.3 Fee and commission expense: breakdown

(millions of euro)

	2011	2010
A) Guarantees received	**28**	**50**
B) Credit derivatives	**7**	**3**
C) Management, dealing and consultancy services	**59**	**50**
1. trading in financial instruments	5	3
2. currency dealing	2	2
3. portfolio management:	-	-
3.1 own portfolio	-	-
3.2 third party portfolio	-	-
4. custody and administration of securities	46	44
5. placement of financial instruments	6	1
6. "door-to-door" sale of financial instruments, products and services	-	-
D) Collection and payment services	**48**	**56**
E) Other services	**182**	**165**
TOTAL	**324**	**324**

E) Other services includes 126 million euro fees on credit and debit cards, 33 million euro services rendered by resident banks, 16 million euro intermediation on other banking operations relating to Italian branches and 7 million euro relating to international branches.

SECTION 3 – DIVIDEND AND SIMILAR INCOME - CAPTION 70

3.1 Dividend and similar income: breakdown

(millions of euro)

	2011		2010	
	Dividends	Income from quotas of UCI	Dividends	Income from quotas of UCI
A. Financial assets held for trading	-	-	-	-
B. Financial assets available for sale	34	1	38	-
C. Financial assets designated at fair value through profit and loss	-	13	-	7
D. Equity investments	1,572	X	1,512	X
TOTAL	**1,606**	**14**	**1,550**	**7**

D – Equity investments includes the dividends distributed by:

- Banca IMI S.p.A. for 404 million euro;
- Intesa Sanpaolo Vita S.p.A. for 351 million euro;
- Banco di Napoli S.p.A. for 162 million euro;
- Banca Fideuram S.p.A. for 118 million euro;
- Eurizon Capital SGR S.p.A. for 115 million euro;
- Setefi S.p.A. for 100 million euro;
- Intesa Sanpaolo Private Banking S.p.A. for 98 million euro;
- Intesa Sanpaolo Bank Ireland Plc. for 67 million euro;
- Banca Intesa Infrastrutture e Sviluppo S.p.A. for 38 million euro;
- Banca di Credito Sardo S.p.A. for 21 million euro;
- Cassa di Risparmio di Firenze S.p.A. for 20 million euro;
- Cassa di Risparmio di Venezia S.p.A. for 17 million euro;
- Mediofactoring S.p.A. for 14 million euro;
- Cassa di Risparmio del Veneto S.p.A. for 12 million euro;
- Other equity investments for 35 million euro.

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

4.1 Profits (Losses) on trading: breakdown

(millions of euro)

	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
1. Financial assets held for trading	**37**	**83**	**-187**	**-82**	**-149**
1.1 Debt securities	33	74	-72	-64	-29
1.2 Equities	-	-	-	-	-
1.3 Quotas of UCI	4	9	-115	-18	-120
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-5**	**-**	**-5**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-5	-	-5
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-54**
4. Derivatives	**7,080**	**12,663**	**-7,481**	**-12,357**	**15**
4.1 Financial derivatives	6,783	12,469	-7,254	-12,127	-19
- On debt securities and interest rates	*6,444*	*6,479*	*-6,885*	*-6,170*	*-132*
- On equities and stock indexes	*183*	*163*	*-227*	*-145*	*-26*
- On currencies and gold	*X*	*X*	*X*	*X*	*110*
- Other	*156*	*5,827*	*-142*	*-5,812*	*29*
4.2 Credit derivatives	297	194	-227	-230	34
TOTAL	**7,117**	**12,746**	**-7,673**	**-12,439**	**-193**

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

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

5.1 Fair value adjustments in hedge accounting: breakdown

(millions of euro)

	2011	2010
A. Income from:		
A.1 fair value hedge derivatives	4,695	2,885
A.2 financial assets hedged (fair value)	317	625
A.3 financial liabilities hedged (fair value)	1,075	4,064
A.4 cash flow hedge: derivatives	-	-
A.5 currency assets and liabilities	-	-
Total income from hedging (A)	**6,087**	**7,574**
B. Expenses for:		
B.1 fair value hedge derivatives	-2,501	-3,223
B.2 financial assets hedged (fair value)	-32	-487
B.3 financial liabilities hedged (fair value)	-3,579	-3,912
B.4 cash flow hedge: derivatives	-	-
B.5 currency assets and liabilities	-	-
Total expense from hedging (B)	**-6,112**	**-7,622**
C. Fair value adjustments in hedge accounting (A - B)	**-25**	**-48**

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

6.1 Profits (Losses) on disposal or repurchase: breakdown

(millions of euro)

	2011			2010		
	Profits	Losses	Net result	Profits	Losses	Net result
Financial assets						
1. Due from banks	1	-1	-	-	-7	-7
2. Loans to customers	18	-13	5	36	-20	16
3. Financial assets available for sale	378	-1	377	18	-7	11
3.1 Debt securities	*16*	*-1*	*15*	*15*	*-6*	*9*
3.2 Equities	*362*	-	*362*	*3*	*-1*	*2*
3.3 Quotas of UCI	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Investments held to maturity	-	-	-	-	-	-
Total assets	**397**	**-15**	**382**	**54**	**-34**	**20**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	1	-	1	-	-	-
3. Securities issued	88	-	88	3	-6	-3
Total liabilities	**89**	**-**	**89**	**3**	**-6**	**-3**

Profits on disposal of equities classified as financial assets available for sale include the results of the sale of:
– Prada S.p.A. for 275 million euro;
– Banco Patagonia S.A. for 56 million euro;
– Parmalat S.p.A. for 25 million euro;
– Investindustrial II LP for 4 million euro;
– other minority interests for 2 million euro.

SECTION 7 – PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE – CAPTION 110

7.1 Profits (losses) on financial assets/liabilities designated at fair value: breakdown

(millions of euro)

	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
1. Financial assets	**4**	**-**	**-18**	**-**	**-14**
1.1 Debt securities	4	-	-11	-	-7
1.2 Equities	-	-	-	-	-
1.3 Quotas of UCI	-	-	-7	-	-7
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Foreign currency financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-**
4. Credit and financial derivatives	**-**	**-**	**-15**	**-**	**-15**
TOTAL	**4**	**-**	**-33**	**-**	**-29**

SECTION 8 – NET LOSSES/RECOVERIES ON IMPAIRMENT – CAPTION 130

8.1 Net impairment losses on loans: breakdown

(millions of euro)

	Impairment losses			Recoveries				2011	2010
	Individual		Collective	Individual		Collective			
	write-offs	other		of interest	other	of interest	other		
A. Due from banks	-	-3	-1	-	-	-	10	6	-12
- Loans	-	*-3*	*-*	*-*	*-*	*-*	*10*	*7*	*-8*
- Debt securities	-	-	*-1*	-	-	-	-	*-1*	*-4*
B. Loans to customers	-51	-1,481	-233	131	237	-	3	-1,394	-751
- Loans	*-51*	*-1,481*	*-175*	*131*	*237*	-	*3*	*-1,336*	*-747*
- Debt securities	-	-	*-58*	-	-	-	-	*-58*	*-4*
C. Total	**-51**	**-1,484**	**-234**	**131**	**237**	**-**	**13**	**-1,388**	**-763**

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

(millions of euro)

	Impairment losses		Recoveries		2011	2010
	Individual		Individual			
	write-offs	other	of interest	other		
A. Debt securities	-	-24	-	-	-24	-4
B. Equities	-	-32	X	X	-32	-23
C. Quotas of UCI	-	-	X	-	-	-1
D. Due from banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**-56**	**-**	**-**	**-56**	**-28**

The valuation of equities classified under financial assets available for sale led to impairment losses in 2011 mostly referred to:
– Acotel S.p.A. for 8 million euro;
– Quattroduedue S.p.A. for 8 million euro;
– Milano Assicurazioni S.p.A. for 6 million euro;
– Luxvide Finanziaria per iniziative audiovisive e telematiche S.p.A. for 3 million euro;
– Aedes S.p.A. for 2 million euro;
– Gabetti Property Solutions S.p.A. for 1 million euro;
– Siteba – Sistemi telematici bancari S.p.A. for 1 million euro;
– other minority interests for 3 million euro.

8.3 Net impairment losses on investments held to maturity: breakdown

As at 31 December 2011, Intesa Sanpaolo recorded impairment losses on investments held to maturity of immaterial amounts.

8.4 Net impairment losses on other financial activities: breakdown

(millions of euro)

	Impairment losses			Recoveries				2011	2010
	Individual		Collective	Individual		Collective			
	write-offs	other		of interest	other	of interest	other		
A. Guarantees given	-	-9	-14	-	-	-	-	-23	3
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to lend funds	-	-1	-	-	-	-	-	-1	-
D. Other operations	-	-	-	-	-	-	-	-	-
E. Total	**-**	**-10**	**-14**	**-**	**-**	**-**	**-**	**-24**	**3**

SECTION 9 - ADMINISTRATIVE EXPENSES - CAPTION 150

9.1 Personnel expenses: breakdown

(millions of euro)

	2011	2010
1) Personnel employed	**2,479**	**2,174**
a) wages and salaries	1,465	1,518
b) social security charges	386	391
c) termination indemnities	89	63
d) supplementary benefits	-	-
e) provisions for termination indemnities	29	26
f) provisions for post employment benefits:	51	40
- defined contribution plans	*-*	*-*
- defined benefit plans	*51*	*40*
g) payments to external pension funds:	71	90
- defined contribution plans	*71*	*90*
- defined benefit plans	*-*	*-*
h) costs from share-based payments	-	-
i) other benefits in favour of employees	388	46
2) Other non-retired personnel	**5**	**5**
3) Directors and statutory auditors	**11**	**10**
4) Early retirement costs	**-**	**-**
5) Recovery of expenses for employees of the Bank seconded to other entities	**-89**	**-91**
6) Reimbursement of expenses for employees of other entities seconded to the Bank	**40**	**39**
TOTAL	**2,446**	**2,137**

Provisions to employee termination indemnities determined on the basis of Art. 2120 of the Italian Civil Code amounted to 26 million euro.

9.2 Average number of employees by categories

	2011	2010
Personnel employed	**26,388**	**26,718**
a) managers	504	470
b) total officers	11,323	11,112
c) other employees	14,561	15,136
Other personnel	**28**	**30**
TOTAL	**26,416**	**26,748**

9.3 Post employment defined benefit plans: total expense

(millions of euro)

	2011			2010		
	Employee Termination Indemnities	Internal plans	External plans	Employee Termination Indemnities	Internal plans	External plans
Current service cost	-3	-2	-19	-2	-1	-19
Financial costs of determining the present value of the defined benefit obligations	-26	-7	-126	-24	-7	-119
Expected return from the fund's assets	-	5	120	-	5	109
Reimbursement from third parties	-	-	-	-	-	-
Actuarial gains recognised	-	-	-	-	-	6
Actuarial losses recognised	-	-	-	-	-	-2
Past service cost	-	-	-	-	-	-
Curtailment of the fund	-	-	-	-	-	-
Settlement of the fund	-	-	-	-	-	-
Assets incurred in the year and not recognised	-	-	-	-	-	-

9.4 Other benefits in favour of employees

Other benefits in favour of employees include provisions for employee exit programmes of 351 million euro, contributions for Cassa Assistenza and lunch vouchers.

9.5 Other administrative expenses: breakdown

(millions of euro)

	2011	2010
Expenses for maintenance of information technology and electronic equipment	91	57
Telephonic, teletransmission and transmission expenses	6	17
Information technology expenses	**97**	**74**
Rentals and service charges - real estate	139	149
Security services	20	19
Cleaning of premises	22	23
Expenses for maintenance of real estate assets, furniture and equipment	47	42
Energy costs	42	46
Property costs	3	3
Management of real estate assets	**273**	**282**
Printing, stationery and consumables expenses	21	20
Transport and related services expenses (including counting of valuables)	47	45
Information expenses	20	28
Postal and telegraphic expenses	49	58
Other rental charges	11	12
General structure costs	**148**	**163**
Expenses for consultancy fees	133	128
Legal and judiciary expenses	77	95
Insurance premiums - banks and customers	22	24
Professional and legal expenses	**232**	**247**
Advertising and promotional expenses	**81**	**79**
Services rendered by third parties	**56**	**38**
Indirect personnel costs	**65**	**63**
Costs reimbursed to Group companies	**828**	**858**
Other costs	**30**	**43**
Indirect taxes and duties	**266**	**258**
Recovery of other expenses	**-20**	**-14**
TOTAL	**2,056**	**2,091**

Administrative expenses for 2011, included in tables 9.1 "Personnel expenses: breakdown" and 9.5 "Other administrative expenses: breakdown", include charges for integration and exit incentives, gross of the tax effect detailed below, for 439 million euro.

Charges for integration and exit incentives: breakdown

(millions of euro)

	2011	2010
Personnel expenses	**351**	**14**
- expenses for incentive-driven exit plans	351	14
Other administrative expenses	**88**	**51**
- information technology expenses	87	38
- management of real estate assets	-	-
- professional and legal expenses	1	4
- advertising and promotional expenses	-	-
- indirect personnel costs	-	-
- other costs	-	9
TOTAL	**439**	**65**

SECTION 10 - NET PROVISIONS FOR RISKS AND CHARGES - CAPTION 160

10.1 Net provisions for risks and charges: breakdown

(millions of euro)

	Provisions	Uses	2011
Net provisions for legal disputes	-97	27	-70
Net provisions for other personnel charges	-	-	-
Net provisions for risks and charges	-53	2	-51
TOTAL	**-150**	**29**	**-121**

"Net provisions for risks and charges", which amounted to 121 million euro, recorded the provisions attributable to the year relating to:
– litigation, including revocatory actions and other disputes;
– guarantees issued for the sale of equity investments and other loan transactions.
The above provisions include the interest expense due to time value (9 million euro).

SECTION 11 – NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY AND EQUIPMENT – CAPTION 170

11.1 Net adjustments to property and equipment: breakdown

(millions of euro)

	Depreciation	Impairment losses	Recoveries	Net result
A. Property and equipment				
A.1 Owned	-115	-1	-	-116
- used in operations	*-115*	*-1*	-	*-116*
- investment	-	-	-	-
A.2 Acquired under finance lease	-	-	-	-
- used in operations	-	-	-	-
- investment	-	-	-	-
TOTAL	**-115**	**-1**	**-**	**-116**

For the determination of impairment losses, see the illustration provided in Part A – Accounting policies.

SECTION 12 – NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS – CAPTION 180

12.1 Net adjustments to intangible assets: breakdown

(millions of euro)

	Amortisation	Impairment losses	Recoveries	Net result
A. Intangible assets				
A.1 Owned	-96	-	-	-96
- internally generated	-	-	-	-
- other	*-96*	-	-	*-96*
A.2 Acquired under finance lease	-	-	-	-
TOTAL	**-96**	**-**	**-**	**-96**

SECTION 13 – OTHER OPERATING EXPENSES (INCOME) - CAPTION 190

13.1 Other operating expenses: breakdown

(millions of euro)

	2011	2010
Charges for litigations and provisions for customer restorations	1	1
Burglaries and robberies	3	6
Amortisation of leasehold improvements	19	20
Other non-recurring expenses	50	39
Other	2	1
TOTAL	**75**	**67**

13.2 Other operating income: breakdown

(millions of euro)

	2011	2010
Income on securitisations	-	-
Recovery of insurance costs	1	1
Recovery of other expenses	4	-
Recovery of taxes and interest of previous years	-	-
Cheques prescribed	-	-
Recovery of rents paid	39	37
Recovery of services rendered to Group companies	201	195
Recovery of services rendered to third parties	2	5
Recovery of taxes and duties	227	215
Other	22	95
Total	**496**	**548**

SECTION 14 – PROFITS (LOSSES) ON EQUITY INVESTMENTS – CAPTION 210

14.1 Profits (Losses) on disposal of equity investments: breakdown

(millions of euro)

	2011	2010
A. Revenues	33	19
1. Revaluations	*-*	*9*
2. Profits on disposal	*33*	*10*
3. Write-backs	*-*	*-*
4. Other	*-*	*-*
B. Charges	-7,272	-12
1. Write-downs	*-*	*-*
2. Impairment losses	*-7,269*	*-11*
3. Losses on disposal	*-3*	*-1*
4. Other	*-*	*-*
Net result	**-7,239**	**7**

Profits on disposal refer essentially to distributions by Società Gestione per il Realizzo in liquidazione S.p.A. of 19 million euro, the sale of MF Hovyvem S.p.A. for 5 million euro, the placement in liquidation and subsequent dissolution of Intesa BCI Preferred Capital Company LLC III for 4 million euro and other minor interests for 5 million euro.

Impairment losses refer to Cassa di Risparmio di Firenze S.p.A. for 1,809 million euro, Banco di Napoli S.p.A. for 972 million euro, Bank of Alexandria S.A.E. for 867 million euro, Intesa Sanpaolo Vita S.p.A. for 537 million euro, Eurizon Capital SGR S.p.A. for 517 million euro, Banca IMI S.p.A. for 507 million euro, Banca Infrastrutture Innovazione e Sviluppo S.p.A. for 420 million euro, Telco S.p.A. for 238 million euro, Neos Finance S.p.A. for 231 million euro, Cassa di Risparmio del Veneto S.p.A. for 209 million euro, Cassa di Risparmio in Bologna S.p.A. for 199 million euro, Banca dell'Adriatico S.p.A. for 178 million euro, Cassa di Risparmio di Venezia S.p.A. for 166 million euro, Cassa dei Risparmi di Forlì e della Romagna S.p.A. for 114 million euro, Banca Monte Parma S.p.A for 74 million euro, Intesa Sanpaolo Romania S.A. Commercial Bank for 64 million euro, Cassa di Risparmio del Friuli Venezia Giulia S.p.A. for 60 million euro, Risanamento S.p.A. for 23 million euro, Rizzoli Corriere della Sera Mediagroup S.p.A. for 22 million euro, Banca Intesa Closed Joint-Stock Company for 14 million euro, Noverca Italia S.r.l. for 13 million euro, CargoItalia S.p.A. in liquidation for 12 million euro, In.Fra. – Investire nelle Infrastrutture S.p.A. for 10 million euro and other minor interests for 13 million euro.

Losses on disposal refer solely to the disposal of a 28.33% interest in Banca Prossima S.p.A.

SECTION 15 - VALUATION DIFFERENCES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE - CAPTION 220

Not applicable to Intesa Sanpaolo.

SECTION 16 – GOODWILL IMPAIRMENT - CAPTION 230

16.1 Goodwill impairment: breakdown

The results of impairment testing on goodwill recorded in the financial statements resulted in the recognition of impairment losses of 3,377 million euro.
For a description of the methods for the foregoing tests, reference should be made to Part B – Section 12 – Intangible Assets in these Notes to the Parent Company's financial statements.

SECTION 17 – PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS - CAPTION 240

17.1 Profits (Losses) on disposal of investments: breakdown

(millions of euro)

	2011	2010
A. Real estate assets	18	1
- profits on disposal	*18*	*1*
- losses on disposal	-	-
B. Other assets	107	-
- profits on disposal	*107*	-
- losses on disposal	-	-
Net result	**125**	**1**

Profits on disposal of Other assets refer to the contribution of branches to the Crédit Agricole Group completed in May.

SECTION 18 - TAXES ON INCOME FROM CONTINUING OPERATIONS - CAPTION 260

18.1 Taxes on income from continuing operations: breakdown

(millions of euro)

	2011	2010
1. Current taxes (-)	-2,082	-63
2. Changes in current taxes of previous years (+/-)	18	116
3. Reduction in current taxes of the year (+)	-	-
4. Changes in deferred tax assets (+/-)	4,310	-227
5. Changes in deferred tax liabilities (+/-)	179	32
6. Taxes on income for the year (-) (-1+/-2+3+/-4+/-5)	**2,425**	**-142**

18.2 Reconciliation of theoretical tax charge to total income tax expense for the period

(millions of euro)

	2011	2010
Income before tax from continuing operations	-10,105	1,523
Income before tax from discontinued operations	-	973
Theoretical taxable income	**-10,105**	**2,496**

(millions of euro)

		%
Income tax - Theoretical tax expense	**-3,173**	**-31.4**
Increases of taxes	**3,508**	**34.7**
Greater base and actual IRAP rate	576	5.7
Non-deductible interest expense	53	0.5
Non-deductible costs (goodwill and controlling interests impairment)	2,629	26.0
Other non-deductible costs (losses on equity investments, ICI [local property tax], personnel costs, etc.)	201	2.0
Other	49	0.5
Decreases of taxes	**-658**	**-6.5**
Non-taxed gains on equity investments	-125	-1.2
Tax-exempt portion of dividends	-425	-4.2
Other	-108	-1.1
Total change in taxes	**2,850**	**28.2**
Taxes on income for the period prior to realignment of goodwill (Law Decree 98/2011)	**-323**	**-3.2**
of which: - taxes on income from continuing operations	**-323**	**-3.2**
- taxes on income from discontinued operations	**-**	**-**

		%
Substitute tax on realignment of goodwill, trademarks and other intangible assets)	2,041	20.2
Deferred tax assets on goodwill, trademarks and other intangible assets	-4,143	-41.0
Actual balance sheet tax charge after realignment of goodwill, trademarks and other intangible assets (Law Decree 98/2011)	**-2,425**	**-24.0**
of which: - taxes on income from continuing operations	**-2,425**	**-24.0**
- taxes on income from discontinued operations	**-**	**-**

SECTION 19 – INCOME (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS - CAPTION 280

19.1 Income (Loss) after tax from discontinued operations: breakdown

(millions of euro)

	2011	2010
1. Income	-	72
2. Charges	-	-32
3. Valuation differences on discontinued operations and related liabilities	-	-
4. Profits (Losses) on disposal	-	933
5. Taxes and duties	-	-27
Income (Loss)	**-**	**946**

19.2 Breakdown of taxes on discontinued operations

(millions of euro)

	2011	2010
1. Current taxes (-)	-	-27
2. Changes in deferred tax assets (+/-)	-	-
3. Changes in deferred tax liabilities (-/+)	-	-
4. Income taxes (-1 +/-2 +/-3)	**-**	**-27**

SECTION 20 – OTHER INFORMATION

There is no information further to that already provided in the previous sections.

SECTION 21 – EARNINGS PER SHARE

Earnings per share
For details, reference should be made to the relevant section of the Notes to the consolidated financial statements.

Part D - Comprehensive income

DETAILED STATEMENT OF COMPREHENSIVE INCOME

(millions of euro)

		Gross amount	Income tax	Net amount
10.	**NET INCOME (LOSS)**	**X**	**X**	**-7,679**
	Other comprehensive income			
20.	Financial assets available for sale:	-501	125	-376
	a) fair value changes	-394	126	-268
	b) reversal to income statement	-107	-1	-108
	- impairment losses	*36*	*-11*	*25*
	- gains/losses from disposals	*-143*	*10*	*-133*
	c) other changes	-	-	-
30.	Property and equipment	-	-	-
40.	Intangible assets	-	-	-
50.	Hedges of foreign investments:	-	-	-
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
60.	Cash flow hedges:	-621	209	-412
	a) fair value changes	-385	130	-255
	b) reversal to income statement	-236	79	-157
	c) other changes	-	-	-
70.	Foreign exchange differences:	-	-	-
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
80.	Non current assets held for sale:	-	-	-
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	c) other changes	-	-	-
90.	Actuarial gains (losses) on defined benefit plans	-	-	-
100.	Share of valuation reserves connected with investments carried at equity:	-	-	-
	a) fair value changes	-	-	-
	b) reversal to income statement	-	-	-
	- impairment losses	-	-	-
	- gains/losses from disposals	-	-	-
	c) other changes	-	-	-
110.	**Total other comprehensive income**	**-1,122**	**334**	**-788**
120.	**TOTAL COMPREHENSIVE INCOME**	**X**	**X**	**-8,467**

Part E – Information on risks and relative hedging policies

This part of the Notes to the Parent Company's financial statements provides the quantitative information on risks relative to the Parent Company, Intesa Sanpaolo. For qualitative information on management and monitoring of risks, see Part E of the Notes to the consolidated financial statements.

SECTION 1 – CREDIT RISK

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

For the purposes of quantitative information about credit quality, the term "credit exposures" is understood to exclude equities and quotas of UCI, whereas "exposures" includes these items. The only exception is table A.2.1 related to credit exposures by external rating classes, which includes quotas of UCI.

A.1. Performing and non-performing credit exposures: amounts, adjustments, changes, economic and geographical breakdown

In the tables in this section, the information related to country risk is not presented separately in compliance with the methodological decision for collective measurement of performing loans based on parameters that include "country risk".

A.1.1. Breakdown of credit exposures by portfolio classification and credit quality (book values)

(millions of euro)

	Doubtful loans	Substandard loans	Restructured	Past due exposures	Other Assets	Total
1. Financial assets held for trading	6	30	10	3	17,862	17,911
2. Financial assets available for sale	5	-	-	-	11,104	11,109
3. Investments held to maturity	-	-	-	-	528	528
4. Due from banks	49	-	-	2	146,781	146,832
5. Loans to customers	2,441	2,913	2,400	189	162,102	170,045
6. Financial assets designated at fair value through profit and loss	-	-	-	-	172	172
7. Financial assets under disposal	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	7,902	7,902
Total 31.12.2011	**2,501**	**2,943**	**2,410**	**194**	**346,451**	**354,499**
Total 31.12.2010	**2,100**	**2,832**	**2,544**	**354**	**334,017**	**341,847**

A.1.2. Breakdown of credit exposures by portfolio classification and credit quality (gross and net values)

(millions of euro)

	Non-performing assets			Performing			Total (net exposure)
	Gross exposure	Individual adjustments	Net exposure	Gross exposure	Collective adjustments	Net exposure	
1. Financial assets held for trading	69	-20	49	X	X	17,862	17,911
2. Financial assets available for sale	5	-	5	11,104	-	11,104	11,109
3. Investments held to maturity	-	-	-	528	-	528	528
4. Due from banks	75	-24	51	146,797	-16	146,781	146,832
5. Loans to customers	14,587	-6,644	7,943	163,036	-934	162,102	170,045
6. Financial assets designated at fair value through profit and loss	-	-	-	X	X	172	172
7. Financial assets under disposal	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	7,902	7,902
Total 31.12.2011	**14,736**	**-6,688**	**8,048**	**321,465**	**-950**	**346,451**	**354,499**
Total 31.12.2010	**13,507**	**-5,677**	**7,830**	**300,446**	**-806**	**334,017**	**341,847**

In accordance with regulations, "Individual adjustments" include the impairment losses recognised to account for counterparty risk (known as "credit risk adjustment") on non-performing derivative contracts in the amount of 20 million euro (unchanged compared to 31 December 2010).

Within performing exposures, as at 31 December 2011, exposures renegotiated under collective agreements amounted to 636 million euro in gross terms and 632 million euro in net terms. Other performing exposures thus came to 320,829 million euro in gross terms and 345,819 million euro in net terms.
Other performing exposures include 427 million euro in assets past due by up to three months, 66 million euro in assets past due by three to six months and 39 million euro in assets past due by more than six months. The share of the debt associated with those assets not yet past due came to 650 million euro, 202 million euro and 270 million euro, respectively.

A.1.3. On- and off-balance sheet credit exposures to banks: gross and net values

(millions of euro)

	Gross exposure	Individual adjustments	Collective adjustments	Net exposure
A. ON-BALANCE SHEET EXPOSURES				
a) Doubtful loans	72	-23	X	49
b) Substandard loans	-	-	X	-
c) Restructured exposures	-	-	X	-
d) Past due exposures	3	-1	X	2
e) Other assets	149,848	X	-16	149,832
TOTAL A	**149,923**	**-24**	**-16**	**149,883**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing	-	-	X	-
b) Other	33,469	X	-19	33,450
TOTAL B	**33,469**	**-**	**-19**	**33,450**
TOTAL (A + B)	**183,392**	**-24**	**-35**	**183,333**

On-balance sheet exposures include all on-balance sheet financial assets claimed from banks, irrespective of their portfolio of allocation: trading, available for sale, held to maturity, loans and receivables, assets designated at fair value through profit and loss or assets under disposal.
Off-balance sheet exposures include all financial activities that are not on the balance sheet (guarantees given, commitments, derivatives, etc.) but entail the assumption of credit risk, regardless of the purpose of such activities (trading, hedging, etc.). Moreover, the above exposures include counterparty risk associated with securities lending.

A.1.4. On-balance sheet credit exposures to banks: changes in gross non-performing exposures

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial gross exposure	**24**	**54**	**-**	**-**
- of which exposures sold not derecognised	-	-	-	-
B. Increases	**54**	**5**	**-**	**5**
B.1 inflows from performing exposures	-	5	-	5
B.2 transfers from other non-performing exposure categories	53	-	-	-
B.3 other increases	1	-	-	-
B.4 business combinations	-	-	-	-
C. Decreases	**-6**	**-59**	**-**	**-2**
C.1 outflows to performing exposures	-	-	-	-
C.2 write-offs	-2	-	-	-
C.3 repayments	-1	-6	-	-2
C.4 credit disposals	-2	-	-	-
C.5 transfers to other non-performing exposure categories	-	-53	-	-
C.6 other decreases	-1	-	-	-
C.7 business combinations	-	-	-	-
D. Final gross exposure	**72**	**-**	**-**	**3**
- of which exposures sold not derecognised	-	-	-	-

A.1.5. On-balance sheet credit exposures to banks: changes in total adjustments

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial total adjustments	**17**	**7**	**-**	**-**
- of which exposures sold not derecognised	-	-	-	-
B. Increases	**10**	**1**	**-**	**1**
B.1 impairment losses	1	1	-	1
B.2 transfers from other non-performing exposure categories	8	-	-	-
B.3 other increases	1	-	-	-
B.4 business combinations	-	-	-	-
C. Decreases	**-4**	**-8**	**-**	**-**
C.1 recoveries on impairment losses	-	-	-	-
C.2 recoveries on repayments	-1	-	-	-
C.3 write-offs	-2	-	-	-
C.4 transfers to other non-performing exposure categories	-	-8	-	-
C.5 other decreases	-1	-	-	-
C.6 business combinations	-	-	-	-
D. Final total adjustments	**23**	**-**	**-**	**1**
- of which exposures sold not derecognised	-	-	-	-

A.1.6. On- and off-balance sheet credit exposures to customers: gross and net values

(millions of euro)

	Gross exposure	Individual adjustments	Collective adjustments	Net exposure
A. ON-BALANCE SHEET EXPOSURES				
a) Doubtful loans	7,885	-5,439	X	2,446
b) Substandard loans	3,643	-730	X	2,913
c) Restructured exposures	2,854	-454	X	2,400
d) Past due exposures	210	-21	X	189
e) Other assets	177,855	X	-934	176,921
TOTAL A	**192,447**	**-6,644**	**-934**	**184,869**
B. OFF-BALANCE SHEET EXPOSURES				
a) Non-performing	912	-109	X	803
b) Other	86,851	X	-139	86,712
TOTAL B	**87,763**	**-109**	**-139**	**87,515**
TOTAL (A + B)	**280,210**	**-6,753**	**-1,073**	**272,384**

On-balance sheet exposures include all on-balance sheet financial assets claimed from customers, irrespective of their portfolio of allocation: trading, available for sale, held to maturity, loans and receivables, assets designated at fair value through profit and loss or assets under disposal.
Off-balance sheet exposures include all financial activities that are not on the balance sheet (guarantees given, commitments, derivatives, etc.) but entail the assumption of credit risk, regardless of the purpose of such activities (trading, hedging, etc.).
Restructured exposures include 240 million euro associated with pool transactions (IBLOR structures) undertaken by the Bank as fronting bank, associated with cash collateral among deposits on the liabilities side.

A.1.7. On-balance sheet credit exposures to customers: changes in gross non-performing exposures

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial gross exposure	**6,832**	**3,458**	**2,685**	**388**
- of which exposures sold not derecognised	*9*	*24*	*-*	*2*
B. Increases	**1,743**	**2,755**	**492**	**1,221**
B.1 inflows from performing exposures	106	1,588	110	1,100
B.2 transfers from other non-performing exposure categories	1,369	884	309	17
B.3 other increases	268	283	73	104
B.4 business combinations	-	-	-	-
C. Decreases	**-690**	**-2,570**	**-323**	**-1,399**
C.1 outflows to performing exposures	-17	-497	-36	-300
C.2 write-offs	-241	-12	-95	-1
C.3 repayments	-379	-551	-37	-113
C.4 credit disposals	-6	-	-	-
C.5 transfers to other non-performing exposure categories	-34	-1,499	-77	-969
C.6 other decreases	-13	-11	-78	-16
C.7 business combinations	-	-	-	-
D. Final gross exposure	**7,885**	**3,643**	**2,854**	**210**
- of which exposures sold not derecognised	*14*	*23*	*-*	*8*

A.1.8. On-balance sheet credit exposures to customers: changes in total adjustments

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial total adjustments	**4,739**	**708**	**148**	**38**
- of which exposures sold not derecognised	*2*	*3*	*-*	*-*
B. Increases	**1,194**	**604**	**444**	**88**
B.1 impairment losses	602	488	371	79
B.2 transfers from other non-performing exposure categories	393	96	57	6
B.3 other increases	199	20	16	3
B.4 business combinations	-	-	-	-
C. Decreases	**-494**	**-582**	**-138**	**-105**
C.1 recoveries on impairment losses	-123	-112	-8	-4
C.2 recoveries on repayments	-88	-28	-1	-1
C.3 write-offs	-241	-12	-95	-1
C.4 transfers to other non-performing exposure categories	-10	-426	-18	-98
C.5 other decreases	-32	-4	-16	-1
C.6 business combinations	-	-	-	-
D. Final total adjustments	**5,439**	**730**	**454**	**21**
- of which exposures sold not derecognised	*4*	*3*	*-*	*-*

The "other increases" mainly include the verification of interest due and the increases in the balances of the funds in foreign currency following the change in the exchange rate.

Conversion of loans into equity instruments

During the year, loans were converted into equity instruments as part of restructuring agreements for non-performing positions of immaterial amount. For further information, reference should be made to the corresponding section of Notes to the consolidated financial statements.

A.2. Classification of exposures based on external and internal ratings

A.2.1. Breakdown of on- and off-balance sheet credit exposures by external rating classes

Intesa Sanpaolo uses the ratings supplied by the following external rating agencies for all portfolios subject to reporting: Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings.
Where two ratings are available for a single customer, the more conservative is adopted; where three ratings are available, the middle rating is adopted.
The Class 6 rating column includes non-performing loans.
For the mapping of the risk classes and agency ratings employed, see the corresponding section of the Notes to the consolidated financial statements.

(millions of euro)

	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. On-balance sheet exposures	**7,158**	**184,908**	**4,204**	**1,735**	**239**	**8,117**	**129,315**	**335,676**
B. Derivatives	**479**	**6,528**	**80**	**7**	**-**	**49**	**1,389**	**8,532**
B.1. Financial derivatives	474	6,419	80	7	-	49	1,359	8,388
B.2. Credit derivatives	5	109	-	-	-	-	30	144
C. Guarantees given	**3,958**	**19,109**	**3,409**	**1,341**	**96**	**405**	**32,457**	**60,775**
D. Commitments to lend funds	**3,254**	**18,495**	**6,602**	**891**	**289**	**368**	**21,758**	**51,657**
Total	**14,849**	**229,040**	**14,295**	**3,974**	**624**	**8,939**	**184,919**	**456,640**

It should be noted that the exposures presented in the table also include quotas of UCI of 924 million euro.

A.2.2. Breakdown of on- and off-balance sheet exposures by internal rating classes

Breakdown of exposures by internal rating class is based on all ratings available in the credit risk management system. These ratings include credit ratings assigned by external agencies for counterparties in customer segments for which an internal model is not available. Unrated loans essentially refer to customer segments for which a rating model is not yet available (personal loans to private customers).

(millions of euro)

	Internal rating classes							Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Non-performing exposures		
A. On-balance sheet exposures	**11,668**	**191,013**	**47,643**	**38,753**	**13,606**	**894**	**7,999**	**23,176**	**334,752**
B. Derivatives	**685**	**6,306**	**579**	**562**	**156**	**14**	**49**	**181**	**8,532**
B.1. Financial derivatives	680	6,212	559	562	156	14	49	156	8,388
B.2. Credit derivatives	5	94	20	-	-	-	-	25	144
C. Guarantees given	**10,187**	**26,160**	**14,326**	**6,396**	**1,161**	**73**	**387**	**2,085**	**60,775**
D. Commitments to lend funds	**4,452**	**19,483**	**14,760**	**4,587**	**1,612**	**94**	**367**	**6,302**	**51,657**
Total	**26,992**	**242,962**	**77,308**	**50,298**	**16,535**	**1,075**	**8,802**	**31,744**	**455,716**

A.3. Breakdown of guaranteed credit exposures by type of guarantee

A.3.1. Guaranteed credit exposures to banks

(millions of euro)

	GUARANTEED ON-BALANCE SHEET CREDIT EXPOSURES				GUARANTEED OFF-BALANCE SHEET CREDIT EXPOSURES				TOTAL
	Totally guaranteed		Partly guaranteed		Totally guaranteed		Partly guaranteed		
		of which non-performing		*of which non-performing*		*of which non-performing*		*of which non-performing*	
NET EXPOSURE	**25,846**	**-**	**136**	**-**	**634**	**-**	**475**	**-**	**27,091**
COLLATERAL [(1)]									
Real estate assets	-	-	-	-	-	-	-	-	-
Securities	25,808	-	-	-	-	-	-	-	25,808
Other	-	-	-	-	693	-	435	-	1,128
GUARANTEES [(1)]									
Credit derivatives									
Credit-linked notes	-	-	-	-	-	-	-	-	-
Other derivatives									
- Governments and Central Banks	-	-	-	-	-	-	-	-	-
- Other public entities	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-
- Other counterparties	-	-	-	-	-	-	-	-	-
Guarantees given									
Governments and Central Banks	-	-	-	-	-	-	-	-	-
Other public entities	-	-	-	-	-	-	-	-	-
Banks	*2*	-	*4*	-	*2*	-	*1*	-	*9*
Other counterparties	*37*	-	*5*	-	-	-	-	-	*42*
TOTAL	**25,847**	**-**	**9**	**-**	**695**	**-**	**436**	**-**	**26,987**

[(1)] Fair value of the guarantee or, if difficult to determine, contractual value, the latter stated - as required by the regulations - up to the net exposure value.

A.3.2. Guaranteed credit exposures to customers

(millions of euro)

	GUARANTEED ON-BALANCE SHEET CREDIT EXPOSURES				GUARANTEED OFF-BALANCE SHEET CREDIT EXPOSURES				TOTAL
	Totally guaranteed		Partly guaranteed		Totally guaranteed		Partly guaranteed		
		of which non-performing		*of which non-performing*		*of which non-performing*		*of which non-performing*	
NET EXPOSURE	**71,737**	**4,422**	**6,594**	**1,440**	**7,633**	**163**	**2,229**	**96**	**88,193**
COLLATERAL [(1)]									
Real estate assets	119,196	6,786	513	179	2,544	83	81	4	122,334
Securities	1,330	61	815	475	267	8	439	2	2,851
Other	703	156	181	102	147	5	172	5	1,203
GUARANTEES [(1)]									
Credit derivatives									
Credit-linked notes	-	-	-	-	-	-	-	-	-
Other derivatives									
- Governments and Central Banks	-	-	-	-	-	-	-	-	-
- Other public entities	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-
- Other counterparties	-	-	-	-	-	-	-	-	-
Guarantees given									
Governments and Central Banks	-	-	*8*	-	*1*	-	-	-	*9*
Other public entities	*8*	-	*2*	-	-	-	-	-	*10*
Banks	*1,001*	*2*	*699*	*8*	*122*	-	*94*	*34*	*1,916*
Other counterparties	*12,198*	*944*	*2,392*	*147*	*4,087*	*55*	*478*	*9*	*19,155*
TOTAL	**134,436**	**7,949**	**4,610**	**911**	**7,168**	**151**	**1,264**	**54**	**147,478**

[(1)] Fair value of the guarantee or, if difficult to determine, contractual value, the latter stated - as required by the regulations - up to the net exposure value.

B. BREAKDOWN AND CONCENTRATION OF CREDIT EXPOSURES

B.1. Breakdown of on- and off-balance sheet credit exposures to customers by sector (book value)

(millions of euro)

	ON-BALANCE SHEET EXPOSURES					Total on-balance sheet exposures	OFF-BALANCE SHEET EXPOSURES				Total off-balance sheet exposures	Total 31.12.2011	Total 31.12.2010
	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures	Other exposures		Doubtful loans	Substandard loans	Other non-performing assets	Other exposures			
GOVERNMENTS													
Net exposure	-	-	-	-	15,158	15,158	5	-	-	2,198	2,203	17,361	25,255
Individual adjustments	-	-	-	-	X	-	-	-	-	X	-	-	-
Collective adjustments	X	X	X	X	-	-	X	X	X	-	-	-	-2
OTHER PUBLIC ENTITIES													
Net exposure	-	3	-	-	794	797	-	-	8	1,775	1,783	2,580	3,482
Individual adjustments	-	-1	-	-	X	-1	-	-	-	X	-	-1	-3
Collective adjustments	X	X	X	X	-2	-2	X	X	X	-3	-3	-5	-18
FINANCIAL INSTITUTIONS													
Net exposure	7	171	20	1	48,535	48,734	-	30	-	12,806	12,836	61,570	74,576
Individual adjustments	-272	-20	-2	-	X	-294	-	-	-	X	-	-294	-295
Collective adjustments	X	X	X	X	-58	-58	X	X	X	-2	-2	-60	-49
INSURANCE COMPANIES													
Net exposure	-	-	-	-	1,439	1,439	-	-	-	1,812	1,812	3,251	4,507
Individual adjustments	-	-	-	-	X	-	-	-	-	X	-	-	-
Collective adjustments	X	X	X	X	-2	-2	X	X	X	-1	-1	-3	-19
NON-FINANCIAL COMPANIES													
Net exposure	1,752	2,177	2,370	148	76,532	82,979	75	266	418	66,863	67,622	150,601	153,173
Individual adjustments	-4,550	-590	-452	-18	X	-5,610	-26	-65	-18	X	-109	-5,719	-4,743
Collective adjustments	X	X	X	X	-823	-823	X	X	X	-133	-133	-956	-774
OTHER COUNTERPARTIES													
Net exposure	687	562	10	40	34,463	35,762	-	1	-	1,258	1,259	37,021	40,350
Individual adjustments	-617	-119	-	-3	X	-739	-	-	-	X	-	-739	-691
Collective adjustments	X	X	X	X	-49	-49	X	X	X	-	-	-49	-77

B.2. Breakdown of on- and off-balance sheet credit exposures to customers by geographical area (book value)

(millions of euro)

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES										
A.1. Doubtful loans	2,439	-5,148	3	-262	2	-6	2	-22	-	-1
A.2. Substandard loans	2,672	-669	198	-57	27	-3	1	-1	15	-
A.3. Restructured exposures	2,125	-418	106	-12	22	-11	147	-13	-	-
A.4. Past due exposures	183	-20	6	-1	-	-	-	-	-	-
A.5. Other exposures	155,152	-750	10,768	-121	7,802	-36	2,484	-19	715	-8
Total A	**162,571**	**-7,005**	**11,081**	**-453**	**7,853**	**-56**	**2,634**	**-55**	**730**	**-9**
B. OFF-BALANCE SHEET EXPOSURES										
B.1. Doubtful loans	74	-25	1	-	5	-	-	-	-	-
B.2. Substandard loans	277	-62	20	-3	1	-	-	-	-	-
B.3. Other non-performing assets	407	-18	2	-1	8	-	8	-	-	-
B.4. Other exposures	42,253	-96	25,337	-28	17,546	-12	1,261	-3	315	-
Total B	**43,011**	**-201**	**25,360**	**-32**	**17,560**	**-12**	**1,269**	**-3**	**315**	**-**
TOTAL (A+B) 31.12.2011	**205,582**	**-7,206**	**36,441**	**-485**	**25,413**	**-68**	**3,903**	**-58**	**1,045**	**-9**
TOTAL 31.12.2010	**221,896**	**-6,139**	**41,552**	**-404**	**31,512**	**-51**	**5,362**	**-70**	**1,021**	**-7**

B.3. Breakdown of relations with customers resident in Italy by geographical area (book value)

(millions of euro)

	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH AND ISLANDS	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES								
A.1. Doubtful loans	1,640	-3,392	50	-82	509	-1,144	240	-530
A.2. Substandard loans	1,871	-482	60	-11	401	-93	340	-83
A.3. Restructured exposures	1,766	-385	261	-1	87	-31	11	-1
A.4. Past due exposures	108	-12	3	-	48	-5	24	-3
A.5. Other exposures	100,263	-547	9,334	-18	38,095	-141	7,460	-44
Total A	**105,648**	**-4,818**	**9,708**	**-112**	**39,140**	**-1,414**	**8,075**	**-661**
B. OFF-BALANCE SHEET EXPOSURES								
B.1. Doubtful loans	27	-11	5	-2	27	-11	15	-1
B.2. Substandard loans	161	-24	7	-22	72	-13	37	-4
B.3. Other non-performing assets	330	-14	32	-	30	-	15	-3
B.4. Other exposures	20,247	-53	2,289	-5	18,500	-35	1,217	-3
Total B	**20,765**	**-102**	**2,333**	**-29**	**18,629**	**-59**	**1,284**	**-11**
TOTAL (A+B) 31.12.2011	**126,413**	**-4,920**	**12,041**	**-141**	**57,769**	**-1,473**	**9,359**	**-672**
TOTAL 31.12.2010	**129,565**	**-4,066**	**6,419**	**-156**	**76,080**	**-1,311**	**9,832**	**-606**

B.4. Breakdown of on- and off-balance sheet credit exposures to banks by geographical area (book value)

(millions of euro)

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES										
A.1. Doubtful loans	43	-8	3	-10	-	-	3	-5	-	-
A.2. Substandard loans	-	-	-	-	-	-	-	-	-	-
A.3. Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4. Past due exposures	-	-	2	-1	-	-	-	-	-	-
A.5. Other exposures	123,094	-3	21,877	-6	1,714	-2	2,429	-5	718	-
Total A	**123,137**	**-11**	**21,882**	**-17**	**1,714**	**-2**	**2,432**	**-10**	**718**	**-**
B. OFF-BALANCE SHEET EXPOSURES										
B.1. Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.2. Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3. Other non-performing assets	-	-	-	-	-	-	-	-	-	-
B.4. Other exposures	10,802	-1	20,060	-9	394	-1	1,494	-6	700	-2
Total B	**10,802**	**-1**	**20,060**	**-9**	**394**	**-1**	**1,494**	**-6**	**700**	**-2**
TOTAL (A+B) 31.12.2011	**133,939**	**-12**	**41,942**	**-26**	**2,108**	**-3**	**3,926**	**-16**	**1,418**	**-2**
TOTAL 31.12.2010	**107,130**	**-11**	**38,768**	**-25**	**2,428**	**-5**	**6,276**	**-28**	**1,135**	**-2**

B.5. Breakdown of relations with banks resident in Italy by geographical area (book value)

(millions of euro)

	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH AND ISLANDS	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES								
A.1. Doubtful loans	43	-8	-	-	-	-	-	-
A.2. Substandard loans	-	-	-	-	-	-	-	-
A.3. Restructured exposures	-	-	-	-	-	-	-	-
A.4. Past due exposures	-	-	-	-	-	-	-	-
A.5. Other exposures	49,382	-1	14,299	-1	57,010	-1	2,403	-
Total A	**49,425**	**-9**	**14,299**	**-1**	**57,010**	**-1**	**2,403**	**-**
B. OFF-BALANCE SHEET EXPOSURES								
B.1. Doubtful loans	-	-	-	-	-	-	-	-
B.2. Substandard loans	-	-	-	-	-	-	-	-
B.3. Other non-performing assets	-	-	-	-	-	-	-	-
B.4. Other exposures	7,116	-	1,240	-	2,283	-1	163	-
Total B	**7,116**	**-**	**1,240**	**-**	**2,283**	**-1**	**163**	**-**
TOTAL (A+B) 31.12.2011	**56,541**	**-9**	**15,539**	**-1**	**59,293**	**-2**	**2,566**	**-**
TOTAL 31.12.2010	**39,942**	**-9**	**12,693**	**-2**	**52,025**	**-**	**2,470**	**-**

B.6. Large risks

Large risks	
a) Book value (millions of euro)	365,725
b) Weighted value (millions of euro)	6,434
b) Number	3

On the basis of the updates to Bank of Italy Circular 263 of 27 December 2006 and the subsequent regulatory clarification provided by the Supervisory Authority effective for financial statements ending 31 December 2010, the number of large risks presented in the table was determined by reference to unweighted "exposures", including those towards the Group's counterparties, in excess of 10% of regulatory capital, where "exposures" are defined as the sum of on-balance sheet assets at risk and off-balance sheet transactions (excluding those deducted from regulatory capital) with a customer or a group of related customers, without applying weighting factors.
Such presentation criteria result in the inclusion in the financial statement table for large risks of entities that - even with a weighting of 0% - present an unweighted exposure in excess of 10% of capital valid for the purposes of large risks.

C. SECURITISATIONS AND ASSET SALES

C.1. Securitisations

Qualitative information

The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

Quantitative information

C.1.1. Breakdown of exposures deriving from securitisations by quality of underlying asset

On-balance sheet

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	exposure		exposure		exposure	
	gross	net	gross	net	gross	net
A. Originated underlying assets	**3**	**3**	**6**	**6**	**73**	**73**
a) Non-performing	-	-	5	5	27	27
b) Other	3	3	1	1	46	46
B. Third party underlying assets	**3,368**	**3,287**	**358**	**349**	**4**	**4**
a) Non-performing	-	-	-	-	-	-
b) Other	3,368	3,287	358	349	4	4
TOTAL	**3,371**	**3,290**	**364**	**355**	**77**	**77**

Part of the positions shown in the table above has been included within the structured credit products: 1,743 million euro of gross exposures and 1,659 million euro net, in any case almost entirely attributable to exposures not included under the US subprime category. For further information on the relative economic and risk effects, see Part E of the Notes to the consolidated financial statements.

Off- balance sheet

(millions of euro)

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	exposure		exposure		exposure		exposure		exposure		exposure	
	gross	net	gross	net	gross	net	gross	net	gross	net	gross	net
A. Originated underlying assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Non-performing	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	-	-	-	-	-	-	-	-	-	-	-	-
B. Third party underlying assets	**24**	**24**	**-**	**-**	**-**	**-**	**2,326**	**2,326**	**-**	**-**	**-**	**-**
a) Non-performing	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	24	24	-	-	-	-	2,326	2,326	-	-	-	-
TOTAL	**24**	**24**	**-**	**-**	**-**	**-**	**2,326**	**2,326**	**-**	**-**	**-**	**-**

C.1.2. Breakdown of exposures deriving from the main "originated" securitisations by type of securitised asset and by type of exposure

On-balance sheet

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A. Fully derecognised	**-**	**-**	**5**	**-2**	**48**	**-1**
A.1 Intesa Sec 2						
- performing residential mortgages	-	-	-	-	*20*	-
A.2 Intesa Sec						
- performing mortgages	-	-	-	-	*1*	*1*
A.3 Intesa Sec Npl						
- doubtful mortgages	-	-	*5*	*-2*	*27*	*-2*
B. Partly derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**3**	**-1**	**1**	**-**	**25**	**-**
C.1 Intesa Sec 3						
- performing residential mortgages	-	-	-	-	*25*	-
C.2 Da Vinci						
- loans to the aircraft sector	*3*	*-1*	*1*	-	-	-
TOTAL	**3**	**-1**	**6**	**-2**	**73**	**-1**

The securitisations in the above table include those for which the Group availed itself of the exemption from compliance to IAS/IFRS permitted on first-time adoption by IFRS 1. Based on this exemption, assets or liabilities sold and derecognised, based on previous accounting principles and deriving from securitisations prior to 1 January 2004, have not been recorded in the financial statements, even if derecognition does not meet the requirements of IAS 39.

Off- balance sheet

This type of exposure did not exist as at 31 December 2011.

C.1.3. Breakdown of exposures deriving from main "third party" securitisations by type of securitised asset and by type of exposure

On-balance sheet

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A.1 Romulus						
- ABCPs	*1,941*	-	-	-	-	-
A.2 TCWGP						
- Project finance loans	*415*	-	-	-	-	-
A.3 Duchess (*)						
- CLOs	*121*	*8*	-	-	-	-
A.4 Geldilux						
- Corporate loans	*100*	-	-	-	-	-
A.5 Zoo						
- CDO cash	*47*	-	-	-	-	-
A.6 Summer street (*)						
- Structured finance CDOs	*45*	*-6*	-	-	-	-
A.7 CCOVE						
- Cash CDOs	*38*	*5*	-	-	-	-
A.8 UCI 17 FTA						
- RMBSs	*34*	-	-	-	-	-
A.9 TBRNA						
- Preference shares	*25*	-	-	-	-	-
A.10 Granite Master Issue Plc						
- RMBSs	-	-	30	-	-	-
A.11 Residual portfolio divided in 264 securities	*521*	*-82*	*319*	*-7* (**)	*4*	*-1*
TOTAL	**3,287**	**-75**	**349**	**-7**	**4**	**-1**

(*) Position included in packages, whose credit risk is entirely hedged by a specific credit default swap (CDS). The adjustment highlighted was, therefore, practically identical to the positive fair value of the derivative. For further information on the relevant economic and risk impacts, see the paragraph on structured credit products in Part E of the Notes to the consolidated financial statements.

(**) Of which -3 million euro related to securities included in packages.

The table below shows the breakdown of the residual portfolio divided into 264 securities by type of underlying asset.

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
RMBS (*)	142	-2	167	-3	-	-
ABS CDO	109	-63	-	-	-	-
CMBS	99	-2	111	-4	-	-
Other ABS (CLO/CMO/CFO)	47	-	6	-	-	-
SME	27	-	22	-	-	-
WL Collateral CMO	18	-	-	-	-	-
TRUPS	14	-10	-	-	-	-
Credit cards	11	-	-	-	-	-
Commercial and residential mortgages	10	-5	-	-	4	-1
Students	9	-	-	-	-	-
CDO	7	-	-	-	-	-
CLO	6	-	-	-	-	-
CBO (*)	5	-	-	-	-	-
Home equity	2	-	-	-	-	-
Car loans	2	-	3	-	-	-
Retail financing	1	-	3	-	-	-
Personal loans	1	-	2	-	-	-
Loans deriving from leasing contracts	1	-	5	-	-	-
Other assets	10	-	-	-	-	-
TOTAL	**521**	**-82**	**319**	**-7**	**4**	**-1**

(*) Position included in packages, whose credit risk is entirely hedged by a specific credit default swap (CDS). The adjustment highlighted was, therefore, practically identical to the positive fair value of the derivative. For further information on the relevant economic and risk impacts, see the paragraph on structured credit products in Part E of the Notes to the consolidated financial statements.

Off- balance sheet

(millions of euro)

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries
A.1 Duomo - *ABCP Conduit transactions*	-	-	-	-	-	-	*2,277*	-	-	-	-	-
A.2 Romulus - *ABCP Conduit transactions*	*24*	-	-	-	-	-	*49*	-	-	-	-	-
TOTAL	**24**	**-**	**-**	**-**	**-**	**-**	**2,326**	**-**	**-**	**-**	**-**	**-**

C.1.4. Breakdown of exposures deriving from securitisations by portfolio and by type

(millions of euro)

	On-balance sheet exposures (*)			Off-balance sheet exposures		
	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior
Financial assets held for trading	243	21	-	-	-	-
Financial assets - fair value option	-	-	1	-	-	-
Financial assets available for sale	9	8	28	-	-	-
Investments held to maturity	-	-	-	-	-	-
Loans (**)	3,035	325	23	2,350	-	-
Total 31.12.2011	**3,287**	**354**	**52**	**2,350**	**-**	**-**
Total 31.12.2010	**2,102**	**432**	**65**	**2,371**	**-**	**-**

(*) Excluding on- and off-balance sheet exposures deriving from originated securitisations in which assets sold have not been fully derecognised for a total of 29 million euro.

(**) This caption includes off-balance sheet exposures referred to "Guarantees given" and "Credit lines".

C.1.5. Total amount of securitised assets underlying junior securities or other forms of backing

(millions of euro)

	Traditional securitisations	Synthetic securitisations
A. Originated underlying assets	**398**	**-**
A.1 Fully derecognised	67	X
1. Doubtful loans	*33*	X
2. Substandard loans	*1*	X
3. Restructured exposures	-	X
4. Past due exposures	-	X
5. Other assets	*33*	X
A.2 Partly derecognised	-	X
1. Doubtful loans	-	X
2. Substandard loans	-	X
3. Restructured exposures	-	X
4. Past due exposures	-	X
5. Other assets	-	X
A.3 Not derecognised	331	-
1. Doubtful loans	*3*	-
2. Substandard loans	*5*	-
3. Restructured exposures	-	-
4. Past due exposures	*2*	-
5. Other assets	*321*	-
B. Third party underlying assets	**313**	**-**
B.1. Doubtful loans	-	-
B.2. Substandard loans	-	-
B.3. Restructured exposures	-	-
B.4. Past due exposures	-	-
B.5. Other assets	313	-

C.1.6. Stakes in special purpose vehicles

Name	Registered office	% Stake
Intesa Lease Sec S.r.l.	Milano	60.00%
Intesa Sec S.p.A.	Milano	60.00%
Intesa Sec 2 S.r.l.	Milano	60.00%
Intesa Sec 3 S.r.l.	Milano	60.00%
Intesa Sec Npl S.p.A.	Milano	60.00%
Augusto S.r.l.	Milano	5.00%
Colombo S.r.l.	Milano	5.00%
Diocleziano S.r.l.	Milano	5.00%
ISP CB Ipotecario S.r.l. (*)	Milano	60.00%
ISP CB Pubblico S.r.l.(*)	Milano	60.00%
ISP Sec 4 S.r.l. (**)	Milano	100.00%

(*) ISP CB Ipotecario and ISP CB Pubblico are not traditional securitisation vehicles which issue securities, but are involved in covered bond issues. For more information, see Section C.3 of Part E of these Notes to the Parent Company's financial statements.

(**) The company ISP Sec 4 was not operative as at 31 December 2011.

C.1.7. Servicer activities – collection of securitised loans and repayment of securities issued by special purpose vehicles

Special purpose vehicles	Securitised assets (period-end figure) (millions of euro)		Collections of loans in the year (millions of euro)		Percentage of reimbursed securities (period-end figure)					
					Senior		Mezzanine		Junior	
	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
Intesa Sec	1	-	-	-	-	100%	-	100%	-	81%
Intesa Sec 2	8	132	1	92	-	100%	-	94%	-	-
Intesa Sec 3	37	1,236	4	361	-	100%	-	46%	-	-
	46	**1,368**	**5**	**453**						

C.2. Sales

C.2.1. Financial assets sold not derecognised

(millions of euro)

	Cash assets				Derivatives	31.12.2011		31.12.2010	
	Debt securities	Equities	UCI	Loans		Total	*of which non-performing assets*	Total	*of which non-performing assets*
FINANCIAL ASSETS HELD FOR TRADING	**1,636**	**-**	**-**	**-**	**-**	**1,636**	**-**	**7,299**	**-**
- Financial assets sold totally recognised (book value)	1,636	-	-	-	-	1,636	-	7,299	-
- Financial assets sold partly recognised (book value)	-	-	-	-	-	-	-	-	-
- Financial assets sold partly recognised (full value)	-	-	-	-	-	-	-	-	-
FINANCIAL ASSETS MEASURED AT FAIR VALUE	**14**	**-**	**-**	**-**	**X**	**14**	**-**	**-**	**-**
- Financial assets sold totally recognised (book value)	14	-	-	-	X	14	-	-	-
- Financial assets sold partly recognised (book value)	-	-	-	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	-	-	-	X	-	-	-	-
FINANCIAL ASSETS AVAILABLE FOR SALE	**2,764**	**-**	**-**	**-**	**X**	**2,764**	**-**	**5,823**	**-**
- Financial assets sold totally recognised (book value)	2,764	-	-	-	X	2,764	-	5,823	-
- Financial assets sold partly recognised (book value)	-	-	-	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	-	-	-	X	-	-	-	-
INVESTMENTS HELD TO MATURITY	**-**	**X**	**X**	**-**	**X**	**-**	**-**	**97**	**-**
- Financial assets sold totally recognised (book value)	-	X	X	-	X	-	-	97	-
- Financial assets sold partly recognised (book value)	-	X	X	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	X	X	-	X	-	-	-	-
DUE FROM BANKS	**5,159**	**X**	**X**	**-**	**X**	**5,159**	**-**	**3,413**	**-**
- Financial assets sold totally recognised (book value)	5,159	X	X	-	X	5,159	-	3,413	-
- Financial assets sold partly recognised (book value)	-	X	X	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	X	X	-	X	-	-	-	-
LOANS TO CUSTOMERS	**34**	**X**	**X**	**1,272**	**X**	**1,306**	**37**	**1,583**	**29**
- Financial assets sold totally recognised (book value)	34	X	X	1,272	X	1,306	37	1,583	29
- Financial assets sold partly recognised (book value)	-	X	X	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	X	X	-	X	-	-	-	-
Total 31.12.2011	**9,607**	**-**	**-**	**1,272**	**-**	**10,879**	**37**	**X**	**X**
Total 31.12.2010	**16,632**	**-**	**-**	**1,583**	**-**	**X**	**X**	**18,215**	**29**

The financial assets sold and not derecognised included within loans to customers relate to loans sold under the SEC 3 securitisation.

C.2.2. Financial liabilities corresponding to financial assets sold not derecognised

(millions of euro)

	Due to customers		Due to banks		Total 31.12.2011	Total 31.12.2010
	Fully recognised	Partly recognised	Fully recognised	Partly recognised		
Financial assets held for trading	-	-	1,236	-	1,236	7,303
Financial assets measured at fair value	-	-	-	-	-	-
Financial assets available for sale	415	-	2,293	-	2,708	5,795
Investments held to maturity	-	-	-	-	-	97
Due from banks	1,527	-	1,341	-	2,868	3,406
Loans to customers	1,319	-	-	-	1,319	1,646
TOTAL	**3,261**	**-**	**4,870**	**-**	**8,131**	**18,247**

The financial liabilities associated to financial assets sold and not derecognised relate to both securitisations and reverse repurchase agreements for securities recorded under assets. They do not, however, include reverse repurchase agreements relating to securities received under repurchase agreements.

C.3. Covered bond transactions

Covered bond transactions where the selling Bank and the lending Bank are the same must be reported under this section. Intesa Sanpaolo uses covered bonds mainly as a type of funding through securities guaranteed by assets originated by Intesa Sanpaolo or by other companies of the Group.
Intesa Sanpaolo has arranged two programmes for the issue of Covered Bonds (CB).
In the first programme, amounting to an initial maximum of 10 billion euro, raised to 20 billion euro in 2011, the guarantor of the Covered Bonds is the vehicle ISP CB Pubblico, to which a portfolio of performing loans and securities to the public sector was transferred, originated by Banca Infrastrutture Innovazione e Sviluppo. Against the sales of these assets, again in 2009 and 2010, Intesa Sanpaolo issued Covered Bonds for a total nominal value of 5 billion euro (of which 3 billion euro relating to a covered bond which matured in the fourth quarter of 2011), in addition to the issues carried out in 2011, detailed below:

- in January 2011, an issue with a nominal value of 1.5 billion euro, intended for the Euromarket. The bonds issued have a 5% coupon, 10-year maturity and an Aaa rating from Moody's; The bonds were placed with institutional investors;
- in March 2011, an issue with a nominal value of 2.4 billion euro. The bonds issued have a floating-rate coupon, 2-year maturity and an Aaa rating from Moody's. The issue was subscribed in full by BIIS;
- in July 2011, an issue with a nominal value of 2 billion euro. The bonds issued have a floating-rate coupon, 2-year maturity and an Aaa rating from Moody's. The issue was subscribed in full by BIIS;
- in December 2011, an issue with a nominal value of 2.4 billion euro. The bonds issued have a floating-rate coupon, 2-year maturity and an Aa3 rating from Moody's. The issue was subscribed in full by BIIS.

In the second programme, amounting to a maximum of 20 billion euro, the guarantor of the Covered Bonds is the vehicle ISP CB Ipotecario S.r.l., to which a portfolio of triple-A-rated securitised securities (RMBS), with underlying composed of Italian residential mortgage loans originated by Intesa Sanpaolo, was transferred. In 2010, against the sales of these assets, Intesa Sanpaolo carried out issues of Covered Bonds with a nominal value of 1 billion euro, in addition to the issues carried out in 2011, detailed below:

- in February 2011, an issue with a nominal value of 2.5 billion euro, intended for the Euromarket. The bonds issued have a 4.375% coupon, 5-year maturity and an Aaa rating from Moody's. The bonds were placed with institutional investors;
- also in February 2011, two issues of Registered Covered Bonds, with a nominal value of 100 million euro and 300 million euro, respectively. The bonds mature in 15 and 20 years, are fixed-rate (5.25% and 5.375%, respectively) and are backed by an Aaa rating from Moody's. The bonds were placed with institutional investors;
- in September 2011, an additional issue of Registered Covered Bonds with a nominal value of 210 million euro. The bond has a 16-year maturity, is fixed-rate (5.25%) and is backed by an Aaa rating from Moody's. The bonds were placed with institutional investors;
- also in September 2011, two floating-rate issues, with nominal values of 2.3 billion euro and 2.25 billion euro, respectively, 2-year maturity and an Aaa rating from Moody's. Both issues were subscribed by the subsidiary Banca IMI;
- in November 2011, an issue with a nominal value of 1.6 billion euro. The bonds issued have a floating-rate coupon, 2-year maturity and an Aa1 rating from Moody's. The issue was subscribed in full by Banca IMI;
- in December 2011, an issue with a nominal value of 2 billion euro. The bonds issued have a floating-rate coupon, 2-year maturity and an Aa1 rating from Moody's. The issue was subscribed in full by Banca IMI.

The main features of the issues are shown in the table below:

(millions of euro)

COVERED BONDS						Vehicle data		Subordinated financing (1)	Covered Bonds issued			
Vehicle	Name	Type of underlying asset	Issue	Maturity	Rating	Total assets	Cumulated losses	amount	nominal amount	book value	IAS classification	Valuation
ISP CB PUBBLICO						13,994	-	-	10,300	10,530		
	Intesa Sanpaolo 10/17 3.25%	Loans to the public sector originated by BIIS	28/04/2010	28/04/2017	Aaa				2,000	2,029 (2)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/21 5%	Loans to the public sector	27/01/2011	27/01/2021	Aaa				1,500	1,671 (2)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/13 TV	Bonds issued by the public sector	30/03/2011	06/04/2013	Aaa				2,400	2,414 (3)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/13 FR	Bonds and loans to the public sector	29/07/2011	06/10/2013	Aaa				2,000	2,011 (3)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/14 FR	Bonds and loans to the public sector	01/12/2011	07/04/2014	Aa3				2,400	2,405 (3)	Securities issued	Amortised cost
ISP CB IPOTECARIO						15,163	-	14,829	12,260	12,561		
	Intesa Sanpaolo 10/15 3%	RMBS (Performing residential mortgages)	04/11/2010	04/11/2015	Aaa				1,000	1,024 (2)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/16 4.375%	RMBS (Performing residential mortgages)	16/02/2011	16/08/2016	Aaa				2,500	2,680 (2)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/26 5.25%	RMBS (Performing residential mortgages)	17/02/2011	17/02/2026	Aaa				100	114 (2)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/31 5.375%	RMBS (Performing residential mortgages)	17/02/2011	17/02/2031	Aaa				300	350 (2)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/27 5.25%	RMBS (Performing residential mortgages)	16/09/2011	16/09/2027	Aaa				210	213 (2)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/13 FR	RMBS (Performing residential mortgages)	19/09/2011	14/10/2013	Aaa				2,300	2,312 (4)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/13 FR	RMBS (Performing residential mortgages)	26/09/2011	14/10/2013	Aaa				2,250	2,262 (4)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/14 FR	RMBS (Performing residential mortgages)	18/11/2011	12/01/2014	Aa1				1,600	1,605 (4)	Securities issued	Amortised cost
	Intesa Sanpaolo 11/14 FR	RMBS (Performing residential mortgages)	23/12/2011	12/01/2014	Aa1				2,000	2,001 (4)	Securities issued	Amortised cost

(1) The caption includes the subordinated loan granted by the originator to the vehicle to finance the purchase of the portfolio serving as collateral for the CBs. This loan is derecognised in the originator's IAS-compliant separate financial statements. The amount of the credit line refers to issues previously carried out under issue programmes with higher maximum amounts.

(2) The entire amount of the bonds (CB) issued by Intesa Sanpaolo were placed on the market with professional investors and international financial intermediaries.

(3) The bonds (CB) issued by Intesa Sanpaolo were entirely subscribed by BIIS.

(4) The bonds (CB) issued by Intesa Sanpaolo were entirely subscribed by Banca IMI.

D. MODELS FOR THE MEASUREMENT OF CREDIT RISK

At the end of 2011, expected losses totalled 0.46% of disbursed loans. This indicator improved compared to the figure at the end of 2010 (0.52%) due to higher credit quality and the adoption of new LGD estimates on mortgages following the update of the portfolio's historical series.

The internal rating and LGD models are subject to internal validation process and a level three control by the Internal Auditing Department. The control functions produce a report for the Bank of Italy on the compliance of the model with the supervisory regulations, which also verifies deviations of the ex ante estimates and the effective ex post values. This report, approved by the Management Board and the Supervisory Board of Intesa Sanpaolo, confirms the requirements of compliance.

SECTION 2 – MARKET RISKS

2.1. INTEREST RATE RISK AND PRICE RISK – REGULATORY TRADING BOOK

QUALITATIVE INFORMATION

Qualitative information about measurement criteria of financial risks of Intesa Sanpaolo's regulatory trading book is contained in Part E of the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION

Operational quantitative information on Intesa Sanpaolo's market risks is contained in Part E of the Notes to the consolidated financial statements.

2.2 INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

QUALITATIVE INFORMATION

Qualitative information on the measurement of financial risks in Intesa Sanpaolo's banking book is contained in Part E of the Notes to the consolidated financial statements.
With regard to the hedging of foreign investments, hedges have been executed during the year to cover the foreign exchange risk related to earnings in foreign currency generated by the Parent Company's branches abroad.

QUANTITATIVE INFORMATION

Banking book: internal models and other sensitivity analysis methodologies
Interest margin sensitivity – assuming a 100 basis point increase in interest rates and a twelve-month holding period – amounted to -50 million euro at the end of 2011 (+44 million euro in the event of reduction).
The above potential impact would be reflected, in the case of invariance of the other income components, also in the Bank's year-end profit and loss net of tax.
Interest rate risk, generated by Intesa Sanpaolo's banking book, measured through shift sensitivity analysis (sensitivity of portfolio value to a parallel and uniform shift in the yield curve of ±100 basis points), recorded an average of 162 million euro during 2011 and amounted to 191 million euro at year-end.
Interest rate risk, measured in terms of VaR (99% confidence level, 10-day holding period), amounted to an average of 54 million euro during 2011, with a minimum value of 32 million euro and a maximum value of 85 million euro. At the end of December 2011 VaR totalled 44 million euro.
Price risk generated by minority stakes in quoted companies, mostly held in the AFS (Available for Sale) category and measured in terms of VaR, recorded an average level during 2011 of 83 million euro (79 million euro at the end of 2010), with minimum and maximum values of 61 million euro and 101 million euro respectively. The VaR at the end of 2011 amounted to 94 million euro.
The table below shows a sensitivity analysis of the banking book to price risk, measuring the impact on Shareholders' Equity of a price shock for the abovementioned quoted assets recorded in the AFS portfolio.

Price risk: impact on Shareholders' Equity

		Impact on shareholders' equity (millions of euro)
Price shock	-10%	-61
Price shock	10%	61

2.3. FOREIGN EXCHANGE RISK

QUALITATIVE INFORMATION

Qualitative information, including hedging activities of foreign exchange risk, is contained in Part E of the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION

1. Breakdown by currency of assets and liabilities and of derivatives

(millions of euro)

	Currencies				
	US dollar	GB pound	Swiss franc	Yen	Other currencies
A. FINANCIAL ASSETS	**18,479**	**1,657**	**995**	**1,015**	**3,703**
A.1 Debt securities	4,759	734	-	51	1,349
A.2 Equities	573	138	1	-	46
A.3 Loans to banks	4,042	430	811	344	879
A.4 Loans to customers	9,105	355	183	620	1,429
A.5 Other financial assets	-	-	-	-	-
B. OTHER ASSETS	**1,110**	**43**	**10**	**85**	**179**
C. FINANCIAL LIABILITIES	**15,427**	**2,506**	**133**	**852**	**1,524**
C.1 Due to banks	7,397	1,040	45	220	982
C.2 Due to customers	3,141	184	81	61	230
C.3 Debt securities	4,889	1,282	7	571	312
C.4 Other financial liabilities	-	-	-	-	-
D. OTHER LIABILITIES	**798**	**37**	**3**	**35**	**175**
E. FINANCIAL DERIVATIVES					
- Options					
long positions	*504*	*100*	-	*85*	*13*
short positions	*475*	*99*	-	*84*	*13*
- Other derivatives					
long positions	*44,892*	*5,046*	*1,653*	*1,948*	*5,778*
short positions	*48,281*	*4,201*	*2,534*	*2,128*	*7,796*
TOTAL ASSETS	**64,985**	**6,846**	**2,658**	**3,133**	**9,673**
TOTAL LIABILITIES	**64,981**	**6,843**	**2,670**	**3,099**	**9,508**
IMBALANCE (+/-)	**4**	**3**	**-12**	**34**	**165**

2. Internal models and other sensitivity analysis methodologies

Management of foreign exchange risk relative to trading activities is included within the operating procedures and the estimation methodologies of the internal model based on VaR calculations, as described in Part E of the Notes to the consolidated financial statements.

Foreign exchange risk expressed by equity investments in foreign currency (banking book), including Group companies, originated a VaR (99% confidence level, 10-day holding period) amounting to 48 million euro as at 31 December 2011. This potential impact would only affect Shareholders' Equity, until disposal.

2.4. DERIVATIVES

A. FINANCIAL DERIVATIVES

A.1. Regulatory trading book: period-end and average notional amounts

(millions of euro)

	31.12.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**352,282**	**-**	**375,002**	**4,634**
a) Options	12,726	-	14,833	-
b) Swaps	332,981	-	359,875	-
c) Forwards	154	-	236	-
d) Futures	6,421	-	58	4,634
e) Others	-	-	-	-
2. Equities and stock indices	**1,795**	**89**	**2,271**	**37**
a) Options	1,628	89	2,175	37
b) Swaps	167	-	96	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**104,717**	**-**	**91,721**	**-**
a) Options	4,863	-	5,792	-
b) Swaps	11,212	-	18,761	-
c) Forwards	88,000	-	66,797	-
d) Futures	-	-	-	-
e) Others	642	-	371	-
4. Commodities	**8,375**	**-**	**2,702**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**467,169**	**89**	**471,696**	**4,671**
AVERAGE VALUES	**481,857**	**1,552**	**477,669**	**6,830**

The Bank has traded on organised futures markets through direct participants mainly belonging to Group Investment Banking.

A.2. Banking book: period-end and average notional amounts

A.2.1. Hedging

(millions of euro)

	31.12.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**156,561**	**-**	**148,763**	**-**
a) Options	2,895	-	2,068	-
b) Swaps	153,666	-	146,695	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equities and stock indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**4,401**	**-**	**4,625**	**-**
a) Options	-	-	-	-
b) Swaps	4,401	-	4,625	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**160,962**	**-**	**153,388**	**-**
AVERAGE VALUES	**152,523**	**-**	**151,279**	**-**

A.2.2. Other derivatives

(millions of euro)

	31.12.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**18,944**	**-**	**21,233**	**-**
a) Options	14,679	-	16,699	-
b) Swaps	4,265	-	4,534	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equities and stock indices	**3,988**	**-**	**5,035**	**-**
a) Options	3,988	-	5,035	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**2,442**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	2,442	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**25,374**	**-**	**26,268**	**-**
AVERAGE VALUES	**24,796**	**-**	**15,368**	**-**

The table above shows the financial derivatives recognised in the financial statements in the trading book, but not forming part of the regulatory trading book. In particular, the table shows the derivatives recorded separately from the combined financial instruments, the derivatives used to hedge debt securities measured at fair value through profit and loss, operational foreign exchange risk hedging derivatives correlated to specific foreign-currency funding and the put and call options relating to commitments on equity investments.

A.3. Financial derivatives gross positive fair value – breakdown by product

(millions of euro)

	Positive fair value			
	31.12.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	**10,735**	**6**	**8,386**	**1**
a) Options	317	6	315	1
b) Interest rate swaps	7,874	-	6,099	-
c) Cross currency swaps	1,096	-	1,064	-
d) Equity swaps	21	-	-	-
e) Forwards	1,184	-	810	-
f) Futures	-	-	-	-
g) Others	243	-	98	-
B. Banking book - hedging	**7,902**	**-**	**5,550**	**-**
a) Options	185	-	148	-
b) Interest rate swaps	7,062	-	5,050	-
c) Cross currency swaps	655	-	352	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**778**	**-**	**864**	**-**
a) Options	328	-	542	-
b) Interest rate swaps	313	-	322	-
c) Cross currency swaps	137	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**19,415**	**6**	**14,800**	**1**

A.4. Financial derivatives gross negative fair value – breakdown by product

(millions of euro)

	Negative fair value			
	31.12.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	**11,386**	**-**	**8,789**	**-**
a) Options	301	-	298	-
b) Interest rate swaps	8,181	-	6,287	-
c) Cross currency swaps	1,176	-	1,332	-
d) Equity swaps	21	-	-	-
e) Forwards	1,457	-	764	-
f) Futures	-	-	-	-
g) Others	250	-	108	-
B. Banking book - hedging	**2,465**	**-**	**2,280**	**-**
a) Options	-	-	3	-
b) Interest rate swaps	2,337	-	1,874	-
c) Cross currency swaps	128	-	403	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**733**	**-**	**867**	**-**
a) Options	399	-	540	-
b) Interest rate swaps	330	-	327	-
c) Cross currency swaps	4	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**14,584**	**-**	**11,936**	**-**

A.5. Over the counter financial derivatives: regulatory trading book – notional amounts, gross positive and negative fair values by counterparty – contracts not included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	108	38,119	6,241	10	24,559	183
- positive fair value	-	20	489	210	-	918	6
- negative fair value	-	-	-703	-66	-	-278	-
- future exposure	-	1	84	28	-	114	1
2. Equities and stock indices							
- notional amount	-	-	84	138	612	-	-
- positive fair value	-	-	-	21	-	-	-
- negative fair value	-	-	-21	-3	-6	-	-
- future exposure	-	-	5	5	-	-	-
3. Foreign exchange rates and gold							
- notional amount	-	-	22,186	9,450	81	7,552	24
- positive fair value	-	-	192	109	3	175	2
- negative fair value	-	-	-545	-193	-1	-113	-
- future exposure	-	-	147	148	1	101	-
4. Other values							
- notional amount	-	-	-	28	-	3,572	-
- positive fair value	-	-	-	2	-	94	-
- negative fair value	-	-	-	-	-	-92	-
- future exposure	-	-	-	3	-	387	-

A.6. Over the counter financial derivatives: regulatory trading book – notional amounts, gross positive and negative fair values by counterparty – contracts included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	-	255,021	27,495	57	489	-
- positive fair value	-	-	6,167	266	-	7	-
- negative fair value	-	-	-7,035	-267	-14	-9	-
2. Equities and stock indices							
- notional amount	-	-	926	-	35	-	-
- positive fair value	-	-	13	-	-	-	-
- negative fair value	-	-	-4	-	-1	-	-
3. Foreign exchange rates and gold							
- notional amount	-	-	60,652	3,091	-	1,681	-
- positive fair value	-	-	1,525	82	-	307	-
- negative fair value	-	-	-1,756	-74	-	-80	-
4. Other values							
- notional amount	-	-	4,315	-	-	460	-
- positive fair value	-	-	125	-	-	2	-
- negative fair value	-	-	-99	-	-	-26	-

A.7. Over the counter financial derivatives: banking book – notional amounts, gross positive and negative fair values by counterparty – contracts not included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	-	3,234	-	-	-	8,535
- positive fair value	-	-	-	-	-	-	3
- negative fair value	-	-	-168	-	-	-	-395
- future exposure	-	-	6	-	-	-	4
2. Equities and stock indices							
- notional amount	-	-	564	96	-	293	1,666
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-5	-	-	-72	-42
- future exposure	-	-	32	2	-	2	-
3. Foreign exchange rates and gold							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
4. Other values							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8. Over the counter financial derivatives: banking book – notional amounts, gross positive and negative fair values by counterparty – contracts included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	-	158,986	4,750	-	-	-
- positive fair value	-	-	7,620	218	-	-	-
- negative fair value	-	-	-2,145	-238	-	-	-
2. Equities and stock indices							
- notional amount	-	-	1,148	221	-	-	-
- positive fair value	-	-	40	6	-	-	-
- negative fair value	-	-	-	-	-	-	-
3. Foreign exchange rates and gold							
- notional amount	-	-	6,245	598	-	-	-
- positive fair value	-	-	724	69	-	-	-
- negative fair value	-	-	-131	-2	-	-	-
4. Other values							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

A.9. Residual maturity of over the counter financial derivatives: notional amounts

(millions of euro)

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
A. Regulatory trading book	**302,340**	**113,973**	**50,856**	**467,169**
A.1 Financial derivatives on debt securities and interest rates	203,358	103,888	45,036	352,282
A.2 Financial derivatives on equities and stock indices	418	768	609	1,795
A.3 Financial derivatives on foreign exchange rates and gold	94,062	5,444	5,211	104,717
A.4 Financial derivatives - other	4,502	3,873	-	8,375
B. Banking book	**70,253**	**78,840**	**37,243**	**186,336**
B.1 Financial derivatives on debt securities and interest rates	65,966	74,527	35,012	175,505
B.2 Financial derivatives on equities and stock indices	2,149	1,354	485	3,988
B.3 Financial derivatives on foreign exchange rates and gold	2,138	2,959	1,746	6,843
B.4 Financial derivatives - other	-	-	-	-
Total 31.12.2011	**372,593**	**192,813**	**88,099**	**653,505**
Total 31.12.2010	**384,693**	**180,775**	**85,884**	**651,352**

A.10. Over the counter financial derivatives: counterparty risk/financial risk – internal models

As the Bank does not use EPE internal models for calculating counterparty risk, it has not prepared this table, rather, it has prepared table A.3 above.

B. CREDIT DERIVATIVES

B.1. Credit derivatives: period-end and average notional amounts

(millions of euro)

	Regulatory trading book		Banking book	
	single counterparty	more counterparties (*basket*)	single counterparty	more counterparties (*basket*)
1. Protection purchases				
- Credit default products	*3,639*	*2,884*	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	-	-	-	-
- Others	-	-	-	-
Total 31.12.2011	**3,639**	**2,884**	**-**	**-**
Average values	**5,285**	**3,444**	**-**	**-**
Total 31.12.2010	**6,931**	**4,003**	**-**	**-**
2. Protection sales				
- Credit default products	*3,469*	*3,268*	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	-	-	-	-
- Others	-	-	-	-
Total 31.12.2011	**3,469**	**3,268**	**-**	**-**
Average values	**4,784**	**4,182**	**-**	**-**
Total 31.12.2010	**6,100**	**5,096**	**-**	**-**

Part of the contracts in force as at 31 December 2011, shown in the table above, has been included within the structured credit products, namely: 496 million euro of protection purchases and 800 million euro of protection sales, in any case almost entirely attributable to exposures not included in US subprime exposures.
For further information on the relative economic and risk effects, see the chapter on market risks in the Notes to the consolidated financial statements.

B.2. Over the counter credit derivatives: gross positive fair value – breakdown by product

(millions of euro)

	Positive fair value	
	31.12.2011	31.12.2010
A. Regulatory trading book	**327**	**339**
a) Credit default products	327	339
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
TOTAL	**327**	**339**

Part of the positive fair values, recognised as at 31 December 2011, and shown in the table above, has been included within the structured credit products, namely: 145 million euro, almost entirely attributable to positions taken to hedge the exposure in structured credit products.
For further information on the relative economic and risk effects, see the chapter on market risks in the Notes to the consolidated financial statements.

B.3. Over the counter credit derivatives: gross negative fair value – breakdown by product

(millions of euro)

	Negative fair value	
	31.12.2011	31.12.2010
A. Regulatory trading book	**591**	**665**
a) Credit default products	591	665
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
B. Banking book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
TOTAL	**591**	**665**

Part of the negative fair values, recognised as at 31 December 2011, and shown in the table above, has been included within the structured credit products, namely: 397 million euro almost entirely attributable to exposures not included under the US subprime category.
For further information on the relative economic and risk effects, see the chapter on market risks in the Notes to the consolidated financial statements.

B.4. Over the counter credit derivatives: gross (positive and negative) fair values by counterparty – contracts not included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
REGULATORY TRADING BOOK							
1. Protection purchases							
- notional amount	-	-	1,529	1,223	-	-	-
- positive fair value	-	-	68	72	-	-	-
- negative fair value	-	-	-1	-2	-	-	-
- future exposure	-	-	123	91	-	-	-
2. Protection sales							
- notional amount	-	-	1,258	1,791	-	-	-
- positive fair value	-	-	1	2	-	-	-
- negative fair value	-	-	-73	-285	-	-	-
- future exposure	-	-	23	42	-	-	-
BANKING BOOK							
1. Protection purchases							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2. Protection sales							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

B.5. Over the counter credit derivatives: gross (positive and negative) fair values by counterparty – contracts included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
REGULATORY TRADING BOOK							
1. Protection purchases							
- notional amount	-	-	3,258	513	-	-	-
- positive fair value	-	-	161	18	-	-	-
- negative fair value	-	-	-6	-2	-	-	-
2. Protection sales							
- notional amount	-	-	3,122	566	-	-	-
- positive fair value	-	-	4	1	-	-	-
- negative fair value	-	-	-208	-14	-	-	-
BANKING BOOK							
1. Protection purchases							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2. Protection sales							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

B.6. Residual maturity of credit derivatives: notional amounts

(millions of euro)

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
A. Regulatory trading book	**5,896**	**6,118**	**1,246**	**13,260**
A.1 Credit derivatives with "qualified reference obligation"	3,009	2,482	524	6,015
A.2 Credit derivatives with "unqualified reference obligation"	2,887	3,636	722	7,245
B. Banking book	**-**	**-**	**-**	**-**
B.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
B.2 Credit derivatives with "unqualified reference obligation"	-	-	-	-
Total 31.12.2011	**5,896**	**6,118**	**1,246**	**13,260**
Total 31.12.2010	**8,272**	**11,438**	**2,420**	**22,130**

C. CREDIT AND FINANCIAL DERIVATIVES

C.1. Over the counter credit and financial derivatives: net fair values and future exposure by counterparty

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Financial derivatives - bilateral agreements	**-**	**-**	**12,304**	**28**	**-15**	**607**	**-**
- positive fair value	-	-	4,987	17	-	234	-
- negative fair value	-	-	-547	-32	-15	-33	-
- future exposure	-	-	6,278	21	-	320	-
- net counterparty risk	-	-	1,586	22	-	86	-
2. Credit derivatives - bilateral agreements	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
3. "Cross product" agreements	**-**	**-**	**1,779**	**191**	**-**	**-**	**-**
- positive fair value	-	-	823	77	-	-	-
- negative fair value	-	-	-265	-	-	-	-
- future exposure	-	-	623	60	-	-	-
- net counterparty risk	-	-	598	54	-	-	-
Total 31.12.2011	**-**	**-**	**14,083**	**219**	**-15**	**607**	**-**

SECTION 3 - LIQUIDITY RISK

QUALITATIVE INFORMATION

The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION

1. Breakdown by contractual residual maturity of financial assets and liabilities

The breakdown by maturity of assets and liabilities is shown in the tables below according to the rules set forth in financial statement regulations (Bank of Italy circular 262 and related clarifications issued by the Supervisory Authority), using accounting information organised by contractual residual maturity.
Therefore, no operational data was used that would require, for example, the modelling of demand liabilities and the representation of cash items according to their level of liquidability.

Currency of denomination: Euro

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	**24,553**	**15,277**	**18,856**	**27,274**	**37,659**	**30,890**	**26,150**	**76,169**	**50,221**	**3,980**
A.1 Government bonds	-	-	-	550	1,607	3,623	2,923	2,034	1,424	-
A.2 Other debt securities	-	-	10	12	814	3,052	4,692	9,367	1,716	5
A.3 Quotas of UCI	351	-	-	-	-	-	-	-	-	-
A.4 Loans	24,202	15,277	18,846	26,712	35,238	24,215	18,535	64,768	47,081	3,975
- Banks	*3,646*	*10,818*	*14,532*	*15,627*	*19,947*	*16,619*	*8,550*	*21,239*	*10,318*	*3,975*
- Customers	*20,556*	*4,459*	*4,314*	*11,085*	*15,291*	*7,596*	*9,985*	*43,529*	*36,763*	-
Cash liabilities	**84,190**	**6,781**	**3,521**	**31,193**	**8,978**	**8,155**	**13,359**	**130,999**	**33,153**	**4,163**
B.1 Deposits and current accounts	83,647	2,122	2,753	2,677	3,841	3,445	5,207	34,010	3,876	-
- Banks	*6,792*	*889*	*2,056*	*1,224*	*2,662*	*2,558*	*4,202*	*33,473*	*3,876*	-
- Customers	*76,855*	*1,233*	*697*	*1,453*	*1,179*	*887*	*1,005*	*537*	-	-
B.2 Debt securities	13	515	204	3,810	1,464	3,678	7,461	83,029	27,340	4,163
B.3 Other liabilities	530	4,144	564	24,706	3,673	1,032	691	13,960	1,937	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	*13,462*	*5,726*	*9,393*	*9,722*	*4,577*	*3,689*	*3,539*	*2,687*	-
- Short positions	*107*	*12,677*	*3,357*	*5,745*	*7,004*	*4,238*	*5,156*	*4,937*	*4,208*	-
C.2 Financial derivatives without exchange of capital										
- Long positions	*7,179*	-	-	-	-	-	-	-	-	-
- Short positions	*7,429*	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	*327*	*183*	-	-	-	-	-	-	-	-
- Short positions	*114*	*152*	*8*	*182*	*34*	*3*	*2*	*16*	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	*11*	*8,138*	*513*	*13*	*1,211*	*3,939*	*2,135*	*13,011*	*107*	*1*
- Short positions	*24,287*	*19*	-	-	*557*	*814*	*684*	*2,717*	*52*	*1*
C.5 Financial guarantees given	88	-	-	-	1	-	2	55	1	-

Currency of denomination: US dollar

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	**2,668**	**2,126**	**1,232**	**1,930**	**1,403**	**1,124**	**1,467**	**4,104**	**2,521**	**3**
A.1 Government bonds	-	-	-	-	-	10	39	116	11	-
A.2 Other debt securities	541	584	577	288	23	71	666	875	954	3
A.3 Quotas of UCI	573	-	-	-	-	-	-	-	-	-
A.4 Loans	1,554	1,542	655	1,642	1,380	1,043	762	3,113	1,556	-
- Banks	*1,013*	*340*	*80*	*358*	*707*	*748*	*275*	*370*	*157*	-
- Customers	*541*	*1,202*	*575*	*1,284*	*673*	*295*	*487*	*2,743*	*1,399*	-
Cash liabilities	**2,468**	**941**	**766**	**2,135**	**3,969**	**425**	**867**	**2,884**	**781**	**-**
B.1 Deposits and current accounts	2,438	791	359	1,182	638	268	95	31	-	-
- Banks	*999*	*227*	*285*	*1,047*	*179*	*232*	*80*	*31*	-	-
- Customers	*1,439*	*564*	*74*	*135*	*459*	*36*	*15*	-	-	-
B.2 Debt securities	-	-	63	605	40	157	772	2,367	781	-
B.3 Other liabilities	30	150	344	348	3,291	-	-	486	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	*11,976*	*4,262*	*5,996*	*6,585*	*3,468*	*4,560*	*3,559*	*2,260*	-
- Short positions	-	*12,924*	*5,711*	*7,957*	*9,268*	*2,666*	*3,574*	*2,208*	*1,655*	-
C.2 Financial derivatives without exchange of capital										
- Long positions	*874*	-	-	-	-	-	-	-	-	-
- Short positions	*898*	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	*15*	*5*	-	-	-	-	-	-	-	-
- Short positions	-	-	-	*15*	*5*	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	*428*	*39*	*34*	*259*	*1,412*	*757*	*7,458*	*1,235*	*11*
- Short positions	*9,873*	*33*	-	*14*	*174*	*537*	*100*	*404*	*684*	*11*
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: Pound sterling

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	**62**	**198**	**4**	**76**	**118**	**328**	**112**	**515**	**113**	**-**
A.1 Government bonds	12	-	-	-	-	245	-	259	-	-
A.2 Other debt securities	-	-	-	-	-	49	-	78	91	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	50	198	4	76	118	34	112	178	22	-
- Banks	*18*	*191*	-	*11*	*11*	*31*	*35*	*117*	*16*	-
- Customers	*32*	*7*	*4*	*65*	*107*	*3*	*77*	*61*	*6*	-
Cash liabilities	**128**	**77**	**313**	**19**	**693**	**36**	**83**	**30**	**1,006**	**-**
B.1 Deposits and current accounts	127	47	50	7	94	24	-	-	-	-
- Banks	*64*	*8*	*24*	*6*	*69*	-	-	-	-	-
- Customers	*63*	*39*	*26*	*1*	*25*	*24*	-	-	-	-
B.2 Debt securities	-	-	-	12	24	12	83	30	1,006	-
B.3 Other liabilities	1	30	263	-	575	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	*1,037*	*150*	*745*	*526*	*265*	*730*	*320*	*1,352*	-
- Short positions	-	*1,430*	*531*	*405*	*382*	*245*	*331*	*292*	*677*	-
C.2 Financial derivatives without exchange of capital										
- Long positions	*169*	-	-	-	-	-	-	-	-	-
- Short positions	*180*	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	*30*	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	*30*	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	*342*	-	-	-	-	*33*	*346*	-	*2*
- Short positions	*721*	-	-	-	-	-	-	-	-	*2*
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: Yen

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	**134**	**214**	**79**	**92**	**99**	**15**	**78**	**221**	**81**	**-**
A.1 Government bonds	-	-	-	-	-	-	-	51	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	134	214	79	92	99	15	78	170	81	-
- Banks	*35*	*152*	*8*	*23*	*24*	-	*65*	*16*	*20*	-
- Customers	*99*	*62*	*71*	*69*	*75*	*15*	*13*	*154*	*61*	-
Cash liabilities	**50**	**-**	**-**	**-**	**30**	**-**	**152**	**399**	**202**	**-**
B.1 Deposits and current accounts	50	-	-	-	30	-	87	110	-	-
- Banks	*21*	-	-	-	-	-	*87*	*110*	-	-
- Customers	*29*	-	-	-	*30*	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	65	289	202	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	*317*	*46*	*426*	*174*	*44*	*262*	*465*	*232*	-
- Short positions	-	*567*	*247*	*881*	*153*	*42*	*110*	*117*	*32*	-
C.2 Financial derivatives without exchange of capital										
- Long positions	*38*	-	-	-	-	-	-	-	-	-
- Short positions	*39*	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	*29*	*1*	*21*	*6*	*49*	*2*	*1*	*9*	-
- Short positions	*117*	*1*	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: Swiss franc

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	**16**	**228**	**40**	**154**	**346**	**14**	**10**	**141**	**47**	**-**
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	16	228	40	154	346	14	10	141	47	-
- Banks	*13*	*201*	*11*	*147*	*328*	*4*	*7*	*53*	*47*	-
- Customers	*3*	*27*	*29*	*7*	*18*	*10*	*3*	*88*	-	-
Cash liabilities	**89**	**1**	**7**	**-**	**33**	**-**	**-**	**2**	**-**	**-**
B.1 Deposits and current accounts	89	1	-	-	33	-	-	2	-	-
- Banks	*43*	*1*	-	-	-	-	-	*2*	-	-
- Customers	*46*	-	-	-	*33*	-	-	-	-	-
B.2 Debt securities	-	-	7	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	*147*	*108*	*326*	*67*	*62*	*79*	*448*	*404*	-
- Short positions	-	*556*	*188*	*722*	*73*	*68*	*75*	*448*	*403*	-
C.2 Financial derivatives without exchange of capital										
- Long positions	*14*	-	-	-	-	-	-	-	-	-
- Short positions	*13*	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	*125*	*3*	-	*16*	*15*	-	*9*	-	-
- Short positions	*168*	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

Currency of denomination: Other currencies

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
Cash assets	**202**	**568**	**124**	**150**	**251**	**681**	**854**	**725**	**108**	**-**
A.1 Government bonds	-	-	2	1	2	302	738	134	-	-
A.2 Other debt securities	-	20	-	2	30	8	16	95	-	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	202	548	122	147	219	371	100	496	108	-
- Banks	*188*	*421*	*108*	*56*	*77*	*17*	*-*	*-*	*12*	*-*
- Customers	*14*	*127*	*14*	*91*	*142*	*354*	*100*	*496*	*96*	*-*
Cash liabilities	**177**	**183**	**362**	**20**	**344**	**36**	**27**	**226**	**103**	**-**
B.1 Deposits and current accounts	177	54	53	12	250	28	18	68	40	-
- Banks	*94*	*44*	*53*	*2*	*187*	*25*	*10*	*19*	*40*	*-*
- Customers	*83*	*10*	*-*	*10*	*63*	*3*	*8*	*49*	*-*	*-*
B.2 Debt securities	-	-	-	8	30	8	9	158	63	-
B.3 Other liabilities	-	129	309	-	64	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	*107*	*1,106*	*144*	*797*	*1,082*	*1,139*	*1,064*	*810*	*99*	*-*
- Short positions	*-*	*1,815*	*483*	*2,117*	*949*	*796*	*810*	*1,186*	*55*	*-*
C.2 Financial derivatives without exchange of capital										
- Long positions	*117*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- Short positions	*123*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
C.3 Deposits and loans to be settled										
- Long positions	*18*	*2*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- Short positions	*-*	*20*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
C.4 Irrevocable commitments to lend funds										
- Long positions	*-*	*1*	*-*	*1*	*-*	*49*	*51*	*42*	*99*	*-*
- Short positions	*242*	*1*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

2. Self-securitisations carried out by Intesa Sanpaolo S.p.A.

The securitisations originated by Intesa Sanpaolo S.p.A. in which it underwrote all the securities issued by the related vehicle (self-securitisations) have not been shown in the tables of Part E, section C "Securitisation and asset sales" of the Notes to the financial statements.
In 2008 and 2009, Intesa Sanpaolo S.p.A. originated three securitisations through the vehicles Adriano Finance S.r.l. and Adriano Finance 2 S.r.l..
In further detail, through the vehicle Adriano Finance S.r.l.:

– on 4 August 2008, securitisation was completed of a portfolio of performing mortgages of 7,998 million euro, sold without recourse to the vehicle, which issued RMBSs of a like amount at par (Adriano Finance F/R Notes December 2055). The class-A notes, eligible for repurchase transactions with the ECB, are listed on the Luxembourg Stock Exchange. On 20 October 2010, Intesa Sanpaolo S.p.A. transferred all outstanding class-A Adriano Finance RMBS F/R Dec 2055 notes to the vehicle ISP CB Ipotecario S.r.l. in support of its inaugural issue of covered bonds of 1 billion euro intended for the euromarket as part of an issuance programme of 20 billion euro.
– on 18 December 2008, securitisation was completed of a portfolio of performing residential mortgages of 5,679 million euro originating with the former Intesa network, sold without recourse to the vehicle, which issued MBSs of a like amount at par (Adriano Finance F/R Notes due December 2058). On 7 April 2011, Adriano Finance S.r.l. authorised the early unwinding of the securitisation through the early redemption of both classes of notes, issued and subscribed by the Parent Company in their entirety. The repurchase of the portfolio of securitised loans took effect in economic terms on 23 May 2011 for the price of 3,780 million euro. The class-A notes were redeemed in their entirety at their nominal values on 31 May.
– on 20 July 2009, securitisation was completed of a portfolio of performing residential mortgages of 5,860 million euro, sold without recourse to the vehicle, which issued a third series of RMBSs of a like amount at par (Adriano Finance F/R Notes due June 2065). The class-A notes are eligible for refinancing transactions with the Eurosystem.

Through the vehicle Adriano Finance 2 S.r.l., on 31 December 2008 securitisation was completed of a portfolio of performing residential mortgages of 13,050 million euro originating with the former Sanpaolo network, sold without recourse to the vehicle, which issued RMBSs of a like amount at par (Adriano Finance F/R Notes due June 2061). The class-A notes, listed on the Luxembourg Stock Exchange, are eligible for repurchase transactions with the ECB.

On 25 November 2011, Intesa Sanpaolo S.p.A. completed the sale without recourse to the vehicle Adriano Finance 2 S.r.l. of a second portfolio of performing residential mortgages for approximately 5,349 million euro, with economic effects as of 7 November. The notes are expected to be issued in the first quarter of 2012.

These transactions, broken down into tranches, are summarised in the table below:

(millions of euro)

Vehicle	Type of security issued	Type of asset securitised	External rating	Principal as at 31.12.2011
Adriano Finance S.r.l.	**Senior**			**5,297**
- of which first mortgage portfolio securitised (4 August 2008) (*)		Performing mortgages	AA+/Aa2	-
- of which second mortgage portfolio securitised (Adriano bis Securitisation) (18 December 2008)		Performing residential and commercial long-term mortgages		-
- of which third mortgage portfolio securitised (Adriano ter Securitisation) (20 July 2009)		Performing residential mortgages	AAA/Aa2	5,297
Adriano Finance S.r.l.	**Junior**			**1,003**
- of which first mortgage portfolio securitised (4 August 2008)		Performing mortgages	no rating	440
- of which second mortgage portfolio securitised (Adriano bis Securitisation) (18 December 2008)		Performing residential and commercial long-term mortgages		-
- of which third mortgage portfolio securitised [Adriano ter Securitisation] (20 July 2009)		Performing residential mortgages	no rating	563
Adriano Finance 2 S.r.l.	**Senior**	**Performing residential long-term mortgages**	**AAA/Aa2**	**12,174**
Adriano Finance 2 S.r.l.	**Junior**	**Performing residential long-term mortgages**	**no rating**	**876**
TOTAL				**19,350**

(*) The amount, totalling 7,558 million euro and used in covered bond issues, is shown in Section C.3. of Part E of these Notes to the Parent Company's financial statements.

SECTION 4 – OPERATIONAL RISK

QUALITATIVE INFORMATION
The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

QUANTITATIVE INFORMATION
From 31 December 2010, Intesa Sanpaolo uses the full AMA Method to determine its capital requirements and the resulting capital absorption amounted to 759 million euro.

Part F – Information on capital

SECTION 1 – PARENT COMPANY'S SHAREHOLDERS' EQUITY

A. Qualitative information

Qualitative information on capital and capital management policies is contained in Part F of the Notes to the consolidated financial statements.
For individual banks, the minimum capital requirement, that is the ratio between regulatory capital and risk-weighted assets, must be at least equal to 8%. This capital requirement may be reduced by 25% provided that the amount of the consolidated regulatory capital, including Tier 3 capital, is equal to or higher than total consolidated capital requirements.

In order to reflect the amendments to European Directives 2009/27/EC, 2009/83/EC and 2009/111/EC ("CRD II") and 2010/76/EC ("CRD III") governing capital requirements for Banks, adjustments were made to the national provisions issued by the Bank of Italy in Circular 263 of 27 December 2006 "New regulations for the prudential supervision of banks" and Circular 155 of 1991 "Instructions for preparing reports on regulatory capital and prudential ratios".
The changes, which aim to reinforce banks' capital quality, affected innovative and non-innovative capital instruments in terms of flexibility of payments, ability to absorb losses and the associated limits on calculability, which rise according to the capital instruments' capital quality.
The new rules also redefine the notion of capital, limiting it to ordinary shares, and thus excluding the calculability of instruments that attribute privileges in the absorption of losses to their holders. The application of the new criteria thus resulted in the exclusion of savings shares, which enjoy preferential remuneration mechanisms, from core capital. Such shares have thus been included among the non-core components of Tier 1 capital under the 30-year transitional provisions ("grandfathering") that call for a gradual reduction of the eligibility of instruments issued prior to 31 December 2010 that do not meet the new eligibility criteria.

B. Quantitative information

B.1. Parent Company's shareholders' equity: breakdown

(millions of euro)

	31.12.2011	31.12.2010
1. Share capital	**8,546**	**6,647**
Ordinary shares	8,061	6,162
Savings shares	485	485
2. Share premium reserve	**36,302**	**33,271**
3. Reserves	**6,994**	**5,709**
retained earnings:	6,895	5,610
a) legal reserve	*1,329*	*1,329*
b) statutory reserve	-	-
c) treasury shares	-	-
d) other	*5,566*	*4,281*
other	99	99
4. Equity instruments	**-**	**-**
5. (Treasury shares)	**-**	**-**
6. Valuation reserves:	**109**	**896**
Financial assets available for sale	-90	286
Property and equipment	-	-
Intangible assets	-	-
Hedges of foreign investments	-	-
Cash flow hedges	-788	-377
Foreign exchange differences	-	-
Non current assets held for sale	-	-
Actuarial gains (losses) on defined benefit plans	-	-
Share of valuation reserves connected with investments carried at equity	-	-
Legally-required revaluations	987	987
7. Net income (loss)	**-7,679**	**2,327**
Total	**44,272**	**48,850**

B.2. Valuation reserves of financial assets available for sale: breakdown

(millions of euro)

	Total as at 31.12.2011		Total as at 31.12.2010	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	16	-293	11	-47
2. Equities	299	-111	392	-71
3. Quotas of UCI	2	-2	2	-
4. Loans	13	-14	13	-14
Total	**330**	**-420**	**418**	**-132**

B.3. Valuation reserves of financial assets available for sale: annual changes

(millions of euro)

	Debt securities	Equities	Quotas of UCI	Loans
1. Initial amount	**-36**	**321**	**2**	**-1**
2. Positive fair value differences	**43**	**105**	**-**	**-**
2.1 Fair value increases	27	96	-	-
2.2 Reversal to the income statement of negative reserves	16	9	-	-
- impairment	*16*	*9*	-	-
- disposal	-	-	-	-
2.3 Other changes	-	-	-	-
3. Negative fair value differences	**-284**	**-238**	**-2**	**-**
3.1 Fair value decreases	-274	-115	-2	-
3.2 Impairment losses	-	-	-	-
3.3 Reversal to the income statement of positive reserves:disposal	*-10*	*-123*	-	-
3.4 Other changes	-	-	-	-
4. Closing amount	**-277**	**188**	**-**	**-1**

SECTION 2 – REGULATORY CAPITAL AND CAPITAL RATIOS

2.1. Regulatory capital

A. Qualitative information

As at 31 December 2011 Regulatory capital has been calculated on the basis of instructions included in Circular 155/91 of the Bank of Italy (Instructions for preparing reports on regulatory capital and prudential ratios) as modified by the 14th update of 21 December 2011.

Further details on qualitative information on regulatory capital and capital ratios are contained in Part F of the Notes to the consolidated financial statements.

1. Tier 1 capital

Characteristics of subordinated instruments	Interest rate	Step-up	Issue date	Expiry date	Early redemption	Currency	Original amount in currency (millions)	Contribution to regulatory capital (millions of euro)
Subordinated bonds (*)	up to 24/9/2018 (excluded): 8.698%; thereafter 3-month Euribor + 5.05%	YES	24-Sep-2008	perpetual	24-Sep-2018	Euro	250	250
Subordinated bonds (*)	up to 20/6/2018 (excluded): 8.047%; thereafter 3-month Euribor + 4.10%	YES	20-Jun-2008	perpetual	20-Jun-2018	Euro	1,250	1,250
Subordinated bonds (*)	up to14/10/2019: 8.375%; thereafter 3-month Euribor + 6.87%	YES	14-Oct-2009	perpetual	14-Oct-2019	Euro	1,500	1,500
Subordinated bonds	9.5% fixed rate	NO	01-Oct-2010	perpetual	1-giu-2016	Euro	1,000	1,000
Total innovative and non-innovative equity instruments (Tier I)								**4,000**

(*) Securities subject to grandfathering, calculated in Tier I capital in application of the transitional arrangements envisaged by Title I, Chapter 2, Section II, paragraph 1.4.1 of Circular No. 263 of 27 December 2006 – 11th update of 31 January 2012, "New regulations for the prudential supervision of banks".

2. Tier 2 capital

Characteristics of subordinated instruments	Interest rate	Step-up	Issue date	Expiry date	Early redemption	Currency	Original amount in currency (millions)	Contribution to regulatory capital (millions of euro)
Subordinated bonds	6.625% fixed rate	NO	08-May-2008	08-May-2018	NO	Euro	1,250	1,244
Subordinated bonds	6.16% fixed rate	NO	27-Jun-2008	27-Jun-2018	NO	Euro	120	120
Total hybrid instruments (Upper Tier 2)								**1,364**
Subordinated bonds	8% for 1st coupon, 6.375% for 2nd and 3rd coupons, 13.8% thereafter less 2 times the 12-month Libor (max 5.3%-min 4.5%)	NO	16-Jun-1998	17-Jun-2013	NO	Lit	500,000	71
Subordinated bonds	8% for 1st coupon, 6.375% for 2nd and 3rd coupons, 13.8% thereafter less 2 times the 12-month Libor (max 5.3%-min 4.5%)	NO	30-Jun-1998	01-Jul-2013	NO	Lit	200,000	29
Subordinated bonds	8% 1st coupon, 5% 2nd coupon, 4% 3rd coupon, thereafter 70% of 10-year swap rate	NO	09-Mar-1999	09-Mar-2014	NO	Lit	480,000	126
Subordinated bonds	8% 1st coupon, 5.5% 2nd coupon, 4% 3rd coupon, thereafter 65% of 10-year swap rate with minimum 4%	NO	15-Jul-1999	15-Jul-2014	NO	Euro	250	131
Subordinated bonds	6.11% fixed rate; as of 23/2/05 97% of 30-year Euro Swap mid rate	NO	23-Feb-2000	23-Feb-2015	NO	Euro	65	52
Subordinated bonds	92% of 30-year Euro Swap mid rate: never less than that of previous coupon	NO	12-Mar-2001	23-Feb-2015	NO	Euro	50	40
Subordinated bonds	5.20% fixed rate	NO	15-Jan-2002	15-Jan-2012	NO	Euro	266	53
Subordinated bonds	5.50% fixed rate	NO	12-Apr-2002	12-Apr-2012	NO	Euro	126	25
Subordinated bonds	6.375% fixed rate; from 12/11/2012 3-month Sterling LIBOR	YES	12-Oct-2007	12-Nov-2017	12-Nov-2012	Gbp	250	299

Characteristics of subordinated instruments	Interest rate	Step-up	Issue date	Expiry date	Early redemption	Currency	Original amount in currency (millions)	Contribution to regulatory capital (millions of euro)
Subordinated bonds	4.8%	NO	28-Mar-2008	28-Mar-2015	NO	Euro	800	637
Subordinated bonds	5.75% fixed rate; from 28/5/2013 3-month Euribor + 1.98%	YES	28-May-2008	28-May-2018	28-May-2013	Euro	1,000	998
Subordinated bonds	4.00%	NO	30-Sep-2008	30-Sep-2015	NO	Euro	1,097	846
Subordinated bonds	6.16% fixed rate	NO	29-Oct-2008	29-Oct-2015	NO	Euro	382	306
Subordinated bonds	6.25% fixed rate	NO	12-Nov-2008	12-Nov-2015	NO	Euro	545	428
Subordinated bonds	5.87% fixed rate	NO	26-Nov-2008	26-Nov-2015	NO	Euro	415	332
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 4%)/4	NO	24-Feb-2009	24-Feb-2016	NO	Euro	635	632
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 4%)/4	NO	12-Mar-2009	12-Mar-2016	NO	Euro	165	161
Subordinated bonds	5% fixed rate	NO	23-Sep-2009	23-Sep-2019	NO	Euro	1,500	1,490
Subordinated bonds	5.15% fixed rate	NO	16-Jul-2010	16-Jul-2020	NO	Euro	1,250	1,246
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 1.6%)/4	NO	30-Sep-2010	30-Sep-2017	NO	Euro	805	792
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 1.60%)/4	NO	10-Nov-2010	10-Nov-2017	NO	Euro	479	474
Subordinated bonds	quarterly interests according to the formula (3-month Euribor + 2%)/4	NO	31-mar-2011	31-mar-2018	NO	Euro	373	372
Notes	5.375% p.a.	NO	13-Dec-2002	13-Dec-2012	NO	Euro	300	60
Notes	up to 18/03/2019 (excluded): 5.625% p.a. thereafter: 3-month Sterling LIBOR + 1.125% p.a.	YES	18-Mar-2004	18-Mar-2024	18-Mar-2019	Gbp	165	198
Notes	up to 2/3/2015 (excluded): 3.75% p.a. thereafter: 3-month Euribor + 0.89% p.a.	YES	02-Mar-2005	02-Mar-2020	02-Mar-2015	Euro	500	495
Notes	up to 20/2/2013 (excluded): 3-month Euribor + 0.25% p.a. thereafter: 3-month Euribor + 0.85% p.a.	YES	20-feb-2006	20-feb-2018	20-feb-2013	Euro	750	736
Notes	up to 26/6/2013 (excluded): 4.375% p.a. thereafter: 3-month Euribor + 1.00% p.a.	YES	26-giu-2006	26-giu-2018	26-giu-2013	Euro	500	500
Total eligible subordinated liabilities (Lower Tier 2)								**11,529**
TOTAL								**16,893**

B. Quantitative information

(millions of euro)

	31.12.2011	31.12.2010
A. Tier 1 capital before the application of prudential filters	**41,956**	**42,438**
B. Tier 1 capital prudential filters	-103	-470
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	*-103*	*-470*
C. Tier 1 before items to be deducted (A+B)	**41,853**	**41,968**
D. Items to be deducted from Tier 1	**1,233**	**1,489**
E. Total Tier 1 capital (C-D)	**40,620**	**40,479**
F. Tier 2 capital before the application of prudential filters	**14,327**	**18,924**
G. Tier 2 capital prudential filters	**-37**	**-82**
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	*-37*	*-82*
H. Tier 2 before items to be deducted (F+G)	**14,290**	**18,842**
I. Items to be deducted from Tier 2	**1,233**	**1,489**
L. Total Tier 2 capital (H-I)	**13,057**	**17,353**
M. Items to be deducted from total Tier 1 and Tier 2 capital	**3,074**	**3,635**
N. Regulatory capital (E+L-M)	**50,603**	**54,197**
O. Tier 3 capital	**-**	**-**
P. Regulatory capital including Tier 3 (N+O)	**50,603**	**54,197**

2.2. Capital adequacy

A. Qualitative information

The "New regulations for the prudential supervision of Banks" (Bank of Italy Circular 263 of 27 December 2006), which adopt the provisions on the International convergence of capital measurement and capital standards (Basel 2), allow banks to adopt internal risk measurement systems for calculating capital requirements for credit risk.
Following authorisation from the Supervisory Authority, Intesa Sanpaolo began to calculate the capital requirements for credit risk and counterparty risk, respectively, according to the IRB approach for the Retail Mortgage segment (Residential mortgages for private individuals) effective 30 June 2010 and the Advanced Internal Rating Based approach (AIRB) for the regulatory portfolio "Exposures to corporates" effective 31 December 2010. The latter approach is based on the use of internal estimates of both PD - probability of default and LGD - loss given default.

Under the above mentioned Supervisory instructions, the bank must hold total capital equivalent to at least 8% of the total risk-weighted assets (total capital ratio) in relation to the typical risks associated with banking and financial activities (credit and counterparty risks, market risks and operational risks), weighted on the basis of regulatory segmentation of borrowing counterparties and taking into account credit risk mitigation techniques. This capital requirement may be reduced by 25% provided that the amount of the consolidated regulatory capital, including Tier 3 capital, is equal to or higher than total consolidated capital requirements.
Furthermore, banks must comply with capital requirements on market risks calculated on the whole trading portfolio separately for the various types of risk: position risk on debt securities and equities, and concentration risk. Moreover, with reference to the entire financial statements, foreign exchange risk, settlement risk and position risk on commodities must be calculated.
The use of internal models to determine the capital requirement for market risks is permitted; in particular, Intesa Sanpaolo applies the internal model to calculate generic position risk (price oscillation risk) and specific risk (issuer risk) for equities and generic position risk for debt securities. In addition, effective from December 2011, Intesa Sanpaolo has adopted stressed VaR to calculate the requirement for market risk, while standard methodologies are used for other risks. Counterparty risk is calculated independently of the portfolio of allocation.
Moreover, a specific capital requirement pertaining to operational risk has been established, in order to address the increased exposure of banks to this type of risk and upgrade the units for the management and control of intermediaries.
In 2010, following the obtainment of authorisation from the supervisory authority, Intesa Sanpaolo began to use the advanced AMA approach to calculate capital requirements for operating risks.
For the assessment of capital soundness, more rigorous ratios are also used: the Tier 1 capital ratio, represented by the ratio between Tier 1 capital and risk-weighted assets, and the Core Tier 1 capital ratio, represented by the ratio between Tier 1 capital (net of preference shares and savings shares) and risk-weighted assets.

As indicated in the table on the composition of regulatory capital and capital ratios, as at 31 December 2011, Intesa Sanpaolo had a Tier 1 ratio (Tier 1 capital/risk-weighted assets) equal to 28.1% and a Total capital ratio (regulatory capital/risk-weighted assets) equal to 35.1%.

B. Quantitative information

(millions of euro)

	Unweighted amounts		Weighted amounts/requirements	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
A. RISK ASSETS				
A.1 Credit and counterparty risk	**470,862**	**452,206**	**174,453**	**194,831**
1. Standard methodology	306,005	292,395	81,048	93,551
2. Methodology based on internal ratings	161,121	155,547	88,736	96,573
2.1 Base	*7,087*	*7,283*	*21,083*	*23,159*
2.2 Advanced	*154,034*	*148,264*	*67,653*	*73,414*
3. Securitisations	3,736	4,264	4,669	4,707
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risks			**13,956**	**15,586**
B.2 Market risk			**681**	**669**
1. Standard methodology			572	610
2. Internal models			109	59
3. Concentration risk			-	-
B.3 Operational risk			**759**	**1,065**
1. Base methodology			-	-
2. Standard methodology			-	-
3. Advanced methodology			759	1,065
B.4 Other capital requirements			**-**	**-**
B.5 Other calculation elements			**-3,849**	**-4,330**
B.6 Total capital requirements			**11,547**	**12,990**
C. RISK-WEIGHTED ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**144,338**	**162,375**
C.2 Tier 1 capital / Risk-weighted assets (Tier 1 capital ratio)			**28.1%**	**24.9%**
C.3 Total capital / Risk-weighted assets (Total capital ratio)			**35.1%**	**33.4%**

It should be noted that the calculation of the individual capital requirement has been adjusted to account for the indications presented in the 14th update to circular no. 155 of 21 December 2011 concerning reductions due to provisions and the correlation between losses previously allowed solely for companies not belonging to a banking group. The similar value referring to the previous year has not been restated.

Part G – Business combinations

SECTION 1 – TRANSACTIONS CARRIED OUT IN THE YEAR

During the year no business combinations were undertaken pursuant to IFRS 3 involving the acquisition of control over businesses or legal entities, with the exception of the acquisition of control of Banca Monte Parma and Banco Emiliano Romagnolo, transactions which have already been described in Part G of the Notes to the consolidated financial statements.

However, the Group did undertake several extraordinary intragroup transactions, which are scoped out of IFRS 3, that involved the transfer of business lines or legal entities between companies within the Intesa Sanpaolo Group and the Parent Company. Since the transfers were carried out for reorganisation purposes only, in accordance with the Group's accounting policy, these transactions were simply recorded line by line in the individual financial statements of the Parent Company Intesa Sanpaolo, without recognition of any economic effect.

The intragroup transactions completed during the year concerned:
– the partial de-merger of Moneta with assignment to Intesa Sanpaolo of the investment in Setefi;
– the merger by incorporation of Intesa Sanpaolo Vita (formerly Intesa Vita), Sud Polo Vita and Centrovita into Eurizon Vita (renamed Intesa Sanpaolo Vita).

Annual changes in goodwill

(millions of euro)

	31.12.2011
Initial goodwill	**6,160**
Increases	**-**
- Goodwill recorded in the year	-
- Other changes	-
Decreases	**-3,469**
- Impairment recorded in the year	-3,377
- Disinvestments	-92
- Intragroup contributions	-
- Other changes	-
Final goodwill	**2,691**

SECTION 2 – TRANSACTIONS CARRIED OUT AFTER THE CLOSE OF THE YEAR

No business combinations governed by IFRS 3 have been undertaken since the end of 2011.

Part H – Information on compensation and transactions with related parties

INFORMATION ON COMPENSATION AND TRANSACTIONS WITH RELATED PARTIES

Procedural features

In implementation of Consob Resolution 17221 of 2010 as amended, on 26 November 2010 the Management Board and the Supervisory Board – after obtaining the Control Committee's favourable opinion – approved the "Intesa Sanpaolo Group Regulations on the management of transactions with related parties".

These Regulations, which came into full force from 1 January 2011, set forth criteria for the entire Group for identifying related parties, assessing and approving transactions, and subsequently providing information to Corporate bodies and to the market.

In accordance with the criteria established by the Supervisory Authority, under the new Regulations the following are considered related parties of Intesa Sanpaolo: subsidiaries and associates, joint ventures, pension funds of the Group, shareholders holding an interest of over 2% in the Bank's voting capital and relative corporate groups, key managers, close family members of key managers and related significant shareholdings.

In this regard, it has been decided that the category of Key Managers will include not only Management and Supervisory Board Members, but also General Managers, the Manager responsible for preparing the Company's financial reports, the Heads of business units, the Heads of governance areas, the Heads of head office departments that report directly to the CEO and to the Chairman of the Management Board, the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Operations and Special Projects.

As regards shareholders, the Bank has extended, as a form of self-regulation, the effectiveness of the regulations to companies and their groups with an equity investment with voting rights in the Bank of over 2%, calculated only based on shares owned or under management. This approach allows closer monitoring of transactions with the main shareholders, by subjecting them to the same requirements for assessment, approval and subsequent disclosure to the Corporate bodies and the market as for transactions with related parties.

The Regulations set forth the assessment procedures that must be followed by the Parent Company and subsidiary companies when carrying out transactions with related parties of Intesa Sanpaolo, to ensure appropriateness of the transactions. The Regulations also require detailed examination of the reasons and interests behind the transactions and their effects on the Bank's financials.

In line with the regulations implemented by Consob, a regime of full and partial exemptions from the application of the regulations is also envisaged.

With regard to decision-making, the procedure in the new Regulations distinguishes between:

– transactions for smaller amounts, excluded from application of the regulations;
– less significant transactions, equal to or greater than the small-amount thresholds (250,000 euro for individuals, 1 million euro for entities connected to key managers, 5 million euro for significant shareholders and related corporate groups, associates and pension funds, and 20 million euro for subsidiaries);
– more significant transactions, if they exceed the threshold of 5% of the indicators defined by Consob (approximately 2 billion euro for Intesa Sanpaolo);
– strategic transactions pursuant to the Articles of Association;
– transactions attributed to the Shareholders' meeting.

An important role is reserved in the approval process for the Related Party Transactions Committee, which has been established within the Supervisory Board and is composed of 3 effective members and one alternate, who meet the independence requirements laid down in the Corporate Governance Code of Listed Companies. The Related Party Transactions Committee can make use of independent experts, where considered appropriate, according to the degree of importance of the transaction, its specific economic or structural characteristics and the nature of the related party.

For more significant or strategic transactions, the Committee must be promptly involved in the analysis and negotiation phases, receiving a complete and timely flow of information, with the right of the Committee to request additional information and make observations.

All transactions – that are not minor and not exempt – undertaken by the Parent Company with one of its related parties are subject to approval by the Management Board upon recommendation by the Related Party Transactions Committee, and, for strategic transactions, authorisation of the Supervisory Board is also required.

The Management Board may decide on a more significant transaction and the Supervisory Board may authorise a strategic transaction, despite the negative opinion of the independent Committee: the transaction, without prejudice to its effectiveness, must in both cases be submitted for non-binding resolution by the ordinary Shareholders' meeting. For transactions attributed to the Shareholders' meeting, the resolution proposal by the Management Board, approved where required by the Supervisory Board, is governed according to the procedures envisaged for less/more significant or strategic transactions, depending on the type of transaction. More significant transactions that are approved despite the negative opinion of the Committee cannot be carried out if, during the Shareholders' meeting, the majority of unrelated voting shareholders express an unfavourable vote, provided that the unrelated shareholders present at the meeting represent at least 10% of the share capital with voting rights.

Transactions undertaken by subsidiaries with related parties of Intesa Sanpaolo must be approved, subject to authorisation from the Parent Company, by the Board of Directors of the subsidiaries concerned. Each company may also choose to include specific internal control measures in its own decision-making process that can also cover transactions carried out by the company with its "own related parties".

The Regulations also define the general criteria for the information to be provided, at least quarterly – also pursuant to Article 150 of the Consolidated Law on Finance – to the Management Board and by the latter to the Supervisory Board regarding transactions

with related parties completed in the reference period by the Parent Company or by its subsidiaries. All of the above is aimed at providing a complete overview of the transactions of greater importance, as well as the volumes and the main features of all those delegated. Reports must include all transactions, even if exempt from the decision-making procedure, for amounts equal to or greater than the thresholds of less significant importance. Bank funding transactions and intragroup loans are excluded from this requirement, regardless of the amount.
Finally, please note that if the related party also qualifies as a relevant person pursuant to art. 136 of the Consolidated Law on Banking the special decision-making procedure established under that law also applies. This requires the transaction to be submitted for prior unanimous decision of the Management Board and to the favourable vote by all Supervisory Board Members.
In accordance with the abovementioned art. 136, anyone who carries out direction, administration or control functions at banks or companies that are part of the Banking Group cannot directly or indirectly enter into contracts which lead to obligations with the company they belong to or carry out financing transactions with another company or bank in the Banking Group without approval from the administrative and control bodies of the company or bank that is party to the contract; in these cases the contract or the act must be approved by the Parent Company. The special decision-making procedure also applies to contractual obligations entered into by the Bank or other companies in the Banking Group with companies controlled by corporate officers or companies in which these corporate officers have administration, steering or control duties. Moreover, it also applies to related subsidiaries and parent companies (unless the obligations are contracted between companies in the same Banking Group or refer to transactions on the interbank market).
Furthermore, the requirements foreseen by the Italian Civil Code regarding the personal interests of Directors are confirmed, insofar as art. 2391 requires each Board Member to report every instance of interest possessed, on his/her own name or through third parties, that may be significant in carrying out his/her function, with reference to a specific transaction. In accordance with the abovementioned provision, the Management Board has jurisdiction over decisions regarding transactions – including those with related parties – in which the Managing Director possesses an interest on his/her own account or through a third party and must therefore abstain from the decision, entrusting the board as per article 2391 of the Italian Civil Code.

1. Information regarding compensation of Supervisory and Management Board Members and Managers with strategic responsibilities

Given the organisational structure in 2008, pursuant to IAS 24 Intesa Sanpaolo decided to include within "managers with strategic responsibilities" (hereafter "Key Managers"), Management and Supervisory Board Members, General Managers, the Manager responsible for preparing the Company's financial reports, the Heads of Business Units, the Heads of Governance Areas, the Heads of Head Office departments that report directly to the Managing Director/CEO or to the Chairman of the Management Board, and the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Operations and Special Projects.
The following table shows the amounts of the main benefits recognised in 2011 to the Supervisory and Management Board Members and to other Key Managers which fall within the notion of related parties.

(millions of euro)

	Supervisory Board (1)		Management Board (2)		Other Managers (3)		TOTAL as at 31.12.2011	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Short-term benefits (4)	7	7	4	4	17	16	28	27
Post-employement benefits (5)	-	-	-	-	2	2	2	2
Other long-term benefits (6)	-	-	-	-	2	-	2	-
Termination benefits (7)	-	-	-	-	2	2	2	2
Share-based payments (8)	-	-	-	-	2	-	2	-
Total	**7**	**7**	**4**	**4**	**25**	**20**	**36**	**31**

(1) Includes 19 members.
(2) Includes 9 members.
(3) Includes 15 members.
(4) Includes fixed and variable compensation of directors that may be assimilated with labour cost and social security charges paid by the company for its employees.
(5) Includes company contribution to pension funds and allocation to employee termination indemnities pursuant to law and company regulations.
(6) Includes estimate of allocations for length of service awards for employees.
(7) Includes indemnities due under the employment contract for termination of employment.
(8) The cost refers to the variable portion of remuneration which will be paid in treasury shares, following the resolutions of the Shareholders' Meeting called for 28 May 2012.

As previously noted in Part H of the Notes to the consolidated financial statements, for detailed information on remuneration policies, pursuant to art. 84 quater of the Consob Issuers Regulation and art. 123 ter of the Consolidated Law on Finance, refer to the separate document "Report on Corporate Governance and Ownership Structures – Report on Remuneration" which sets forth data previously reported in the financial statements, specifically:
– a detailed indication of the compensation paid to Supervisory and Management Board Members and General Managers and, in aggregate, Key Managers, as well as the stock option plans reserved for Supervisory and Management Board Members, General Managers and Key Managers
– the details and the evolution of the stock option plans relative to Key Managers
– Parent Company's and subsidiary companies' shares held by Supervisory and Management Board Members, General Managers, Key Managers and other associated entities.

2. Information on transactions with related parties

More significant transactions

During the year the Parent Company did not carry out any transactions that qualified as non-ordinary "more significant transactions" at non-market or non-standard conditions that would have resulted – in accordance with the Intesa Sanpaolo Group Regulations on the management of transactions with related parties – in an obligation to publish a market disclosure document.

More significant intragroup transactions

With regard to more significant intragroup transactions – exempt, pursuant to the aforementioned internal Regulations, from the special decision-making procedure and from the obligation to publish a market disclosure document, unless other related parties hold significant interests in the subsidiary – several securitisation transactions took place during the year, as well as transactions aimed at the issue of Covered Bonds. These transactions are described in the Notes to the consolidated financial statements – Part E – Information on risks and relative hedging policies, to which reference is made. Note that more significant transactions are those that exceed the threshold of 5% of consolidated regulatory capital (approximately 2 billion euro for the year for Intesa Sanpaolo) or of the other indicators defined by the Consob regulation.

Transactions of ordinary or recurrent nature

Ordinary or recurring transactions entered into with related parties fall within the scope of Intesa Sanpaolo's ordinary activities and are usually entered into at market conditions, based on valuations of mutual economic convenience, in line with the internal procedures mentioned above.
Receivable and payable balances with related parties as at 31 December 2011 – other than those intragroup – amount to a total that is insignificant compared to the size of the Bank's capital base. Likewise, the weight of income and charges with related parties on the Parent Company's operating margin is insignificant.
The scope of related parties considered for the tables in this section has been adjusted to take account of the revised version of IAS 24 and consequently, with effect from 1 January 2011, also includes the subsidiaries of the associates and of the companies subject to joint control of Intesa Sanpaolo.

	31.12.2011	
	Amount (millions of euro)	**Impact** (%)
Total financial assets	175,828	50.4
Total other assets	13,972	51.0
Total financial liabilities	67,772	18.6
Total other liabilities	14,144	64.4

	31.12.2011	
	Amount (millions of euro)	**Impact** (%)
Total interest income	3,877	41.8
Total interest expense	-1,423	20.9
Total fee and commission income	816	35.4
Total fee and commission expense	-139	42.9
Total operating costs	-972	21.6

During the year, there were no provisions for non-performing loans related to balances with related parties and no losses were registered in the period in connection with uncollectible or non-performing loans due from related parties, with the exception of 65 million euro related to associates and companies subject to joint control (including the adjustment to the Risanamento convertible loan, described below).
In the Bank's 2011 financial statements, the investment in Telco was written down by 238 million euro. Adjustments for 64 million euro were also made to other investments in associates (Risanamento, RCS Mediagroup, Cargoitalia, Noverca and other minority interests). For Pension Funds in which Intesa Sanpaolo is co-obliged by virtue of guarantees given, during the period payments were made for the settlement of the technical imbalance of said Funds, as indicated in the Notes to the Parent company's financial statements – Part B – Information on the balance sheet – Liabilities, Point 12.3 Post employment defined-benefit plans, to which reference is made. Allowances for risks and charges include the provisions made against any outstanding or probable disputes.

The table below sets out the main terms of reference of transactions with each category of related party, as identified by IAS 24. Please see the previous paragraph for information on compensation to Supervisory and Management Board Members, as well as information on Shareholders and their corporate groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the Bank's voting share capital greater than 2% (calculated considering only shares owned) and on parties that are not related pursuant to IAS 24, but are nevertheless included as a form of self-regulation. With regard to Equity investments, please see the tables in the Notes to the Parent Company's financial statements – Part B – Information on the Parent Company's balance sheet – Assets – Section 10.

The table does not, however, show the impact of related party transactions on the Group's cash flows, as this was not significant.

(millions of euro)

	Financial assets held for trading	Financial assets available for sale	Investments held to maturity	Due from banks	Loans to customers	Other financial assets	Due to banks	Due to customers	Financial liabilities held for trading	Other financial liabilities	Guarantees given/ received and commitments
Subsidiaries	4,313	-	-	128,451	39,532	13,972	56,577	5,950	3,908	14,144	19,724
Companies subject to joint control	7	13	-	-	66	-	-	8	-	-	7
Associates	95	158	-	6	1,794	-	34	559	325	-	1,803
Key Managers and control bodies	-	-	-	-	1	-	-	2	-	-	-
Other related parties	3	-	-	-	1	-	-	62	-	-	-
Total	**4,418**	**171**	**-**	**128,457**	**41,394**	**13,972**	**56,611**	**6,581**	**4,233**	**14,144**	**21,534**
Shareholders (*)	61	319	-	63	944	-	100	155	92	-	1,009

(*) Shareholders and their groups that hold a stake in the Bank's voting share capital exceeding 2% (calculated considering only shares owned).

Relations between the Intesa Sanpaolo Group and Bank Managers refer to the Group's normal business activities and are defined applying, where conditions recur, the terms reserved to all employees, in full respect and transparency of terms applied, or, in relation to independent professionals with which a term contract exists, applying the terms reserved to professionals of similar standing, in full compliance with relevant regulations.
Concerning the intragroup transactions carried out in 2011, please note that these are normal internal business activities of a multifunctional banking group. They are usually regulated at the conditions at which the Parent Company accesses the reference markets, which are not necessarily the same conditions that would be applicable if the counterparties operated independently. These conditions are, in any case, applied in compliance with criteria of substantial correctness and with the aim of creating value for the Group.
Intragroup transactions concerned mainly:
- the support given by Parent Company to the financial needs of the other Group companies by providing risk capital and loans and by subscribing securities issued by the subsidiaries;
- the channelling of foreign funding by specialist Group companies in favour of the Parent Company and, in part, of other subsidiaries;
- the Parent Company's investment of subsidiaries' liquidity;
- structured finance transactions within the Group carried out through Banca IMI;
- outsourcing arrangements, revised in 2011 to reflect the changed composition of the Group, which govern services of an auxiliary nature rendered by the Parent Company and Intesa Sanpaolo Group Services ScpA, primarily to banks of the Banca dei Territori Division and the Parent Company. The services provided, in particular, concern the management of the IT platform, back office, property services, logistics as well as commercial, administrative and control support and consultancy;
- the agreements with Group companies on distribution of products and/or services (certain agreements are extended to some associates/joint ventures) or, more generally, intragroup support and consultancy;
- financial settlements provided for by agreements entered into with Group companies taking part in national fiscal consolidation, revised in 2011.

Intesa Sanpaolo's most significant associates – and the companies controlled by them – are Telco, Telecom, Autostrada BS-VR-VI-PD (Serenissima, now A4 Holding), the NH Hoteles Group, Bank of Qingdao, Alitalia - Compagnia Aerea Italiana, Penghua Fund Management, Risanamento, SIA-SSB, RCS Mediagroup, the Pirelli Group, Nuovo Trasporto Viaggiatori and Autostrade Lombarde. With regard to this category, please note that, with effect from 1 January 2011, the revised version of IAS 24 also includes the subsidiaries of the associates as related parties.
The joint ventures of the year include Allfunds Bank SA.
A detailed list of subsidiaries and companies subject to significant influence as at 31 December 2011 is provided in the Notes to the consolidated financial statements (Part B – Assets – Section 10).
The category "Other related parties" includes the Bank's pension funds, the close relatives of managers and entities controlled by them.
For information on the transactions entered into by the Group, see the corresponding chapter in the Notes to the Consolidated financial statements.

Less significant transactions

The following is an account of some less significant transactions finalised in 2011 by the Parent Company or its subsidiaries with related parties, mostly within the Group, as part of the Group's rationalisation plan, performed maintaining consistency of book values and, as a rule, with the support of independent appraisals.
Transactions during the year undertaken with bank managers, their close family members and entities controlled by them, were attributable to the Intesa Sanpaolo Group's normal operations and were fully compliant with applicable legislation.
The operations of the entities in which the Group holds most of the risks and rewards and that are consolidated in accordance with SIC 12, in addition to that reported in relation to More significant transactions, are illustrated in the Notes to the Parent Company's financial statements - Part E – Information on risks and the relative hedging policies, to which reference should be made.
In the year, the Group granted credit facilities to the Group's Shareholders and Pension Funds, at market conditions, in order to support ordinary operations.

Specific transactions

During 2011 the activities aimed at implementing the strategic options set out in the Business Plan and at rationalising Group structure continued.

As regards the Asset Management segment, on 29 June, the merger by incorporation of the subsidiary Eurizon A.I. SGR (specialised in managing funds of hedge funds) into Eurizon Capital SGR, Group company in charge of asset management both for retail customers and institutional customers, was resolved. In October, the Bank of Italy authorised the merger by incorporation, which was completed on 31 December 2011.

As part of a project aimed at rationalising the Group's bancassurance activities, in the first half of 2011 the reorganisation of the segment was relaunched as a result of the decisions of the Italian Competition Authority, which revised the measures for the life business segment of the insurance market as a result of the merger between Banca Intesa and Sanpaolo IMI. In particular, the Competition Authority revoked the obligation to sell the insurance company Sud Polo Vita to third parties, and established that the distribution restrictions set for EurizonVita and Intesa Vita no longer apply. Within this context, the authorisation process was completed in September 2011 and shareholder approval was obtained, on 17 October, for the merger plan. The plan led to the integration of the four companies EurizonVita, Sud Polo Vita, Intesa Sanpaolo Vita (formerly Intesa Vita) and Centrovita Assicurazioni into a single insurance company named Intesa Sanpaolo Vita, with statutory effect as at 31 December 2011 and accounting and tax effects from 1 January 2011.

Other initiatives aimed at rationalising the Group's investment portfolio and reorganising its structure include the merger by incorporation of BN Finrete S.p.A. in liquidation into Intesa Sanpaolo, on 27 June 2011, Moneta's partial spin-off to the Parent Company of the entire equity investment held in SETEFI – Servizi Telematici Finanziari per il Terziario, the Parent Company's purchase on the block market of 0.36% of the equity investment in Assicurazioni Generali held by Banca IMI at market conditions and, effective from 1 October 2011, the spin-off of the Banca Sara business to Banca Fideuram (banking and financial business) and Sanpaolo Invest (financial advisors network business).

As regards the Bank's international presence, at the end of September the Board of Directors of Eurizon Capital SGR, following approval by the Management Board of the Parent Company Intesa Sanpaolo, approved the "International Asset Management HUB" project and the corporate transactions required for its implementation. The aim of this project is to develop asset management operations in the Eastern European market by creating a regional hub, which will act as a centre of excellence for the handling of asset management products targeted at retail and institutional customers.

As part of changes for streamlining and rationalising the real estate and leasing companies of the CIB Group (Hungary) launched in 2010, the merger of CIB Real Property Utilisation and Services and Recovery Real Estate Management (formerly CIB Expert) was finalised with effect from 31 December 2011. The new company took the name Recovery Property Utilisation and Services. As previously reported in the 2010 financial statements, the following were finalised with effect from 1 January 2011: i) the merger by incorporation of subsidiaries CIB Credit, CIB Property and CIB Residential Property Leasing into CIB Leasing ; ii) the merger by incorporation of CIB Support Ltd into CIB Bank Ltd. Following these operations, CIB Bank holds a direct equity investment of 50% in CIB Factor.

As for the Group's most significant dealings with associates and the companies controlled by them during the period, loans were granted to the Pirelli Group, the NH Hoteles Group, the Iren Group, Società di Progetto Autostrada diretta Brescia-Milano, Autostrada BS-VR-VI-PD (Serenissima, now called A4 Holding), Autostrada Pedemontana Lombarda (in a pool headed by BIIS, providing guarantees by lodging shares of Autostrada Pedemontana Lombarda as pledges), the Euromilano Group, Telco, Telecom Italia, Alitalia Compagnia Aerea Italiana, RCN Finanziaria/Pietra/ISM Investimenti, the Prelios Group, RCS Mediagroup, Bank of Qingdao, the BEE TEAM Group, Serenissima Partecipazioni (formerly Infragruppo, merged by incorporation into Serenissima Brescia Padova Holding which was concurrently merged into Real Estate Serenissima, then renamed Serenissima Partecipazioni), Cargoitalia, Noverca, Intermarine, Novamont and other minor associates and in favour of several joint ventures. All transactions were carried out at market interest rates. Share capital increases were subscribed with respect to Autostrada BS-VR-VI-PD (Serenissima, now named A4 Holding), Bank of Qingdao, Cargoitalia, the Noverca Group, GCL Holdings Sarl, Autostrade Lombarde and other minor associates. Minor transactions also included the transfer of the investment held by IMI Investimenti in Serenissima Partecipazioni, equal to 0.00046% of capital, to Autostrada BS-VR-VI-PD (Serenissima, now called A4 Holding).

In February 2011, as part of a plan to restructure the Company's financial debt, Intesa Sanpaolo subscribed the capital increase of Risanamento (partly in cash and partly through offsetting with pre-existing loans held by the Bank), for a total amount of 81.7 million euro, at 0.28 euro per share. The investment in the Company, equal to approximately 36% of the share capital, is recorded in the consolidated financial statements as at 31 December 2011 in the amount of 58.3 million euro, equal to 0.20 euro per share. In June, Intesa Sanpaolo subscribed 151.5 million euro of the Convertible Loan 2011-2014 issued by the Company, through offsetting of pre-existing loans for an equal amount. In the second half of the year new credit lines were granted for the issue of unsecured commitments at market conditions, which resulted in a net increase in risk for a total of 56 million euro (of which 33.6 million euro counterguaranteed by the other Banks participating in said Agreement). In the 2011 financial statements, the exposure to Risanamento was adjusted for a total of approximately 101 million euro, of which approximately 78 million attributable to the convertible loan (also to take into consideration the option of reimbursement in shares at maturity) and approximately 23 million euro referring to the shareholding.

With respect to transactions with Shareholders with stakes exceeding 2% of the Bank's voting capital (to which the provisions governing transactions with related parties were extended as a form of self-regulation, subjecting them to the same assessment and approval procedure as applied to transactions with related parties), in addition to ordinary lending transactions, on 22 June 2010, Intesa Sanpaolo and Crédit Agricole finalised the terms and conditions underlying the agreement disclosed on 18 February 2010, providing for the sale by Intesa Sanpaolo to the Crédit Agricole Group of the entire investment held through the subsidiary Cassa di Risparmio di Firenze in Cassa di Risparmio della Spezia (80% of share capital) and 96 branches of the Group located throughout Italy. The transactions were completed during the first half of 2011, as better described in the Executive Summary.

Moreover, the Parent Company transferred ordinary shares of Banca Prossima, representing 28.33% of the share capital, to Compagnia di San Paolo and Fondazione Cariplo, each of which paid 13.5 million euro, and Fondazione Cassa di Risparmio di Padova e Rovigo, for 7 million euro, while Cassa di Risparmio di Firenze sold a building to Ente Cassa di Risparmio di Firenze for 60 million euro, with the appropriateness of this amount evaluated also with the assistance of independent experts.

Additional information on the Intesa Sanpaolo Group's reorganisation operations is provided in Part G of the Notes to the consolidated financial statements and of the Notes to the Parent Company's financial statements. With regard to changes in the Parent Company's equity investment portfolio, reference should also be made to Section 10 of the Notes to the Parent Company's financial statements – Part B – Information on the Parent Company's balance sheet – Assets.

Part I – Share-based payments

A. QUALITATIVE INFORMATION

1. Description of share-based payments

1.1. Stock option plans already resolved upon by SANPAOLO IMI

On 14 November 2005, the Board of Directors of Sanpaolo IMI launched a new stock option plan, acting on the mandate given to it by the Shareholders' Meeting of 30 April 2002, in favour of 48 executives holding key positions in the Group with a strong influence on the strategic decisions aimed at achieving Business Plan objectives and increasing the value of the Group.
This plan, as redefined after the merger following the resolution of the Shareholders' Meeting of 1 December 2006, provides for the assignment of a total of 30,059,750 options, exercisable after approval of the 2008 financial statements and not later than 30 April 2012 at a strike price of 3.9511 euro.

B. QUANTITATIVE INFORMATION

1. Annual changes

The tables below show information regarding the assignment of stock options and details of the rights outstanding as at 31 December 2011 broken down by strike price and residual maturity.

	Number of shares	Average strike price (euro)	Market price (euro)
Rights existing as at 31 December 2010	11,837,000	3.951	2.042 (a)
Adjustments for changes in the scope of reference (b)	-467,250	3.951	-
Rights exercised in 2011	-	-	-
Rights expired	-	-	-
Rights annulled in 2011	-	-	-
Rights assigned in 2011	-	-	-
Rights existing as at 31 December 2011	11,369,750	3.951	1.289 (c)
Of which: exercisable as at 31 December 2011	-	-	-

(a) Official price as at 30 December 2010.

(b) The scope was updated based on the changes in the organisational structure and/or the responsibilities of the beneficiaries within the Group during 2011.

(c) Official price as at 30 December 2011.

Strike price (euro)	Exercise period	Number of shares	Of which exercisable as at 31 December 2011	
			Number	Contractual average residual maturity
3.951	March 2009 - April 2012 (*)	11,369,750	-	April 2012

(*) Can be exercised based on pre-set time windows

Part L – Segment reporting

Segment reporting is provided in the Notes to the consolidated financial statements.

Certification of the Parent Company’s financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned Enrico Tommaso Cucchiani (as Managing Director and CEO) and Ernesto Riva (as Manager responsible for preparing the Company’s financial reports) of Intesa Sanpaolo, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:
   - the adequacy in relation to the Company’s features and
   - the actual application

   of the administrative and accounting procedures employed to draw up the Parent Company’s financial statements during 2011.

2. Verification of the appropriateness and effective application of the administrative and accounting procedures employed to draw up the Parent Company’s financial statements as at 31 December 2011 was based on methods defined by Intesa Sanpaolo consistently with the COSO and – as to the IT component – COBIT models, which are internationally accepted frameworks for internal control systems.[1]

3. The undersigned also certify that:

   3.1 The Parent Company’s financial statements as at 31 December 2011:
   - have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of 19 July 2002;
   - correspond to the results of the books and accounts;
   - give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer.

   3.2 The report on operations includes a fair review of the development and operating margin, as well as of the position of the issuer, together with a description of the main risks and uncertainties.

15 March 2012

Enrico Tommaso Cucchiani
Managing Director and CEO

Ernesto Riva
Manager responsible for preparing
the Company’s financial reports

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

Independent Auditors' Report on the Parent Company's financial statements

ERNST & YOUNG

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Independent auditors' report
pursuant to Articles 14 and 16 of Legislative Decree n. 39 of January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Intesa Sanpaolo S.p.A.

1. We have audited the financial statements of Intesa Sanpaolo S.p.A. as of and for the year ended December 31, 2011, comprising the balance sheet, the income statement, the statement of comprehensive income, the changes in shareholders' equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38/2005 is the responsibility of the Intesa Sanpaolo S.p.A.'s Management Board. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by the Management Board. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 29, 2011.

3. In our opinion, the financial statements of Intesa Sanpaolo S.p.A. at December 31, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Intesa Sanpaolo S.p.A. for the year then ended.

4. The Management Board of Intesa Sanpaolo S.p.A. is responsible for the preparation of the Report on operations and the Report on Corporate Governance and Ownership Structures in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), presented in the Report on Corporate Governance and Ownership Structures, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) presented in the Report on Corporate Governance and Ownership Structures, are consistent with the financial statements of Intesa Sanpaolo S.p.A. as of December 31, 2011.

Turin, Italy, April 23, 2012

Reconta Ernst & Young S.p.A.
signed by: Guido Celona, partner

Attachments to the Parent Company's financial statements

Intesa Sanpaolo reconciliation statements

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Reconciliation between the Intesa Sanpaolo balance sheet as at 31 December 2010 and the restated Intesa Sanpaolo balance sheet as at 31 December 2010

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Reconciliation between restated Intesa Sanpaolo balance sheet and reclassified Intesa Sanpaolo balance sheet

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Other Attachments

Statement of Intesa Sanpaolo property, equipment and financial assets subject to revaluation

Statement of Intesa Sanpaolo pension funds

Table of significant equity investments in unquoted companies pursuant to article 126 of Consob Regulation 11971 of 14 May 1999

Fees for auditing and services other than auditing pursuant to article 149-*duodecies* of Consob Regulation 11971

Reconciliation between Intesa Sanpaolo financial statements and restated Intesa Sanpaolo financial statements

Reconciliation between the balance sheet as at 31 December 2010 and the restated balance sheet as at 31 December 2010

(millions of euro)

Assets		31.12.2010 Published (*)	Disposal of branches to Crédit Agricole (a)	31.12.2010 Restated
10.	Cash and cash equivalents	2,671	-18	2,653
20.	Financial assets held for trading	29,533	-1	29,532
30.	Financial assets designated at fair value through profit and loss	367	-	367
40.	Financial assets available for sale	13,030	-	13,030
50.	Investments held to maturity	853	-	853
60.	Due from banks	116,885	-1,005	115,880
70.	Loans to customers	178,400	-968	177,432
80.	Hedging derivatives	5,550	-	5,550
90.	Fair value change of financial assets in hedged portfolios (+/-)	70	-	70
100.	Equity investments	43,510	-	43,510
110.	Property and equipment	2,415	-2	2,413
120.	Intangible assets	9,135	-121	9,014
	of which			
	- goodwill	*6,160*	*-92*	*6,068*
130.	Tax assets	4,516	-2	4,514
	a) current	*1,897*	*-1*	*1,896*
	b) deferred	*2,619*	*-1*	*2,618*
140.	Non-current assets held for sale and discontinued operations	13	-	13
150.	Other assets	3,959	-4	3,955
Total Assets		**410,907**	**-2,121**	**408,786**

(*) Historic data originally published in the 2010 Annual Report in euro.

(a) These involve the contribution of 70 branches to CariParma (Credit Agricole Group), finalised in May 2011.

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2010 Published (*)	Disposal of branches to Crédit Agricole (a)	31.12.2010 Restated
10.	Due to banks	93,815	-	93,815
20.	Due to customers	118,707	-2,090	116,617
30.	Securities issued	128,253	-10	128,243
40.	Financial liabilities held for trading	10,527	-1	10,526
50.	Financial liabilities designated at fair value through profit and loss	-	-	-
60.	Hedging derivatives	2,281	-	2,281
70.	Fair value change of financial liabilities in hedged portfolios (+/-)	1,041	-	1,041
80.	Tax liabilities	687	-	687
	a) current	*189*	-	*189*
	b) deferred	*498*	-	*498*
90.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-
100.	Other liabilities	4,463	-5	4,458
110.	Employee termination indemnities	606	-11	595
120.	Allowances for risks and charges	1,677	-4	1,673
	a) post employment benefits	*277*	-	*277*
	b) other allowances	*1,400*	*-4*	*1,396*
130.	Valuation reserves	896	-	896
140.	Redeemable shares	-	-	-
150.	Equity instruments	-	-	-
160.	Reserves	5,709	-	5,709
170.	Share premium reserve	33,271	-	33,271
180.	Share capital	6,647	-	6,647
190.	Treasury shares (-)	-	-	-
200.	Net income (loss)	2,327	-	2,327
Total Liabilities and Shareholders' Equity		**410,907**	**-2,121**	**408,786**

(*) Historic data originally published in the 2010 Annual Report in euro.

(a) These involve the contribution of 70 branches to CariParma (Credit Agricole Group), finalised in May 2011.

Reconciliation between the Intesa Sanpaolo income statement for 2010 and the restated Intesa Sanpaolo income statement for 2010

(millions of euro)

		2010	Disposal of branches to Crédit Agricole (a)	2010 Restated
10.	Interest and similar income	8,649	-49	8,600
20.	Interest and similar expense	-5,888	20	-5,868
30.	**Interest margin**	**2,761**	**-29**	**2,732**
40.	Fee and commission income	2,440	-38	2,402
50.	Fee and commission expense	-324	-	-324
60.	**Net fee and commission income**	**2,116**	**-38**	**2,078**
70.	Dividend and similar income	1,557	-	1,557
80.	Profits (Losses) on trading	49	-1	48
90.	Fair value adjustments in hedge accounting	-48	-	-48
100.	Profits (Losses) on disposal or repurchase of:	17	-	17
	a) loans	*9*	-	*9*
	b) financial assets available for sale	*11*	-	*11*
	c) investments held to maturity	-	-	-
	d) financial liabilities	*-3*	-	*-3*
110.	Profits (Losses) on financial assets and liabilities designated at fair value	19	-	19
120.	**Net interest and other banking income**	**6,471**	**-68**	**6,403**
130.	Net losses / recoveries on impairment	-788	-	-788
	a) loans	*-763*	-	*-763*
	b) financial assets available for sale	*-28*	-	*-28*
	c) investments held to maturity	-	-	-
	d) other financial activities	*3*	-	*3*
140.	**Net income from banking activities**	**5,683**	**-68**	**5,615**
150.	Administrative expenses	-4,228	50	-4,178
	a) personnel expenses	*-2,137*	*37*	*-2,100*
	b) other administrative expenses	*-2,091*	*13*	*-2,078*
160.	Net provisions for risks and charges	-201	-	-201
170.	Net adjustments to / recoveries on property and equipment	-114	2	-112
180.	Net adjustments to / recoveries on intangible assets	-106	-	-106
190.	Other operating expenses (income)	481	-	481
200.	**Operating expenses**	**-4,168**	**52**	**-4,116**
210.	Profits (Losses) on equity investments	7	-	7
220.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-
230.	Goodwill impairment	-	-	-
240.	Profits (Losses) on disposal of investments	1	11	12
250.	**Income (Loss) before tax from continuing operations**	**1,523**	**-5**	**1,518**
260.	Taxes on income from continuing operations	-142	5	-137
270.	**Income (Loss) after tax from continuing operations**	**1,381**	**-**	**1,381**
280.	Income (Loss) after tax from discontinued operations	946	-	946
290.	**Net income (loss)**	**2,327**	**-**	**2,327**

[*] Historic data originally published in the 2010 Annual report in euro. Since there have been no classifications under Income (Loss) after tax from discontinued operations, the 2010 income statement has not been adjusted in compliance with IFRS 5.

[a] 2010 income statement results of 70 branches contributed to the Crédit Agricole Group in the first half of 2011.

Reconciliation between the Intesa Sanpaolo income statement for 2011 and the restated Intesa Sanpaolo income statement for 2011

(in millions of euro)

		2011	Disposal of branches to Crédit Agricole (a)	2011 Restated
10.	Interest and similar income	9,261	-14	9,247
20.	Interest and similar expense	-6,816	4	-6,812
30.	**Interest margin**	**2,445**	**-10**	**2,435**
40.	Fee and commission income	2,303	-11	2,292
50.	Fee and commission expense	-324	-	-324
60.	**Net fee and commission income**	**1,979**	**-11**	**1,968**
70.	Dividend and similar income	1,620	-	1,620
80.	Profits (Losses) on trading	-193	-	-193
90.	Fair value adjustments in hedge accounting	-25	-	-25
100.	Profits (Losses) on disposal or repurchase of	471	-	471
	a) loans	*5*	-	*5*
	b) financial assets available for sale	*377*	-	*377*
	c) investments held to maturity	-	-	-
	d) financial liabilities	*89*	-	*89*
110.	Profits (Losses) on financial assets and liabilities designated at fair value	-29	-	-29
120.	**Net interest and other banking income**	**6,268**	**-21**	**6,247**
130.	Net losses / recoveries on impairment	-1,468	-	-1,468
	a) loans	*-1,388*	-	*-1,388*
	b) financial assets available for sale	*-56*	-	*-56*
	c) investments held to maturity	-	-	-
	d) other financial activities	*-24*	-	*-24*
140.	**Net income from banking activities**	**4,800**	**-21**	**4,779**
150.	Administrative expenses	-4,502	18	-4,484
	a) personnel expenses	*-2,446*	*13*	*-2,433*
	b) other administrative expenses	*-2,056*	*5*	*-2,051*
160.	Net provisions for risks and charges	-121	-	-121
170.	Net adjustments to / recoveries on property and equipment	-116	-	-116
180.	Net adjustments to / recoveries on intangible assets	-96	-	-96
190.	Other operating expenses (income)	421	-	421
200.	**Operating expenses**	**-4,414**	**18**	**-4,396**
210.	Profits (Losses) on equity investments	-7,239	-	-7,239
220.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-
230.	Goodwill impairment	-3,377	-	-3,377
240.	Profits (Losses) on disposal of investments	125	2	127
250.	**Income (Loss) before tax from continuing operations**	**-10,105**	**-1**	**-10,106**
260.	Taxes on income from continuing operations	2,426	1	2,427
270.	**Income (Loss) after tax from continuing operations**	**-7,679**	**-**	**-7,679**
280.	Income (Loss) after tax from discontinued operations	-	-	-
290.	**Net income (loss)**	**-7,679**	**-**	**-7,679**

[a] 2011 income statement results of 70 branches contributed to the Crédit Agricole Group in the first half of 2011, relating to the period prior to disposal.

Restated Intesa Sanpaolo financial statements

Restated Intesa Sanpaolo balance sheet

(millions of euro)

Assets		31.12.2011	31.12.2010 restated	Changes amount	Changes %
10.	Cash and cash equivalents	1,849	2,653	-804	-30.3
20.	Financial assets held for trading	18,576	29,532	-10,956	-37.1
30.	Financial assets designated at fair value through profit and loss	354	367	-13	-3.5
40.	Financial assets available for sale	12,664	13,030	-366	-2.8
50.	Investments held to maturity	528	853	-325	-38.1
60.	Due from banks	146,832	115,880	30,952	26.7
70.	Loans to customers	170,045	177,432	-7,387	-4.2
80.	Hedging derivatives	7,902	5,550	2,352	42.4
90.	Fair value change of financial assets in hedged portfolios (+/-)	76	70	6	8.6
100.	Equity investments	39,631	43,510	-3,879	-8.9
110.	Property and equipment	2,438	2,413	25	1.0
120.	Intangible assets	5,541	9,014	-3,473	-38.5
	of which				
	- goodwill	*2,691*	*6,068*	*-3,377*	*-55.7*
130.	Tax assets	9,027	4,514	4,513	100.0
	a) current	*1,659*	*1,896*	*-237*	*-12.5*
	b) deferred	*7,368*	*2,618*	*4,750*	
140.	Non-current assets held for sale and discontinued operations	-	13	-13	
150.	Other assets	3,782	3,955	-173	-4.4
Total Assets		**419,245**	**408,786**	**10,459**	**2.6**

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2011	31.12.2010 restated	Changes amount	Changes %
10.	Due to banks	112,670	93,815	18,855	20.1
20.	Due to customers	95,324	116,617	-21,293	-18.3
30.	Securities issued	142,697	128,243	14,454	11.3
40.	Financial liabilities held for trading	13,044	10,526	2,518	23.9
50.	Financial liabilities designated at fair value through profit and loss	-	-	-	
60.	Hedging derivatives	2,465	2,281	184	8.1
70.	Fair value change of financial liabilities in hedged portfolios (+/-)	1,176	1,041	135	13.0
80.	Tax liabilities	648	687	-39	-5.7
	a) current	*211*	*189*	*22*	*11.6*
	b) deferred	*437*	*498*	*-61*	*-12.2*
90.	Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	
100.	Other liabilities	4,538	4,458	80	1.8
110.	Employee termination indemnities	590	595	-5	-0.8
120.	Allowances for risks and charges	1,821	1,673	148	8.8
	a) post employment benefits	*306*	*277*	*29*	*10.5*
	b) other allowances	*1,515*	*1,396*	*119*	*8.5*
130.	Valuation reserves	109	896	-787	-87.8
140.	Redeemable shares	-	-	-	
150.	Equity instruments	-	-	-	
160.	Reserves	6,994	5,709	1,285	22.5
170.	Share premium reserve	36,302	33,271	3,031	9.1
180.	Share capital	8,546	6,647	1,899	28.6
190.	Treasury shares (-)	-	-	-	
200.	Net income (loss)	-7,679	2,327	-10,006	
Total Liabilities and Shareholders' Equity		**419,245**	**408,786**	**10,459**	**2.6**

Restated Intesa Sanpaolo income statement

(millions of euro)

		2011 restated	2010 restated	Changes amount	Changes %
10.	Interest and similar income	9,247	8,600	647	7.5
20.	Interest and similar expense	-6,812	-5,868	944	16.1
30.	**Interest margin**	**2,435**	**2,732**	**-297**	**-10.9**
40.	Fee and commission income	2,292	2,402	-110	-4.6
50.	Fee and commission expense	-324	-324	-	-
60.	**Net fee and commission income**	**1,968**	**2,078**	**-110**	**-5.3**
70.	Dividend and similar income	1,620	1,557	63	4.0
80.	Profits (Losses) on trading	-193	48	-241	
90.	Fair value adjustments in hedge accounting	-25	-48	-23	-47.9
100.	Profits (Losses) on disposal or repurchase of	471	17	454	
	a) loans	*5*	*9*	*-4*	*-44.4*
	b) financial assets available for sale	*377*	*11*	*366*	
	c) investments held to maturity	-	-	-	-
	d) financial liabilities	*89*	*-3*	*92*	
110.	Profits (Losses) on financial assets and liabilities designated at fair value	-29	19	-48	
120.	**Net interest and other banking income**	**6,247**	**6,403**	**-156**	**-2.4**
130.	Net losses / recoveries on impairment	-1,468	-788	680	86.3
	a) loans	*-1,388*	*-763*	*625*	*81.9*
	b) financial assets available for sale	*-56*	*-28*	*28*	
	c) investments held to maturity	-	-	-	-
	d) other financial activities	*-24*	*3*	*-27*	
140.	**Net income from banking activities**	**4,779**	**5,615**	**-836**	**-14.9**
150.	Administrative expenses:	-4,484	-4,178	*306*	*7.3*
	a) personnel expenses	*-2,433*	*-2,100*	*333*	*15.9*
	b) other administrative expenses	*-2,051*	*-2,078*	*-27*	*-1.3*
160.	Net provisions for risks and charges	-121	-201	-80	-39.8
170.	Net adjustments to / recoveries on property and equipment	-116	-112	4	3.6
180.	Net adjustments to / recoveries on intangible assets	-96	-106	-10	-9.4
190.	Other operating expenses (income)	421	481	-60	-12.5
200.	**Operating expenses**	**-4,396**	**-4,116**	**280**	**6.8**
210.	Profits (Losses) on equity investments	-7,239	7	-7,246	
220.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-
230.	Goodwill impairment	-3,377	-	3,377	-
240.	Profits (Losses) on disposal of investments	127	12	115	
250.	**Income (Loss) before tax from continuing operations**	**-10,106**	**1,518**	**-11,624**	
260.	Taxes on income from continuing operations	2,427	-137	2,564	
270.	**Income (Loss) after tax from continuing operations**	**-7,679**	**1,381**	**-9,060**	
280.	Income (Loss) after tax from discontinued operations	-	946	-946	
290.	**Net income (loss)**	**-7,679**	**2,327**	**-10,006**	

Reconciliation between restated Intesa Sanpaolo financial statements and reclassified Intesa Sanpaolo financial statements

Reconciliation between restated Intesa Sanpaolo balance sheet and reclassified Intesa Sanpaolo balance sheet

(millions of euro)

Captions of the reclassified balance sheet - Assets	Captions of the restated balance sheet - Assets	31.12.2011	31.12.2010
Financial assets held for trading		18,576	29,532
	Caption 20 - Financial assets held for trading	*18,576*	*29,532*
Financial assets designated at fair value through profit and loss		354	367
	Caption 30 - Financial assets designated at fair value through profit and loss	*354*	*367*
Financial assets available for sale		12,664	13,030
	Caption 40 - Financial assets available for sale	*12,664*	*13,030*
Investments held to maturity		528	853
	Caption 50 - Investments held to maturity	*528*	*853*
Due from banks		146,832	115,880
	Caption 60 - Due from banks	*146,832*	*115,880*
Loans to customers		170,045	177,432
	Caption 70 - Loans to customers	*170,045*	*177,432*
Equity investments		39,631	43,510
	Caption 100 - Equity investments	*39,631*	*43,510*
Property, equipment and intangible assets		7,979	11,427
	Caption 110 - Property and equipment	*2,438*	*2,413*
	+ Caption 120 - Intangible assets	*5,541*	*9,014*
Tax assets		9,027	4,514
	Caption 130 - Tax assets	*9,027*	*4,514*
Non-current assets held for sale and discontinued operations		-	13
	Caption 140 - Non-current assets held for sale and discontinued operations	*-*	*13*
Other assets		13,609	12,228
	Caption 10 - Cash and cash equivalents	*1,849*	*2,653*
	+ Caption 150 - Other assets	*3,782*	*3,955*
	+ Caption 80 - Hedging derivatives	*7,902*	*5,550*
	+ Caption 90 - Fair value change of financial assets in hedged portfolios	*76*	*70*
Total Assets	**Total Assets**	**419,245**	**408,786**

Captions of the reclassified balance sheet - Liabilities and Shareholders' Equity	Captions of the restated balance sheet - Liabilities and Shareholders' Equity	31.12.2011	31.12.2010
Due to banks		112,670	93,815
	Caption 10 - Due to banks	*112,670*	*93,815*
Due to customers and securities issued		238,021	244,860
	Caption 20 - Due to customers	*95,324*	*116,617*
	+ Caption 30 - Securities issued	*142,697*	*128,243*
Financial liabilities held for trading		13,044	10,526
	Caption 40 - Financial liabilities held for trading	*13,044*	*10,526*
Financial liabilities designated at fair value through profit and loss		-	-
	Caption 50 - Financial liabilities designated at fair value through profit and loss	*-*	*-*
Tax liabilities		648	687
	Caption 80 - Tax liabilities	*648*	*687*
Liabilities associated with non-current assets held for sale and discontinued operations		-	-
	Caption 90 - Liabilities associated with non-current assets held for sale and discontinued operations	*-*	*-*
Other liabilities		8,179	7,780
	Caption 100 - Other liabilities	*4,538*	*4,458*
	+ Caption 60 - Hedging derivatives	*2,465*	*2,281*
	+ Caption 70 - Fair value change of financial liabilities in hedged portfolios	*1,176*	*1,041*
Allowances for specific purpose		2,411	2,268
	Caption 110 - Employee termination indemnities	*590*	*595*
	Caption 120 - Allowances for risks and charges	*1,821*	*1,673*
Share capital		8,546	6,647
	Caption 180 - Share capital	*8,546*	*6,647*
Reserves (net of treasury shares)		43,296	38,980
	Caption 160 - Reserves	*6,994*	*5,709*
	Caption 170 - Share premium reserve	*36,302*	*33,271*
	– Caption 190 - Treasury shares	*-*	*-*
Valuation reserves		109	896
	Caption 130 - Valuation reserves	*109*	*896*
Net income (loss)		-7,679	2,327
	Caption 200 - Net income (loss)	*-7,679*	*2,327*
Total Liabilities and Shareholders' Equity	**Total Liabilities and Shareholders' Equity**	**419,245**	**408,786**

Reconciliation between restated Intesa Sanpaolo income statement and reclassified Intesa Sanpaolo income statement

(millions of euro)

Captions of the reclassified income statement	Captions of the restated income statement	2011	2010
Net interest income		2,546	2,813
	Caption 30 - Interest margin	*2,435*	*2,732*
	- Caption 30 (partial) - Interest margin (Effect of purchase price allocation)	*21*	*28*
	+ Caption 80 (partial) - Components of the profits (losses) on trading relating to net interest	*-*	*-*
	+ Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)	*130*	*102*
	+ Caption 150 a) (partial) - Personnel expenses (Time value employee termination indemnities)	*-42*	*-39*
	- Caption 20 (partial) - Interest expense (Fiscal settlement)	*11*	*-*
	+ Caption 160 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)	*-9*	*-10*
Dividends		1,572	1,512
	Caption 70 - Dividend and similar income	*1,620*	*1,557*
	- Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading	*-48*	*-45*
Net fee and commission income		1,962	2,072
	Caption 60 - Net fee and commission income	*1,968*	*2,078*
	- Caption 150 b) (partial) - Other administrative expenses (Recovery of expenses on mortgage documentation)	*-6*	*-6*
Profits (losses) on trading		267	72
	Caption 80 - Profits (Losses) on trading	*-193*	*48*
	+ Caption 90 - Fair value adjustments in hedge accounting	*-25*	*-48*
	+ Caption 100 b) - Profits (Losses) on disposal or repurchase of financial assets available for sale	*377*	*11*
	+ Caption 100 b) (partial) - Financial assets available for sale (Effect of purchase price allocation)	*-*	*-*
	+ Caption 100 d) - Profits (Losses) on disposal or repurchase of financial liabilities	*89*	*-3*
	+ Caption 110 - Profits (Losses) on financial assets and liabilities designated at fair value	*-29*	*19*
	+ Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading	*48*	*45*
	- Caption 80 (partial) - Components of the profits (losses) on trading relating to net interest	*-*	*-*
Other operating income (expenses)		159	203
	Caption 190 - Other operating income (expenses)	*421*	*481*
	- Caption 190 (partial) - Other operating income (expenses) (Recovery of integration charges)	*-*	*-1*
	- Caption 190 (partial) - Other operating income (expenses) (Fiscal settlement)	*9*	*-*
	- Caption 190 (partial) - Other operating income (expenses) (Recovery of expenses and taxes and duties)	*-271*	*-253*
	- Caption 190 (partial) - Other operating income (expenses) (Recovery of payment to Equitalia absorbed pursuant to Law Decree 40/2010)	*-*	*-24*
Operating income		**6,506**	**6,672**
Personnel expenses		-2,040	-2,047
	Caption 150 a) - Personnel expenses	*-2,433*	*-2,100*
	- Caption 150 a) (partial) - Personnel expenses (Charges for integration and exit incentives)	*351*	*14*
	- Caption 150 a) (partial) - Personnel expenses (Time value employee termination indemnities)	*42*	*39*
Other administrative expenses		-1,687	-1,768
	Caption 150 b) - Other administrative expenses	*-2,051*	*-2,078*
	- Caption 150 b) (partial) - Other administrative expenses (Integration charges)	*87*	*51*
	- Caption 150 b) (partial) - Other administrative expenses (Recovery of expenses on mortgage documentation)	*6*	*6*
	+ Caption 190 (partial) Other operating income (expenses) (Recovery of expenses and taxes and duties)	*271*	*253*
Adjustments to property, equipment and intangible assets		-129	-123
	Caption 170 - Net adjustments to/recoveries on property and equipment	*-116*	*-112*
	- Caption 170 (partial) - Net adjustments to property and equipment (Effect of purchase price allocation)	*-14*	*-15*
	+ Caption 180 - Net adjustments to/recoveries on intangible assets	*-96*	*-106*
	- Caption 180 (partial) - Net adjustments to intangible assets (Effect of purchase price allocation)	*96*	*104*
	- Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Impairment)	*1*	*6*
	- Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Impairment)	*-*	*-*
	- Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Integration charges)	*-*	*-*
	- Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Integration charges)	*-*	*-*
Operating costs		**-3,856**	**-3,938**
Operating margin		**2,650**	**2,734**

(millions of euro)

Captions of the reclassified income statement	Captions of the restated income statement	2011	2010
Operating margin		**2,650**	**2,734**
Net provisions for risks and charges		-112	-167
	Caption 160 - Net provisions for risks and charges	*-121*	*-201*
	- Caption 160 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)	*9*	*10*
	+ Caption 190 (partial) - Other operating income (expenses) (Recovery of payment to Equitalia absorbed pursuant to Law Decree 40/2010)	*-*	*24*
Net adjustments to loans		-1,537	-853
	Caption 100 a) - Profits (Losses) on disposal or repurchase of loans	*5*	*9*
	- Caption 100 a) (partial) - Profits (Losses) on disposal or repurchase of loans (Effect of purchase price allocation)	*-*	*-*
	+ Caption 130 a) - Net losses/recoveries on impairment of loans	*-1,388*	*-763*
	- Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)	*-130*	*-102*
	+ Caption 130 d) - Net losses/recoveries on impairment of other financial activities	*-24*	*3*
Net impairment losses on other assets		-57	-34
	Caption 130 b) - Net losses/recoveries on impairment of financial assets available for sale	*-56*	*-28*
	+ Caption 130 c) - Net losses/recoveries on impairment of investments held to maturity	*-*	*-*
	+ Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Impairment)	*-1*	*-6*
	+ Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Impairment)	*-*	*-*
Profits (Losses) on investments held to maturity and on other investments		-160	19
	Caption 100 c) - Profits (Losses) on disposal or repurchase of investments held to maturity	*-*	*-*
	+ Caption 240 - Profits (Losses) on disposal of investments	*127*	*12*
	+ Caption 210 - Profits (Losses) on equity investments	*-7,239*	*7*
	- Caption 210 - (partial) - Profits (Losses) on equity investments	*6,952*	*-*
	+ Caption 220 - Valuation differences on property, equipment and intangible assets measured at fair value	*-*	*-*
Income (Loss) before tax from continuing operations		**784**	**1,699**
Taxes on income from continuing operations		2,101	-194
	Caption 260 - Taxes on income from continuing operations	*2,427*	*-137*
	- Caption 260 (partial) - Taxes on income from continuing operations (Integration charges)	*-124*	*-20*
	+ Caption 20 (partial) - Interest expense (Fiscal settlement)	*-11*	*-*
	+ Caption 190 (partial) - Other operating income (expenses) (Fiscal settlement)	*-9*	*-*
	- Caption 260 (partial) - Taxes on income from continuing operations (Goodwill and controlling interests impairment)	*-148*	*-*
	- Caption 260 (partial) - Taxes on income from continuing operations (Effect of purchase price allocation)	*-34*	*-37*
Charges (net of taxes) for integration and exit incentives		-314	-44
	+ Caption 150 a) (partial) - Personnel expenses (Charges for Integration and exit incentives)	*-351*	*-14*
	+ Caption 150 b) (partial) - Other administrative expenses (Integration charges)	*-87*	*-51*
	+ Caption 260 (partial) - Taxes on income from continuing operations (Integration charges)	*124*	*20*
	+ Caption 190 (partial) - Other operating income (expenses) (Recovery of integration charges)	*-*	*1*
	+ Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Integration charges)	*-*	*-*
	+ Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Integration charges)	*-*	*-*
Effect of purchase price allocation (net of tax)		-69	-80
	+ Caption 30 (partial) - Interest margin (Effect of purchase price allocation)	*-21*	*-28*
	+ Caption 100 a) (partial) - Profits (Losses) on disposal or repurchase of loans (Effect of purchase price allocation)	*-*	*-*
	+ Caption 100 b) (partial) - Financial assets available for sale (Effect of purchase cost allocation)	*-*	*-*
	+ Caption 170 (partial) - Net adjustments to property and equipment (Effect of purchase price allocation)	*14*	*15*
	+ Caption 180 (partial) - Net adjustments to intangible assets (Effect of purchase price allocation)	*-96*	*-104*
	+ Caption 260 (partial) - Taxes on income from continuing operations (Effect of purchase price allocation)	*34*	*37*
Goodwill and controlling interests impairment (net of tax)		-10,181	-
	Caption 230 - Goodwill and controlling interests impairment	*-3,377*	*-*
	+ Caption 210 (partial) - Profits (Losses) on equity investments	-6,952	*-*
	+ Caption 260 (partial) - Taxes on income from continuing operations (Goodwill and controlling interests impairment)	148	*-*
Income (Loss) after tax from discontinued operations		-	946
	Caption 280 - Income (Loss) after tax from discontinued operations	-	946
	- Caption 210 (partial) - Profits (Losses) on equity investments	-	-
Net income (loss)	**Caption 290 - Net income (loss)**	**-7,679**	**2,327**

Other attachments

Statement of Intesa Sanpaolo property, equipment and financial assets subject to revaluation

(millions of euro)

	Revaluations						Total
	Royal Law Decree 1729 of 19.10.1937	Law 823 of 19.12.1973	Law 576 of 02.12.1975	Law 72 of 19.03.1983	Law 413 of 30.12.1991	Law 218 of 30.07.1990	
Real estate assets	**-**	**21**	**15**	**57**	**184**	**198**	**475**
Equity investments	**-**	**-**	**-**	**-**	**-**	**391**	**391**
a) Subsidiaries	-	-	-	-	-	43	43
b) Other	-	-	-	-	-	348	348
Total	**-**	**21**	**15**	**57**	**184**	**589**	**866**

Statement of Intesa Sanpaolo pension funds

Statement of the supplementary pension fund in favour of tax-collection personnel formerly employed by Cariplo

For the supplementary pension fund in favour of tax-collection personnel formerly employed by Cariplo – established in implementation of collective agreements to guarantee the payment of integrations for personnel formerly in service at Cariplo and transferred to Esatri Esazioni Tributi S.p.A. - accounting records for the related transactions are segregated in accordance with corporate agreements requiring that gains on its own investments are provisioned, and with regulations contained in Italian Legislative Decree no. 124 of 21 April 1993, reviewed by Law no. 335 of 8 August 1995.
Based on the corporate agreements and special authorisation of the Bank of Italy, in 2002 procedures were completed for transformation of treatment from defined benefit to defined contribution. Then according to individual requests from all the personnel in service, the related individual positions were transferred to other external pension funds. As a result of these transactions the fund once again began to operate as a defined benefit plan for personnel already retired as at 31 December 2000.
As at 31 December 2010 the balance of the fund was 24 million euro. Following utilisation, deposits and provisioning, as at 31 December 2011 the fund recorded a balance of 22 million euro, with a decrease of 2 million euro.
The actuarial assumption is performed on an annual basis.

Financial position of the fund

(millions of euro)

Bonds	10
Accrued income on bonds	-
Cash equivalents	12
Total	**22**

Fund cash inflows

(millions of euro)

Return on investments	-
Provisions in the year	1
Total cash inflows	**1**

Fund cash outflows

(millions of euro)

Past benefits paid	-3
Administrative expenses and other	-
Total cash outflows	**-3**

Supplementary pension fund in favour of employees of Mediocredito Lombardo "Trattamento integrativo delle pensioni di legge a favore dei dipendenti del Mediocredito Lombardo", final regulation approved on 8 March 1996

The fund's resources for personnel formerly employed by Mediocredito Lombardo are used as part of the Bank's securities. The following changes were recorded during the year:

(millions of euro)

Balance as at 31 December 2010	15
Benefits paid in the year	-1
Provisions allocated in 2011	-
Termination section assets	-
Balance as at 31 December 2011	**14**

Annual actuarial tests to confirm the Fund's adequacy to meet its commitments have proved a technical and financial balance.
As from 24 April 1993, on entry into force of the Italian Law on Pension Funds (Legislative Decree no. 124 of 21 April 1993), new recruits to Mediocredito Lombardo were no longer registered to the supplementary pension envisaged from this fund.
An agreement was signed with Trade Unions in 2006 that set out the transformation of the regime for beneficiaries in service from "defined benefit" to "defined contribution". For employees in service and so-called "deferred beneficiaries" (who ceased service but have a right to future supplementary benefits) a lump sum has been identified which, based on the options exercised by the beneficiaries, was transferred to supplementary pension funds or collected by beneficiaries. After this transaction, the "employee in service" section was extinguished. The agreement with Trade Unions also provides for a process – still to be activated – destined to propose to pensioners, as an extraordinary measure, one-off payments to liquidate their pension position. As at 31 December 2011 the only section of the Fund with a recorded value is that for retired employees.

Supplementary pension fund for top management of Banca Commerciale Italiana "Trattamento pensionistico complementare per i membri della Direzione Centrale della Banca Commerciale Italiana"

The fund refers to integrative provisions allocated up to a certain date on the basis of specific bilateral agreements in favour of top management of Banca Commerciale Italiana.
The related provisions – which do not represent segregated funds – are invested without distinction (in a non-specific manner) as an assets component.
The pension fund fully covers technical needs as at the reference date, updated on an annual basis.
In 2006, following the start of liquidation of the pension fund for Banca Commerciale Italiana personnel, on behalf of fund beneficiaries applying for such treatment the Bank took over the charge corresponding to the difference between the value of the benefit borne by AGO and the higher value of the contractual commitment. The increased value of the mathematical reserve as at 31 December 2006 was offset by disposal to the company in settlement of the entire amount due to the Comit Fund.
The following changes were recorded during the year:

(millions of euro)

Balance as at 31 December 2010	32
Benefits paid in the year	-4
Provisions allocated	2
Transfer from "Fondo pensioni per il personale della Banca Commerciale Italiana"	-
Balance as at 31 December 2011	**30**

Table of significant equity investments in unquoted companies pursuant to article 126 of Consob Regulation 11971 of 14 May 1999

(List of equity investments in excess of 10% of the voting share capital in unquoted companies held directly and indirectly for whatever reason)

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
08 Gennaio Srl	100.00		Intesa Sanpaolo	Holding
08 January Srl		100.00	IMI Investimenti	Holding
A.M.P. Srl		100.00	C.R. di Pistoia e Pescia	Pledge
A4 Holding SpA (formerly Autostrada BS-VR-VI-PD SpA)		20.52	RE. Consult Infrastrutture	Holding
		6.07	Equiter	Holding
		5.38	Compagnia Italiana Finanziaria	Holding
Abibes SpA	92.40		Intesa Sanpaolo	Pledge
Accessible Luxury Holdings 1 SA	15.65		Intesa Sanpaolo	Holding
Adar Holding SpA	16.91		Intesa Sanpaolo	Pledge
Adventus SpA in liq. (former Visconti 21 Consulting Srl)	55.82		Intesa Sanpaolo	Holding
Aeroporti Holding Srl		35.31	Equiter	Holding
Agricola del Varano Srl		26.58	C.R. del Veneto	Pledge
Agricola Investimenti Srl in liquidation	100.00		Intesa Sanpaolo	Holding
Agriventure SpA (formerly Citylife SpA)		20.00	C.R. Firenze	Holding
	80.00		Intesa Sanpaolo	Holding
Agromedimurje d.d.		10.07	Medimurska Banka	Holding
Al Parsut SpA in liquidation		99.98	Banca Monte Parma	Pledge
AL.FA. - Un'altra Famiglia Dopo di Noi - Impresa Sociale Srl	42.86		Intesa Sanpaolo	Holding
Albergo il Giglio SpA		100.00	C.R. di Pistoia e Pescia	Pledge
Alfa-Ex Ingatlanhasznosito es Forgalmazo Kft.		21.20	CIB Bank	Pledge
Alfieri Associates Investors Servicos de Consultoria SA	20.00		Intesa Sanpaolo	Holding
Alitalia - Compagnia Aerea Italiana SpA (former C.A.I. Compagnia Aerea Italiana SpA)	8.86		Intesa Sanpaolo	Holding
		1.15	Ottobre 2008 Srl	Holding
Allfunds Bank SA	50.00		Intesa Sanpaolo	Holding
Alpas Srl		100.00	C.R. di Pistoia e Pescia	Pledge
Alpifin Srl in liquidation / composition with creditors		10.44	C.R. del Friuli Venezia Giulia - Carifvg	Holding
Ambienta SGR SpA		20.00	Equiter	Holding
Ariston Thermo SpA (formerly Merloni Termosanitari SpA)	6.05		Intesa Sanpaolo	Holding
		7.42	IMI Investimenti	Holding
Atlantis SA		81.25	Sudameris	Holding
		18.75	Intesa Sanpaolo Holding International	Holding
Attiva SpA - Ag. per la Trasformaz. Territor. in Veneto (former Cosecon SpA)		10.00	C.R. del Veneto	Holding
Aurum Toscana Srl		100.00	Banco di Napoli	Pledge
Autostrada Pedemontana Lombarda SpA		20.11	Equiter	Holding
		6.03	Banca Infrastrutture Innovazione e Sviluppo	Holding
Autostrade Lombarde SpA	39.71		Intesa Sanpaolo	Holding
B.E.E. Sourcing SpA (formerly Informatica Umbra Srl)	13.04		Intesa Sanpaolo	Holding
		8.33	C.R. di Spoleto	Holding
		3.62	C.R. di Foligno	Holding
Bamcard d.d.		20.03	Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	Holding
Banca C.R. Firenze Romania SA		100.00	C.R. di Firenze	Holding
		0.00	Intesa Sanpaolo Holding International	Holding
Banca dell'Adriatico SpA	100.00		Intesa Sanpaolo	Holding
Banca di Credito Sardo SpA (formerly Banca C.I.S. SpA)	100.00		Intesa Sanpaolo	Holding
Banca di Trento e Bolzano SpA	23.33		Intesa Sanpaolo	Holding
		54.68	Finanziaria B.T.B	Holding
		0.00	Intesa Sanpaolo Private Banking	Pledge

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Banca d'Italia	30.35		Intesa Sanpaolo	Holding
		0.22	C.R. Ascoli Piceno	Holding
		0.00	C.R. di Rieti	Holding
		0.08	C.R. della Provincia di Viterbo	Holding
		0.11	C.R. di Foligno	Holding
		0.15	C.R. di Terni e Narni	Holding
		0.08	C.R. di Città di Castello	Holding
		0.03	C.R. di Spoleto	Holding
		0.62	C.R. del Friuli Venezia Giulia - Carifvg	Holding
		0.88	C.R. di Venezia	Holding
		0.20	C.R. di Forlì e della Romagna - Cariromagna	Holding
		1.20	C.R. del Veneto	Holding
		6.20	C.R. in Bologna	Holding
		1.89	C.R. di Firenze	Holding
		0.04	C.R. di Civitavecchia	Holding
		0.38	C.R. di Pistoia e Pescia	Holding
		0.00	Banca Monte Parma	Holding
Banca Fideuram SpA	100.00		Intesa Sanpaolo	Holding
Banca IMI Securities Corp.		100.00	IMI Capital Markets Usa	Holding
Banca IMI SpA	100.00		Intesa Sanpaolo	Holding
Banca Impresa Lazio SpA	12.00		Intesa Sanpaolo	Holding
Banca Infrastrutture Innovazione e Sviluppo SpA (former Bca Intesa Infrastr. e Svil.)	100.00		Intesa Sanpaolo	Holding
Banca Intesa (Closed Joint Stock Company) Moscow (former Kmb Bank-Closed Joint Stock Company)	46.98		Intesa Sanpaolo	Holding
		39.77	Intesa Sanpaolo Holding International	Holding
Banca Intesa a.d. Beograd	15.21		Intesa Sanpaolo	Holding
		77.79	Intesa Sanpaolo Holding International	Holding
Banca Monte Parma SpA	64.05		Intesa Sanpaolo	Holding
Banca Prossima SpA	71.67		Intesa Sanpaolo	Holding
Banco di Napoli SpA	100.00		Intesa Sanpaolo	Holding
Banco Emiliano Romagnolo SpA	99.97		Intesa Sanpaolo	Holding
Bank of Alexandria	70.25		Intesa Sanpaolo	Holding
Bank of Qingdao Co. Ltd	20.00		Intesa Sanpaolo	Holding
Banka Koper d.d.	97.55		Intesa Sanpaolo	Holding
Banque Espirito Santo et de la Venetie SA	12.50		Intesa Sanpaolo	Holding
Banque Galliere SA in liquidation		17.50	C.R. in Bologna	Holding
Baralan International SpA	100.00		Intesa Sanpaolo	Pledge
Beato Edoardo Materiali Ferrosi Srl		50.00	C.R. del Veneto	Pledge
Belisce d.d.		13.41	Privredna Banka Zagreb	Holding
Bi Private Equity Ltd		100.00	Private Equity International	Holding
Biessefin SpA in liquidation	36.10		Intesa Sanpaolo	Pledge
Binda SpA in liquidation	11.25		Intesa Sanpaolo	Holding
	0.19		Intesa Sanpaolo	Pledge
		0.00	Cormano	Holding
		0.01	Banca IMI	Holding
		0.02	C.R. del Veneto	Pledge
		0.01	C.R. di Firenze	Pledge
		0.01	Banca Monte Parma	Holding
		0.01	Banca Fideuram	Holding
Blue Gem Luxembourg 1 Sarl		50.00	Eurizon Vita	Holding
Brivon Hungary Plc		100.00	Recovery Real Estate Management	Holding
C D I Calitri Denim Industries SpA under bankruptcy proceedings		14.29	Isveimer	Holding
Cala Capitana Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge
Camigliati Scuola Management Territoriale Scrl		20.00	Intesa Sanpaolo Formazione	Holding
Cantiere Celli Srl		80.00	C.R. di Venezia	Pledge
Cantiere Darsena Italia SpA in liquidation and composition with creditors	20.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Caprera Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Cargoitalia SpA (formerly Alis Aerolinee Italiane SpA)	33.33		Intesa Sanpaolo	Holding
Cartitalia Srl in liquidation		51.00	Cormano	Holding
Cassa dei Risparmi di Forlì e della Romagna SpA - Cariromagna	82.08		Intesa Sanpaolo	Holding
Cassa di Risparmio del Friuli Venezia Giulia SpA - Carifvg	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio del Veneto SpA (former Cassa di Risp. di Padova e Rovigo SpA)	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio della Provincia di Chieti SpA	20.00		Intesa Sanpaolo	Holding
Cassa di Risparmio della Provincia di Viterbo SpA		82.02	C.R. di Firenze	Holding
Cassa di Risparmio di Ascoli Piceno SpA		66.00	C.R. di Firenze	Holding
Cassa di Risparmio di Città di Castello SpA		82.19	C.R. di Firenze	Holding
Cassa di Risparmio di Civitavecchia SpA		51.00	C.R. di Firenze	Holding
Cassa di Risparmio di Fermo SpA	33.33		Intesa Sanpaolo	Holding
Cassa di Risparmio di Firenze SpA	89.71		Intesa Sanpaolo	Holding
Cassa di Risparmio di Foligno SpA		70.53	C.R. di Firenze	Holding
Cassa di Risparmio di Pistoia e Pescia SpA		60.00	C.R. di Firenze	Holding
Cassa di Risparmio di Rieti SpA		85.00	C.R. di Firenze	Holding
Cassa di Risparmio di Spoleto SpA		60.13	C.R. di Firenze	Holding
Cassa di Risparmio di Terni e Narni SpA		75.00	C.R. di Firenze	Holding
Cassa di Risparmio di Venezia SpA	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio in Bologna SpA	100.00		Intesa Sanpaolo	Holding
Cattolica Previdenza SpA (formerly Cattolica Previdenza in Azienda SpA)		19.86	Intesa Sanpaolo Vita	Holding
Celeasing Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Cen.Ser. Centro Servizi SpA		11.76	C.R. del Veneto	Holding
Centro Factoring SpA	11.38		Intesa Sanpaolo	Holding
		0.11	C.R. di Forlì e della Romagna - Cariromagna	Holding
		41.77	C.R. di Firenze	Holding
		5.73	C.R. di Pistoia e Pescia	Holding
		14.95	Centro Leasing	Holding
Centro Leasing SpA (formerly Centro Leasing Banca SpA)		58.09	Leasint	Holding
		30.10	C.R. di Firenze	Holding
Centro Leasing Gmbh in liquidation		100.00	Centro Leasing	Holding
China International Packaging Leasing Co. Ltd (Leasepack)		17.50	Intesa Sanpaolo Holding International	Holding
CIB Bank Ltd (formerly Central-European International Bank Ltd)	32.31		Intesa Sanpaolo	Holding
		67.69	Intesa Sanpaolo Holding International	Holding
Cib Car Trading Limited Liability Company		100.00	Recovery Real Estate Management	Holding
Cib Factor Financial Service Ltd		50.00	Cib Bank	Holding
		50.00	Cib Real Property Utilisation and Services	Holding
Cib Insurance Broker Ltd		100.00	Cib Leasing	Holding
Cib Investment Fund Management Ltd		5.03	Cib Real Property Utilisation and Services	Holding
		94.98	Cib Bank	Holding
Cib Leasing Ltd		98.16	Cib Lizing Holding Kft	Holding
		1.84	Cib Real Estate	Holding
Cib Lizing Holding Kft		100.00	Cib Bank	Holding
Cib Real Estate Ltd		100.00	Cib Bank	Holding
Cib Real Property Utilisation and Services Ltd		100.00	Cib Bank	Holding
Cib Rent Operative Leasing Ltd		100.00	Cib Bank	Holding
Cil Mnm Ltd		96.67	Recovery Real Estate Management	Holding
Cimos International d.d.		20.44	Banka Koper	Holding
Collegamento Ferroviario Genova-Milano SpA		20.00	Banca Infrastrutture Innovazione e Sviluppo	Holding
Cometa Srl		100.00	C.R. in Bologna	Pledge
Compagnia Italiana Finanziaria Srl		52.75	IN.FRA Investire nelle Infrastrutture	Holding
Consorzio Bancario Sir SpA in liquidation	32.86		Intesa Sanpaolo	Holding
		5.63	Banca di Credito Sardo	Holding
		0.00	Banca di Trento e Bolzano	Holding
		0.69	Isveimer	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Consumer Finance Holding A.S.		100.00	Vseobecna Uverova Banka	Holding
Cormano Srl	70.82		Intesa Sanpaolo	Holding
		6.40	C.R. in Bologna	Holding
Demo Invest SpA		51.05	Banca Monte Parma	Pledge
Digicar SpA (formerly Eleven SpA)		100.00	C.R. del Veneto	Pledge
Domina Group SpA in liquid./under bankruptcy proceedings	50.57		Intesa Sanpaolo	Pledge
Edilmarket Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge
Emerald Uk Limited Partnership	11.14		Intesa Sanpaolo	Holding
		7.43	IMI Investimenti	Holding
Emil Europe '92 Srl in liquidation		93.48	C.R. in Bologna	Holding
Enerpoint Energy Srl		50.00	Equiter	Holding
Enerpoint SpA		19.80	Equiter	Holding
Epsilon Associati SGR SpA		51.00	Eurizon Capital SGR	Holding
		49.00	Banca IMI	Holding
Equinox Two SCA		25.57	Private Equity International	Holding
Equipe Investments SpA		100.00	C.R. del Veneto	Pledge
Equiter SpA (former Fin.Opi SpA - Finanziaria per le Opere Pubbliche e le Infrastrutture)	100.00		Intesa Sanpaolo	Holding
Equitypar-Companhia de Partecipacoes SA		12.50	Intesa Sanpaolo Servicos e Empreendimentos	Holding
Esaote SpA		19.22	IMI Investimenti	Holding
Eurizon Capital a.d. - Beograd (former Intesa Eurizon Asset Management Beograd a.d.)		40.00	Banca Intesa a.d. - Beograd	Holding
		40.00	Eurizon Capital	Holding
	20.00		Intesa Sanpaolo	Holding
Eurizon Capital SA		100.00	Eurizon Capital SGR	Holding
Eurizon Capital SGR SpA	100.00		Intesa Sanpaolo	Holding
EurizonVita (Beijing) Business Advisory Co. Ltd		100.00	Intesa Sanpaolo Vita	Holding
Eurolites SpA	100.00		Intesa Sanpaolo	Pledge
Euromilano SpA	38.00		Intesa Sanpaolo	Holding
Europa Factor SpA		50.00	C.R. Firenze	Pledge
Europay Hrvatska d.o.o. in liquidation		12.50	Privredna Banka Zagreb	Holding
Europrogetti e Finanza SpA in liquidation	15.97		Intesa Sanpaolo	Holding
EuroTLX SIM SpA (formerly TLX SpA)		50.00	Banca IMI	Holding
Euro-Tresorerie SA		100.00	Financiere Fideuram	Holding
		0.00	Fideuram Bank Luxembourg	Holding
Exelia Srl		100.00	Intesa Sanpaolo Holding International	Holding
F.I.L.A. Fabbrica Italiana Lapis ed Affini SpA	12.38		Intesa Sanpaolo	Holding
F2i - Fondi Italiani per le Infrastrutture SGR SpA		15.99	Banca Infrastrutture Innovazione e Sviluppo	Holding
F2i Reti TLC Srl		12.50	IMI Investimenti	Holding
Femi SpA		100.00	C.R. in Bologna	Pledge
Fides SpA under bankruptcy proceedings		20.00	Isveimer	Holding
Fideuram Asset Management (Ireland) Ltd		100.00	Banca Fideuram	Holding
Fideuram Bank (Luxembourg) SA		100.00	Banca Fideuram	Holding
		0.00	Fideuram Vita	Holding
Fideuram Fiduciaria SpA		100.00	Banca Fideuram	Holding
Fideuram Gestions SA		99.94	Banca Fideuram	Holding
		0.06	Fideuram Vita	Holding
Fideuram Investimenti SGR SpA		99.50	Banca Fideuram	Holding
Fideuram Vita SpA	80.01		Intesa Sanpaolo	Holding
		19.99	Banca Fideuram	Holding
Fidi Toscana SpA	0.17		Intesa Sanpaolo	Holding
		8.57	C.R. di Firenze	Holding
		1.52	C.R. di Pistoia e Pescia	Holding
Fidia-Fondo Interbancario d'investim. Az. SGR SpA	25.00		Intesa Sanpaolo	Holding
Fin.Tess. SpA under bankruptcy proceedings		98.00	C.R. del Veneto	Pledge

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Financiere Fideuram SA		100.00	Banca Fideuram	Holding
		0.00	Fideuram Bank Luxembourg	Holding
Finanziaria B.T.B SpA	99.29		Intesa Sanpaolo	Holding
Fineurop SpA	15.00		Intesa Sanpaolo	Holding
Finor Leasing d.o.o.		100.00	Banka Koper	Holding
Firenze Mobilità SpA		79.50	C.R. di Firenze	Pledge
Fondo di Rigenerazione Urbana Sicilia Srl		100.00	Equiter	Holding
Fondo Italiano d'Investimento SGR SpA	12.50		Intesa Sanpaolo	Holding
Fonti di Gaverina SpA	59.71		Intesa Sanpaolo	Pledge
Formula Sport Group Srl in liquidation	52.00		Intesa Sanpaolo	Pledge
Garibaldi Srl Soc. Agricola in liquidation	100.00		Intesa Sanpaolo	Pledge
GCL Holding LP Sarl	21.95		Intesa Sanpaolo	Holding
Ge.I.Po. Srl		90.00	C.R. di Venezia	Pledge
Genextra SpA	15.79		Intesa Sanpaolo	Holding
Geni SpA under bankruptcy proceedings	35.91		Intesa Sanpaolo	Holding
Gepafin SpA-Garanzie Partecipazioni e Finanziamenti		4.32	C.R. di Spoleto	Holding
		0.69	C.R. di Città di Castello	Holding
		3.83	C.R. di Foligno	Holding
		4.04	C.R. di Terni e Narni	Holding
		0.21	C.R. di Firenze	Holding
Gestione Partecipazioni SpA		50.00	Banca Infrastrutture Innovazione e Sviluppo	Pledge
		50.00	Banca IMI	Pledge
Gestione Partecipazioni Srl		50.00	Banca Infrastrutture Innovazione e Sviluppo	Pledge
		50.00	Banca IMI	Pledge
Gestiones y Recuperaciones de Activos SA		99.94	Inversiones Mobiliarias	Holding
Giochi Preziosi SpA (formerly Lauro Ventuno SpA)	14.25		Intesa Sanpaolo	Holding
Goglio Luigi Milano SpA		16.07	IMI Investimenti	Holding
Granarolo SpA	19.78		Intesa Sanpaolo	Holding
Green Initiative Carbon Assets (Gica) SA		25.00	Equiter	Holding
Grin Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Grosso Legnami Srl		51.00	C.R. di Venezia	Pledge
GWM Renewable Energy II SpA	12.50		Intesa Sanpaolo	Holding
Hellatron SpA	85.00		Intesa Sanpaolo	Pledge
Horizonte Club Italia Srl		100.00	Banco di Napoli	Pledge
Hotel Cipriani Asolo Srl	100.00		Intesa Sanpaolo	Pledge
Hotel Lido Uno Srl	100.00		Intesa Sanpaolo	Pledge
Hrok - Hrvatsky Registar Obveza po Kreditima d.o.o. za Poslovne Usluge		14.70	Privredna Banka Zagreb	Holding
I.Tre - Iniziative Immobiliari Industriali SpA		20.00	C.R. del Veneto	Holding
Iam Piaggio SpA under extraordinary administration	16.58		Intesa Sanpaolo	Holding
		3.86	Banca Fideuram	Holding
Il Mondo dei Fiori Srl	100.00		Intesa Sanpaolo	Pledge
IMI Capital Markets Usa Corp.		100.00	IMI Investments	Holding
IMI Finance Luxembourg SA		100.00	IMI Investments	Holding
IMI Fondi Chiusi SGR SpA (formerly Sanpaolo IMI Fondi Chiusi SGR SpA)		100.00	IMI Investimenti	Holding
IMI Investimenti SpA	100.00		Intesa Sanpaolo	Holding
IMI Investments SA		100.00	Banca IMI	Holding
Immit - Immobili Italiani Srl (formerly Immit - Nuova Immobili Italiani Srl)	100.00		Intesa Sanpaolo	Holding
Immobiliare Femar SpA in liquidation		38.57	C.R. del Veneto	Pledge
Immobiliare Novoli SpA		25.00	C.R. di Firenze	Holding
Immobiliare Nuova Sede Srl		100.00	C.R. di Firenze	Holding
Immobiliare Peonia Rosa Srl	57.00		Intesa Sanpaolo	Pledge
Immobiliare Rione San Gottardo SpA	100.00		Intesa Sanpaolo	Pledge
Immobiliare Turistica M.O. Srl		25.00	C.R. di Venezia	Pledge
IMP Industria Meccanica di Precisione Srl (formerly Tecnoitalia Srl)	100.00		Intesa Sanpaolo	Pledge

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Impianti Srl in liquidation	26.27		Intesa Sanpaolo	Holding
		1.69	Banca di Trento e Bolzano	Holding
		5.25	Isveimer	Holding
IN.FRA - Investire nelle Infrastrutture SpA	88.84		Intesa Sanpaolo	Holding
Infogroup - Informatica e Servizi Telematici Scpa (formerly SpA)	31.07		Intesa Sanpaolo	Holding
		65.45	C.R. di Firenze	Holding
		2.76	C.R. di Pistoia e Pescia	Holding
		0.69	C.R. di Civitavecchia	Holding
		0.00	Banca Fideuram	Holding
		0.00	Intesa Sanpaolo Group Services	Holding
		0.00	Banca IMI	Holding
		0.00	Setefi	Holding
		0.00	Banca dell'Adriatico	Holding
		0.00	Banca di Credito Sardo	Holding
		0.00	Banca di Trento e Bolzano	Holding
		0.00	Banca Infrastrutture Innovazione e Sviluppo	Holding
		0.00	Banca Prossima	Holding
		0.00	Banco di Napoli	Holding
		0.00	C.R. di Forlì e della Romagna - Cariromagna	Holding
		0.00	C.R. del Friuli Venezia Giulia - Carifvg	Holding
		0.00	C.R. della Prov. di Viterbo	Holding
		0.00	C.R. del Veneto	Holding
		0.00	C.R. di Venezia	Holding
		0.00	C.R. di Rieti	Holding
		0.00	C.R. di Foligno	Holding
		0.00	C.R. di Città di Castello	Holding
		0.00	C.R. di Ascoli Piceno	Holding
		0.00	C.R. di Spoleto	Holding
		0.00	C.R. di Terni e Narni	Holding
		0.00	C.R. in Bologna	Holding
		0.00	Centro Leasing	Holding
Iniziative Logistiche Srl		54.94	IN.FRA Investire nelle Infrastrutture	Holding
Innocenti & Livi di Livi Srl (formerly Livi Srl)		100.00	C.R. di Pistoia e Pescia	Pledge
Integrated Shipping Company - I.S.Co. SpA	100.00		Intesa Sanpaolo	Pledge
Interline Turismo Club Srl	100.00		Intesa Sanpaolo	Pledge
International Business Science Company Soc. Cons. a r.l. - I.B.S.C.		18.18	C.R. del Friuli Venezia Giulia - Carifvg	Holding
Intesa Brasil Empreendimentos SA	100.00		Intesa Sanpaolo Servicos e Empreendimentos	Holding
Intesa Funding Llc	100.00		Intesa Sanpaolo	Holding
Intesa Global Finance Company Ltd		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Investimenti SpA	100.00		Intesa Sanpaolo	Holding
Intesa Lease Sec. Srl	60.00		Intesa Sanpaolo	Holding
Intesa Leasing Closed Joint Stock Company (former Kmb-Leasing CJSC)		100.00	Banca Intesa (Closed Joint Stock Company) Mosca	Holding
Intesa Leasing d.o.o. Beograd		100.00	Banca Intesa a.d. - Beograd	Holding
Intesa Real Estate Srl	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Assicura SpA (formerly Eurizontutela SpA)		100.00	Intesa Sanpaolo Vita	Holding
Intesa Sanpaolo Bank Albania (former American Bank of Albania)	98.61		Intesa Sanpaolo	Holding
Intesa Sanpaolo Bank Ireland Plc	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Banka d.d. Bosna i Hercegovina (former Upi Banka d.d.)		94.93	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Card d.o.o. - Ljubljana (formerly Centurion Financne Storitve d.o.o.)		100.00	Intesa Sanpaolo Card - Zagreb	Holding
Intesa Sanpaolo Card d.o.o. - Zagreb		53.46	Intesa Sanpaolo Holding International	Holding
		31.20	Privredna Banka Zagreb	Holding
		15.34	Banka Koper	Holding
Intesa Sanpaolo Card BH d.o.o. (former Centurion Financijske Usluge d.o.o. o Centurion Financial Services Ltd)		100.00	Intesa Sanpaolo Card - Zagreb	Holding
Intesa Sanpaolo Eurodesk Sprl (former Cbe Service)	100.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Intesa Sanpaolo Formazione Scpa	54.98		Intesa Sanpaolo	Holding
		13.75	C.R. di Firenze	Holding
		2.41	Banca dell'Adriatico	Holding
		2.41	Banca di Credito Sardo	Holding
		2.41	Banca di Trento e Bolzano	Holding
		2.41	Banca Infrastrutture Innovazione e Sviluppo	Holding
		2.41	Banca Prossima	Holding
		2.41	Banco di Napoli	Holding
		2.41	C.R. di Forlì e della Romagna - Cariromagna	Holding
		2.41	C.R. del Friuli Venezia Giulia - Carifvg	Holding
		2.41	C.R. del Veneto	Holding
		2.41	C.R. di Venezia	Holding
		2.41	C.R. in Bologna	Holding
		2.41	Intesa Sanpaolo Group Services	Holding
		2.41	Mediocredito Italiano	Holding
Intesa Sanpaolo Group Services Scpa (formerly Imifin SpA in liquid.)	99.87		Intesa Sanpaolo	Holding
		0.01	Banca IMI	Holding
		0.01	Banca Fideuram	Holding
		0.01	Banco di Napoli	Holding
		0.01	C.R. del Veneto	Holding
		0.01	C.R. di Firenze	Holding
		0.00	Banca dell'Adriatico	Holding
		0.00	Banca di Credito Sardo	Holding
		0.00	Banca di Trento e Bolzano	Holding
		0.00	Banca Infrastrutture Innovazione e Sviluppo	Holding
		0.00	C.R. di Forlì e della Romagna - Cariromagna	Holding
		0.00	C.R. del Friuli Venezia Giulia - Carifvg	Holding
		0.00	C.R. di Venezia	Holding
		0.00	C.R. in Bologna	Holding
		0.01	Eurizon Capital SGR	Holding
		0.00	Intesa Sanpaolo Private Banking	Holding
		0.00	Mediocredito Italiano	Holding
		0.00	Banca Prossima	Holding
		0.00	C.R. della Prov. di Viterbo	Holding
		0.00	C.R. di Ascoli Piceno	Holding
		0.00	C.R. di Città di Castello	Holding
		0.00	C.R. di Civitavecchia	Holding
		0.00	C.R. di Pistoia e Pescia	Holding
		0.00	C.R. di Foligno	Holding
		0.00	C.R. di Rieti	Holding
		0.00	C.R. di Spoleto	Holding
		0.00	Epsilon SGR	Holding
		0.00	Equiter	Holding
		0.00	Intesa Sanpaolo Assicura	Holding
		0.00	Fideuram Investimenti SGR	Holding
		0.00	IMI Investimenti	Holding
		0.00	Intesa Sanpaolo Previdenza SIM	Holding
		0.00	Moneta	Holding
		0.00	Neos Finance	Holding
		0.00	IMI Fondi Chiusi SGR	Holding
		0.00	Sanpaolo Invest SIM	Holding
		0.00	Infogroup	Holding
		0.00	Setefi	Holding
		0.00	Fideuram Vita	Holding
		0.01	Intesa Sanpaolo Vita	Holding
Intesa Sanpaolo Holding International SA	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo House Immo SA		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Immobiliere SA (formerly Sanpaolo Immobiliere SA)		100.00	Intesa Sanpaolo Holding International	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Intesa Sanpaolo Leasing Romania I.F.N. SA (formerly DI-BAS Leasing IFN SA)		99.50	Intesa Sanpaolo Romania	Holding
		0.50	Cib Leasing	Holding
Intesa Sanpaolo Life Limited (formerly Eurizonlife Limited)		100.00	Intesa Sanpaolo Vita	Holding
Intesa Sanpaolo Previdenza SIM SpA (formerly Intesa Previdenza SIM SpA)	78.53		Intesa Sanpaolo	Holding
Intesa Sanpaolo Private Bank (Suisse) SA (formerly Sanpaolo Bank (Suisse) SA)		100.00	Societe' Europeenne de Banque	Holding
Intesa Sanpaolo Private Banking SpA	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Real Estate SA (formerly Sanpaolo Real Estate SA)		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Real Estate Romania SA (formerly West Trade Center SA)	100.00		Intesa Sanpaolo	Holding
		0.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Romania SA (former Bca Comerciala Sanpaolo IMI Bank Romania SA)	99.61		Intesa Sanpaolo	Holding
		0.39	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Servicos e Empreendimentos Ltda	99.82		Intesa Sanpaolo	Holding
Intesa Sanpaolo Servitia SA		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Trust Company Fiduciaria SpA (formerly Sanpaolo Fiduciaria SpA)	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Vita SpA (formerly EurizonVita SpA)	99.98		Intesa Sanpaolo	Holding
Intesa Sec. SpA	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 2 Srl	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 3 Srl	60.00		Intesa Sanpaolo	Holding
Intesa Sec. Npl SpA	60.00		Intesa Sanpaolo	Holding
Intesa Soditic Trade Finance Ltd		50.00	Intesa Sanpaolo Holding International	Holding
Inversiones Mobiliarias SA - IMSA	99.40		Intesa Sanpaolo	Holding
Ion Investment Fund 1 Ltd in liquidation	20.00		Intesa Sanpaolo	Holding
Iscaim Srl in liquidation /under bankruptcy proceedings (former Immob. dell'Isola Cattaneo & C.)	48.57		Intesa Sanpaolo	Pledge
ISM Investimenti SpA		28.57	IMI Investimenti	Holding
Isontina Sviluppo Soc. Cons. a r.l.		17.63	C.R. del Friuli Venezia Giulia - Carifvg	Holding
Isp Cb Ipotecario Srl	60.00		Intesa Sanpaolo	Holding
Isp Cb Pubblico Srl	60.00		Intesa Sanpaolo	Holding
Isp Sec. 4 Srl	100.00		Intesa Sanpaolo	Holding
Istituto per il Credito Sportivo	10.81		Intesa Sanpaolo	Holding
Isveimer SpA in liquidation	65.47		Intesa Sanpaolo	Holding
		0.04	C.R. di Ascoli Piceno	Holding
Ital Gas Storage Srl		9.87	Banca Infrastrutture Innovazione e Sviluppo	Pledge
		85.13	Banca IMI	Pledge
Italfondiario SpA	11.25		Intesa Sanpaolo	Holding
Italia Generali Costruzioni Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge
Italian Equity Advisors SpA under bankruptcy proceedings	17.16		Intesa Sanpaolo	Pledge
Ittica Ugento SpA under bankruptcy proceedings		64.69	Banco di Napoli	Pledge
L.I.M.A. Lavorazione Italiana Metalli Affini SpA	12.51		Intesa Sanpaolo	Pledge
La Compagnia Finanziaria SpA	10.28		Intesa Sanpaolo	Holding
Laviosa Minerals SpA		12.58	C.R. di Firenze	Pledge
Leasint SpA (formerly Intesa Leasing SpA)	100.00		Intesa Sanpaolo	Holding
Leonardo Technology SpA	25.00		Intesa Sanpaolo	Holding
Lima Sudameris Holding SA in liquidation	52.87		Intesa Sanpaolo	Holding
		47.13	Inversiones Mobiliarias	Holding
Lux Gest Asset Management SA		100.00	Societe' Europeenne de Banque	Holding
Luxvide Finanziaria per Iniziative Audiovisive e Telematiche SpA	14.04		Intesa Sanpaolo	Holding
Mandarin Capital Management SA		20.00	Private Equity International	Holding
Mandarin Capital Partners (Sca) Sicar		20.60	Private Equity International	Holding
Manucor SpA (formerly Manuli Film SpA)	45.50		Intesa Sanpaolo	Holding
Marche Capital SpA	11.99		Intesa Sanpaolo	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Marina Fiorita Srl (formerly SpA)		92.22	C.R. di Venezia	Pledge
Mater-Bi SpA	34.48		Intesa Sanpaolo	Holding
Mecaer Aviation Group SpA (former Mecaer Meccanica Aereonautica SpA)		16.42	IMI Investimenti	Holding
Medimurska Banka d.d.		100.00	Privredna Banka Zagreb	Holding
Medinvest Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge
Mediocredito Italiano SpA (formerly Banca Intesa Mediocredito SpA)	100.00		Intesa Sanpaolo	Holding
Mediofactoring SpA (formerly Intesa Mediofactoring SpA)	100.00		Intesa Sanpaolo	Holding
Mega International SpA under composition with creditors		48.00	Neos Finance	Holding
Menhir Llp		25.00	Private Equity International	Holding
Mezzanove Capital (Sca) Sicar		27.55	Private Equity International	Holding
Mezzanove Capital Management Sarl		47.00	Private Equity International	Holding
Misr Alexandria for Financial Investments Co.		25.00	Bank of Alexandria	Holding
Misr Financial Investments Co.		17.70	Bank of Alexandria	Holding
Misr International Towers Co.		27.86	Bank of Alexandria	Holding
Moneta SpA (formerly Consumer Financial Services Srl - CFS)	100.00		Intesa Sanpaolo	Holding
N.H. Italia Srl	44.50		Intesa Sanpaolo	Holding
Neos Finance SpA	100.00		Intesa Sanpaolo	Holding
Net Service Val Parma Srl in liquidation		12.50	Banca Monte Parma	Holding
Network Impresa SpA		18.95	C.R. del Veneto	Holding
Newcocot SpA in liquidation	24.61		Intesa Sanpaolo	Holding
Newcosmit SpA in liquidation		51.00	C.R. del Veneto	Pledge
Next Technology Tecnotessile Soc. Naz. di Ricerca a r.l. (former Tecnotessile Soc. Naz. di Ricerca Tecnolog. a r.l.)	40.00		Intesa Sanpaolo	Holding
Nicotra Gebhardt SpA (formerly Naga 008 SpA)		100.00	Banca IMI	Pledge
Noverca Italia Srl	34.00		Intesa Sanpaolo	Holding
NTV - Nuovo Trasporto Viaggiatori SpA		20.00	IMI Investimenti	Holding
Nuova Cartiera di Arbatax SpA under extraordinary administration		16.00	Banca di Credito Sardo	Holding
Obiettivo Nordest Sicav SpA	47.68		Intesa Sanpaolo	Holding
OOO Intesa Realty Russia	100.00		Intesa Sanpaolo	Holding
Ottobre 2008 Srl	100.00		Intesa Sanpaolo	Holding
P.B. Srl in liquidation	42.24		Intesa Sanpaolo	Holding
		4.96	C.R. di Firenze	Holding
Pan-Trgovina d.o.o. Novi Sad		38.72	Banca Intesa a.d. - Beograd	Holding
Pbz Card d.o.o.		100.00	Privredna Banka Zagreb	Holding
Pbz Croatia Osiguranje Public Limited Company for Compulsory Pension Fund Management		50.00	Privredna Banka Zagreb	Holding
Pbz Invest d.o.o.		100.00	Privredna Banka Zagreb	Holding
Pbz Leasing d.o.o. za Poslove Leasinga		100.00	Privredna Banka Zagreb	Holding
Pbz Nekretnine d.o.o.		100.00	Privredna Banka Zagreb	Holding
Pbz Stambena Stedionica d.d.		100.00	Privredna Banka Zagreb	Holding
Penghua Fund Management Co. Ltd		49.00	Eurizon Capital SGR	Holding
Petren Srl		50.00	Banca Infrastrutture Innovazione e Sviluppo	Pledge
		50.00	Banca IMI	Pledge
Pietra Srl	22.22		Intesa Sanpaolo	Holding
Portocittà Srl		12.50	Banca Infrastrutture Innovazione e Sviluppo	Holding
		12.50	C.R. del Friuli Venezia Giulia - Carifvg	Holding
Pravex-Bank Pjsccb	100.00		Intesa Sanpaolo	Holding
Private Equity International SA (former NHS Investments SA)	90.90		Intesa Sanpaolo	Holding
		9.10	IMI Investimenti	Holding
Privredna Banka Zagreb d.d.		76.59	Intesa Sanpaolo Holding International	Holding
Progetti SpA	22.08		Intesa Sanpaolo	Pledge
Progetto Milano Bastioni SpA	14.10		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Progetto PP1 SpA		100.00	C.R. del Veneto	Pledge
Quadrante SpA	50.00		Intesa Sanpaolo	Pledge
RCN Finanziaria SpA	23.96		Intesa Sanpaolo	Holding
RE. Consult Infrastrutture SpA		62.00	Compagnia Italiana Finanziaria	Holding
		38.00	Iniziative Logistiche	Holding
Realizzazioni e Bonifiche Arezzo SpA in Conc. Prevent. (former Uno a Erre Italia SpA in liquid.)	18.90		Intesa Sanpaolo	Holding
		1.37	Mediocredito Italiano	Holding
Recovery A.S.		100.00	Vseobecna Uverova Banka	Holding
Recovery Real Estate Management Ltd (formerly Cib Expert Ltd)		100.00	Cib Bank	Holding
S.A.F.I. Srl		20.00	Centro Leasing	Holding
Sabaudia 29 Srl under bankruptcy proceedings	95.00		Intesa Sanpaolo	Pledge
Salumificio A. Lovison SpA		63.64	C.R. del Friuli Venezia Giulia - Carifvg	Pledge
San Francesco Srl	100.00		Intesa Sanpaolo	Pledge
Sanpaolo Invest Ireland Ltd		100.00	Banca Fideuram	Holding
Sanpaolo Invest SIM SpA		100.00	Banca Fideuram	Holding
Santa Chiara Srl		100.00	Banco di Napoli	Pledge
Schemaquattordici SpA (formerly 21 Investimenti SpA)	11.76		Intesa Sanpaolo	Holding
Seaser SpA		100.00	Banca Infrastrutture Innovazione e Sviluppo	Pledge
SEP - Servizi e Progetti Scpa (formerly SpA)	100.00		Intesa Sanpaolo	Holding
		0.00	Intesa Sanpaolo Group Services	Holding
Servis Usluznih Djelatnosti d.o.o.		18.76	Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	Holding
Setefi - Servizi Telematici Finanziari per il Terziario SpA	100.00		Intesa Sanpaolo	Holding
Shanghai Sino-Italy Business Advisory Company Ltd	40.00		Intesa Sanpaolo	Holding
Sia SpA (formerly Sia - Ssb SpA)	30.64		Intesa Sanpaolo	Holding
		0.03	C.R. di Rieti	Holding
		0.02	C.R. di Terni e Narni	Holding
		0.13	Banca di Trento e Bolzano	Holding
		0.02	C.R. di Ascoli Piceno	Holding
		0.03	C.R. della Provincia di Viterbo	Holding
		1.39	Banca IMI	Holding
		0.02	C.R. di Foligno	Holding
		NS	Banca di Credito Sardo	Holding
		0.02	C.R. di Città di Castello	Holding
		0.01	C.R. di Spoleto	Holding
		0.08	Banca Fideuram	Holding
		0.04	C.R. di Forlì e della Romagna - Cariromagna	Holding
		0.49	C.R. di Firenze	Holding
		0.01	Banca Monte Parma	Holding
Sicil Power SpA	82.80		Intesa Sanpaolo	Pledge
Sirti SpA		100.00	Banca IMI	Pledge
Siteba - Sistemi Telematici Bancari SpA	18.31		Intesa Sanpaolo	Holding
		0.09	C.R. di Rieti	Holding
		0.06	C.R. di Terni e Narni	Holding
		0.05	C.R. di Foligno	Holding
		0.16	Banca di Trento e Bolzano	Holding
		1.19	C.R. di Firenze	Holding
Slovak Banking Credit Bureau s.r.o.		33.33	Vseobecna Uverova Banka	Holding
Società Aree Industriali ed Artigianali - S.A.I.A. SpA	10.08		Intesa Sanpaolo	Holding
Società Azionaria Gest. Aerop. Torino S.A.G.A.T. SpA		12.40	Equiter	Holding
Società Europea di Sviluppo Srl		90.00	C.R. del Veneto	Pledge
Società Gestione per il Realizzo SpA in liquidation	38.33		Intesa Sanpaolo	Holding
		0.63	Banca Fideuram	Holding
		0.42	C.R. di Firenze	Holding
		0.16	C.R. di Civitavecchia	Holding
Società Italiana di Revisione e Fiduciaria S.I.Re.F. SpA	100.00		Intesa Sanpaolo	Holding
Societe' Europeenne de Banque SA		100.00	Intesa Sanpaolo Holding International	Holding
Solar Express Srl	40.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Strutture Centrali Srl	25.32		Intesa Sanpaolo	Pledge
Sudameris SA		99.87	Intesa Sanpaolo Holding International	Holding
Sviluppo Como SpA	15.00		Intesa Sanpaolo	Holding
Sviluppo Energie Alternative SpA	12.56		Intesa Sanpaolo	Holding
Sviluppo Imprese Centro Italia SGR SpA		15.00	C.R. di Firenze	Holding
Sviluppo Industriale SpA		28.27	C.R. di Pistoia e Pescia	Holding
Tamma - Industrie Alimentari di Capitanata Srl	54.60		Intesa Sanpaolo	Pledge
Tanino Crisci Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Tanino Crisci Brand Srl	67.00		Intesa Sanpaolo	Pledge
Tebe Tours SpA		100.00	C.R. di Firenze	Holding
Tecnoalimenti Soc. Cons. per Azioni	20.00		Intesa Sanpaolo	Holding
Tecnobiomedica SpA	26.27		Intesa Sanpaolo	Holding
Tecnocittà Srl in liquidation	12.00		Intesa Sanpaolo	Holding
Tecnofarmaci SpA	20.50		Intesa Sanpaolo	Holding
Tecnogen SpA	23.05		Intesa Sanpaolo	Holding
Tehnolosko-Inovacijski Centar d.o.o.		11.20	Privredna Banka Zagreb	Holding
Telco SpA	11.62		Intesa Sanpaolo	Holding
Telepadova SpA		41.08	C.R. in Bologna	Pledge
Termomeccanica SpA	27.50		Intesa Sanpaolo	Holding
Timavo e Tivene Srl (former P.Ind Srl)	100.00		Intesa Sanpaolo	Pledge
To.Ro. Tosco Romagnola Soc. Cons. a r.l.		11.88	C.R. di Forlì e della Romagna - Cariromagna	Holding
Tornabuoni Srl	100.00		Intesa Sanpaolo	Pledge
Tower 2 Sarl in liquidation		28.00	Private Equity International	Holding
Tre Re SpA in liquidation	39.99		Intesa Sanpaolo	Pledge
Trigoria 2000 Srl in liquidation	95.00		Intesa Sanpaolo	Pledge
Trilantic Capital Partners IV (Europe) Sca Sicar		11.80	Private Equity International	Holding
Umbra Cuscinetti SpA	40.68		Intesa Sanpaolo	Pledge
Umbria Export Soc. Cons. a r.l.		8.99	C.R. di Foligno	Holding
		8.99	C.R. di Spoleto	Holding
		8.99	C.R. di Terni e Narni	Holding
		6.91	C.R. di Città di Castello	Holding
Unicar Furgonature SpA in liquidation / under bankruptcy proceedings		40.52	C.R. di Forlì e della Romagna - Cariromagna	Pledge
Unimatica SpA		25.00	Infogroup	Holding
Union Life Insurance Company Ltd		19.90	Intesa Sanpaolo Vita	Holding
United Valves Co. (Butterfly) in liquidation		25.00	Bank of Alexandria	Holding
Upa Servizi SpA		44.32	C.R. del Veneto	Holding
Urbin SpA in liquidation (formerly Iniziative Urbane SpA)		11.11	Banca di Trento e Bolzano	Holding
Varese Investimenti SpA	40.00		Intesa Sanpaolo	Holding
Vendor Italia Srl		20.00	Centro Leasing	Holding
Ver Capital SGR SpA		16.00	C.R. di Firenze	Holding
Villa delle Terme SpA	86.37		Intesa Sanpaolo	Pledge
Villaggio Turistico Internazionale Srl (formerly Sviluppo Marino Srl)	100.00		Intesa Sanpaolo	Pledge
Vseobecna Uverova Banka A.S. - Vub		96.76	Intesa Sanpaolo Holding International	Holding
Vub Asset Management Spravcovska Spolocnost A.S.		100.00	Vseobecna Uverova Banka	Holding
Vub Factoring A.S.		100.00	Vseobecna Uverova Banka	Holding
Vub Generali Dochodkova Spravcovska Spolocnost A.S.		50.00	Vseobecna Uverova Banka	Holding
Vub Leasing A.S. (formerly B.O.F. A.S.)		100.00	Vseobecna Uverova Banka	Holding
Vub Poist'ovaci Makler s.r.o. (formerly B.O.F. Poist'ovaci Makler s.r.o.)		100.00	Vub Leasing	Holding
Zaccherini Alvisi Srl	100.00		Intesa Sanpaolo	Holding

N.S. = Not significant as the percentage is less than 0.001

Fees for auditing and services other than auditing pursuant to article 149-*duodecies* of Consob Regulation 11971

(millions of euro)

Type of service	Intesa Sanpaolo		Group Companies (*)	
	Reconta Ernst & Young	Reconta Ernst & Young Network	Reconta Ernst & Young	Reconta Ernst & Young Network
Independent audit (**)	7.4	-	15.0	-
Release of attestations (***)	2.2	-	0.5	-
Tax consulting services	0.0	-	0.0	-
Other:	0.3	0.3	1.7	0.2
agreed audit procedures	*0.2*	*0.3*	*1.7*	*0.2*
social report audit	*0.1*	-	-	-
other	-	-	-	-
TOTAL	**9.9**	**0.3**	**17.2**	**0.2**

(*) Group companies and other fully consolidated subsidiaries.

(**) Including costs for audit of Parent Company international branches for local purposes, of the Corporate Governance Report and other (National Guarantee Fund, mandatory fiscal obligations), as well as the limited review as at 31 March 2011 of the Bank and the main Group companies for the purposes of the capital increase; costs for audit of non-consolidated funds (carried by the funds) for about 1.7 million euro are not included.

(***) Including costs for voluntary audit of Pillar 3 Disclosure, and the further reviews of the Bank and the main Group companies for the purposes of the capital increase.

Amounts net of VAT and reimbursed expenses.

Glossary

GLOSSARY

The definition of certain technical terms is provided below, in the meaning adopted in the "Annual Report" and with exclusion of the terms today widely used in the Italian language or which are used in a context that already clarifies their meaning

ABS – Asset-Backed Securities
Financial securities whose yield and redemption are guaranteed by a pool of assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively intended to ensure satisfaction of the rights attached to said financial securities.
Examples of assets pledged as collateral include mortgages, credit card receivables, short-term trade receivables and auto loans.

ABS (receivables)
ABS whose collateral is made up of receivables.

Acquisition finance
Leveraged buy-out financing.

Additional return
Type of remuneration of the junior securities arising from securitisation transactions. In addition to a fixed dividend, such securities accrue periodic earnings (quarterly, semi-annual, etc.), whose amount is linked to the profit generated by the transaction (which in turn reflects the performance of the securitised assets).

Advisor
Financial broker assisting government authorities or companies involved in privatisation or other corporate finance transactions, whose tasks range from arranging appraisals to drawing up documents and providing general professional advice about specific transactions.

AIRB (Advanced Internal Ratings-Based) Approach
Approach to using internal ratings within the framework of the New Basel Accord, which provides for either the Foundation or the Advanced Approach. The Advanced Approach may be used only by institutions meeting more stringent requirements compared to the Foundation Approach. With the Advanced Approach, banks use their own internal estimates for all inputs (PD, LGD, EAD and Maturity) used for credit risk assessment, whereas for Foundation IRB they only estimate PD.

ALM – Asset & Liability Management
Integrated management of assets and liabilities designed to allocate the resources with a view to optimising the risk/yield ratio.

ALT- A - Alternative A Loan
Residential mortgages generally of "prime" category, but which, due to various factors such as LTV ratio, documentation provided, borrower's income/employment situation, type of property etc., cannot be classified as standard contracts usable in subscription programmes.
Incomplete documentation is the main reason for a loan being classified as "Alt-A".

ALT-A Agency
Securities whose collateral consists of Alt-A mortgages, guaranteed by specialised Government Agencies.

Alternative investment
Alternative investments comprise a wide range of investment products, including *private equity* and *hedge funds* (see definitions below).

Amortised cost
Differs from "cost" in that it provides for the progressive amortisation of the differential between the book value and nominal value of an asset or liability on the basis of the effective rate of return.

AP – Attachment Point
Level above which a protection seller will cover the losses of a protection buyer. It is typically used in synthetic CDOs.

Arrangement fee
A fee paid for professional advice and assistance provided in the loan structuring and arranging stage.

Arranger
In the structured finance sector, the arranger is the entity that – albeit in different forms and with different titles (*mandated lead arranger, joint lead arranger, sole arranger etc.*) – coordinates the organisational aspects of the transaction.

Asset allocation
The distribution of assets in an investment portfolio among different markets, geographical areas, sectors and products.

Asset management
The various activities relating to the management and administration of different customer assets.

Audit
In listed companies, it indicates the various examinations of the business activities and bookkeeping of a company, performed by both in-house staff (*internal audit*) and independent audit firms (*external audit*).

β
The beta coefficient of an issuer or a group of comparable issuers, an expression of the relationship between an equity's actual return and the total return of the market in question.

Back office
The unit of a bank or financial company that processes all the transactions performed by the operational units (*front office*).

Backtesting
Retrospective analyses performed to verify the reliability of the measurement of risk sources associated with different asset portfolios.

Banking book
Usually referred to securities or financial instruments in general, it identifies the portion of a portfolio dedicated to "proprietary" trading.

Basis swap
Contract providing for the exchange between two parties, of two floating-rate payments linked to a different index.

Best practice
It generally identifies conduct in line with state-of-the-art skills and techniques in a given technical/professional area.

Bid-ask spread
The difference between the buying and selling price of a given financial instrument or set of financial instruments.

Bookrunner
See *Lead manager* and *Joint lead manager*.

Brand name
IFRS 3 considers the "brand name" a potential, marketing related intangible asset, which may be recorded in the purchase price allocation process. The term "brand" is used in accounting principles with an extensive meaning and not as a synonym of trademark (the logo and the name). It is considered a general marketing term which defines a set of complementary intangible assets (in addition to the name and the logo, also the competencies, consumer trust, service quality, etc.) which concur to form brand equity.

Budget
Forecast of cost and revenue performance of a company over a period of time.

Business combinations
In accordance with international accounting standard IFRS 3, a transaction or other event in which an acquirer obtains control of one or more company assets.

CAGR (Compound Annual Growth Rate)
Compound annual growth rate of an investment over a specified period of time. If n is the number of years, CAGR is calculated as follows: (Ending value/Starting value)^(1/n) -1.

Capital Asset Pricing Model (CAPM)
An economic model for determining the "opportunity cost" i.e. the amount of income for the period necessary to remunerate the cost of capital.

Capital structure
It is the entire set of the various classes of bonds (tranches) issued by a special purpose vehicle (SPV), and backed by its asset portfolio, which have different risk and return characteristics, to meet the requirements of different categories of investors. Subordination relationships between the various tranches are regulated by a set of rules on the allocation of losses generated by the collateral:
Equity Tranche (B): The riskiest portion of the portfolio, it is also known as "first loss" and is subordinated to all other tranches; hence, it is the first to bear the losses which might occur in the recovery of the underlying assets.
Mezzanine Tranche (B): The tranche with intermediate subordination level between equity and senior tranches. The mezzanine tranche is normally divided into 2-4 tranches with different risk levels, subordinated to one another. They are usually rated in the range between BBB and AAA.
Senior/Super-senior Tranche (B): The tranche with the highest credit enhancement, i.e. having the highest priority claim on remuneration and reimbursement. It is normally also called super-senior tranche and, if rated, it has a rating higher than AAA since it is senior with respect to the AAA mezzanine tranche.

Captive
Term generically referring to "networks" or companies that operate in the exclusive interest of their parent company or group.

Carry trade
The carry trade is a financial transaction in which funds are procured in a country with a low cost of money and then invested in a country with high interest rates to take advantage of the difference in returns.

Cash flow hedge
Coverage against exposure to variability in cash flows associated with a particular risk.

Cash management
A banking service that in addition to informing companies on the status of their relations with the bank, is an operational tool enabling companies to transfer funds, thus leading to more efficient treasury management.

Cash-generating Unit (CGU)
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Categories of financial instruments provided for by IAS 39
Financial assets "held-for-trading", which includes the following: any asset acquired for the purpose of selling it in the near term or part of portfolios of instruments managed jointly for the purpose of short-term profit-taking, and assets that the entity decides in any case to measure at fair value, with fair value changes recognized in profit and loss; *financial assets "held-to-maturity",* non-derivative assets with fixed term and fixed or determinable payments, that an entity intends and is able to hold to maturity; "*Loans and receivables",* non-derivative financial assets with fixed or determinable payments not quoted in an active market; *financial assets "available-for-sale",* specifically designated as such, or, to a lesser extent, others not falling under the previous categories.

CDO – Collateralised Debt Obligation
Financial instruments issued within the framework of securitisation transactions, backed by a pool of loans, bonds and other financial assets (including securitisation tranches). In the case of synthetic CDOs the risk is backed by credit derivatives instead of the sale of assets (cash CDOs).

CDSs on ABX
An Asset-backed security index (ABX) is an index with asset-backed securities as an underlying. Each ABX refers to a basket of 20 reference obligations belonging to a specific ABS sector. Each ABX (there are five in total) reproduces a rating class (AAA, AA, A, BBB, and BBB-).

In particular, the ABX.HE index, launched on 19 January 2006 (Annex Date), is made up of reference obligations of the home equity segment of ABS (Residential Mortgage-Backed Security – RMBS). The CDS on an ABX.HE therefore hedges the credit risk of underlying RMBSs or the risk relative to the 20 reference obligations which make up the index.
For ABX, the market does not provide credit curves but directly price valuation. The settlement admitted for contracts on ABX indices, as described in ISDA 2005 documentation, is PAUG (Pay As You Go): the protection seller pays the protection buyer the losses incurred as these emerge, without leading to termination of the contract.
Please note that the coverage achieved via the purchase of ABX indices, even if it is structured so as to match as closely as possible the characteristics of the hedged portfolio, remains in any case exposed to basis risks. In other words, since it is not a specific hedge of individual exposures, it may generate volatility in the income statement whenever there is imperfect correlation between index prices and market value of the hedged positions.

CLO - Collateralised Loan Obligation
CDOs backed by a portfolio of corporate loans.

CMBS - Commercial Mortgage-Backed Securities
Debt instruments backed by mortgages on commercial real estate.

CMBX index
The same as the ABX index, the only difference being that the reference entities are CMBSs.

CMO - Collateralised Mortgage Obligation
Securities backed by mortgages in which the total amount of the issue is divided into tranches with different maturities and return. The tranches are repaid according to an order specified in the issue.

Collective assessment of performing loans
With reference to a homogeneous group of regularly performing financial assets, collective assessment defines the degree of credit risk potentially associated with them, though it is not yet possible to tie risk to a specific position.

Commercial paper
Short-term notes issued in order to collect funds from third party underwriters as an alternative to other forms of indebtedness.

Consumer ABS
ABS whose collateral is made up of consumer credits.

Core Business
Main area of business on which company’s strategies and policies are focused.

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

Core Tier 1 ratio
The ratio of *Tier 1 capital*, net of excluded instruments (*preference shares and savings shares*), to total risk-weighted assets. *Preferred shares* are innovative capital instruments, usually issued by foreign subsidiaries, and included in the tier 1 capital if their characteristics ensure the banks’ asset stability. The Tier 1 ratio is the same ratio inclusive of the preferred shares in the numerator.

Corporate
Customer segment consisting of medium- and large-sized companies (*mid-corporate, large corporate*).

Cost/income ratio
Economic indicator consisting of the ratio of operating costs to net operating income.

Covenant
A covenant is a clause, expressly agreed upon during the contractual phase, under which a lender is entitled to renegotiate and revoke a loan upon the occurrence of the events set out in the clause, linking the debtor’s financial performance to events that trigger termination/amendment of contractual conditions (maturity, rates, etc.).

Covered bond
Special bank bond that, in addition to the guarantee of the issuing bank, is also backed by a portfolio of mortgage loans or other high-quality loans sold to a special purpose vehicle.

CPPI (Constant Proportion Insurance Portfolio)
A technique consisting of forming a portfolio of two assets, one without risk that offers a certain rate of return (risk-free) and one with risk that offers a generally higher return. The purpose of the re-balancing procedure is to prevent the value of the portfolio from falling below a predetermined level (floor), which rises at the risk-free rate over time and coincides with the capital to be guaranteed at maturity.

CR01
Referred to a credit portfolio, it indicates the change in portfolio value that would occur for a 1-basis-point increase in credit spreads.

Credit default swap/option
Contract under which one party transfers to another - in exchange for payment of a premium - the credit risk of a loan or security contingent on occurrence of a default event (in the case of an option the right must be exercised by the purchaser).

Credit derivatives
Derivative contracts for the transfer of credit risks. These products allow investors to perform arbitrage and/or hedging on the credit market, mainly by means of instruments other than cash, to acquire credit exposures of varying maturities and intensities, to modify the risk profile of a portfolio and to separate credit risks from other market risks.

Credit enhancement
Techniques and instruments used by issuers to improve the credit rating of their issues (providing sureties, cash credit lines, etc.).

Credit risk
The risk that an unexpected change in a counterparty's creditworthiness, in the value of the collateral provided, or in the margins used in case of default might generate an unexpected variation in the value of the bank's exposure.

Credit Risk Adjustment (CRA)
A technique that aims to draw attention to the penalty resulting from the counterparty's creditworthiness used in determining the fair value of unlisted derivative financial instruments.

Credit spread option
Contract under which the protection buyer reserves the right, against payment of a premium, to collect from the protection seller a sum depending on the positive difference between the market spread and that fixed in the contract, applied to the notional value of the bond.

Credit/emerging markets (Funds)
Funds that invest in securities with credit risk exposure, since they are issued by financial or corporate entities, which may be located in emerging countries.

Credit-linked notes
Similar to bonds issued by a protection buyer or a special purpose vehicle whose holders (protection sellers) – in exchange for a yield equal to the yield of a bond with the same maturity plus the premium received for credit risk hedging – take the risk of losing (in whole or in part) the maturing capital and the related flow of interest, upon occurrence of a default event.

CreditVaR
Value that indicates an unexpected loss with respect to a credit portfolio at a specified confidence interval and a specified time horizon. CreditVaR is estimated through loss distribution and represents the difference between the average value of the distribution and the value corresponding to a certain percentile (usually 99.9%), which reflects the Bank's risk propensity.

Cross selling
Activity designed to increase customer loyalty through the sale of integrated products and services.

CRP (Country Risk Premium)
Expresses the component of the cost of capital aimed specifically at providing compensation for the risk implicit in a given country (namely the risk associated with financial, political and monetary instability).

Cumulative loss
Cumulative loss incurred, at a certain date, on the collateral of a specific structured product.

Default
Declared inability to honour one's debts and/or make the relevant interest payments.

Deferred tax (tax liabilities or assets)
Deferred tax liabilities are the amounts of income tax that will be payable in future periods and arising from taxable temporary differences.
Deferred tax assets are the amounts of income taxes claimable in future periods and arising from:
(a) deductible temporary differences;
(b) the carry forward of unused tax losses; and
(c) the carry forward of unused tax credits.
Temporary difference is the difference between the carrying amount of an asset or liability and its tax base.
There are two types of temporary difference:
(d) taxable temporary difference, i.e. a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled; or
(e) deductible temporary difference: a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in amounts that are tax deductible in the future when the carrying amount of the asset is recovered or the liability is settled.

Delinquency
Failure to make loan payments at a certain date, normally provided at 30, 60 and 90 days.

Delta
Value that expresses the sensitivity of the price of the underlying asset for an option. Delta is positive for call options because the price of the option rises along with the price of the underlying asset. Delta is negative for put options because a rise in the price of the underlying asset yields a decrease in the price of the option.

Delta-Gamma-Vega (DGV VaR)
Parametric model for calculation of the VaR, able to assess both linear and non-linear risk factors.

Desk
It usually designates an operating unit dedicated to a particular activity.

Directional (Funds)
Funds that invest in financial instruments that profit from directional market movements, also through macroeconomic forecasting.

Domestic Currency Swap
Contract settled in euro, whose economic effect is equal to that of a time purchase or sale of a foreign currency in exchange for domestic currency. On expiry, the difference between the forward and the spot exchange rates is settled in euro.

Duration
An indicator of the interest rate risk of a bond or bond portfolio. In its most frequent form, it is calculated as a weighted average of the due dates of interest and principal payments associated with a bond.

Dynamics of funding
Sum of deposits in a current account (free current accounts and bank drafts), returnable deposits upon prior notice (free savings deposits), time deposits (time current accounts and time deposits, certificates of deposit), repo agreements and bonds (including subordinated loans). All contract types, with the exception of bonds, refer to Italian customers, excluding the Central Administration, in euro and foreign currency. Bonds refer to the total amount issued, irrespective of residence and sector of the holder.

EAD – Exposure At Default
Relating to positions on or off balance sheet, it is defined as the estimated future value of an exposure upon default of a debtor. Only banks meeting the requirements for using the AIRB approach are entitled to estimate EAD. The others are required to make reference to statutory estimates.

EDF – Expected Default Frequency
Frequency of default, normally based on a sample internal or external to the bank, which represents the average risk level associable with a counterparty.

Effective interest rate
The effective interest rate is the rate that exactly discounts estimated future cash payments of the loan, for principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to the loan. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/revenues through the expected residual maturity of the loan.

Embedded derivatives
Embedded derivatives are clauses (contractual terms) included in a financial instrument that generate the same effects as an independent derivative.

Embedded value
A measure of the underlying value of a life insurance company. It is the sum of the company's adjusted net asset value and the present value of the future income margins from the policies already in force over the period of their residual life.

Eonia (Euro overnight index average)
Weighted average of the overnight rates transmitted to the ECB by a sample of banks operating in the euro area.

Equity hedge / long-short (Funds)
Funds that predominantly invest in stocks with the possibility of creating hedging strategies by means of short sales of the same stocks or strategies in derivatives contracts involving securities or market indices.

Equity origination
Increase of a company's risk capital achieved by floating a new issue of stock.

ERP (equity risk premium)
Risk premium demanded by investors in the market in question. ISP uses the risk premium calculated according to the historical approach (geometric average of the difference between equity and risk-free returns for the period 1928-2009) by New York University - Stern School of Business.

EVA (Economic Value Added)
An indicator that provides a snapshot of the amount of value created (if positive) or destroyed (if negative) by enterprises. In contrast to other parameters that measure business performance, EVA is calculated net of the cost of equity capital, that is to say the investment made by shareholders.

Event-driven (Funds)
Funds that invest in opportunities arising out of significant events regarding the corporate sphere, such as mergers, acquisitions, defaults and reorganisations.

EVT – Extreme Value Theory
Statistical methodologies that deal with extreme hypothetical deviations from median of probability distributions of specific events.

Exotics (derivatives)
Non-standard instruments unlisted on the regular markets, whose price is based on mathematical models.

Expected loss
Amount of losses on loans or receivables that an entity could sustain over a holding period of one year. Given a portfolio of loans and receivables, the expected loss represents the average value of the distribution of losses.

Facility (fee)
Fee calculated with reference to the disbursed amount of a loan.

Factoring
Sale of trade receivables to factoring companies, for credit management and collection, normally associated with the granting of a loan to the seller.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
Hedging against the risk of change in the fair value of a financial statement item, attributable to a particular risk.

Fair Value Option (FVO)
The Fair Value Option is one option for classifying a financial instrument.
When the option is exercised, even a non-derivative financial instrument not held for trading may be measured at fair value through profit or loss.

Fairness/Legal opinion
An opinion provided on request by experts of recognised professionalism and competence, on the adequacy of the economic terms and/or lawfulness and/or technical aspects of a given transaction.

FICO Score
In the US, a credit score is a number (usually between 300 and 850) based on the statistical analysis of an individual's credit report. The FICO score is an indicator of the borrower's creditworthiness. A mortgage lender will use the "score" to assess borrower default risk and to correctly price risk.

Financial instruments listed in an active market
A financial instrument is regarded as listed in an active market if listed prices are promptly and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Forward Rate Agreement
See "*Forwards*".

Forwards
Forward contracts on interest rates, exchange rates or stock indices, generally negotiated in over-the-counter markets and whose conditions are established at the time when the contract is entered into, but which will be executed at a specified future date, by means of the receipt or payment of differentials calculated with reference to parameters that vary according to the object of the contract.

Front office
The divisions of a company designed to deal directly with customers.

Fundamental Valuation
Stock price analysis performed by estimating the fair value of stocks and comparing it with their market value.

Funding
The raising of capital, in various forms, to finance the company business or particular financial transactions.

Futures
Standardised forward contracts under which the parties agree to exchange securities or commodities at a specified price on a specified future date. Futures are normally traded on organised markets, where their execution is guaranteed. In practice, futures on securities often do not involve the physical exchange of the underlying.

"G" factor ("g" growth rate)
It is the factor used for perpetuity projection of cash flows in order to calculate "Terminal value".

Global custody
An integrated package of services including, in addition to the custody of securities, the performance of administrative activities relating to the settlement of securities, collections and payments, acting as depositary bank and cash management, as well as various forms of portfolio performance reporting.

Goodwill
The value attached to intangible assets as part of the purchase price of a shareholding in a going concern.

Governance
The set of instruments, rules and standards regulating the life of the company, particularly as regards the transparency of documents and company records, and the completeness of information made available to the market.

Greeks
Greeks are the quantities that identify the greater or lesser sensitivity of a derivative contract, typically an option, to changes in the value of the underlying asset or other parameters (e.g. intrinsic volatility, interest rates, stock prices, dividends and correlations).

Harmonised mutual funds
Mutual funds within the scope of Directive 85/611/EEC of 20 December 1985, as amended, characterised by their open form, the possibility of offering quotas to the public and certain investment limits. Investment limits include the obligation to invest primarily in quoted financial instruments.

Hedge accounting
Rules pertaining to the accounting of hedging transactions.

Hedge fund
Mutual fund that employs hedging instruments in order to achieve a better result in terms of risk/return ratio.

HELs – Home Equity Loans
Loans granted up to the current market value of the real estate property used as collateral (therefore with a loan-to-value ratio higher than the ordinary thresholds), by means of first or second lien mortgages. Standard & Poor's considers Subprime and Home Equity Loan largely synonymous when the home equity loan borrowers have low credit score (FICO<659).

HY CBO – High-Yield Collateralised Bond Obligation
CDOs with collateral represented by High-Yield securities.

Hybrid instruments included in Tier 1 capital
Financial instruments that may be included in Tier 1 capital up to specific limits when the funding raised is available on an ongoing basis and there is an ability to absorb losses that fully guarantees the bank's capital stability. Such instruments may be classified as innovative or non-innovative depending on whether there are incentives for early redemption by the issuer (e.g., step-up clauses).

IAS/IFRS
The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

IASB (International Accounting Standard Board)
The IASB (previously known as the IASC) is the entity responsible for issuing international accounting standards (IAS/IFRS).

ICAAP (Internal Capital Adequacy Assessment Process)
Process adopted to determine the amount of capital needed to cover all risks, including risks different from those covered by the total capital requirement ("First Pillar"), when assessing current and potential future exposure, taking into account business strategies and developments in the economic and business environment.

IFRIC (International Financial Reporting Interpretations Committee)
A committee within the IASB that establishes official interpretations of international accounting standards (IAS/IFRS).

Impairment
When referred to a financial asset, a situation of impairment is identified when the book value of an asset exceeds its estimated recoverable amount.

Impairment test
The impairment test is an estimate of the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of an asset or group of assets. Pursuant to IAS 36, the following assets should be tested for impairment annually:
- intangible assets with indefinite useful life
- goodwill acquired in a business combination
- any asset, if there is any indication of impairment losses.

Incurred loss
Loss already inherent in a portfolio, but not yet identifiable at the level of an individual loan or receivable, also known as an "incurred but not reported loss." It represents the risk level inherent in the portfolio of performing loans and constitutes the basic indicator for determining the size of the stock of collective adjustments to be set aside in the financial statements.

Index-linked
Policies whose performance at maturity depends on the performance of a reference parameter, which may be a stock index, a basket of securities or some other indicator.

Index-linked life insurance policies
Life insurance policies the benefits of which are based on indexes, normally drawn from equity markets. Policies may guarantee capital or offer a minimum return.

Indirect customer deposits
The holding of third parties' securities and similar valuables not issued by the bank, at nominal value, excluding certificates of deposit and bank bonds.

Intangible asset
An identifiable, non-monetary asset lacking physical substance.

Internal dealing
Transactions between different operating units of the same company. These transactions are recognised in the accounts and contribute to determining the position (trading or hedging) of the individual units involved.

Intraday
Used to refer to an investment/disinvestment transaction performed in the course of a single day involving the negotiation of a security. It is also used with reference to prices quoted during any one day.

Investment grade
Term used with reference to high-quality bonds that have received a medium/high rating (e.g., not less than BBB on Standard & Poor's index).

Investment property
Real estate owned for the purpose of obtaining income and/or benefiting from an increase in their value.

IRS – Interest Rate Swap
A binding agreement between two parties to exchange two flows calculated over a notional amount with fixed/floating or floating/floating rate.

Joint venture
Agreement between two or more firms for the performance of a given economic activity, generally through the incorporation of a joint-stock company.

Junior
In a securitisation transaction it is the lowest-ranking tranche of the securities issued, being the first to bear losses that may occur in the course of the recovery of the underlying assets.

Ke – g
Difference between the discounting rate for cash flows and the long-term growth rate. If cash flows remain equal, value in use increases as that difference decreases.

Ke (Cost of Equity)
Cost of equity, the minimum return demanded for investments of the same risk level.

Lambda (λ)
Coefficient that measures the assessed item's specific exposure to country risk. In the model used by Intesa Sanpaolo, it is estimated to be 1, in that it is presumed that it is necessary to vary the country's risk level.

LDA - Loss Distribution Approach
It is a model used to assess exposure to operational risk. It makes it possible to estimate the amount of expected and unexpected loss for any event/loss combination and any *business line*.

Lead manager - Bookrunner
The lead manager deals with the debtor and is responsible for choosing the co-lead managers and the other members of the underwriting syndicate in agreement with the debtor. It also determines the terms and conditions of issue and coordinates its execution (usually placing the largest share of the issue on the market) and keeps the books (bookrunner); in addition to reimbursement of expenses and usual fees, the lead manager receives a special commission for its services.

Leveraged & acquisition finance
See "*Acquisition finance*".

Liquidity risk
The risk that a company will be unable to meet its payment obligations due to its inability to liquidate assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of rapidly converting financial assets into cash without negatively and significantly affecting their price due to inadequate market depth or temporary market disruptions (market liquidity risk).

Loss Given Default (LGD)
It indicates the estimated loss rate in the event of borrower default.

Lower Tier 2
It designates subordinated liabilities that meet the eligibility criteria for inclusion in supplementary (Tier 2) capital.

LTV – Loan-to-Value Ratio
The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.
The LTV ratio measures the weight of the borrower's own funds used to buy the asset on the value of the asset used as guarantee of the loan. The higher the LTV ratio, the lower the borrower's own funds used to buy the asset, the lower the creditor's protection.

Macro-hedging
Hedging procedure involving a single derivative product for various positions.

Mark to Market
Process of determining the value of a portfolio of securities or other financial instruments by reference to the prices expressed by the market.

Mark-down
Difference between 1-month euribor and the rate applied to current accounts of households and businesses.

Market dislocation
Turbulence in financial markets characterised by a strong reduction in volumes traded on financial markets with difficulties in finding significant prices on specialised information providers.

Market making
Financial activity carried out by brokerage houses that ensure market liquidity and depth, both through their ongoing presence and by means of their role as competitive guides in determining prices.

Market neutral
Operating strategies involving securities designed to minimise the relevant portfolios' exposure to market volatility.

Market risk
Risk deriving from the fluctuation in the value of quoted financial instruments (shares, bonds, derivatives, securities denominated in foreign currency) and of financial instruments whose value is linked to market variables (loans to customers as concerns the interest rate component, deposits in euro and in foreign currency, etc.).

Mark-up
Difference between the overall interest rate applied to households and businesses on loans with a duration of less than one year and 1-month euribor.

Merchant banking
A range of activities including the underwriting of securities – both equities and bonds – issued by corporate clients for subsequent offering on the market, the acquisition of equity investments for longer periods but always with the aim of selling them later, and the provision of advisory services on mergers, acquisitions and reorganisations.

Mezzanine
In a securitisation transaction it is the tranche ranking between junior and senior tranche.

M–Maturity
The remaining time of an exposure, calculated according to the prudence principle. For banks authorised to use internal ratings, it is explicitly considered if the advanced approach is adopted, while it is fixed at 2.5 years if the foundation approach is used.

Monoline
Insurance companies which, in exchange for a commission, guarantee the reimbursement of certain bond issues. Formed in the 1970s to guarantee municipal bond issues from default, their services were subsequently particularly appreciated for issues of complex financial products: the structure and the assets underlying such issues are often highly complex; the debt positions guaranteed by monoline insurers become easier to value and more appealing for risk-averse investors, since default risk is borne by the insurer.

Multistrategy / Funds of funds (Funds)
Funds that do not invest in a single strategy but in a portfolio reflecting different strategies, i.e. in a portfolio of investment funds managed by third parties.

NAV - Net Asset Value
The market value of one share of the fund's managed assets.

Non-performing
Term generally referring to loans for which payments are overdue.

Operational risk
The risk of incurring losses due to inadequacy or failures of processes, human resources or internal systems, or as a result of external events. Operational risk includes legal risk, that is the risk of losses deriving from breach of laws or regulations, contractual or non-contractual liability or other disputes; it does not include strategic risk (losses due to wrong management strategies) or reputational risk (loss of market shares as a consequence of negative publicity regarding the bank).

Option
Against payment of a premium, the buyer acquires the right, but not the obligation, to purchase (*call option*) or to sell (*put option*) a financial instrument at a set price (*strike price*) within (*American option*) or on (*European option*) a given future date.

Other related parties – close relatives
An individual's "close relatives" comprise those family members likely to influence or be influenced by such individual in their relations with the entity. They include the individual's non-separated spouse/domestic partner and the individual's children, his/her spouse's/domestic partner's children, and the individual's or his/her spouse's/domestic partner's dependents.

Outsourcing
The transfer of business processes to external providers.

Overnight Indexed Swap (OIS)
Contract involving the exchange of the net flow deriving from the difference between a fixed and floating interest rate applied to a notional principal

amount. The fixed rate is set at the inception of the contract, while the floating rate is determined at maturity as the average of the overnight rates surveyed during the term of the contract, with compound interest.

Over-The-Counter (OTC)
It designates transactions carried out directly between the parties outside organised markets.

Packages
Strategy made up of a funded asset whose credit risk is hedged by a specific credit default swap. If present, any interest rate and foreign exchange rate risks can be hedged with financial derivatives.

Past due loans
"Past due loans" are non-performing loans on which payments are past due and/or overdue on a continuing basis for over 90/180 days, in accordance with the definition set forth in current supervisory reporting rules.

Performing
Term generally referring to loans characterised by regular performance.

Plain vanilla (derivatives)
Products whose price depends on that of the underlying instrument, which is listed on the regulated markets.

Pool (transactions)
See "*Syndicated lending*".

Preferred shares
See "*Core Tier 1*".

Pricing
Broadly speaking, it generally refers to the methods used to determine yields and/or costs of products and services offered by the Bank.

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

Prime loan
Mortgage loan in which both the criteria used to grant the loan (loan-to-value, debt-to-income, etc.) and to assess the borrower's history (no past due reimbursements of loans, no bankruptcy, etc.) are sufficiently conservative to rank the loan as high-quality (as concerns the borrower) and low-risk.

Private banking
Business designed to provide preferred customers with asset management, professional advice and other personalised services.

Private equity
Activity aimed at the acquisition of equity investments and their subsequent sale to specific counterparties, without public offerings.

Probability of Default (PD)
The likelihood that a debtor will default within the space of 1 year.

Project finance
Technique for the financing of industrial projects based upon a forecast of the cash flow generated by the projects themselves. The analysis is based upon a series of evaluations differing from those generally made when assessing ordinary credit risk, and covering, in addition to cash flow analysis, technical examination of the project, the suitability of the sponsors engaged in its implementation and the markets where the product will be placed.

Prudential filters
In schemes for calculating regulatory capital, corrections made to line items with the aim of safeguarding the quality of regulatory capital and reducing its potential volatility as a result of the application of international accounting standards (IAS/IFRS).

PV01
Measures the price value change of a financial asset following a one basis point shift in the yield curve.

Ratings
An evaluation of the quality of a company or of its bond issues, based on the company's financial strength and outlook. Such evaluation is performed by specialised agencies or by the Bank based on internal models.

Real estate (finance)
Structured finance transactions in the real estate sector.

Real Estate Investment Trust (REITs)
REITs are entities that invest in different types of real estate or financial assets related to real estate, including malls, hotels, offices and mortgage loans.

Relative value/Arbitrage (Funds)
Funds that invest in market neutral strategies, profiting from the price differentials of particular securities or financial contracts, neutralising the underlying market risk.

Retail
Customer segment mainly including households, professionals, retailers and artisans.

Risk Management
Activity pertaining to the identification, measurement, evaluation and overall management of various types of risk and their hedging.

Risk Weighted Assets (RWA)
On- and off-balance sheet assets (derivatives and guarantees) that are classified and weighted by means of several risk ratios, in accordance with the rules issued by regulatory authorities on the calculation of capital ratios.

Risk-based lending
A methodology applied to a credit portfolio to identify the most suitable pricing conditions taking into account the risk factor of each credit.

RMBS - Residential Mortgage-Backed Securities
Asset-backed securities guaranteed by mortgages on residential real estate.

ROE (Return On Equity)
It expresses the return on equity in terms of net income. It is the indicator of greatest interest to shareholders in that it allows them to assess the return on their equity investment.

Sale with recourse
Transfer of a loan or receivable in which the transferor guarantees payment by the debtor. The transferor thus guarantees the transferee both that the transferred loan or receivable exists and that the debtor is solvent.

Sale without recourse
Transfer of a loan or receivable in which the transferor does not offer any guarantees in the event of default by the debtor. The transferor thus only guarantees the transferee that the transferred loan or receivable exists, but not that the debtor is solvent.

Scoring
System for the analysis of company customers, yielding an indicator obtained by examination of financial statements data and sector performance forecasts, analysed by means of statistical methods.

Securitisation
A transaction in which the risk associated with financial or real assets is transferred to a special-purpose vehicle by selling the underlying assets or using derivative contracts. In Italy the primary applicable statute is Law 130 of 30 April 1999.

Senior/Super senior tranche
In a securitisation transaction, this is the tranche that has first claim on interest and principal payments.

Sensitivity
It refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other input variables.

Servicer
In securitisation transactions, it is the organisation that – on the basis of a specific servicing contract – continues to manage the securitised credits or assets after they have been transferred to the special purpose vehicle tasked with issuing the securities.

SGR (Società di gestione del risparmio)
Joint-stock companies reserved the possibility of providing both collective and individual asset management service jointly. In particular, they are authorised to set up mutual funds, manage their own or others' mutual funds and the assets of SICAVs and provide individual investment portfolio management service.

SPE/SPV
Special Purpose Entities or Special Purpose Vehicles are companies established by one or more entities to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures of their own and rely on those of the other parties involved in the transaction.

Speculative grade
Term used to identify issuers with a low credit rating (e.g., below BBB on Standard & Poor's index).

Spread
This term can indicate the difference between two interest rates, the difference between the bid and ask price of a security or the price an issuer of stocks and bonds pays above a benchmark rate.

SpreadVar
Value that indicates the maximum possible loss on a trading portfolio due to the market performance of CDS spreads or bond spreads, with a certain degree of probability and assuming a certain amount of time needed for the disposal of positions.

Stakeholders
Subjects who, acting in different capacities, interact with the firm's activity, sharing in its profits, influencing its performance/services, and evaluating its economic, social and environmental impact.

Stock options
Term used to indicate the right granted to company managers to purchase the company's shares at a certain price (*strike price*).

Stress tests
A simulation procedure designed to assess the impact of extreme market scenarios on a bank's overall exposure to risk.

Structured export finance
Structured finance transactions in the goods and services export sector.

Subprime
A universally agreed-upon definition of sub-prime loans does not exist. In short, this term refers to loans granted to borrowers with low creditworthiness, either because of bad credit history (non-payment, debt settlements or doubtful loans) or because their debt-to-income or loan-to-value ratio is high.

Swaps
Transactions normally consisting of an exchange of financial flows between operators under various contractual arrangements. In an interest-rate *swap*, the parties exchange flows which may or may not be benchmarked on interest rates, calculated on a notional principal amount (e.g., one party pays a fixed-rate flow while the other pays a floating-rate flow). In the case of a currency swap, the parties exchange specific amounts of two different currencies at the outset, repaying them over time according to arrangements that may regard both the principal and the indexed interest flows.

Syndicated lending
Loans arranged and guaranteed by a pool of banks and other financial institutions.

Tax rate
The effective tax rate, determined by the ratio of income taxes to income before tax.

Terminal value
An enterprise's value at the end of an analytical cash-flow forecasting period, calculated by multiplying the analytical cash flow for the final period by (1 + g) and dividing that amount by (Ke-g).

Tier 1
Core capital (Tier 1) includes the paid-in capital, the share premium reserve, reserves from retained earnings (including IAS/IFRS first-time–adoption reserve other than those included under valuation reserves), and excludes treasury shares and intangible assets. Consolidated Tier 1 capital also includes minority interest.

Tier 2
Tier 2 capital includes valuation reserves, innovative and non-innovative capital instruments not included in Tier 1 capital, hybrid capital instruments, Tier 2 subordinated liabilities, unrealised capital gains on equity investments, excess value adjustments with respect to expected losses, and the other positive elements that constitute capital items of a secondary nature; the positive "prudential filters" of Tier 2 capital are also included. The total of these elements, less net unrealised capital losses on equity investments, negative items related to loans, other negative elements, and negative Tier 2 "prudential filters", makes up "Tier 2 capital before items to be deducted". Tier 2 capital is made up of the difference between "Tier 2 capital before items to be deducted" and 50 per cent of "items to be deducted".

Time value
Change in the financial value of an instrument with regard to the time frame in which certain monetary flows will become available or due.

Total capital ratio
Capital ratio referred to regulatory capital components (Tier 1 plus Tier 2).

Total return swap
A contract under which one party, usually the owner of a security or a debt instrument, agrees to make periodic payments to an investor (protection seller) of the capital gains and interest generated by the asset. On the other side, the investor agrees to make payments based on a floating rate, as well as any negative price changes of the asset from the date of the contract.

Trading book
The portion of a portfolio of securities or other financial instruments earmarked for trading activity.

Trustee (Real estate)
Real estate vehicles.

Trust-preferred Securities (TruPS)
Financial instruments similar to preferred shares, which are entitled to particular tax benefits.

Underwriting fee
Fee received in advance by the bank as compensation for assuming the underwriting risk associated with the granting of a loan.

Upper Tier 2
Hybrid capital instruments (e.g., perpetual loans) that make up the highest quality elements of Tier 2 capital.

Value in use
Value in use is the present value of estimated future cash flows expected to arise from an asset or from a cash-generating unit.

VaR - Value at Risk
The maximum value likely to be lost on a portfolio as a result of market trends, estimating probability and assuming that a certain amount of time is required to liquidate positions.

Vega
Coefficient that measures the sensitivity of an option's value in relation to a change in or underestimation of volatility.

Vega01
Referred to a portfolio, it indicates the change in value that it would undergo as a consequence of a one percent increase in the volatility of the underlying financial instruments.

Vintage
Date of generation of the collateral underlying the securitisation. It is an important factor in the assessment of the risk of the mortgage portfolios underlying securitisations.

Warrant
Negotiable instrument that entitles the holder to purchase from or sell to the issuer fixed-income securities or shares according to specific procedures.

Waterfall
Characteristic of a CDO's cash flow projection that is used in the CDO pricing process to model and allocate flows. It establishes the priority of payment of the various tranches in the event of failure of the tests on overcollateralisation and interest coverage ratios.

Wealth management
See "*Asset management*".

What-if
Form of analysis that attempts to predict the response of specific elements to changes in baseline parameters.

Wholesale banking
Banking activity mainly consisting of high-value transactions concluded with major counterparties.

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An ability to develop new solutions, attention to and ongoing dialogue with households, businesses, the third sector and public institutions underlie Intesa Sanpaolo's commitment to contribute to Italy's growth.
A role that we carry out with professionalism, a sense of responsibility and passion, offering innovative, personalised products and services and sharing our projects with our customers.
This is the origin of the decision to tell our story through the vivid, positive stories of our customers, representing, with these images, the projects achieved, the spirit of initiative and entrepreneurial determination and ability.

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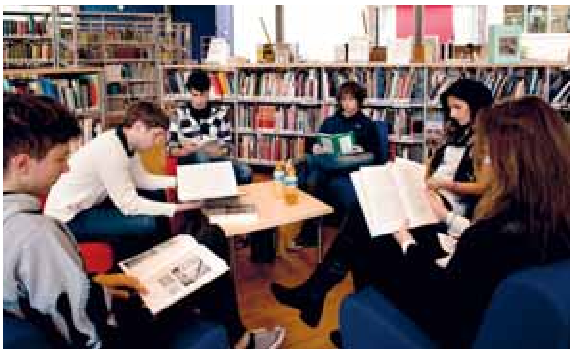

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