



**CORPORATE GOVERNANCE SYSTEM AND  
COMPLIANCE WITH THE  
“CORPORATE GOVERNANCE CODE OF LISTED  
COMPANIES”  
(2005)**

## Banca Intesa's governance

### Shareholder base and Voting syndicate

#### Shareholder base

Banca Intesa's shareholder base as at 31st December 2004 – detailed in the following table – includes reference shareholders which are part of a Voting syndicate and hold 44.76% of the Bank's ordinary shares (40.77% is vested in the Syndicate) and approximately 202,000 shareholders holding 55.24%.

Name	Shares included in the Voting syndicate	Shares not included in the Voting syndicate	Total shares	% of shares included in the Voting syndicate on total	% of shares held on total
Crédit Agricole S.A.	876,110,007	191,313,552	1,067,423,559	14.81	18.04
Fondazione CARIPL0	535,485,244	19,093,075	554,578,319	9.05	9.38
Generali group	340,781,182	16,994,793	357,775,975	5.76	6.05
<i>including</i>					
• Assicurazioni Generali	1,000,000	-	1,000,000		
• Alleanza Assicurazioni	248,169,637	67,201	248,236,838		
• other subsidiary companies	91,611,545	16,927,592	108,539,137		
Fondazione CARIPARMA	254,375,410	6,139,792	260,515,202	4.30	4.40
"Gruppo Lombardo"	204,839,873	2,271,302	207,111,175	3.46	3.50
<i>including</i>					
• Banca Lombarda e Piemontese	139,963,274	204,336	140,167,610		
• I.O.R. (*)	42,917,536	2,066,966	44,984,502		
• Mittel	21,959,063	-	21,959,063		
Commerzbank A.G.	200,290,976	0	200,290,976	3.39	3.39
Total Shareholders in the Syndicate	2,411,882,692	235,812,514	2,647,695,206	40.77	44.76
Total other Shareholders	-	3,268,012,020	3,268,012,020		55.24
Total	2,411,882,692	3,503,824,534	5,915,707,226		100.00

(\*) Shares with beneficial interest in favour of Mittel S.p.A.

#### Voting syndicate

On 11th April 2000 the main Shareholders of Banca Intesa signed a Voting syndicate agreement which modified and/or integrated the one stipulated on 15th April 1999. The agreement is designed to ensure continuity and stability of management policies regarding the activities of Banca Intesa and its subsidiaries and to guarantee the Banking group's independence and managerial autonomy in the future. None of the parties to the Agreement may individually control the Company. The Syndicate operates through: a) the *General Meeting*, comprising representatives of the

parties to the Syndicate and which meets to consider any matter of common interest relating to the management of Banca Intesa and its subsidiaries; b) the *Management Committee*, which is composed by a number of members equal to the number of parties forming the Syndicate, plus a Chairman, if not elected among the Committee members. The Management Committee establishes Group budget, policies and strategies, financial reporting and dividend policies, capital increases, mergers, changes to the Company's Articles of Association, acquisitions and divestments of controlling interests and of financially or strategically significant businesses and, generally speaking, it expresses its view – in advance – on all relevant decisions for Banca Intesa and its subsidiaries. Furthermore, it designates the Chairman, the Managing Director and/or the General Manager of Banca Intesa and the Chairmen, the General Managers and the Managing Directors of the principal subsidiaries; c) the *Chairman*, elected by the Management Committee, by an absolute majority of syndicated holdings. The transfer of the syndicated shares is subject to pre-emption, with the exception of the transfer in favour of parent, subsidiary or sister companies as well as for the transfer of shares syndicated within "Gruppo Lombardo". The Agreement expires on 15th April 2005 and it may be tacitly renewed every three years, save for cancellation six months before the expiry date. Commerzbank A.G. gave notice in time of its cancellation, while the Agreement has been tacitly renewed for three years until 15th April 2008, by the other five syndicate members (Crédit Agricole, Fondazione Cariplo, Generali group, "Gruppo Lombardo" and Fondazione Cariparma). I.O.R. and Mittel of "Gruppo Lombardo" communicated that as of 15th April 2005 they will reduce their syndicated holdings from 0.72% to 0.50% and from 0.37% to 0.25% respectively.

Consequently, the syndicated holding of "Gruppo Lombardo" will decrease from current 3.46% to 3.12% of the ordinary share capital of Banca Intesa.

## Administrative bodies

In compliance with the Company's Articles of Association and regulations in force, the Ordinary Shareholders' Meeting is called at least once a year and resolves upon:

- approval of the financial statements;
- appointment and revocation of Directors; appointment of the Statutory Auditors and the Chairman of the Statutory Auditors; determination of the related remuneration;
- appointment of the Independent Auditors and determination of the related compensation;
- responsibilities of Directors and Statutory Auditors;
- any other matter attributed by the law to the competence of the Shareholders' Meeting.

Shareholders' Meeting

The Extraordinary Shareholders' Meeting resolves upon the changes in the Articles of Association, the issue of convertible bonds and any other matter attributed by the law to its competence.

In compliance with the Company's Articles of Association, the Board of Directors has the exclusive responsibility for the following decisions:

- determination of general operating policy;
- appointment of one or two Managing Directors and the delegation of the related powers;
- appointment of one or more General Managers, one or more Joint General Managers, one or more Deputy General Managers and the delegation of the related powers, on proposal of the Managing Director;
- purchase and sale of equity investments which lead to changes in the structure of

Powers of Banca Intesa's administrative bodies

*Board of Directors*

- the banking group;
- determination of general organisational structure as well as the creation of Committees or Commissions with consultative or coordination functions;
- determination of criteria for the coordination and direction of Group companies and for the implementation of the regulations of the Bank of Italy.

Furthermore the Articles of Association, as modified by the Extraordinary Shareholders' Meeting of 24th June 2004, attributes to the exclusive competence of the Board of Directors the resolutions regarding mergers in the cases provided for by Articles 2505 and 2505-*bis* of the Italian Civil Code, the reduction of share capital in case of recess of a shareholder, the establishment or closure of secondary registered offices, the transfer of the Registered office to another city in Italy, the indication of which Directors may represent the Company and changes the Articles of Association to comply with new legal provisions.

Furthermore, the most significant transactions – in terms of financial, statement of income and balance sheet impact – with related parties must be examined and approved by the Board of Directors.

*Executive Committee*

The Board of Directors, in its meeting held on 13th January 2004, attributed to the Executive Committee all the powers and responsibilities which are not exclusively reserved to the Board itself, within the limits which may be set out by Internal regulations, and in particular the Executive Committee has been attributed all the powers with regard to lending and credit risk with customers.

In case of urgency, the Committee may make resolutions on any operation provided that decisions are not exclusively attributed to the Board of Directors. Committee decisions must be communicated to the Board in the first following meeting.

*Chairman of the Board of Directors*

The Company's Articles of Association set forth that the Chairman of the Board of Directors, Giovanni Bazoli, is responsible for the direction and coordination of Company business, the Company's bodies and of the Managing Director. The Chairman represents the Company before any third party, also in any judicial proceeding, and may sign in the name and on behalf of the Company.

In case of urgency, the Chairman of the Board of Directors may take decisions normally attributed to the Board of Directors and the Executive Committee, whenever the latter cannot meet, provided that decisions are not exclusively attributed to the Board. Should the Chairman be unavailable, the Deputy Chairmen or, in their absence, the Managing Director, have the same power. The competent Administrative Bodies must be informed of any such decisions in their first following meeting. Furthermore, the Chairman is in charge of maintaining relationships with Shareholders, informing them, and – in agreement with the Managing Director – of external communication, relations with Authorities, as well as the programming of the Company's and the Group's initiatives related to culture, the safeguard and valorisation of the historic, archeologic and artistic heritage and the management of the Allowance for charitable, social and cultural contributions.

*Managing Director and Chief Executive Officer*

The Board of Directors, with resolution of 13th January 2004 reconfirmed Corrado Passera as Managing Director of Banca Intesa, delegating him all the powers as Chief Executive Officer (CEO) of the Bank and of Gruppo Intesa.

The Articles of Association set forth that the Managing Director, who is also General Manager, supervises management, within the powers he has been attributed and according to the general guidelines resolved upon by the Board of Directors; he is responsible for personnel management and determines the operating directives which are executed by General Management.

The Chief Executive Officer has been delegated wide ordinary and extraordinary administration powers with the sole exception of powers which may not be delegated according to the law and those which are reserved to the Board of Directors by the Articles of Association and with quantitative limits for certain types of transactions (for examples, the purchase and sale of real estate assets of commercial value up to 25 million euro and transactions which lead to a charge which does not exceed 25 million euro). Therefore, in addition to wide operating powers, the CEO has been delegated powers over: the definition of human resources development and management policies; the formulation of proposals on the Company's and the Group's organisational structure and strategic guidelines; the operating plans and budgets to be submitted to the approval of the Board of Directors; the acquisition and disposal of equity investments, with the prior authorisation of the Board, if such operations lead to variations in the Banking group. The CEO has the faculty sub-delegating to employees and to third parties one or more of his attributions.

The Board of Statutory Auditors, as provided for by the Articles of Association, is made up of five Auditors and two Alternate Auditors. It supervises on compliance with the law and the Articles of Association; on the respect of the principles of fair management; on the adequacy of the Company's organisational structure as concerns competences, the internal control system and the accounting – bookkeeping system as well as on the reliability of the latter in the correct representation of operations. It also carries out the other functions with which it is charged by the law and by regulations and supervisory provisions in force.

The Board of  
Statutory  
Auditors

## **Corporate Governance Code of Banca Intesa**

In 2001 Banca Intesa decided to comply with the "Corporate governance code of listed companies" and, recognising the validity of the suggested Governance model, it continued in 2004 and in the first month of 2005 the process for the adaptation of its Corporate Governance system to both the principles expressed by the code and national and international best practices.

For this purpose:

- the Extraordinary Shareholders' Meeting of 24th June 2004, in addition to approving some changes in the Articles of Associations to adapt it to the new provisions of the Italian Civil Code, resolved upon a decrease, from 2% to 1%, of ordinary share capital necessary for presentation of a list of candidates to the post of Statutory Auditor, with the aim of more effectively safeguarding representation of minority shareholders on the Board of Statutory Auditors;
- the Board of Directors, for the purpose of further increasing the effectiveness and incisiveness of control systems, established the Internal Control Committee, with resolution of 8th February 2005. The functions and composition of such Committee are detailed below.

Pursuant to provisions set forth in the "Istruzioni al regolamento dei mercati organizzati e gestiti da Borsa Italiana S.p.A." (Regulations of the Markets organised and managed by Borsa Italiana S.p.A.), Banca Intesa each year provides the market with detailed information on its Corporate Governance system, which is currently organised as follows.

## Composition and role of the Board of Directors

The Board of Directors plays a central role in the organisation and is responsible for strategic and organisational guidelines.

Again the Articles of Association reserve to the exclusive responsibility of the Board of Directors the following matters: determination of general operating policy; purchase and sale of equity investments which lead to changes in the Banking group; appointment of the Managing Directors and of the Executive Committee and the delegation of the related powers; determination of general organisational structure; formation of committees with specific consulting or coordination functions; definition of criteria for the direction and coordination of Group companies.

Again, the Articles of Association set forth that the Board of Directors determines the means and the timing according to which the most significant decisions taken by delegates must be notified to the Board.

Normally, the most significant operations in terms of financial, economic or balance sheet impact are submitted to the approval of the Board of Directors. The Internal regulations approved in the meeting held on 11th February 2003 reserve to the Board the examination and the approval of the most significant transactions (identified on the basis of qualitative and/or quantitative criteria) with related parties (including intergroup transactions) as described in greater detail hereafter.

Furthermore, it must be noted that, as provided for by Art. 136 of the Testo Unico Bancario (the combined banking regulations) and by the related Instructions issued by the Bank of Italy, direct or indirect business relations between the Company and the latter's employees are submitted to the Board of Directors (which must approve them unanimously) and must be positively valued by all the members of the Board of Statutory Auditors, without prejudice to the obligations concerning Directors' interests pursuant to Art. 2391 of the Italian Civil Code.

As set forth by the Articles of Association, delegated bodies report in a timely fashion and in any case at least quarterly, to the Board of Directors and to the Board of Statutory Auditors on the general progress of operations, on forecasted future developments, on their activities and on the most significant transactions - in terms of financial, statement of income and balance sheet impact, carried out by the Company and its subsidiaries.

The Articles of Association set forth that the Board of Directors must meet at least once every two months. Normally the Board meets 11 times per year; 11 meetings were held in 2004. 11 meetings have also been scheduled for the current year. 10 Executive Committee meetings were held in 2004.

Also in consideration of the regularity of its meetings, the Board of Directors is capable of taking authoritative and effective actions and its composition ensures that the Company's interest and the maximisation of Shareholder value are the primary objectives of its decisions.

Internal regulations which set rules on the running of Board of Directors meetings have been approved for the purpose of ensuring that every Director can participate in the meetings in a meditated and prepared way and take documented decisions. In particular, these rules provide for the documentation regarding the agenda which must be at the disposal of Directors. Directors and Statutory Auditors are summoned to the Board meetings in advance and in time and the convocation is accompanied by the agenda of the meeting of all matters to be discussed. The reports and the proposals on the matters to be discussed are normally transmitted together with the agenda of the meeting or in the immediately subsequent days, with the exception of urgent cases or when there is the need to ensure particular confidentiality in the proposals. In this

latter case, extensive discussion of every matter and particular attention to documentation not transmitted in advance will be ensured during the meeting. Heads of specific structures or their substitutes may be invited to participate to Board meetings. They may, if required report on the matters of their respective competence but may not vote.

The Board of Directors was appointed for a three-year period by the Shareholders' Meeting held on 13th January 2004 and was made up of the following members:

- Giovanni Bazoli
- Giampio Bracchi
- René Carron
- Corrado Passera
- Giovanni Ancarani
- Francesco Arcucci
- Benito Benedini
- Antoine Bernheim
- Jean-Frédéric de Leusse
- Alfonso Desiata
- Ariberto Fassati
- Giancarlo Forestieri
- Paolo Fumagalli
- Jorge Manuel Jardim Gonçalves
- Jean Laurent
- Michel Le Masson
- Giangiacomo Nardozi
- Eugenio Pavarani
- Giovanni Perissinotto
- Mariano Riestra
- Sandro Salvati
- Eric Strutz
- Gino Trombi

The Board of Directors currently in service will expire at the date of the Shareholders' Meeting summoned for the approval of the financial statements as at 31st December 2006.

Director Michel Le Masson resigned from the post on 31st December 2004 and the Board of Directors on 17th January 2005 appointed in substitution Director Gilles de Margerie; Director Sandro Salvati resigned from the post on 13th January 2005 and the Board of Directors on 8th February 2005 appointed in substitution Director Ugo Ruffolo. The Directors appointed by the Board of Directors will expire at the date of the Shareholders' Meeting summoned for the approval of the financial statements as at 31st December 2004.

As concerns the indication of the other posts held by Directors in other companies please refer to a subsequent part of this chapter.

The Board of Directors is mostly made up of Non-executive directors (who are not attributed any operating powers and/or management functions within the Company), sufficient to guarantee, both in terms of number and competence, that their judgement carries a significant weight in the decisions taken by the Board. Of the Directors currently in service, only one, the Managing Director and CEO, Corrado Passera, is charged with operating powers, and is therefore an Executive director.

As verified by the Board of Directors in the Meeting held on 8th February 2005, considering also the information provided by Directors themselves, in the Board there are 9 Non-executive directors who are independent, in that:

- a) they do not have, directly, indirectly or on behalf of third parties, nor have recently

- had any business relations with the Company, its subsidiaries, the Executive director, the shareholder or the group of shareholders which control the Company so to influence their autonomous judgement;
- b) they do not have, directly, indirectly or on behalf of third parties, shareholdings which enable them to control or to influence the Company, nor take part in shareholders agreements for the control of the Company;
  - c) are not close relations to the Company's Executive director or of subjects which may be in the situations indicated in letters a) and b) above.

The Company's Independent directors are:

- Giovanni Ancarani
- Francesco Arcucci
- Benito Benedini
- Giampio Bracchi
- Alfonso Desiata
- Giancarlo Forestieri
- Paolo Fumagalli
- Giangiacomo Nardozi
- Eugenio Pavarani

For this purpose it must be noted that the valuation of the independence of Directors was prudentially carried out based on restrictive criteria, excluding, in particular, Directors who have other executive posts or posts which entail legal representation of the companies taking part in Banca Intesa's Voting syndicate.

All Directors, must have the professional requisites provided for by current legislation and supervisory regulations and, in consideration of their considerable professional qualifications, are fully aware of the responsibilities associated with their post and therefore act and decide in full autonomy and conscious of their responsibilities.

The Executive Committee, appointed by the Board of Directors held on 13th January 2004, is composed by:

- Giovanni Bazoli
- Giampio Bracchi
- Corrado Passera
- Ariberto Fassati
- Giancarlo Forestieri
- Mariano Riestra

The Chairman of the Board of Directors, Giovanni Bazoli – who has not been delegated any operating powers – has been charged by the Articles of Association with an important role in spurring and coordinating the activities of the Company, the Board of Directors, the Managing Director and the Executive Committee. He is in charge of calling the Board meetings, defining the relative agendas and ensuring that Directors are provided with all the information necessary to evaluate the matters which will be submitted to their approval; lastly, he is in charge of relations with Shareholders.

In addition to wide operating powers, the Managing Director and Chief Executive Officer, Corrado Passera, has been delegated powers indicated in the previous chapter.



The proposals for the appointment of the Directors are formulated by Shareholders directly at the Shareholders' Meeting. Since the Articles of Association in force does not provide for list voting, it is not possible to request that Shareholders deposit their proposal in advance at the Company's registered office, with complete information with regard to nominees. All Shareholders are therefore permitted to present candidatures until the day of the Shareholders' Meeting.

Appointment and remuneration of Directors

It must be underlined that all Shareholders are normally acquainted with the personal traits and professional qualifications of the nominees, given the Banca Intesa's governance latter's popularity and authoritative nature and that it is standard practice that the curriculum of nominees is read out at the Shareholders' Meeting.

In consideration of the Shareholder base and the existence of a Voting syndicate between Banca Intesa's main Shareholders, which proceeds to the identification of the nominees for the Board of Directors, the Company did not deem it necessary to form a Nomination committee.

The components of the Board of Directors in service have been proposed by the members of the Voting syndicate.

A specific Remuneration committee has been set up within the Board of Directors and is made up of three Non-executive directors – currently, the Chairman, Giovanni Bazoli, the Deputy Chairman, Giampio Bracchi (independent), and the Director, Gino Trombi – and the Chairman of the Board of Statutory Auditors, Gianluca Ponzellini. Such commission is responsible for determining the remuneration of the Chairman and Deputy Chairmen of the Board of Directors as well as that of the Managing Director and proposing such remuneration to the Board of Directors, which is responsible for the relevant resolution pursuant to Art. 2389 of the Italian Civil Code. The Chairman or the Deputy Chairman must not be present when the Commission examines and expresses its opinion on their respective remuneration. The Commission examines and expresses its opinion on stock option plans and proposes the options to be assigned to the Managing Director in such plans.

The compensation of the Managing Director, determined by the Board, is made up of a fixed amount and variable sum which depends on results. Details on the compensation received by Directors are contained in the Notes to the Parent Company's financial statements.

For the purpose of ensuring a deeper commitment in the Company's strategy through the direct participation in the Company's performance, the Extraordinary Shareholders' Meeting held on 17th December 2002 approved a three-year stock option plan in favour of the management of the Group, after the revocation of the previous plan which had been approved by the Shareholders' Meeting of 1st March 2001. For further information on the stock option plan (guidelines, duration, conditions, assignment regulations, and so on) please refer to the specific section of the Report on operations.

Since it is a bank, Banca Intesa has the internal control system and the structure in charge of control that are compliant with Bank of Italy regulations, which are even more detailed and binding than those provided for by the Corporate governance code. The internal control system is capable of adequately monitoring the Company's typical business risks and the economic and financial situation of the Company and the Group. Internal control functions are entrusted to Internal Auditing which is responsible for ensuring a constant and independent surveillance action on the regular progress of Banca Intesa's operations and processes, as well as preventing or identifying anomalous or risky behaviour or situations, assessing the functionality of the overall internal control system.

Internal control system

Furthermore, Internal Auditing is responsible for ensuring surveillance over the internal control systems of subsidiaries, even via the direction and guidance of their respective

internal auditing structures. The Manager in charge of Internal auditing does not report to any head of operating areas and refers periodically to the Board, the Managing Director and Statutory Auditors.

Considering the complex structure of the internal auditing system (which is described in detail in a specific chapter of the Report to the consolidated financial statements as at 31st December 2004), which is also subject to the supervision of the Bank of Italy, until now the Company had not deemed it necessary to set up an Internal control committee. However considering the importance and the growing attention which, the market and investors, especially institutional, reserve to this Committee when assessing the corporate governance system of listed companies, the Board of Directors, though still convinced of the effectiveness of the Company's governance, in the meeting held on 8th February 2005 resolved to form an Internal control committee for the purpose of increasing effectiveness of incisivness of controls.

The Committee is made up of three Non-executive directors, of which two at least must be independent and has the role of supporting the Board of Directors and reports to the latter, at least half-yearly at the time of approval of the Annual report and the Half-year report with regard to its activities and the adequacy of the internal control system. The Chairman of the Statutory Auditors or another Auditor appointed by the former and the Head of Internal Auditing will take part in the Committee meetings. Moreover the Managing Director and other Managers can be asked to join the Committee meetings depending on the issues on the agenda.

The Internal control committee has the following functions:

- assisting the Board of Directors in setting the guidelines and periodically checking the adequacy and functioning of the internal auditing system, also ensuring that the main company risks (credit, financial and operational) are identified and properly managed, in coordination with the company functions involved;
- assessing the work programme drawn up by the persons in charge of internal control and receive their periodical reports;
- assessing, together with the Head of Administration and the Independent Auditors, the adequacy of the accounting principles adopted and their uniformity with a view to the preparation of the consolidated financial statements;
- assessing the proposals formulated by the Independent Auditors to obtain their appointment as well as the work plan drawn up to perform the audit and the results presented in the report and in the letter of suggestion;
- any further duties which may be attributed to it by the Board of Directors, particularly in relation to the relationship with the Independent Auditors.

Furthermore, the Committee can be consulted not only on evaluation of transactions with related parties but also on operations involving, directly or indirectly, conflicts of interest.

The Committee has also been attributed tasks and functions of the Supervisory Bodies pursuant to Legislative Decree 231/2001 concerning the administrative responsibility of companies.

The Internal control committee is currently made up of the Independent Directors Eugenio Pavarani (Chairman), Giovanni Ancarani and Alfonso Desiata.

The Board of Directors approved Internal regulations on transactions with related parties, which define the guidelines for closing transactions with related parties and, in particular, so called “significant” transactions, i.e. the most significant transactions in terms of financial, economic or balance sheet impact, which must be submitted to the approval of the Board of Directors. The “significant” transactions are identified using qualitative and/or quantitative criteria and are, for example, the purchase and sale of real estate assets, the purchase or sale of equity investments, companies, business divisions, partnership or joint venture agreements, any transaction, both financial and commercial, whose economic value exceeds 50 million euro provided that this is not a typical or standard transaction, framework agreements regulating the provision of multiannual intergroup services and the grant to companies within the banking group and to related parties of loans or guarantees exceeding predetermined quantitative thresholds. The Regulations also define the general criteria for information to be provided to the Board with regard to transactions with related parties, which – since they do not have the characteristics of relevance and significance indicated above – fall within the autonomy of the Managing Director or of other competent structures, for the purpose of ensuring the fairness in the procedures and the substance of such transactions.

Transactions with related parties

Such regulations set out that if the proposed business relation is with a Director or, if in any case, a Director has an interest – even only potential or indirect – in a transaction, the Director concerned promptly informs the Board in detail and abandons the Board Meeting when the issue is discussed.

Where the nature, value or other aspects of a transaction with related parties make this necessary, the Board, in order to avoid different conditions being agreed from those that would presumably have been agreed between unrelated parties, shall ensure that the transaction is concluded with the assistance of independent experts for the provision of financial, and/or legal and/or technical advice (fairness opinion and legal opinion).

Lastly it must be noted that a specific IT system was prepared which permits the census and update of the register of related parties and the monitoring of the transactions made with such parties.

For transactions with related parties made in 2004, please refer to the specific chapter in the Report on operations.

Pursuant to provisions contained in Art. 6 of the Corporate governance code of listed companies, the Board resolved upon the adoption of specific Internal regulations for the treatment of confidential information and for the disclosure of documents and information.

Confidential information

Such regulations set forth that the Chairman and the Managing Director are responsible for the handling of confidential information regarding the Bank and its Group and define how Directors, Statutory Auditors and Employees must handle such confidential information, prescribing the adoption of every necessary caution in the treatment of confidential information so that its confidentiality is not prejudiced.

The regulations also define the procedures which must be applied in the communication of corporate documents and information, in particular as concerns price-sensitive information, i.e. information which is not available to the general public which, if disclosed, may significantly affect the price of the Bank’s and/or of the subsidiaries’ shares.

The adoption of the procedure above is aimed at preventing that information regarding the Company is communicated selectively or in an untimely or incomplete manner. Normally, price-sensitive press releases are approved by the Board of Directors – or in urgent cases – by the Chairman or the Managing Director.

The Board of Directors also resolved upon the adoption of the Internal dealing code which defines the disclosure requirements for transactions carried out by “Relevant parties” on financial instruments issued by the Bank and by Group companies.

Such Code has been issued pursuant to provisions set forth in the Regolamento dei mercati organizzati e gestiti da Borsa Italiana S.p.A. (Regulations of the Markets organised and managed by Borsa Italiana S.p.A.) for the purpose of ensuring transparency and uniform information to the market regarding the transactions carried out for their personal portfolios by Directors, Statutory Auditors, General Managers and other “Relevant parties” on listed financial instruments issued by Banca Intesa and by other Group companies.

The Code sets forth that transactions on listed financial instruments issued by Banca Intesa S.p.A. and by other Group companies carried out by “Relevant parties” must be communicated according to the timing provided for by the aforementioned Regolamento di Borsa. The Code is even more binding since it provides for quarterly disclosure for transactions which, individually or cumulated with other transactions carried out in each reference quarter, equal or exceed 25,000.00 euro for each declaring party and prompt disclosure for transactions which exceed 125,000.00 euro for each declaring party.

The exercise of stock options or other option rights are included in the disclosure requirements contained in the Code. In the case of disposals, if shares sold derive from the simultaneous exercise of stock options, this must also be indicated.

The Code also forbids transactions by “Relevant parties” in the 30 days preceding the Board of Directors meeting summoned to approve the draft annual financial statements and the half-year report and in the 15 days preceding the Board of Directors meeting summoned to approve the quarterly reports.

Such limitation does not apply to rights attributed as part of stock option plans and pre-emptive rights.

## Relations with Shareholders

As regards relations with Shareholders, it must be noted that external relations with shareholders and institutional investors have long been attributed to specific and distinct specialised structures, with adequate professional capabilities and supports: the External Relations Unit – Investor Relations (tel: +39 02 87943180; fax: +39 02 87943123; e-mail: [investorelations@bancaintesa.it](mailto:investorelations@bancaintesa.it)), as concerns institutional investors, and the Legal Affairs Unit – Shareholder Relations (tel: +39 02 87937595; fax: +39 02 87937892), as regards relations with other Shareholders. Within the Banca Intesa website there is a specific “Investor Relations” section, which enables all interested parties to have access to a wide spectrum of economic and financial information on Gruppo Intesa, in addition to the possibility of requesting information by e-mail, directly to the relevant offices.

As concerns relations with the press – without prejudice to the powers attributed to the Chairman and the Managing Director of Banca Intesa – in the External Relations Unit there is a specific Media Relations Department which is the exclusive reference point in the relations with Italian and foreign media for both Banca Intesa and Group companies.

The Company has always actively favoured the widest possible participation of Shareholders in the Shareholders’ Meeting, which certainly represents a moment of effective and fundamental dialogue and coordination between the Company and its investors, which are provided with relevant documentation with timeliness.

With regard to the approval of a specific regulation on the Shareholders’ Meeting, it must be noted that past experience on the Shareholders’ Meetings and on the participation of each Shareholder to the discussion proves that it is possible to ensure a fair and effective meeting even without a specific regulation, which could, on the contrary, turn out to be scarcely flexible. Since the Articles of Association explicitly attribute to the Chairman the power to verify the correct constitution of the Meeting, to ascertain the Shareholders’ right to speak and vote, to regulate the business in the Shareholders’ Meetings and define the means of vote, it is deemed better to continue in the Company’s practice. This basically entails that, at the beginning of each

Meeting, the Chairman identifies the main rules which must be complied with especially during the discussion.

The Board of Statutory Auditors was elected by the Shareholders' Meeting held on 30th April 2002 for a three-year period and is made up of the following Auditors:

Statutory  
Auditors

- Gianluca Ponzellini,
- Francesco Paolo Beato,
- Paolo Andrea Colombo,
- Franco Dalla Sega
- Bruno Rinaldi;

and the following Alternate Auditors:

- Paolo Giolla
- Carlo Sarasso.

In 2004 the Alternate Auditor Carlo Sarasso substituted the Auditor Francesco Paolo Beato, deceased on 29th June 2004.

The Board of Statutory Auditors currently in service will expire at the date of the Shareholders' Meeting summoned for the approval of the financial statements as at 31st December 2004.

The composition of the Board and the appointments held by Statutory Auditors in other companies, is provided in a table hereafter.

The appointment of the Board of Statutory Auditors occurred, as set forth by Art. 23 of the Articles of Association, with the "list voting" mechanism, that requires presentation of the lists of nominees ten days before the date of the Shareholders' Meeting. In the aforementioned Shareholders' Meeting there was only one list of candidates – with the relative curricula – proposed by members of Banca Intesa's Voting syndicate.

With the aim of more effectively safeguarding representation of minority shareholders on the Board of Statutory Auditors, the Extraordinary Meeting of 24th June 2004 resolved upon a decrease, from 2% to 1%, of ordinary share capital necessary for presentation of a list of nominees for the Board of Statutory Auditors.

In compliance also with the indications of Assogestioni, it was decided that this threshold represents a sufficiently qualified investment and is at the same time more consistent with the equity stakes held by the minority shareholders who do not take part in the Voting Syndicate.

Members of the Board of Statutory Auditors participate to Board of Directors and Executive Committee meetings.

The Articles of Association set forth that the appointment as Statutory Auditor for Banca Intesa is incompatible with similar appointments in more than five other listed companies, with the exclusion of companies which are part of the Gruppo Intesa.

37 Board of Statutory Auditors Meetings were held in 2004.

In 2002 the Board of Directors resolved upon the adoption of the Group's Internal code of ethics, an instrument of corporate culture, which sets forth utmost confidentiality, fairness and honesty in the behaviour both within the Company and in relations with the market.

Code of ethics

Such Code integrates both the so-called "Codice intermediari" (code for intermediaries) required by current regulations on investment services, and other, more specific rules regarding corporate ethics. It is a "declaration of principles", in which such principles are translated into rules for all those to which the Code is applied, that is Directors, Statutory Auditors, Employees, Consultants and, in general, all the third parties which come into contact with the Company.

Organisational  
model as per  
Legislative  
Decree 231/2001

Lastly, it must be noted that the Board of Directors, held on 8th March 2004, approved the structure of the organisation, management and control model as per Legislative Decree 231/2001 (concerning the administrative responsibility of companies for the crimes committed by their employees and collaborators).

As mentioned above, the functions of Supervisory Body have been attributed to the Internal control committee with resolution of the Board of Directors of 8th February 2005.

## **Composition of the Board of Directors**

The Board of Directors of Banca Intesa currently in service, appointed by the Shareholders' Meeting held on 13th January 2004, is made up of 23 members. In compliance with the recommendations contained in the Corporate governance code of listed companies and based on declarations made by Directors themselves, hereafter is the list of the Directors with the indication as at 31st January 2005 of their appointments in Gruppo Intesa and in other listed companies or in other banks, financial and insurance companies.

### **Giovanni Bazoli**

Chairman and member Executive Committee Banca Intesa S.p.A., Chairman Mittel S.p.A., Director Alleanza Assicurazioni S.p.A., Director Banco di Brescia S.p.A., Deputy Chairman Banca Lombarda e Piemontese S.p.A.

### **Giampio Bracchi**

Deputy Chairman and member Executive Committee Banca Intesa S.p.A., Director Banca del Sempione SA, Director CIR S.p.A., Director CDB Webtech S.p.A.

### **René Carron**

Deputy Chairman Banca Intesa S.p.A., Chairman Caisse Régionale de Crédit Agricole des Savoie, Chairman Crédit Agricole SA, member Supervisory Board Eurazeo, member Supervisory Board Lagardere, Director SUEZ SA.

### **Corrado Passera**

Managing Director, Chief Executive Officer, General Manager and member Executive Committee Banca Intesa S.p.A., Director Crédit Agricole SA, Director Olimpia S.p.A., Director Rcs MediaGroup S.p.A.

### **Giovanni Ancarani**

Director Banca Intesa S.p.A.

### **Francesco Arcucci**

Director Banca Intesa S.p.A., Director Banca del Sempione SA, Director Société Européenne de Banque Luxembourg, Director Quadrivio SGR.

### **Benito Benedini**

Director Banca Intesa S.p.A., Director Axa Cattolica Previdenza in Azienda S.p.A., Director EBA – European Brokers Associated S.p.A., Director European Brokers Associated Ltd., Director MAS Servizi S.p.A.

### **Antoine Bernheim**

Director Banca Intesa S.p.A., Chairman Assicurazioni Generali S.p.A., Director Banca della Svizzera Italiana, Director Ciments Francais, member Supervisory Board Eurazeo, Director Generali France, Director Generali Finance BV, Director Generali Espana Holding SA, Director Generali Holding Vienna AG, Deputy Chairman LVMH Louis Vuitton, Director Mediobanca S.p.A., Director Christian Dior SA, Director AMB Generali Holding AG, Deputy Chairman Bollorè Investissement, Deputy Chairman Alleanza Assicurazioni S.p.A.

**Jean-Frédéric de Leusse**

Director Banca Intesa S.p.A., Director and member Executive Committee Crédit Agricole SA, Director Banco Espirito Santo SA, Director Banque Libano Francaise, Director Banque Saudi Fransi SA, Director CAI Egypt, member Supervisory Board Credit du Maroc, Chairman Supervisory Board Crédit Agricole Private Equity, Chairman Crédit Agricole Private Equity Holding, Chairman Supervisory Board Lukas Bank, Chairman IDIA Participation, Director Unigrains SA.

**Gilles de Margerie** (appointed in substitution by the Board of Directors on 17th January 2005)

Director Banca Intesa S.p.A., member Supervisory Board FINAREF, Director CAIS, Chairman Credit Agricole Alternative.

**Alfonso Desiata**

Director Banca Intesa S.p.A., Director Alleanza Assicurazioni S.p.A., Deputy Chairman Banca Popolare FriulAdria S.p.A.

**Ariberto Fassati**

Director and member Executive Committee Banca Intesa S.p.A., Director AXA Assicurazioni S.p.A., Director and member Executive Committee Crédit Agricole SA, Delegated General Manager and member Executive Committee Calyon, Director Crédit Agricole Asset Management, Deputy Chairman Crédit Agricole Indosuez Luxembourg, Deputy Chairman Crédit Agricole Investor Services Bank Luxembourg, Director Crédit Agricole Indosuez Suisse S.A., Director Crédit Agricole Indosuez Egypte, Director Crédit Foncier de Monaco.

**Giancarlo Forestieri**

Director and Member Executive Committee Banca Intesa S.p.A., Director Alleanza Assicurazioni S.p.A., Chairman Cassa di Risparmio di Parma e Piacenza S.p.A.

**Paolo Fumagalli**

Director Banca Intesa S.p.A., Director Intesa Casse del Centro S.p.A., Chairman IntesaVita S.p.A., Chairman Intesa Previdenza S.p.A., Chairman Interservice Gestione Partecipazioni S.p.A.

**Jorge Manuel Jardim Gonçalves**

Director Banca Intesa S.p.A., Chairman Banco Comercial Portugues SA, Chairman BCP Holdings (USA), Chairman Banco Comercial de Macau SA, Chairman Banco de Investimento Imobiliario SA, Chairman BCP Investimento – Banco Comercial Portugues de Investimento SA, Director Banco de Sabadell SA, Chairman Interbanco SA, Deputy Chairman NovaBank SA, Chairman Banco Activo Bank SA, Chairman Seguros e Pensoes Gere. SGPS SA, Chairman ServiBanca - Empresa de Prestação de Serviços ACE, Member Supervisory Board Bank Millennium SA, Chairman Fundação Banco Comercial Português, Deputy Chairman Supervisory Board Eureko B.V.

**Jean Laurent**

Director Banca Intesa S.p.A., Deputy Chairman Banco Espirito Santo, General Manager and Chairman Executive Committee Crédit Agricole SA, Chairman Calyon SA, Chairman Crédit Lyonnais SA, Member Supervisory Board and Member Finance Committee Eurazeo, Member Supervisory Board M6 Television.

**Michel Le Masson** (ceased from the post as of 31st December 2004)

Director Banca Intesa S.p.A., Director Crédit Agricole Indosuez Luxembourg, Director Crédit Agricole Investor Services Bank Luxembourg, Director Crédit Agricole Indosuez (Suisse) SA, Director Crédit Foncier de Monaco (CFM), Director Crédit Agricole Indosuez Holding Italia Due S.I.L., Director Emporiki Bank, Member Supervisory Board Europejski Fundusz Leasingowy, Director Banco Espirito Santo, Director Bespar, Chairman Supervisory Board Crédit Agricole Deveurope BV.

**Giangiacoimo Nardozi**

Director Banca Intesa S.p.A., Chairman Banca Caboto S.p.A., Director Rcs MediaGroup S.p.A.

**Eugenio Pavarani**

Director Banca Intesa S.p.A.

**Giovanni Perissinotto**

Director Banca Intesa S.p.A., Managing Director Assicurazioni Generali S.p.A., Chairman Banca Generali S.p.A., Director Banca Nazionale del Lavoro S.p.A., Deputy Chairman Banca della Svizzera Italiana, Chairman Belgica Insurance Holding, Chairman Generali Asset Management Sgr S.p.A., Director Generali Finance BV, Director Generali France Holding, Chairman Generali Finances SA, Director Generali Espana Holding de Entidades de Seguros, Chairman Flandria Participation Financieres, Director Participatie Maatschappij Graafschap Holland NV, Director Transocean Holding Corporation, Director Pirelli S.p.A., Director Alleanza Assicurazioni, Director INA Vita, Director Assitalia.

**Mariano Riestra**

Director and Member Executive Committee Banca Intesa S.p.A., Chairman Supervisory Board Commerzbank Belgium SA, Director Commerzbank International SA, Chairman Supervisory Board Commerzbank NV.

**Ugo Ruffolo** (appointed in substitution by the Board of Directors on 8th February 2005)

Director Banca Intesa S.p.A., Managing Director Alleanza Assicurazioni S.p.A., Director Banca Generali S.p.A.

**Sandro Salvati** (ceased from the post as of 13th January 2005)

Director Banca Intesa S.p.A., Chairman Alleanza Assicurazioni S.p.A.

**Eric Strutz**

Director Banca Intesa S.p.A., Director Mediobanca S.p.A., Director Commerzbank AG, Member Supervisory Board Cominvest Asset Management GmbH, Deputy Chairman Supervisory Board CommerzLeasing und Immobilien AG, Member Supervisory Board Comdirect Bank AG, Member Supervisory Board Commerzbank Auslandsbanken Holding AG, Member Supervisory Board Commerzbank Inlandsbanken Holding AG, Member Supervisory Board Commerzbank International SA, Member Supervisory



Board Erste Europäische Pfandbrief- und Kommunalkreditbank AG, Member Supervisory Board Hypothekenbank in Essen AG.

**Gino Trombi**

Director Banca Intesa S.p.A., Chairman Banco di Brescia S.p.A., Chairman Banca Lombarda e Piemontese S.p.A., Director Risparmio e Previdenza S.p.A., Chairman Banca Lombarda Preferred Capital Company LLC.

**Composition of the Board of Statutory Auditors**

Hereafter is the list of Banca Intesa's Statutory Auditors with the indication of their appointments in listed companies.

**Gianluca Ponzellini**

Chairman Board of Statutory Auditors Banca Intesa S.p.A., Chairman Board of Statutory Auditors Autogrill S.p.A., Chairman Board of Statutory Auditors De Longhi S.p.A.

**Francesco Paolo Beato** (deceased on 29th June 2004)  
Statutory Auditor Banca Intesa S.p.A.

**Paolo Colombo**

Statutory Auditor Banca Intesa S.p.A., Statutory Auditor ENI S.p.A., Chairman Board of Statutory Auditors Sirti S.p.A., Statutory Auditor Saipem S.p.A., Director Mediaset S.p.A.

**Franco Dalla Sega**

Statutory Auditor Banca Intesa S.p.A., Statutory Auditor Mittel S.p.A.

**Bruno Rinaldi**

Statutory Auditor Banca Intesa S.p.A.

**Carlo Sarasso** (in service as of 29th June 2004)

Statutory Auditor Banca Intesa S.p.A.



<b>Board of Directors</b> (data refers to 2004)							Internal Control Committee		Remuneration Committee		Nomination Committee (if present)		Executive Committee (if present)	
	Members	executive	non-executive	independent	****	Number of other appointments **	***	****	***	****	***	****	***	****
Director	Pavarani Eugenio		X	X	100%	0								
Director	Perissinotto Giovanni		X		82%	17								
Director	Riestra Mariano		X		36%	3							X	20%
Director (2)	Salvati Sandro		X		91%	1								
Director	Strutz Eric		X		9%	10								
Director	Trombi Gino		X		91%	4			X	100%				
<p>(1) Director Le Masson resigned from his post on 31st December 2004 and in substitution the Board of Directors of 17th January 2005 appointed Director Gilles de Margerie.</p>														
<p>(2) Director Salvati resigned from his post on 13th January 2005 and in substitution the Board of Directors of 8th February 2005 appointed Director Ugo Ruffolo.</p>														
<p>• In 2004 the Internal control committee had not yet been formed. Such Committee was formed with resolution of the Board of Directors of 8th February 2005.</p>														
<p>◊ It was not deemed necessary to appoint a Nomination committee due to the composition of the shareholder base and the existence of a Voting syndicate which has among its purposes the designations of the components of the Board of Directors.</p>														
Number of meetings held in the reference year	Board: 11	Internal Control Committee: – (formed in 2005)	Remuneration Committee: 1	Nomination Committee: - (not present)		Executive Committee: 10								

## NOTES

- \* The star indicates that the Director has been appointed from lists presented by minority shareholders.
- \*\* This column indicates, on the basis of declarations made by Directors themselves, the person's number of appointments as director or statutory auditor in other companies listed in regulated markets, even abroad, and in financial, banking, insurance or large companies, updated as at 31 st January 2005. In the Report on corporate governance such appointments are set out in detail.
- \*\*\* In this column "X" indicates that the Director is part of the relevant Committee.
- \*\*\*\* This column indicates the percentage participation of Directors respectively to Board of Directors and Committee meetings.

<b>Board of Statutory Auditors</b>				
	Components	Percentage of participation to the meetings of the Board of Executive Statutory Committee Auditors		Number of other appointments**
		Board of Directors	Board of Directors	
Chairman	Ponzellini Gianluca	97% 80%	100%	2
Statutory Auditor (deceased on 29/06/04)	Beato Francesco Paolo	67% 40%	50%	0
Statutory Auditor	Colombo Paolo Andrea	73% 90%	100%	4
Statutory Auditor	Dalla Sega Franco	78% 80%	100%	1
Statutory Auditor	Rinaldi Bruno	68% 100%	91%	0
Statutory Auditor as of 29/06/04 (formerly Alternate Auditor)	Sarasso Carlo	62% 100%	100%	0
Alternate Auditor	Giolla Paolo			
Number of meetings held in the reference year: 37 (Board of Statutory Auditors); 11 (Board of Directors); 10 (Executive Committee)				
Quorum required for the presentation by minority shareholders of the lists for the election of one or more Statutory Auditors (as per Art. 148 TUIF - Legislative Decree 158/1998 Combined regulations on financial intermediation): 1% of ordinary share capital (following the change in the Articles of Association with resolution of the Extraordinary Shareholders' Meeting of 24th June 2004).				

## NOTES

- \* The star indicates that the Statutory Auditor has been appointed from lists presented by minority shareholders.
- \*\* This column indicates the person's number of appointments as director or statutory auditor in other companies listed on the Italian regulated markets. In the Report on corporate governance such appointments are set out in detail.

## Other provisions of the Corporate governance code

	YES	NO	Explanation of non-compliance with Code recommendations
<b>System of delegated powers and transactions with related parties</b>			
Does the Board delegate powers, defining their:			
a) limits	X		
b) means of exercise	X		
c) and frequency of communication?	X		
Has the Board reserved to itself the examination and approval of operations which are particularly significant in terms of statement of income, balance sheet and financial impact (including transactions with related parties)?	X		
Has the Board defined the guidelines and the criteria for the identification of "significant" transactions?	X		Note: these refer to transactions with related parties
Are the guidelines and criteria above described in the report?	X		
Has the Board defined specific procedures for the examination and approval of transactions with related parties?	X		
Are procedures for the approval of transactions with related parties described in the report?	X		
<b>Procedures applied in the most recent appointments of Directors and Statutory Auditors</b>			
Did the deposit of the proposal for the appointments to the position of director occur at least ten days in advance?		X	The appointments to the position of director occurs based on the proposals presented by shareholders. Since there is no list voting mechanism provided for by the Articles of Association, shareholders are not obliged to disclose the proposal they intend to make in advance.
Were the proposals for the appointments to the position of director accompanied by detailed information?		X	The candidates' curricula were disclosed during the Shareholders' Meeting which appointed directors.
Were the proposals for the appointments to the position of director accompanied by the indication of their eligibility as independent directors?		X	
Did the proposal for the appointments to the position of statutory auditor occur at least ten days in advance?	X		
Were the proposals for the appointments to the position of statutory auditor accompanied by detailed information?	X		

<b>Shareholders' Meetings</b>			
Has the company approved a regulation for the Shareholders' Meeting?		X	Past experience has shown that it is possible to ensure the correct functioning of the Shareholders' Meeting even without a specific regulation. Furthermore, at the beginning of every Meeting, the Chairman exercising the powers delegated by the Articles of Association, identifies the main guidelines to be used especially in discussion.
Is the regulation attached to the report (or does the report indicate where it may be obtained or downloaded)?		X	
<b>Internal control</b>			
Has the company appointed people operating in the internal control system?	X		
Are they hierarchically independent from the heads of operating areas?	X		
Organisational unit in charge of internal control (as per Art. 9.3 of the Italian Civil Code)	Internal auditing		
<b>Investor relations</b>			
Has the company appointed a head of investor relations?	X		
Organisational unit and references (address/telephone/fax/e-mail) of the head of investor relations	Head of Investor Relations: P.zza Scala 6 - 20121 Milano tel: +39 02 87943180 fax: +39 02 87943123 – e-mail: investorelations@bancaintesa.it		