





# BOARDS, MANAGEMENT, AUDITORS

## SUPERVISORY BOARD

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

## MANAGEMENT BOARD

Chairman	Andrea Beltratti
Senior Deputy Chairman	Marcello Sala
Deputy Chairman	Giovanni Costa
Managing Director and Chief Executive Officer	Corrado Passera
Members	Aureliano Benedetti Paolo Campaioli Elio Catania Roberto Firpo Emilio Ottolenghi
GENERAL MANAGERS	Corrado Passera Gaetano Miccichè Marco Morelli*
MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS	Ernesto Riva
INDEPENDENT AUDITORS	Reconta Ernst & Young Spa

\* Deputy to the CEO

## LEGENDA

Link Social Report  
2010 page



Link Web Site



Link:  
the topic is also of  
interest to another  
stakeholder



Go back  
to previous page



Go back  
to summary



The 2010 Social Report has been translated from that published in Italy from Italian into English solely for the convenience of international readers. The original document in Italian prevails over any translation and will be made available to interested readers upon request to Intesa Sanpaolo S.p.A.

# CONTENTS

Letter to the stakeholders	6	➔	SOCIAL REPORT	22	➔
Introduction and Methodology	8	➔	Stakeholder map	23	➔
IDENTITY AND GOVERNANCE	10	➔	Our achievements in 2010	24	➔
Mission and values	11	➔	Materiality analysis	25	➔
Strategies	12	➔	Customers	26	➔
The profile of the Intesa Sanpaolo Group	13	➔	Employees	38	➔
Governance	14	➔	Shareholders	50	➔
Our Social Responsibility	16	➔	Suppliers	52	➔
Global Compact	18	➔	Environment	54	➔
Stakeholder Engagement	19	➔	Community	66	➔
ECONOMIC REPORT	20	➔	IMPROVEMENT OBJECTIVES	76	➔
			INDICATORS	79	➔
			COMPLIANCE STATEMENT	115	➔
			SOCIAL REPORT 2010 QUESTIONNAIRE	116	➔
			Contacts	118	➔

# LETTER TO THE STAKEHOLDERS

We are publishing the new edition of the Social Report on the heels of the new 2011-2013 Business Plan. A Plan that confirms the Intesa Sanpaolo Group's commitment to promote the sustainability of its economic performance, welfare and development. A commitment proved by the many initiatives that have been accomplished to meet the demands of our stakeholders which are brought together in this Social Report to encourage new initiatives to support the social side of the economy. In particular, we continue to deem it important to focus the Group's attention on households and businesses affected by reduced income, on the persistence of a high percentage of unemployment and on the weakness of the upturning demand.

We were able to overcome the tensions of the last three years by positioning ourselves among the strongest banking groups on the international stage. A confirmation of the validity of our organisational model and of the sustainability of the choices made which took into account the needs of our stakeholders.

The Group stood besides households in need, laid-off workers and enterprises through the launch of its debt moratorium initiatives, by adhering to similar banking system initiatives and by signing agreements to facilitate access to credit. The Group favoured immigrants and young people - that is the most vulnerable social groups and largely excluded from access to credit, through microfinance products to start up businesses, loans for workers on temporary contracts and bridge loans for university students.

As for men and women who work hard and achieve results, the Bank feels it has a strong duty to carry out all necessary actions to ensure equal development opportunities. The simplification of the assessment systems, the promotion of innovative training programmes accessible to all, attention to gender issues, the establishment of a corporate welfare system designed to increase the level of wellbeing in the company being but some examples.

Attention to our customers, to the communities in which we operate and to our people, is the essence of our way of banking. We want to be a responsible financial intermediary seeking the most suitable answers to create collective value, being aware that only true innovation in developing products, services and business activities can help reduce the impacts on society of global phenomena such as climate change and the spread of social inequality.

From this understanding are born the commitments we have undertaken with major international organisations such as the Global Compact, an initiative launched by the United Nations to promote environmental protection, respect for human rights and the fight against corruption, as well as the

Equator Principles, guidelines based on the World Bank standards to assess and manage impacts on the environment and communities in project financing. These principles are a reference point when we face complex choices, when support for the economic and social development must face the determined commitment to environmental protection and respect for human rights. We are also committed to developing new products and services for energy efficiency and for the use of renewable sources, because we believe in the importance of the affirmation of a development model based on fairness and equality, which also includes access to resources.

No less important is our on-going commitment to the community through initiatives of micro-credit and social inclusion, carried out in partnership with local foundations and non-profit organisations. Banca Prossima continued to operate through the “Fund for the Development of Social Enterprise” to support types of entities that would otherwise have no access to credit.

Furthermore, the awareness that art and culture are essential tools for understanding the processes of social change and promote civil growth and social dialogue, guided us in launching a project to make the Group’s artistic heritage accessible to all.

The new improvement objectives have become a fully fledged part of the new Business Plan which the entire corporate organisation will face in the next three years to make our commitment to creating value for all stakeholders real and measurable. The accomplishment of our objectives will also be favoured by the new capital increase, which will enable us to provide even greater autonomy from any external shocks and independence from any conditionings.

This year’s Social Report is presented with a new graphic layout that makes the reader’s navigation among the various channels easier: from the report itself to the Group’s website, to which the Social Report refers for additional insights and updates. Engaged as we are in a continuous listening activity, this report falls fully within the ongoing dialogue with our stakeholders. Their suggestions and criticisms have stimulated us to meet increasingly important and ambitious objectives.

Giovanni Bazoli



Andrea Beltratti



Corrado Passera



THIS REPORT COMPLIES WITH GRI 3  
A+ LEVEL REQUIREMENTS.

# INTRODUCTION AND METHODOLOGY

APPLICATION LEVEL	PROFILE DISCLOSURE	MANAGEMENT APPROACH	PERFORMANCE INDICATORS
C	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1-4.4 4.14-4.15	Not Required	Report on a minimum of 10 performance indicators, including at least one from each of: Economic, Social and Environmental
C+	Report externally assured		
B	Report on all criteria listed for levels C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Management Approach Disclosure for each Indicator category	Report on a minimum of 20 performance indicators, at least one from each of: Economic, Environmental, Labour, Human Rights, Society, Product Responsibility
B+	Report externally assured		
A	Same as required for level B	Management Approach Disclosure for each indicator category	With due regard to the implementation of the principle of materiality, report on each core G3 and Sector Supplement Indicators either reporting on the indicator or on the reasons of its omission
A+	Report externally assured		

The 2010 Social Report presents the most significant activities and projects undertaken with the aim of meeting our stakeholders' expectations and the improvement objectives announced in 2009. Further details are available on the website [↗](#).

## INCLUSION OF STAKEHOLDERS AND MATERIALITY OF TOPICS

In 2010 the stakeholders engagement activities were continued based on the methods of the AA1000SES standard. Dialogue was strengthened with a higher number of stakeholders' representatives than in the past. Listening to their expectations and assessing their impact on corporate strategies allowed us to draw up an improvement plan (incorporated into the strategies of the 2011-2013 Business Plan) and identify issues of greatest importance that were included in this year's Social Report (Materiality analysis, p. 25 [↗](#)).

## REPORTING PRINCIPLES


The Social Report was drawn up in compliance with the GRI 3 (Global Reporting Initiative) Sustainability Reporting guidelines, the most recent GRI "Financial Services Sector Supplement" and with the guidelines for the preparation of Social Reports for the banking sector "The Report to Stakeholders. A Guide for Banks" published by the ABI in collaboration with EconomEtica (the Multi-University Centre for Economic Ethics and Corporate Social Responsibility). Specifically, for the generation and redistribution of economic value, we referred to ABI's publication dated 12 March 2010. We have adopted GRI principles for content selection (materiality, inclusiveness, the sustainability context and completeness), reporting quality criteria definition (balance/neutrality, comparability, accuracy, promptness, clarity and reliability) and for the reporting boundary.

## EXTERNAL CERTIFICATION

This year's Social Report has been reviewed – in compliance with the drafting principles reported in this methodology section – by the independent auditors, Reconta Ernst & Young. The report describing the activities carried out and their conclusions can be found on page 115 [↗](#).



## THE REPORTING PROCESS

All company departments contribute to the preparation of the Social Report content and to dialogue with stakeholders through the “CSR Delegates”, appointed by the various heads of Group departments and companies, who work in close contact with the CSR Unit. The reporting process is defined in special “Guidelines for the preparation of the Social Report and related management processes”, which became corporate policy in 2009 .


## MEASUREMENT SYSTEMS

The indicators illustrated in the Social Report were identified on the basis of reference standard indications, our obligations deriving from the adoption of international sustainability protocols and from the commitment to ensuring that the path to achieving our objectives is measurable. Most of the data was collected directly, except for certain estimates which are duly specified. To ensure accuracy in the collection and uniformity in the interpretation of the required indicators, the data measurement systems are now supported by a technical manual which, for the quantitative indicators, formalises their relevance, the calculation methods and the data source.

## THE REPORTING PERIOD AND BOUNDARY

The Social Report is published on an annual basis. The previous Report was published in July 2010. The data presented herein refer to 2010 and, where possible, are accompanied by data from the previous two years for comparative purposes. The reporting boundary for the Social Report includes active companies important for sustainability reporting purposes and which are included in the 2010 Consolidated Financial Statements. The evaluation criteria adopted for the inclusion of each Group company in the reporting boundary took into account the features of the companies based on the social and environmental impacts generated, their contribution to the Consolidated Financial Statements in terms of capital and profit and the number of employees. No significant changes in the reporting boundary were recorded in 2010 compared to 2009.

A summary of the 2010 Social Report is also published in the “Report on Operations” in the Intesa Sanpaolo Group Consolidated Financial Statements (see pages 26-27 “Stakeholder map” and pages 107-116 “Social and environmental responsibility”). In drawing up this summary, we implemented the Guidelines issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Chartered and Certified Accountants) published in March 2009 in light of changes introduced by Legislative Decree 32/2007.

This edition of the Social Report is also available on the Internet .

# IDENTITY AND GOVERNANCE



# MISSION AND VALUES



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

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

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

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

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

(from the Code of Ethics )

## INTEGRITY

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

## EXCELLENCE

We set ourselves the goal of continuous improvement, farsightedness, anticipating challenges, cultivating extensive creativity aimed at innovation; moreover we recognise and reward merits.

## TRANSPARENCY

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

## RESPECT FOR SPECIFIC QUALITIES

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

## EQUALITY

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

## VALUES OF THE INDIVIDUAL

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

## RESPONSIBILITY IN THE USE OF RESOURCES

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

# STRATEGIES



In a scenario which, after some extremely challenging years, sees the economy returning to levels of moderate growth, though still in a context of uncertainty and market volatility, the new Business Plan confirms our strategy geared towards growth and the creation of sustainable value for all stakeholders with whom the Bank has relations. We are aiming at strong, sustainable growth, centred on cost control and increased productivity, which remain the key factors of success in our industry. A growth that stems from the constant and careful control of risks, a sound capital base and liquidity, which we intend to preserve as factors of a competitive edge also through the capital increase, and which allow us to look ahead with confidence under the new Basel 3 rules which impose stricter requirements for all banks.

Our identity, built on strong and shared values and marked by a responsible attitude, compels us to renew our commitment towards social and environmental responsibility, in addition to setting earning objectives. Therefore we pursue our growth objectives with responsibility based on the following strategic lines:

- we are close to our customers, family and people through specialised service models focused on changing needs during all stages of life, innovating the relationships and continually making our services and products simpler and more accessible;
- we support businesses, diversifying our business offerings based on their needs for growth, risk profile and life cycle, supporting sound business projects and facilitating their growth, promoting the consolidation and internationalisation of enterprises, also paying attention to social and environmental sustainability criteria;
- in all contexts in which we operate, we promote initiatives that strengthen the whole economic system, by supporting investments in infrastructures, innovation and the third sector, under the principle of financial inclusion over the medium-term;
- we promote the development of our people through excellent training programmes both in terms of quantity and quality, continuously improving labour relations, the working environment and communication, incentivising people through systems that are also linked to customer satisfaction;
- we continuously improve the quality of life in the company and the wellbeing of people, evolving and innovating the welfare system, strengthening efforts to balance work and private life;
- we preserve the environment and we fight against the climate change by reducing the impacts from our activities by monitoring and improving energy efficiency by offering “green” products and services and by driving our credit operations also based on environmental criteria.
- we continuously strengthen our ability to interpret the needs of the territories and to meet local expectations, including by strategically planning our initiatives in the cultural area, considering them to be an essential part of our social responsibility, making the Group’s rich architectural and artistic heritage accessible and available throughout the territory. we foster access to culture and art for all, especially young people because we believe that art and culture are key to understanding the dynamics of the evolution of society and that they are the foundations of social dialogue and the very meaning of citizenship.

# THE PROFILE OF THE INTESA SANPAOLO GROUP



The Intesa Sanpaolo Group is the leading banking group in Italy, with about 11.4 million customers and 5,800 branches, and one of the top banking groups in Europe.

It is the leading provider of financial products and service to both households and businesses in Italy, notably of banking intermediation, pension funds, bancassurance, asset management and factoring.

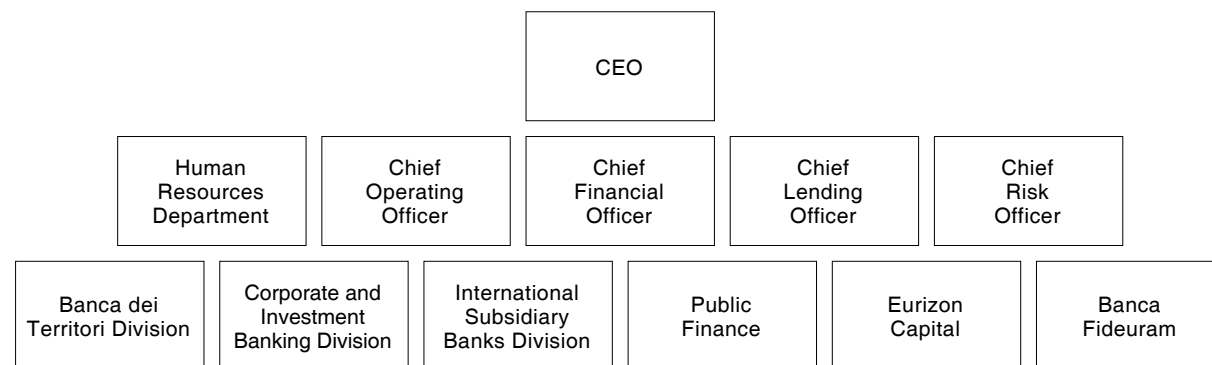
Furthermore, with its strategic coverage of the territory through its local subsidiaries, the Group is one of the largest banking groups in 13 countries in Central and Eastern Europe, Middle East and North-Africa, where it serves 8.4 million customers through a network of over 1,700 branches: it is the first bank in Serbia, second in Croatia and Slovakia, third in Albania, fifth in Egypt and Hungary, sixth in Bosnia-Herzegovina and eighth in Slovenia.

The Group also has an international network specialised in providing support to corporate customers in 29 countries, particularly the Middle East, North Africa, United States, Russia, China and India.

As at 31 December 2010, the Intesa Sanpaolo Group had total assets of 658,757 million euro, loans customers of 379,235 million euro and direct customer deposits for 427,191 million euro.

The Intesa Sanpaolo Group's operating structure is divided into six Business Units serving different types of customers, flanked by the Corporate Centre, for planning, coordinating and monitoring the entire Group.

## Intesa Sanpaolo Group



The Group organisational structure is detailed on the Group's website [↗](#).

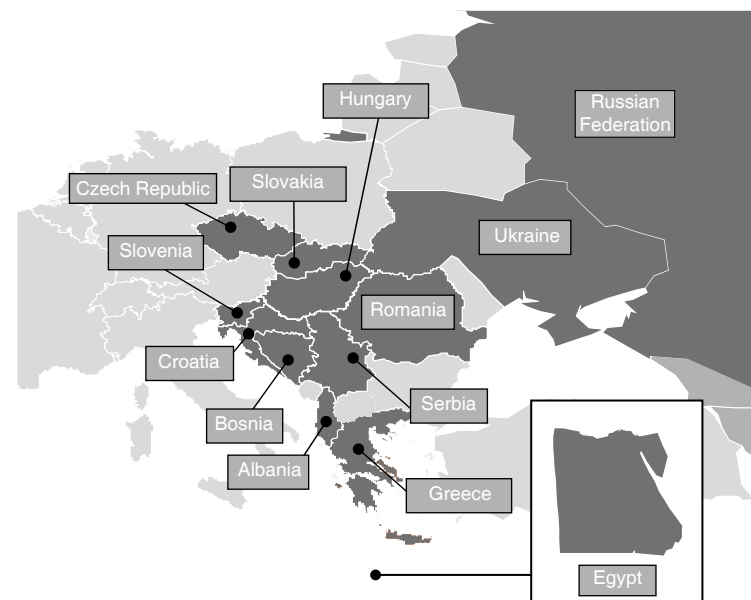
			RANKING IN ITALY
Debt Capital Market		12.4%	1°
Loans		15.8%	1°
Deposits		17.1%	1°
Pension Funds <sup>1</sup>		25.0%	1°
Asset management <sup>2</sup>		25.3%	1°
Factoring		27.4%	1°
Bancassurance <sup>3</sup>		28.9%	1°

1. Figures as at 30 September 2010  
2. Mutual Funds  
3. New business

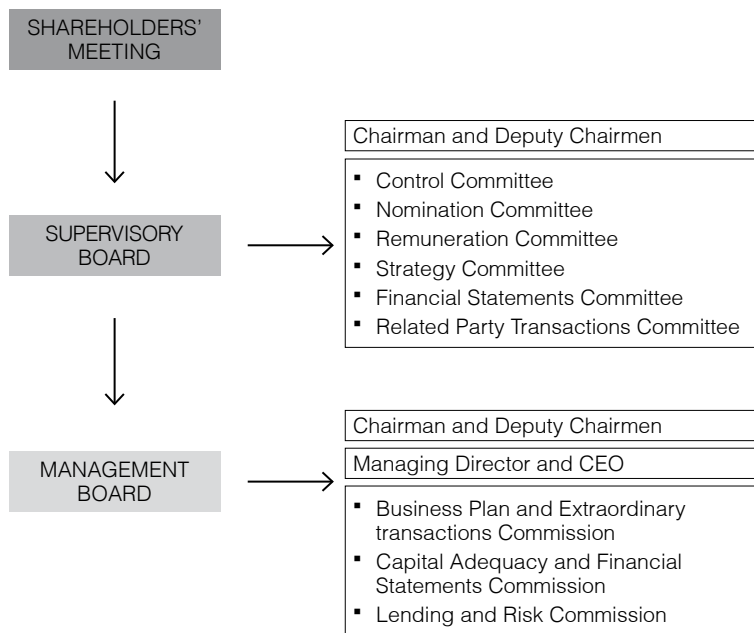
Figures as at 31 December 2010


## INTERNATIONAL SUBSIDIARY BANKS


~8.4 MILLION CUSTOMERS ~1,750 BRANCHES



# GOVERNANCE



Intesa Sanpaolo adheres to the Corporate Governance Code  issued by the Corporate Governance Committee of Borsa Italiana (the Italian Stock Exchange). The governance structure complies with the Code's aims and indications to ensure effective and transparent appointment of roles and responsibilities of the Group's bodies and a proper balance between strategic supervision, control and management. Intesa Sanpaolo has adopted the dual management and control model, based on the presence of a Supervisory Board and a Management Board.


The system of corporate governance is fully illustrated in the Report on "Corporate Governance and Ownership Structures" .


The **Shareholders' Meeting** is the body deemed to represent the will of all Shareholders and its resolutions are binding on all shareholders, irrespective of their attendance or dissent. The Shareholders' Meeting is amongst other things expected to resolve upon the appointment and dismissal of the Supervisory Board; the responsibilities of members of the Supervisory Board and, without prejudice to concurrent duties of the Supervisory Board, of members of the Management Board; the allocation of net income; the appointment and removal of independent auditors; the approval of financial statements unless approved by the Supervisory Board; transactions reserved by law to resolution of the Extraordinary Shareholders' Meeting.

The **Supervisory Board**<sup>1</sup> is appointed by the Shareholders' Meeting and supervises the activities entrusted to the Management Board. It approves the Financial statements and Consolidated financial statements, examines the proposed allocation of the net income and expresses its opinion to the Shareholders' Meeting. As to its strategic supervisory role, the Supervisory Board, on recommendations from the Management Board deliberates general, programme-related and strategic guidelines; approves the business and/or financial plans and budgets; authorises strategic transactions; approves strategic guidelines and risk management policies. All the members of the Supervisory Board meet the independence requirement pursuant to the Consolidated Law on Finance. The Law establishes that there be no self-employment, employment or other relations of an economic or professional nature between the Board Member and the Bank as well as between the Board Member and any subsidiaries, parent companies or companies subject to joint control. The Supervisory Board has set up six internal committees, three of which are specifically indicated in the Articles of Association (Remuneration Committee, Nomination Committee and Control Committee).

The **Management Board**<sup>2</sup>, appointed by the Supervisory Board, is entrusted with the management of the company in compliance with all general, programme-related, strategic lines approved by the Supervisory Board; carries out all transactions considered useful or

## NOTE

1. The composition of the Supervisory Board along with short biographical and professional notes on its members is available on the Group's website .

2. The Group's website also provides the composition of the Management Board and the management and control roles of its members .

appropriate in achieving the corporate purpose. In particular, but by no means exhaustively, the Board has powers regarding the following areas, without prejudice, if any, to concurrent competences of the Supervisory Board: structure, organisation and operation of the Board; strategies and general guidelines of the Bank and the Group; structure and organisation of the Bank and the Group; control and prudential supervision policies; financial reporting, financial statements and relations with independent auditors; Shareholders' Meetings and relations with Bank shareholders.

Of the nine members of the Management Board, six are executive Members: the Managing Director in his capacity as Chief Executive Officer and five Members to whom are entrusted duties related to corporate management and who work in specific Commissions with advisory and investigational functions.

The Management Board, on recommendation of the Supervisory Board, nominates among its members the **Managing Director** who also holds the post of Chief Executive Officer and of General Manager. The Managing Director is the Chief Executive Officer and supervises the corporate management. He ensures the implementation of resolutions of the Management Board and ensures that the organisational, administrative and accounting structure is adequate given the nature and size of the Bank. The Management Board has also entrusted the Managing Director with a specific responsibility on risk management and internal controls policies.

The last audit carried out by the Management Board, in the light of facts and information provided by Consob, has assessed the requirements of independence pursuant to the Consolidated Law on Finance of two directors – Andrea Beltratti and Elio Catania – requirements regarding the inexistence of administrative office held in Group companies or self-employment, established employee or other relations of economic or professional nature with the company ➡.

As regards remunerations, all members of the Supervisory Board receive compensations that are defined for the entire period of office and are not based on financial instruments, nor on incentives related to economic results. As for the remuneration of the members of the Management Board, including the Managing Director, and of management, limitations are set based on a fair balance of fixed and variable components and, for the latter, weighting systems for the risks are applied as are evaluation mechanisms designed to ensure a connection to real and lasting results.

To ensure the necessary overall unity for Group's governance, the structure of Intesa Sanpaolo is divided into: six Business Units, Head Office Departments and Staff Units, most of which are grouped into four areas of responsibility, reporting directly to the Managing Director and CEO ➡.

## INTERNAL CONTROL SYSTEM

The internal control system has been designed to achieve constant identification, governance and control of the risks involved in our activities. It is structured on three levels:

- the first is represented by the line controls which are carried out by the operating structures, are built in our procedures and are part of back-office activities;
- the second is entrusted to the Chief Risk Officer and, in addition to the legal area, includes controls on risk management; compliance with standards; credit granting process; internal validation;
- the third is the internal audit, carried out by the Internal Audit Department, that operates independently and separate from the operational departments, to identify anomalous trends, violations of procedures and regulations, and to assess the good order of the overall.

## CONTROL OF SOCIAL AND ENVIRONMENTAL RISKS

The Control Committee, reporting to the Supervisory Board, also supervises social and environmental risks, in accordance with the principles and values of the Code of Ethics. It receives a regular report drawn up by the Corporate Social Responsibility Unit – based also on information gathered by the Internal Audit and Compliance Departments – on the outcome of controls, internal processes of adjustment by each corporate unit, the management of corrective actions and anomalies and non-compliances which are deemed to be serious.



## 2010

- Controls regarding the environmental and energy management system and the Project Malawi become part of CSR Unit
- The arms policy is extended to the International Subsidiary Banks
- The operational policy for the implementation of the Equator Principles was issued
- The model for the implementation and monitoring of the Code of Ethics was extended to the International Subsidiary Banks

## 2009

- Assessment of CSR policies of three International Subsidiary Banks by a third-party company
- Code of Ethics and Stakeholder Engagement monitoring dashboards implemented
- The Code of Ethics was updated on the issue of transparency in remuneration

## 2008

- The Multistakeholder Forum was held
- The arms policy is extended to the Italian Subsidiary Banks
- Publication of the Group's first Social Report

## 2007

- Intesa Sanpaolo listed in the FTSE4Good, ASPI Eurozone and Ethibel Investment Register
- Adhesion to Global Compact, UNEP FI and adoption of the Equator Principles
- 65 CSR Group Delegates in Italy and abroad are nominated
- The arms policy and environmental policy are issued
- The Code of Ethics of the new Group is approved
- Intesa Sanpaolo was founded from the merger of Banca Intesa and Sanpaolo IMI

In 2010 we worked to make sustainability issues ever more linked to the lines governing the conduct of corporate activities: optimisation of human resource skills, quality of products and services to customers, creating economic and social value for the Bank and the communities in which it operates.

In particular, we have carefully monitored the quality of the relationship with our stakeholders and the efficiency of our organisational processes that ensure continuity in the implementation of the principles of the Code of Ethics. The results of these assessment activities, for which we chose to make use of specialised consulting firms to ensure neutrality, were processed through two information dashboards which were developed by applying internationally accepted methodologies (Institute of Social and Ethical Accountability and Vigeo).

In 2010, these tools were fully integrated in management activities providing the Bank management with an overview of the degree of interaction between CSR and decision-making policies and enabling a more systematic definition of the areas to be improved.

With regard to the new adopted policies, the activities of the working group for the implementation of the Equator Principles in organisational processes relating to project finance have been completed. The Service Note that integrates these principles of the World Bank was issued on July 2010. The policy makes the social and environmental underlying criteria a compulsory step in the financing decisions.

Support to International Subsidiary Banks was also further extended to ensure proper implementation of the policy governing funding and transactions to companies dealing in the arms sector. To find a solution to the presence of different regulatory and operational standards, in June 2010 rules governing the International Subsidiary Banks operations in the arms sector were issued, which defined the management, reporting and control of arms sector operations. In every bank a contact has been identified and placed in charge of monitoring the implementation of the policy and submit a quarterly report with all information regarding the operations performed in line with the principles of the policy.



## REPORTS OF NON-COMPLIANCE WITH THE CODE OF ETHICS

In 2010, 153 reports on non-compliance with the principles of the Code of Ethics were received, 151 related to the Group in Italy and 2 from the International Subsidiary Banks. The increase in the number of reports is due to increased sensitivity, as a result of targeted training by the CSR Unit of employees who are committed to identifying reports that are related to ethics, regardless of whether the reporting party has labelled the report as such.

STAKEHOLDER	2010	2009	2008
Customers	116	45	40
Employees	9	17	4
Suppliers	28	-	-
Community	-	2	-
Total	153	64	44

## AUDIT INTERVENTIONS TO VERIFY THE IMPLEMENTATION OF ENVIRONMENTAL AND SOCIAL POLICIES


The Parent Company Audit Department, with the aim of verifying the effectiveness of the implementation of CSR policies and the adoption of the principles of the Code of Ethics in the activities of the Bank, carried out the following audits:

- an intervention at the CSR Unit to assess that the unit had been provided with adequate tools to improve CSR governance processes;
- verification of the application by the International Subsidiary Banks of the company regulations and Group Policy regarding the arm sector.

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

## ADOPTION OF INTERNATIONAL STANDARDS AND COMMITMENTS



**GLOBAL COMPACT**   
United Nations' initiative binding us to respect human and labour rights, and safeguard the environment and transparency.




**EQUATOR PRINCIPLES**   
Guidelines of IFC – World Bank – for the evaluation of social and environmental risks in project finance.



**UNEP FINANCE INITIATIVE**   
United Nations Environment Programme, which promotes dialogue on the relation between environmental protection, sustainability and financial performance.



**GLOBAL REPORTING INITIATIVE**   
Intesa Sanpaolo is accredited as a GRI Organisational Stakeholder and supports GRI's mission for the development of guidelines on sustainability which are globally recognised through a multi-stakeholder process.



**CARBON DISCLOSURE PROJECT**   
Through adherence to the Carbon Disclosure Project we are committed to making public the emissions of greenhouse gases and corporate strategies on climate change.

# GLOBAL COMPACT





	TEN PRINCIPLES	INTESA SANPAOLO'S INITIATIVES	PERFORMANCE INDICATORS
HUMAN RIGHTS	1. Support and respect human rights within their sphere of influence	<ul style="list-style-type: none"> <li>▪ Code of Ethics <a href="#">↗</a></li> <li>▪ The arms sector page 37 <a href="#">↗</a></li> <li>▪ Project Malawi page 72 <a href="#">↗</a></li> <li>▪ Partnership with the Global Business Coalition <a href="#">↗</a></li> <li>▪ Project finance and adherence to the Equator Principles page 63 <a href="#">↗</a></li> <li>▪ Promote social and environmental sustainability page 53 <a href="#">↗</a></li> <li>▪ Audit interventions to verify the implementation of environmental and social policies page 17 <a href="#">↗</a></li> </ul>	Economic performance: EC5 Labour practices: LA4, LA6-9, LA13-14 Human Rights: HR1-9 Society: SO5 Product Responsibility: PR1, PR8
	2. Make sure to not be complicit, albeit indirectly, in human rights abuses	<ul style="list-style-type: none"> <li>▪ Monitor against risks of corruption (Organisation, Management and Control Model in compliance with Legislative Decree 231/01) <a href="#">↗</a></li> <li>▪ Promote social and environmental sustainability page 53 <a href="#">↗</a></li> </ul>	Human Rights: HR1-9 Society: SO5
LABOUR	3. Uphold the right of workers to freedom of association and recognise the right to collective bargaining	<ul style="list-style-type: none"> <li>▪ Labour/management relations <a href="#">↗</a></li> </ul>	Labour practices: LA4-5 Human Rights: HR1-3, HR5 Society: SO5
	4. Eliminate all forms of forced or mandatory labour	<ul style="list-style-type: none"> <li>▪ Code of Ethics <a href="#">↗</a></li> <li>▪ Labour/management relations (Trade Union freedom) <a href="#">↗</a></li> </ul>	Human Rights: HR1-3, HR7 Society: SO5
	5. Ensure that child labour is abolished	<ul style="list-style-type: none"> <li>▪ Code of Ethics <a href="#">↗</a></li> <li>▪ Labour/management relations <a href="#">↗</a></li> </ul>	Human Rights: HR1-3, HR6 Society: SO5
	6. Eliminate all forms of discrimination in employment and occupation	<ul style="list-style-type: none"> <li>▪ Enhancement of human resources page 40 <a href="#">↗</a></li> <li>▪ The value of differences page 42 <a href="#">↗</a></li> </ul>	Economic performance: EC7 Labour practices: LA2, LA13-14 Human Rights: HR1-4 Society: SO5
ENVIRONMENT	7. Uphold a preventive approach as regards environmental challenges	<ul style="list-style-type: none"> <li>▪ Environmental and Energy Management System page 55 <a href="#">↗</a></li> <li>▪ Project finance and adherence to the Equator Principles page 63 <a href="#">↗</a></li> <li>▪ Development of renewable energy and the emission market page 64 <a href="#">↗</a></li> <li>▪ Green products and funding page 61 <a href="#">↗</a></li> </ul>	Economic performance: EC2 Environmental Performance: EN18, EN26, EN30 Society: SO5
	8. Undertake initiatives that promote greater environmental responsibility	<ul style="list-style-type: none"> <li>▪ Strategies for the environment page 54 <a href="#">↗</a></li> <li>▪ Environmental culture page 65 <a href="#">↗</a></li> <li>▪ Our partnerships in sustainability <a href="#">↗</a></li> <li>▪ Adoption of international standards and commitments page 17 <a href="#">↗</a></li> </ul>	Environmental Performance: EN1-8, EN12, EN14, EN16, EN18-20, EN22, EN24, EN26, EN28-30 Society: SO5 Product Responsibility: PR3-4
	9. Encourage the development and spread of technologies that respect the environment	<ul style="list-style-type: none"> <li>▪ Green products and funding page 61 <a href="#">↗</a></li> <li>▪ Development of renewable energy and the emission market page 64 <a href="#">↗</a></li> <li>▪ Fostering innovative green technologies page 61 <a href="#">↗</a></li> </ul>	Environmental Performance: EN2, EN5-7, EN10, EN18, EN26, EN30 Society: SO5
ANTI - CORRUPTION	10. Promote initiatives to prevent corruption in all its forms	<ul style="list-style-type: none"> <li>▪ Code of Ethics <a href="#">↗</a></li> <li>▪ Monitoring against corruption <a href="#">↗</a></li> <li>▪ Internal control system for the implementation of the Code of Ethics page 15 <a href="#">↗</a></li> </ul>	Society: SO2-6

# STAKEHOLDER ENGAGEMENT



## STAKEHOLDERS ENGAGED IN 2010


We attach great importance to listening and dialoguing with our stakeholders, a process that we deem essential to fine tuning our development plans on issues that are of relevance.

To ensure the engagement be effective and strategic, we adopted AA1000 series of standards issued by Account Ability . Some significant elements that emerged from stakeholders listening and dialogue are described below. For a comprehensive analysis, please refer to the publication on stakeholder engagement .

With regard to customers, the perception of the ease in talking with branch employees and on their helpfulness and professionalism, is overall positive although a demand to further invest in the internal organisational processes to improve the quality of the relationship, simplify the decision-making powers, shortening response times, emerged. The perceived support on the issues of access to credit and the promotion of local economies varies greatly among the customers interviewed. Firm support was requested for the development of new enterprises and the introduction of a higher number of factors for qualitative assessment on credit decision such as: the ability to be innovative, know-how, patents, business capacity, reliability and correctness of corporate management, compliance with legal requirements and quality.

Interviews with non-governmental organisations (NGOs) also showed the need for the Bank to gain more knowledge and strengthen its ability to assess the social and environmental risks associated with the businesses of customers operating in particularly sensitive industrial sectors, and that such risks be properly evaluated in the funding choices. The interviewed NGOs believe that it is not necessary to exclude from funding these sectors, but rather carry out solid assessments of the impacts and require that companies equip themselves with the tools to prevent and mitigate them. The views expressed by employees showed a significant improvement compared to 2008 on all the areas investigated, especially with regard to personnel recruitment and management methods and to policies that facilitate the balance between personal and professional life, although significant differences emerged between the outcomes of focus groups in Northern Italy, where efforts made are appreciated, and Southern Italy, where many of the initiatives fostering a home-work balance are not yet begun. Of great importance is the issue of the definition of objective and transparent incentive systems, a topic which is particularly felt by colleagues managing customer relationships. Training was generally considered positive even if classroom training was preferred over the online mode, more difficult to attend for those working in branches who are in continuous contact with customers. In 2010 shareholders and suppliers were also involved. Investors believe the issue of governance and excellence in personnel management to be strategic for the strong correlation between employees' motivation and customer satisfaction.

The questionnaire to suppliers has shown that listening and dialogue should be strengthened to foster a continuous improvement of the relationship with the Bank.

STAKEHOLDER	ENGAGEMENT METHOD
Shareholders	Interview with the Investor Relations Department
	Interview with Fondazione Cariplo
Customers	Households and small business customers of International Subsidiary Banks: Customer satisfaction surveys participants: 24,837
	Italian SMEs: Customer satisfaction surveys on new customers participants: 3,126
	Interviews with entrepreneurs (SMEs) who took part in the "superare la crisi" (Overcome the crisis) workshop participants: 10
	Questionnaire targeting Confidi participants: 58
Employees	Questionnaire on a representative sample of employees participants: 1,245
	Focus group for apprentices, senior employees and women participants: 106
	Focus group with trade unions participants: 12
Suppliers	Questionnaire on a sample of suppliers participants: 58
Community and Environment	Interview with Banca Prossima's stakeholder Relation Unit
	Interviews with: Amici della Terra Campagna per la Riforma della Banca Mondiale OXFAM Italia Greenpeace Italia Mani Tese Fair Survival International Anti-Slavery International Movimento primo marzo (Report on Internet  )

# ECONOMIC REPORT



## ECONOMIC AND FINANCIAL PERFORMANCE IN 2010<sup>1</sup>

The slight recovery in the economy and tension concerning the creditworthiness and financial condition of several European countries affected market performances. The Intesa Sanpaolo Group closed 2010 with a net income of 2,705 million euro (- 3.6%). The downturn was essentially due to lower operating income, which was impacted chiefly by the reduction of spreads and by financial market volatility. The still unstable operating context, albeit with signs of improvement, confirms the need for careful management of the Group's liquidity, solidity and risk profile. The Group continues to maintain direct customer deposits that broadly cover the corresponding lending: over 70% of funding derives from the retail segment and, therefore, is highly stable. The amounts of the balance sheet aggregates confirmed the Group's sound financial position. Direct customer deposits stood at 427 billion euro (+0.5% compared to the end of 2009), whilst loans to customers, despite the still difficult macroeconomic environment, grew by almost 4 billion euro, exceeding 379 billion euro. In terms of solidity, the regulatory ratios were suitable with a Core Tier 1 of 7.9%, Tier 1 of 9.4% and a Total capital ratio of 13.2%. These values were at even higher levels due to the share capital increase of 5 billion euro approved by the Shareholders' Meeting of 10 May 2011.

## CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

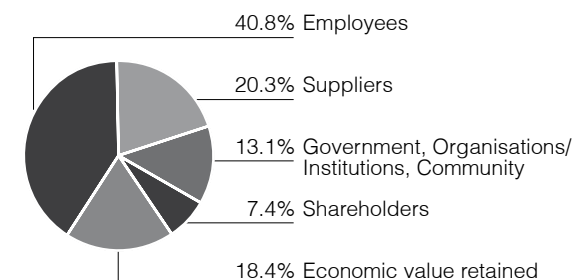
The economic value generated was over 15 billion euro. This amount expresses the value of the wealth produced, most of which is distributed among the various stakeholders. In particular:

- employees and financial advisors benefited from approximately 41%, for a total of 6.1 billion euro;
- suppliers received approximately 20% of the economic value generated, for a total of 3 billion euro in payment for goods and services;
- the government, organisations and institutions received 2 billion euro, around 13% of the economic value generated and for the most part referring to income taxes for the year;
- 17 million euro was used to the benefit of the community, through the allocation of profits to charities and as donations and gifts;
- approximately 7% of the economic value generated was allocated to shareholders and minority interests, for a total of over 1.1 billion euro;
- the remaining 2.8 billion euro was withheld by the corporate system. This refers to prepaid and deferred taxes, amortisation, provisions for risks and charges and retained earnings. Self-financing is considered an investment that other stakeholder categories make each year to maintain efficiency and allow development of the Bank as a whole.

## DISTRIBUTION OF ECONOMIC VALUE

[Millions of euro]	2010		2009		2008	
Economic value generated	14,955	100.0%	14,907	100.0%	16,340	100.0%
Economic value distributed	-12,197	81.6%	-13,495	90.5%	-13,511	82.7%
Employees	-6,089	40.8%	-6,138	41.2%	-6,763	41.4%
Suppliers	-3,041	20.3%	-3,172	21.2%	-3,511	21.5%
Government, Organisations/ Institutions, Community	-1,963	13.1%	-3,019	20.3%	-3,084	18.9%
Shareholders	-1,104	7.4%	-1,166	7.8%	-153	0.9%
Economic value retained	2,758	18.4%	1,412	9.5%	2,829	17.3%

### ECONOMIC VALUE GENERATED IN 2010



### NOTE

1. The figures and comments refer to the reclassified consolidated income statement published in the Intesa Sanpaolo 2010 Annual Report. Changes in annual percentages are calculated on 2009 figures, restated on a consistent basis to take into account changes in the scope of consolidation. The amounts are expressed in millions of euro. For further details or clarification, reference should be made to the Intesa Sanpaolo 2010 consolidated financial statements [↗](#).

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

# SOCIAL REPORT



# STAKEHOLDER MAP



CUSTOMERS	EMPLOYEES	SHAREHOLDERS	SUPPLIERS	ENVIRONMENT	COMMUNITY
Families Small and Medium Enterprises Corporates Consumer associations Public Authorities and Public Administration	Apprentices Professionals Middle and Junior Managers Senior Managers Trade unions	Institutional Investors Small Investors Foundations Market	Trading partners Large-scale suppliers Small-scale suppliers	Environmental Associations Future Generations	Associations representing our Stakeholders National and international public institutions Non-profit bodies Territory Media

## ISSUES

Proximity to families →	Recruitment policy →	Share performance →	Transparency →	The environmental and energy management system →	Micro-finance and anti-usury →
Quality of relations →	Development of human resources →	Dividends →	Promoting social and environmental sustainability →	Renewable sources →	Support for social enterprise →
Support to production →	The value of differences →	Relations with shareholders and the financial community →		Energy efficiency →	Donations →
Disputes and controversial sectors →	Training →			Mobility →	Malawi Project →
	Quality of life →			Reduction of emissions →	Sponsorships →
	Health and safety →			Water, paper consumption, waste →	Our cultural heritage →
				Green products and services →	Media relations →
				Equator Principles →	
				Development of renewable energy →	
				Environmental culture →	

# OUR ACHIEVEMENTS IN 2010



## IN 2009 WE SAID WE WOULD HAVE:

Enhanced the quality of our customers relations by innovating and simplifying language, procedures and methods of relating with our customers through:

- simpler communications and offers of information devices and services to foster informed choices;
- organisation increasingly targeted to customer needs;
- making use of innovation as a driving force for internal processes and services offered.

Further innovated the Bank's commercial offer to strengthen its social role:

- strengthening projects and services for access to credit for the most disadvantaged groups;
- support for companies in development, innovation and internationalisation plans;
- taking part in large infrastructure projects.

Involved and listened to employees emphasising their skills and ensuring opportunities for growth:

- enhancement of employees' skills by introducing assessment systems that promote career guidance;
- improve the quality of life in the Company;
- listening and involving people to foster a proactive attitude.

Further developed environmental initiatives to provide a decisive contribution in the fight against climate change:

- interventions to reduce the ecological footprint and assess criteria for safeguarding biodiversity;
- supporting customers in pursuing the fight against climate change by offering products for adopting renewable energy;
- strengthening processes and services to identify risks and opportunities arising from customers' and suppliers' attention to social and environmental issues.

Protected the value of long-term profitability and safeguarded it by strengthening the fundamental bases for the Group's sustainable growth.

## WHAT WE HAVE DONE IN 2010

The whole Bank was involved in the project for simplification and the innovation of process and communications. Has been set up a department dedicated to the quality of relations, that handles communication, complaints, development of branch layouts, control of quality of service, remote channel management and customer satisfaction surveys. In analysing quality, the SEIoK system allowed to monitor the service provided to customers that offer support to employees who are in contact with customers both at the individual branch level and in the central offices.

To support families and SME's facing critical situations (financial crises, natural disasters), the Bank - in agreements with associations and organisations – suspended or rescheduled mortgage and loan payments; offered products and services in support of workers who have been laid off, young people and immigrants; allocated several billion euro to businesses to help them overcome the economic crisis. To promote innovation, research and development to production companies, the Bank's offer was expanded with innovative support, consultancy, financing and equity services. New infrastructure projects were financed in Italy and abroad.

New assessment systems place greater emphasis on key behaviours in activities that are carried out. Initiatives have been implemented in the integrated corporate welfare programme, including the establishment of the new Unified Group Health Fund open to employees, their families and pensioners. Among the highlights of listening and involvement are the climate surveys, sharing projects and objectives in the Company-Trade Union Joint Committees, and training on the sharing of best practices and fostering the development of employee's contributions.

UNI ISO 14001 certified Environmental Management System was integrated with the EN16001 Energy Management System. Management and energy efficiency measures, energy supply from renewable sources (in Italy, over 92% of electricity consumption) have led to a reduction of 26.5% in CO<sub>2</sub> emissions on electricity and heat consumption. The offer for financing and consulting services for investments in energy from renewable sources, energy efficiency and the environment was extended. the monitoring of social and environmental criteria on lending decisions relating to project financing were strengthened: in 2010 the projects screened numbered 84.

In 2010 the consolidated net income was 2,705 million euro. The regulatory ratios confirm the solidity of the Group with a Core Tier 1 of 7.9%, Tier 1 of 9.4% and a Total capital ratio of 13.2%, reflecting the positive outcome of the capital strengthening enacted in the year. The average economic value generated was over 15 billion euro. The average dividend yield was 3.23% for ordinary shares and 4.63% for savings shares.

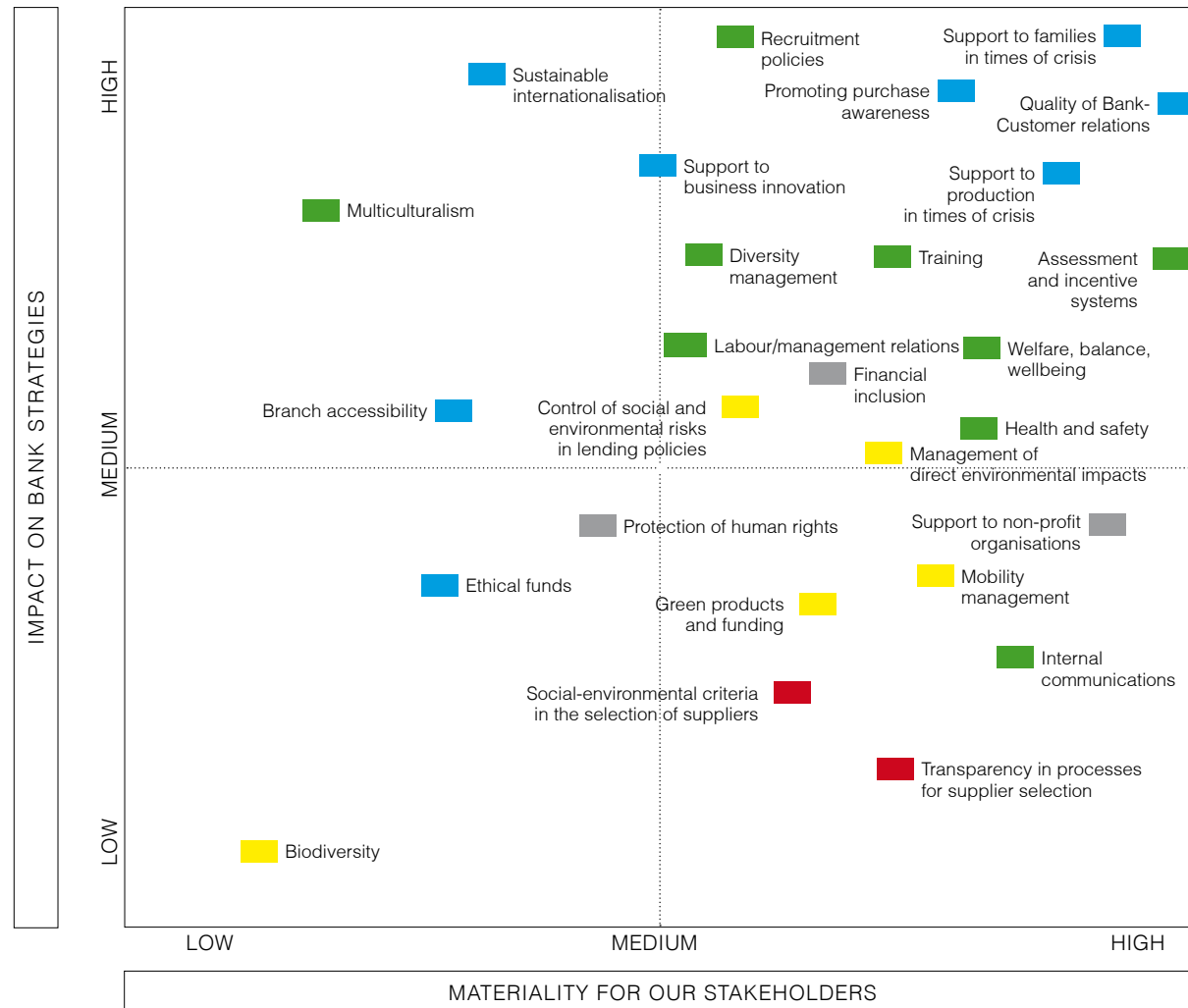


# MATERIALITY ANALYSIS



ISSUES OF INTEREST TO:

■ CUSTOMERS   
 ■ EMPLOYEES   
 ■ ENVIROMENT   
 ■ SUPPLIERS   
 ■ COMMUNITY



The 2010 Social Report focuses concentrates on the issues that are of greatest interest and relevance to our core business and the Group's stakeholders. The process of identifying “material” issues, that is to say the risks and opportunities that are most relevant to the Bank, was based on principles set out in the leading standards of reference: the Global Reporting Initiative (GRI 3) guidelines and the Accountability AA1000APS standard.

The starting points for this analysis were the Group's mission, values and improvement objectives as reported in the last Social Report, and business strategies set out in the 2011 - 2013 Business Plan. This analysis was paired with a careful study of the issues that emerged from the activities of stakeholder engagement in recent years and the continuous monitoring of the main sustainability trends in the financial sector .

The issues covered in each section are taken from this analysis which, for the first time in this Social Report, led us to focus on a small number of issues deemed to be of great importance, yet reserving adequate space for other issues on other information sources (Website, specific publications, etc.).

The materiality matrix lists the positioning of the issues both with respect to the relevance and priority given by the stakeholders on our process of stakeholder engagement and the level of priority for the Group, also defined as possible financial or reputational impacts on the Bank. Issues having a high value on both axes are those on which the Group will focus mainly its attention in the next three years.

# CUSTOMERS



In 2010 Intesa Sanpaolo did not fail in its commitment to contribute effectively to sustain society and the economy in the different local communities in support of trust and speeding recovery from the crisis. With this aim a number of initiatives and agreements have been implemented to provide concrete support to workers and their families, the local economy and entrepreneurs, confirming the Bank's vocation towards local service.

Crises loosen the bonds of solidarity leading to increased exclusion, especially of the weaker segments of the population. One of the most important elements to counter the loss of social cohesion is financial inclusion and in this area, Intesa Sanpaolo has further increased its commitment.

Improving the quality of customer relations was the core element that characterised activities during the year. Listening, simplicity, clarity and continuous monitoring of quality have been the principles that have allowed us to extend our consultancy role, fostering mutual understanding between customers and the local units.

With regard to companies of any category, the emphasis has been placed on the role of the Bank in re-launching competitiveness. With this aim in mind, we organised dozens of meetings with local entrepreneurs, their associations and local institutions to foster growth in size, internationalisation and innovation. To support enterprises in reaching these objectives, the Bank has expanded its offer with innovative support, consulting, financing and equity services. To facilitate access to credit, strong synergies have been initiated - including through numerous agreements - with the authorities and associations operating in the territory. For companies experiencing problems, yet having the ability to re-launch themselves on the market, anti-cyclical evaluation mechanisms have been introduced to enable them to overcome the phase of economic downturn and fully exploit the economic upturn. Finally, the Bank continued to support the Public Administration and the implementation of both major strategic works and public utility infrastructures.

# BEING CLOSE TO FAMILIES



Increasingly more families are struggling to pay their bills and make it to the end of the month. This alarming situation, which is indicative of an economic crisis that has continued to affect people, families and communities, has called for our commitment to provide innovative financial solutions, and make the repayment conditions for holders of mortgages and personal loans less difficult. Particular attention has been paid to interventions in support of debt sustainability for customers who are most vulnerable to income reduction or the loss of employment.

Our adherence to the “Family Plan”, an initiative sponsored by ABI and the basis of an agreement with the main Consumer Associations, was on-going. The initiative provides for the possibility of suspending the payment of mortgage instalments on the main house in the face of events that significantly affect the ability to repay. Events such as job loss, being laid off, the death of the subscriber or the loss of self-sufficiency. Over 6,400 applications were accepted during the year.

With the aim of being close to families for needs associated with the purchase of a house, we have joined the initiative, promoted and managed by Cassa Depositi e Prestiti, Acri and Abi, by underwriting shares in the Fondo Investimenti per l’Abitare (Investment Fund for Living) for a total of 250 million euro. The Fund is active on a national level investing in local initiatives to build affordable houses.

Another initiative in support of families was the adhesion to the agreement with the Department for Family Policies which includes the provision of funding for families with new-born or adopted children in 2009, 2010 and 2011. For families of children born or adopted in 2009 who are affected by rare diseases, the agreement provides for the payment of contributions on loans. A total of over 3,900 loans were disbursed for over 19 million euro.

Our International Subsidiary Banks have also been very active in supporting families. Among the numerous initiatives, Banka Bosna i Hercegovina has activated subsidised credit lines for low-income families and pensioners: about 1,800 loans were disbursed for over 4.1 million euro. The Slovak Bank VUB has taken part in programmes of national aid for citizens having lost their jobs because of the crisis by suspending mortgage instalments during the unemployment period, postponing the instalment credits and by introducing new forms of consumer credit at very favourable rates for young spouses.

## NATURAL DISASTERS

2010 was a year marked by natural disasters that severely afflicted the communities in which Intesa Sanpaolo is active. In support of the people affected by the flood in the Veneto region, we immediately provided financing to offset the damages caused by the bad weather: families were granted loans for about 850,000 euro while small businesses were granted a moratorium on their debts. In the municipalities of Abruzzo affected by the April 2009 earthquake, the Bank extended its suspension of loan instalment payments by small businesses.

International Subsidiary Banks were also active in support of the communities affected by natural disasters. In particular, in Slovakia, where extensive damage was caused by floods (981 towns were flooded and thousands of people were forced to leave their home), VUB suspended or reduced mortgage rates and consumer loans at no charge and donated over 53,000 euro to humanitarian organisations that brought aid to the population.

In Hungary, in October 2010 in the province of Veszprém, many families suffered extensive damage to their homes due to flood waters and red mud in the aftermath of the accident at the aluminium factory in Ajka.

Following this, CIB cancelled the mortgages on those homes that had been completely destroyed and decided to grant a two-year moratorium on the payment of the instalments for homes that were damaged and on all existing loans to customers (individuals and small business) resident in the three cities affected by the disaster.


## PROJECT ANTICIPAZIONE SOCIALE FOR LAID OFF WORKERS

In 2010, Italian companies made use of 397 million hours of extraordinary and temporary layoffs (against 242 million in 2009)<sup>3</sup>. This grim sign of crisis has a strong impact on employees who, when a company enters a crisis period, only begin to receive layoff compensation 5/6 months after they apply. For workers who do not receive advances from their employer, Intesa Sanpaolo promoted the Anticipazione Sociale project to make credit available in monthly instalments proportionate to the amount of unemployment benefit due to workers. The loan is repaid when the delayed benefits are received from the INPS (Italy's social security agency). Workers do not incur any expenses and the interest accrued is paid by the project partners.


The project, initially tested in the Lombardy Region, has now become available throughout the Intesa Sanpaolo network: 5,140 households have received approximately 24 million euro in financial support.


## FINANCIAL INCLUSION

There are about 8 million people in Italy who do not have access to financial services: about 16% of the population, against the euro zone average of 7%<sup>1</sup>. The most vulnerable social groups are those who do not have an on-going income, for example young people and immigrants, for whom “non access to banks” is often paired with social exclusion. Expanding access to our services with products tailored to the needs of these citizens is a bet on the future to offer a large number of people the opportunity to accomplish their projects and ensure the sustainability of our business over time. The Bank's commercial offer and services have long taken these assumptions into account.

For young people, we have developed a new mortgage and loan, also aimed at temporary workers, a current account free of charge and investment solutions to plan their future. “Bridge” , has been available since 2003 - a loan for university students and researchers which offers them greater financial independence: it is a bridge that brings university students closer to the work environment and requires no collateral; access is based on educational merit. Financing granted to date have exceeded 41 million euro.

The products we currently offer to foreign customers are the same as those for our Italian customers, except for the GetMoney to Family remittance services that allow sending money to 18 countries through specific agreements with banks and financial institutions in the countries of the main ethnic groups residing in Italy. Statistics<sup>2</sup> register over 4 million foreign living in Italy. 78% of migrants often send remittances to their country of origin through unconventional channels that may be subject to illegal activities. With the GetMoney to Family service – which ensures transparency and certainty in timing and costs, which are pre-set for all payments (from transfer to banking the money) – approximately 37 million euro (0.6% of remittances sent from Italy) were made through Intesa Sanpaolo.

Our collaboration with ABI and Cespi on the project sponsored by the World Bank to monitor global costs of migrant remittances, continued in 2010. The project website  provides comparative information on the methods and costs of sending remittances.


The Group's International Subsidiary Banks have also continued to support the population groups in difficulty, fostering the development of micro enterprises. Banca Intesa Russia financed the start-up of micro-enterprises with nearly 92 million euro. To support the working population that lives below the poverty line, the Egyptian AlexBank has disbursed more than 23 million euro in micro-financing. Intesa Sanpaolo Bank Romania on the other hand addresses farmers with start-up financing and credit lines to cover current expenses. In all, the Bank has disbursed over 18.5 million euro. Banca Intesa Beograd promotes the development of female self-employment for the Vojvodina autonomous province in Serbia .

The International Subsidiary Banks Division continued to work with ALDA (Association of Local Democracy Agency) on creating social projects in the Balkans, with particular attention to the development of new and small businesses and opportunities for young entrepreneurs. In 2010, 20 projects were funded for a total of 1 million euro.

### NOTE

1. Caritas/Migrantes (2010) Immigrazione - Dossier Statistico.


2. ABI (2009) Banche e inclusione finanziaria, Bancaria Editrice.

3. INPS (2011) CIG - Cassa Integrazione Guadagni .

# THE QUALITY OF RELATIONSHIPS



## FOSTER PURCHASE AWARENESS

The commitment to promote a greater knowledge of financial tools is essential to simplify customer relations, provide an additional protection tool - which allows customers to use the banking and financial services in a conscious manner that is appropriate to their needs - and help the Bank to develop products and services more tailored to the real needs of customers. Italy ranks at the bottom of the lists of financial literacy: a recent survey by ABI (Italian Banking Association) notes that over 70% of savers feel highly inadequate in matters related to financial decisions<sup>1</sup>. For this reason, we have partnered with the Osservatorio Permanente Giovani Editori  Permanent Observatory Youth and Media to implement a financial education course for young people aged 14-18 attending secondary schools. The project involves ten hours of lessons on the subject to allow students to develop greater awareness in handling choices regarding their future and therefore become more responsible citizens. To date (school year 2010/2011) the “Cultura finanziaria a scuola: per prepararsi a scegliere” (Financial culture at school: get ready to make choices) project has involved over 112,000 students and almost 2,900 teachers from Italian secondary schools.

Support to financial education initiatives promoted by the Consorzio Patti Chiari through educational programmes aimed at primary, secondary and higher school students continued. The 2010 “PattiChiari con l'economia” edition saw the involvement of three of the Group’s banks: Cassa di Risparmio del Veneto, Cassa di Risparmio di Venezia and Cassa di Risparmio in Bologna. In particular, Cassa di Risparmio del Veneto was tutor Bank of the class that won the Patti Chiari “Develop your business idea” national competition.

Training sessions are also organised in the social security field for employees of companies that enter into collective agreements with Intesa Sanpaolo Previdenza. In addition to enabling the presentation of the open pension fund, these meetings devote much time to the rules of operation and performance of public pension schemes and supplementary pension system to create awareness about the benefits, constraints and performance expectations that characterise this choice. To cite some examples, such training sessions were organised at Microsoft, Ing Direct, Mediaworld, as well as at associations such as Acli, Compagnia delle Opere and Associazione Ricerca sul Cancro.

## PROGETTO RISPARMIO AND THE INVESTMENT CONSULTING MODEL

Progetto Risparmio, launched in recent years, has been imbued by the logic of “protecting the customers’ savings” and involved a comprehensive review of the offer and a gradual evolution of the investment advisory service.

Progetto Risparmio set three goals: help customers become aware of their financial profiles and needs; support them in the allocation of assets in line with their needs and investment objectives; offer them a customised investment proposal, choosing the most appropriate portfolio together. In 2010, significant progresses were also made through the improvement of the customer segmentation and profiling processes, starting from a highly detailed questionnaire. The questionnaire, which helps understand the customer risk profile, has been broadened with questions that better target investment objectives and enable to gain a better understanding of their time horizon.

Internal control mechanisms have been identified to create a process of product and investment tools development based on the needs expressed by customers during the periodical profiling.

The evolution of the offer range was consistently oriented following the principle of developing products tailored to the needs of the customer. For young people in particular, Intesa Sanpaolo focused on innovative products that are distinguished.

### NOTE

1. ABI (2009) Banche e inclusione finanziaria, Bancaria Editrice.

## SEIok QUALITY PROJECT

SEIok is the quality management system of processes which aims to constantly improve customer service. The “Intesa Sanpaolo System of Excellence” provides for developments in different operational sectors for the 2010-2012 period.

The first step is defining the regulatory service processes and standards at branches and the central offices, followed by quality analysis of the “provided service” through the monitoring of specific indicators. The “perceived service” is also analysed through targeted customer satisfaction surveys.

This activity is flanked by listening to our customers and the analysis and handling of their complaints. Employees are heavily involved through periodic surveys, polls and forums.

To facilitate monitoring and focus on the most critical issues to be tackled first, a true “quality dashboard” of specific indicators was created to monitor the progress of all the items that make up the quality index.

The goal of “Qualità SEIok” is to achieve innovation and continuous improvement to allow the Bank to progressively aim at excellence and compliance with Total Quality Management standards.

## CUSTOMER SATISFACTION SURVEYS

Gaining customer trust, knowing their level of satisfaction, expectations and needs is key to our business. With this in mind, in 2010 some 280,000 interviews were carried out with customers who entered our branches which allowed us to measure the perceived quality in branches. The outcomes of the surveys were included in the incentive system of employees working in the branches and, together with the outcomes of the analysis of the quality provided, contributed to determining 5% of the variable remuneration. In addition to these, benchmark surveys were undertaken to gauge our customer satisfaction against our competitors and the entire banking system, to identify strong points and any critical issues. These surveys formed the basis for our improvement plans.

EMPLOYEES

## INDIVIDUAL CUSTOMERS IN ITALY

Even in 2010 opinions regarding branch staff remain positive (in line with our competitors and an increase against 2009). Compared to 2009, satisfaction regarding ATM and Internet Banking channels, also rose, in line with industry trends. On the upturn was the level of satisfaction regarding investments, although it remains slightly lower than the rest of the banking system. Finally, the outcomes show a decline in opinions relating to financing and loans (data in line with the industry). This data confirms that, in the face of a crisis that is not yet over, confidence in the banking system remains low.

## SMALL BUSINESS CUSTOMERS IN ITALY

Opinions for each area subject to surveys have improved compared to the previous year, with a growth above the industry average. In 2010, there is substantial alignment with the industry in the areas of branch staff and short and long term financing. Still critical areas regarding remote channels (Internet, remote banking), Pos, collection and payment services and in the branch office environment remain.

In contrast to individual customers, there is a significant increase in satisfaction regarding the credit area (higher than the industry), which is proof of the high attention paid by our Bank to small Italian companies.

## MEDIUM AND LARGE BUSINESSES

In 2010 a customer satisfaction survey on Italian medium-sized business was carried out to understand their perception of the relation with the Bank and analyse the levels of satisfaction, trust and loyalty towards the contacts and the products and services offered. The outcome of the survey, which involved strategic contacts from around 1,600 customer companies, was that 75% of customers are satisfied or completely satisfied; the level of overall satisfaction is medium-high, equal to 7.3 (on a scale of 1 to 10); one of the main strong points is the ability to listen and understand customer needs, accredited to our contacts; process efficiency in service delivery is perceived at a lower level.

The survey showed a consolidated relationship with our Bank centred on the commercial aspects; also important is the percentage of those who have a strategic partnership with the Intesa Sanpaolo Group and who are looking for quality consulting skills, particularly with regard to the most advanced products. On the basis of the findings, specific working groups were introduced to define targeted action plans. Following the survey outcomes, further structured surveys will be carried out on the various classes of customers to further enhance interactive and continuous listening.

## INTERNATIONAL SUBSIDIARY BANKS' CUSTOMERS

“Listening 100%”, the International subsidiary banks programme launched in the last years, has further enhanced its surveys. Aimed at systematically measuring their customers’ satisfaction and identifying any areas of dissatisfaction, telephone interviews continued to be carried out with representative samples from the “individual” and “SME” segments. A benchmark survey is also carried out every year. The survey measuring the satisfaction of individual customers who use the Internet Banking service was also continued.

The monitoring system has been adopted by 9 of the Group’s 11 International Subsidiary Banks with a total of about 106,000 interviews.

The data collected in January 2011 on a representative sample of individual customers show a general improvement in satisfaction across the different banks involved in the survey, albeit with varying sizes and characteristics from country to country; this improvement should also be read in light of the leadership gains in customer satisfaction in many of the countries where the Group's Subsidiary Banks operate.

Most banks, in order to support the improvement in satisfaction and the centrality of a customer culture based on actions and results, decided to include customer satisfaction indicators into their marketing plans and incentive remuneration systems.

EMPLOYEES

TARGET	OBJECTIVES	METHODS
Customers satisfaction at the branches Intesa Sanpaolo customers in Italy Survey: May-November 2010	Assess customer satisfaction and their willingness to use word-of-mouth	About 280,000 telephone interviews with individual and small business customers
Benchmark survey individual and small business customers in Italy Survey: June-July 2010	Assess satisfaction of: <ul style="list-style-type: none"> <li>branch and contact personnel</li> <li>branch office environment</li> <li>products and services</li> <li>relations with the banking industry</li> <li>word-of-mouth</li> </ul>	9,100 telephone interviews with individual customers: 1,918 Intesa Sanpaolo customers, 7,182 other banks or Bancoposta customers. 9,100 telephone interviews with small business customers: 1,658 Intesa Sanpaolo customers, 7,442 other banks customers
Corporate customers in Italy Survey: June 2010	Understand the perception of the relation with the Bank, analyse the levels of satisfaction, trust and loyalty to contacts, products and services	1,600 delegates from medium and medium-large enterprises
Individual and SME customers abroad Quarterly/yearly survey	Assess satisfaction of: <ul style="list-style-type: none"> <li>branch and contact personnel</li> <li>branch organisation</li> <li>services</li> <li>post-sales assistance</li> <li>the Bank's image</li> </ul>	About 106,000 interviews involving 9 Banks, of which: <ul style="list-style-type: none"> <li>100,000 for quarterly monitoring of the active customers of the Group's International Subsidiary Banks (individual customers)</li> <li>6,000 for yearly monitoring of the active customers of the Group's International Subsidiary Banks (SME customers)</li> </ul>
Benchmark survey Individual and SME banking customers abroad Yearly survey	Assess satisfaction (see previous survey) and customer loyalty in comparison with competitors in each country (benchmarking)	About 14,000 telephone interviews with representative samples of other banks customers (Individual and SME customers)
Individual customers abroad Half-yearly survey	Assess customer satisfaction levels regarding: <ul style="list-style-type: none"> <li>Internet use and accessibility</li> <li>reasons for dissatisfaction, if any, about the Internet banking service</li> </ul>	About 5,000 participants to an on-line questionnaire during the year, involving 5 banks

COMPLAINTS	Italy change % 2010/2009	Abroad change % 2010/2009
Investments	-53.6	-33.8
Cheques and collection orders	-4.7	-25.0
Salaries/pensions	-12.6	+57.9
Cards	-10.3	+11.4
Credits	+18.4	-24.1
Deposits	-18.7	+39.5
Mortgages and special loans	-32.8	-14.8
Insurance products	+18.3	+186.7
Remote banking	-65.9	-12.9
Other	+33.3	-26.7
TOTAL	-17.2	-1.0

The analysis and handling of customer complaints are an important test of the quality of customer service and relationship, to investigate areas of improvement. In 2010 the process of organisational consolidation of the management of reports and complaints with regard to the entire network of branches of the Group in Italy was completed. This allowed us to address in an effective and timely manner the commitments arising from recent regulatory innovations affecting this area, including the launch of the Arbitro Bancario Finanziario and the coming into effect of the new requirements for intermediaries to respond to customers' complaints (excluding those related to investment) within 30 days. In 2010 the average time for handling complaints, relating to both financial products and services and investment products, was reduced.

With regard to complaints received from customers in Italy:

- **Investments**  
complaints regarding investment services registered a noticeable decline, which can be attributed to the absence of strong critical issues and the virtual disappearance of critical issues tied to the Lehman Brothers default;
- **current accounts, loans, customer information and requests for documentation.**  
associated to a slight overall decrease in complaints, some of the issues that had already emerged in 2009 concerning credits re-surfaced, such as debt portability and renegotiation, cancellation of mortgage guarantees and, more broadly, credit lines, also with reference to the change in the fees started in 2009;
- **Payment cards**  
complaints related to cases of the reversal of debit card transactions also remained in line with 2009.

As regards the International Subsidiary Banks, the importance of listening to customers and the Bank commitment on this front were re-affirmed in 2010, through sharing the guidelines for the communication campaign focused on the message "Some suggestions make us grow: yours".





The signs of upturn are still weak and we are still a long way away from recovering the ground lost over the past two years even though, in 2010, local production systems have shown once again that they are able to withstand the most intense moments of difficulty. This, in a nutshell, is the analysis of the Osservatorio Nazionale dei distretti italiani<sup>1</sup> that shows the first signs of recovery after a 2009 marked by the deep crisis in all productive sectors. Intesa Sanpaolo continued to initiate many important support initiatives, aware that banks can play a key role in promoting the acceleration of recovery from the crisis.

With regard to micro, small and medium companies, Intesa Sanpaolo adhered to a joint notice undersigned by ABI (Italian Banking Association), Italian Government and business associations for the suspension of SME's debts owed to the credit system. With an independent initiative, Intesa Sanpaolo decided to extend the benefits of the joint notice to freelance professionals, a category excluded from the public moratorium. Short and medium-long term credit transactions being suspended numbered over 53,600, for a postponed debt equal to around 2,500 million euro. For freelance professionals, the number of suspensions was 312 (the initiative started in March 2010), for a postponed debt amounting to 3.8 million euro.

In 2010 the Bank continued to work dynamically acting as a bridge with the entities that can facilitate access to credit. Of special relevance among these: Confidi - for which, in addition to ordinary management and the renewal of the agreements, a portal to automate reporting and provide online services has been activated.

Since the undersizing of SMEs limits innovation, the Bank has been heavily involved in promoting processes of aggregation and growth in size. With this view, Intesa Sanpaolo shared with the Ministry of Economy and Finance, the Italian Banking Association, Confindustria, Cassa Depositi e Prestiti, Unicredit and Monte dei Paschi di Siena Bank, a project to create a financial support tool for SMEs with the subscription of shares in the Fondo Italiano di Investimento for a total of 250 million euro. The initial amount of the fund was 1.2 billion euro. The fund potentially addresses the approximately 15,000 Italian SMEs and will pursue the goal of fostering capitalisation and encouraging aggregation processes in order to stimulate the creation of larger size companies able to strengthen their competitiveness.

As part of the national agreement "Growing together with small companies", signed in July 2009 by Intesa Sanpaolo and Confindustria, in February 2010, the Bank re-established the plafond of 5 billion euro for small SMEs in Italy, which follows the almost 2 billion euro of the previous tranche.

In September, Intesa Sanpaolo and Confindustria Piccola Industria signed a new agreement which confirms and extends the anti-crisis measures already taken to address major emergencies brought about by the crisis, such as an additional credit line for the management of outstanding bills, lengthening the short-term deadlines to 270 days, programmes to recapitalise and postponement of the payment of mortgages and leasing instalments. Through this agreement, which provided the allocation of a 10 billion euro plafond, over 50,000 applications were accepted.

A further 10 billion euro plafond was allocated to operations and investments in three strategic areas, identified by the Bank and Confindustria Piccola Industria, to boost the competitiveness of Italian companies: growth in size, innovation and internationalisation.

Overall, 5.5 billion euro were made available to production companies through other important agreements: with Confesercenti, to support companies active in the trade, tourism and services industry; with CreditAgri Coldiretti, to enhance growth and development of agricultural and food companies; with Confcommercio, to foster programmes to recapitalise associated companies.

### NOTE


1. AA.VV. (2011) Osservatorio Nazionale Distretti Italiani - Il Rapporto, Unioncamere Intesa Sanpaolo.

## VENTURE CAPITAL FOR INNOVATION: ATLANTE VENTURES

Italy has significant strong points in terms of entrepreneurship and process innovation. Fully aware of this, to promote research, activities under the Atlante Ventures fund, which was born with the aim of getting small, innovative companies in touch with each other, with medium-large companies and with universities and research centres, thus creating a true business accelerator, continued. As of 31 December 2010, the fund invested 4.3 million euro in three unlisted companies dealing with technologies and solutions with high social impact:


- IGEA Spa, active in the field of biophysics applied to clinical orthopedics and diagnostics, has recently developed a device capable of treating skin tumors and metastases with an innovative technique called electrochemotherapy (ECT), patented under the name Cliniporator™, and currently in experimental use at some major Italian cancer centres;
- Silicon Biosystem Spa, active in research and development of equipment for use in laboratories and clinics/hospitals, aims to improve diagnostic standards in prenatal screening for Down syndrome and in the diagnosis of cancers;
- Tethis Spa, active in nanotechnology, launched a development project in the molecular cytogenetics tests field, which is considered the future of test techniques for identifying chromosomal abnormalities associated with congenital diseases or cancers.

## ABI AWARD FOR INNOVATION OF BANKING SERVICES

In March 2011, a technical-scientific committee and a jury, including representatives from the business, academic and institutional sectors, ranked Intesa Sanpaolo in first place in the category “Tailor made Bank” with the project “the bank close to the customer” which includes: personalised service at branches with modular accounts, online services with a virtual branch and mobile services with mobile banking .

## PROMOTING INNOVATION

Intesa Sanpaolo has always supported the development programmes of the most dynamic companies, providing assistance, advice and financing through dedicated structures. Technological innovation is an important tool to compete and make the best of new growth opportunities, especially in a market that changes quickly and where companies must innovate to stay competitive. Standing out in the offer is Nova+, a specific line of funding earmarked to support business research and development projects as well as organic investment plans aimed at enriching the technological content of their products, processes and services. The specialised structures of Mediocredito Italiano, in collaboration with some of the most authoritative Italian universities, perform technical and market analysis of the projects submitted, which complement and support the standard credit analysis. This process helps to enhance the relationship between banks, companies, universities and research centres by facilitating the development of relations between the technical and scientific researchers and businesses, thereby promoting the process of technology transfer. Funding for Nova+ exceeded 430 million euro.

Traditional credit instruments are flanked by the activities of Intesa Sanpaolo Eurodesk , the Intesa Sanpaolo Group company with headquarters in Brussels that supports companies in accessing EU block grant with a special focus on research and technological innovation. It also acts as a partner in large transnational research projects promoted by the European Commission in order to foster collaboration between public and private sectors, from industry, university and finance.

The range of services and products available to Italian companies intending to pursue a path of growth through innovation and research has been further expanded with Start-up Initiative, a project designed to bring together start-up companies pursuing innovation with investors. The aim is to uncover new, highly innovative businesses, prepare them to face the market and give them an opportunity to present themselves to potential investors and industrial partners so as to bring the world of finance even closer to that of technological innovation and research.

Convinced that in addition to being able to boast excellent research centres, Italy has an extraordinary entrepreneurial potential that should be put effectively in contact with, we created the Fondazione Ricerca e Imprenditorialità (Research and Entrepreneurship Foundation). The objective is to promote technology transfer from laboratories and research centres, accompanying and stimulating the growth of small and medium-sized enterprises and high-tech start-up companies. The initiative is a partnership between Intesa Sanpaolo, Fondazione Politecnico di Milano, Italian Institute of Technology, Scuola Superiore Sant'Anna, Enel, Finmeccanica and Telecom Italia, which have decided to make complementary resources and expertise a shared issue.

## SUPPORT FOR PUBLIC ADMINISTRATIONS

In the Intesa Sanpaolo Group, operations with institutions and public companies are overseen by Banca Infrastrutture Innovazione e Sviluppo (BIIS), which operates on both the national and international markets. Dedicated to customers in government, public entities, local authorities, public utilities, general contractors and public and private healthcare providers, BIIS develops funding and current banking operations, project financing and provides financial advisory services.

The Bank is committed to promoting both large strategic works (including Brebemi, Pedemontana Lombarda, the Milan Tangenziale Esterna Est, Quadrilatero and the Cremona-Mantua motorway) and public utility infrastructures: ports, airports, freight terminals, pre-schools, parking areas, barracks, multi-purpose sports facilities, hospitals (among which the restructuring and upgrading of the building complex of the Brescia Spedali Civili stands out), and social housing projects such as the Istituto Trentino per l'Edilizia Abitativa (ITEA). Wholly owned by the Autonomous Province of Trento, ITEA creates housing to meet the needs of those who do not have sufficient means to turn to the housing market, through construction, renovation, purchase and management measures.

Works needed to re-launch Italy's economic recovery and that of the countries where the Bank operates, which bears witness to the Bank's continued commitment to encourage local governments through public-private partnership to transform potential into prosperity for the country. This is the context in which the financing for the construction and modernisation of school facilities in the Belgian region of Flanders should be placed. The project provides for the restoration of about 211 school buildings, of which 173 are newly built. The total cost of the project amounts to approximately 1.5 billion euro, with 700 million euro being underwritten by BIIS as part of a consortium of banks.

More detailed information about the many funded projects is available on the Internet [➔](#).

Total loans granted in 2010 equal 3.9 billion euro.

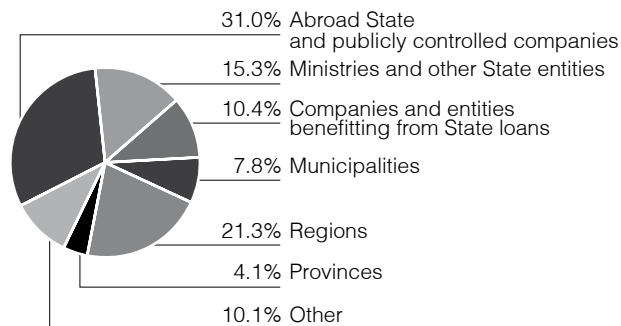
## WIND POWER PARK ON ALÀ MOUNTAINS

Among the many projects financed in the field of renewable energy with low environmental impact is the building of a wind park – Italy's largest and one of the largest in Europe – in Sardinia. The park, which was started in early 2010, is situated on the plateau of the Mountains of Alà, has 69 turbines with a total installed capacity of 138 MWp and is able to produce over 300 GWh/year to meet the electricity needs of 110,000 families.

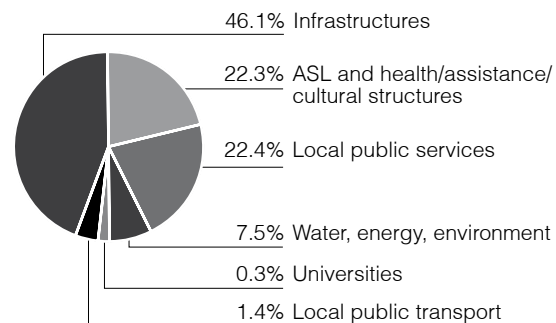
The plant, saving 180,000 tonnes of CO<sub>2</sub> per year, will allow Sardinia to become one of the first Italian regions to meet the Kyoto Protocol objectives. The total cost of the project is approximately 261 million euro, while the funding granted, amounting to 230 million euro, was underwritten by a consortium of Italian and foreign banks.

ENVIRONMENT

LOANS TO LOCAL AND/OR STATE ENTITIES



LOANS TO SOCIALLY USEFUL SECTORS



# DISPUTES AND CONTROVERSIAL SECTORS



For a complete description of civil and financial disputes, please refer to the Consolidated Financial Statements 2010 [↗](#). This section describes some of the issues having the greatest social interest, referring to relations with customers.

## **The Antitrust Authority started some proceedings against the Bank, the more significant ones being:**

- **Simplified Mortgage Cancellation.**  
In 2009 the Bank received two penalties for a total of 325,000 euro. In 2010, the Lazio Regional Administrative Court partially accepted the appeal of the Bank ordering the repayment of a penalty of 160,000 euro. For the second penalty of 165,000 euro, the Bank has appealed to the State Council (the first hearing is scheduled for 5 July 2011).
- **“Active” mortgage transferability (transferring mortgages from other banks).**  
In 2008 the Antitrust Authority sanctioned Intesa Sanpaolo for unfair business practice with regard to “active” mortgage transferability with a penalty of 480,000 euro. In 2009, the Lazio Regional Administrative Court accepted the Bank’s appeal. In 2010 the State Council rejected the appeal presented by the Authority against the Regional Court’s decision and the 480,000 euro penalty has been paid back to the Bank.
- **“Passive” mortgage transferability (transferring mortgages to other banks).**  
In July 2010 the Authority started a proceeding which terminated with a penalty of 40,000 euro. The Authority, while accepting the Bank’s defence, deemed there had been an unfair commercial practice in the delay time for the completion of part of the transferability operations. The Bank is considering whether to appeal the decision with the Lazio Regional Administrative Court.
- **Proceeding against MasterCard, Intesa Sanpaolo and other Italian banks.**  
The proceeding aims to assess whether a cartel has been formed in the credit cards industry. On 3 November 2010, the Authority decided that the parties have put in place vertical arrangements, issuing a penalty of 700,000 euro against Intesa Sanpaolo. On 28 January 2011, the Lazio Regional Administrative Court accepted the Bank’s appeal, suspending the enforcement of the order until the hearing scheduled for 22 June 2011.

## **Default bonds litigation (widely dealt in the Financial Report 2010 p. 362-366 [↗](#)).**

As for the Parmalat bonds, in June 2010, Intesa Sanpaolo, in agreement with Consumer Associations nationwide, completed its review of applications submitted by customers and made repayments of about 15 million euro. The evaluations were carried out by five regional committees, jointly composed of a Bank representative and a representative of a Consumer Association chosen by the customer.

As for the default of the Cirio group securities (nominal value of approximately 1.25 billion euro), in April 2007 10 companies of the Cirio group currently under extraordinary administration, issued a writ of summons against Intesa Sanpaolo and Banca Caboto and five other banks. In November 2009 the Court of Rome considered the claims unfounded and rejected them. The companies of the Cirio group have appealed against the Court decision.

In implementing the directives set out by the Bank of Italy, an audit was carried out in the “transfer of a fifth of the salary” area: Neos Finance made a provision for the reimbursement to customers of expenses that were not matured when the loans were discharged early of 30 million euro. Still in this area, since an outdated version of the information sheet by Moneta Spa reported a cost for the required insurance coverage that was lower than that stated in the contract, customers were reimbursed some 800,000 euro.

In June 2009, the Slovak Antitrust Authority sanctioned VUB Banka and two other banks for a total of 10 million euro, 3.8 of which to the subsidiary VUB for the alleged formation of a cartel. Following an appeal by VUB, the Bratislava Court cancelled the penalty in December 2010. The Slovak Antitrust Authority appealed to the Slovak Supreme Court.

## THE ARMS SECTOR

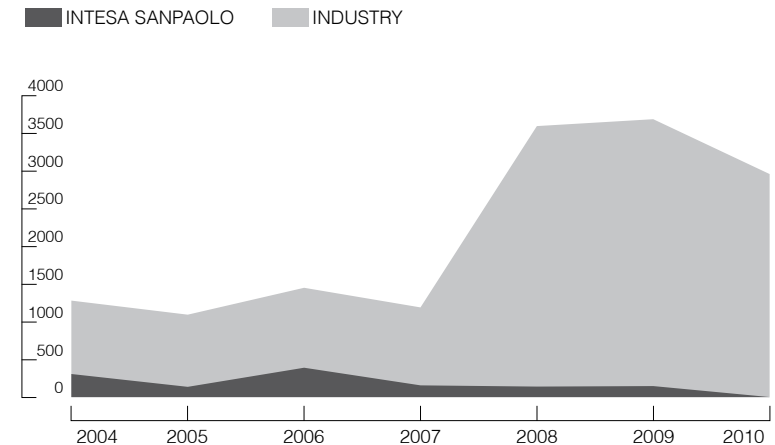
The complex and controversial issue of arms production and trade has been well represented in the Bank's strategies for some time. We are aware that Intesa Sanpaolo is fully responsible for how it conducts its business as financial intermediary. Consequently, the Bank, in keeping with the values and principles embodied in its Code of Ethics, adopted a policy that calls for the suspension of all operations (financing and transactions) pertaining to the import and export of arms and arms systems across the range of the entire Group's operations in the arms sector. The legal foundation of this policy is Article 11 of the Italian Constitution, cited by Law 185/90, which defines limits and rules for the export, import and transit of arms and represents a point of reference for Italy's defence industry, and, in turn, the credit system. The policy allows for exceptions to be authorised by the Managing Director and Chief Executive Officer on an extraordinary basis. Among the exceptions introduced in the concrete application of the policy, in addition to the inter-governmental agreements currently in force, under which Italy is participating in large-scale operations involving European Union countries (with a view towards achieving integrated European defence and importations by Italy's ministries or armed forces), it was decided not to damage customers and compromise in cases where transactions had already been launched or agreed upon prior to the official issuance of the policy. In these cases only when it is not possible to transfer the operations onto other banks the authorisation to carry on the transaction can be granted.

During the last few years authorised operations have progressively been reduced. In 2010 there was a further sharp decline, with a total on authorised exports less than one million euro compared with 186 million euro in 2009 (excluding transactions effected by Cassa di Risparmio di La Spezia, which left the group in 2011). Even with respect to inter-governmental programmes, 2010 data reveal a sharp contraction with about 180 million euro traded, compared to 806 million euro in 2009.

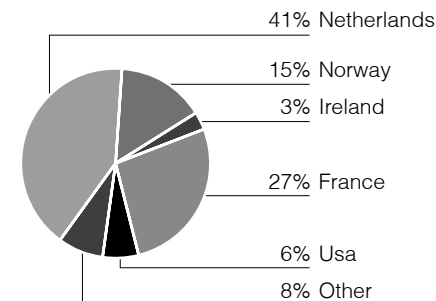
During 2010 support to International Subsidiary Banks was also further extended to ensure proper implementation of the policy governing funding and transactions to companies dealing in the arms sector. To find a solution to the presence of different regulatory and operational standards, in June 2010 rules governing the International Subsidiary Banks operations in the arms sector were issued, which defined the management, reporting and control of arms sector operations. In every bank a contact has been identified and placed in charge of monitoring the implementation of the policy and submit a quarterly report with all information regarding the operations performed in line with the principles of the policy.

Although the Bank has not been able to completely halt its operations in the sector, there has been a decrease up to 1.3% of the overall operations in 2010 compared to the Italian industry.

COMPARISON INTESA SANPAOLO – BANKING SYSTEM



AUTHORISATIONS FOR EXPORTS ISSUED TO THE BANK IN 2010, BY END-USER COUNTRY





# EMPLOYEES

Investing in the promotion of human resources has always been a distinctive and qualifying feature of the Group.


This has translated into the promotion of conduct, competence and systems to guarantee respect and development for individuals through adequate professional training and refresher courses; recognition of individual and team merit; involvement and motivation in order to attain our goals, also with a view to integration; equal treatment; trust and a sense of belonging; promoting a work environment based on dialogue and the quality of life.

In 2010, with the winding up of the next stage of the merger and the three-year Business Plan having come to a close, throughout the organisation, the Bank has devoted further attention to achieving objectives of greater simplicity, innovation and inclusion. This has had a significant impact on personnel management policies.

Assessment systems have been simplified, with more emphasis placed on key behaviours; information systems have been improved; individuals' self-responsibility with regard to time management has been increased, in the belief that trust generates simplification which in turn leads to new trust; processes of internal mobility were favoured to develop a multidisciplinary management and a culture geared towards listening to needs and to change. Finally, to increase the level of wellbeing within the Bank and improve the quality of life of individuals and their families, important initiatives have been implemented within the framework of the integrated corporate welfare programme, offering solutions that range from traditional to highly innovative in response to specific areas of needs and interests.



## ATTENTION AND LISTENING FROM THE VERY FIRST MEETING

Applications are collected throughout the Group via the corporate website, with the screening of resumes that are registered in the “Jobs & Careers”  section which was updated in 2010 with new information to make known the roles and personnel within Intesa Sanpaolo. On the website, the “Meet our people and hear their stories” section features interviews with employees to learn more about some of our professionals and their corporate history. Specific content, on the Group’s territorial break-down and organisation, Intesa Sanpaolo’s values as well as training and development initiatives, can be accessed. Access to further information about open positions, the selection process and appointments regarding career orientation is also available on-line. In 2010, strong support was given to employer branding initiatives with numerous meetings and seminars held at major Italian universities and business schools as an introduction to the Group and the employment opportunities it offers.

## INTESA SANPAOLO AND EMPLOYMENT

Over 5,400 people have been hired by the Group: (+2,436 in Italy and +3,026 abroad). The turnover rate in Italy of 0.9% is a significant upswing compared to 2009, when it was -2.9%, with the number of people joining the Group exceeding those who left by 600. Overseas, the turnover rate was -4.8% (against -9.8% in 2009), due mainly to the unique combination of the economic crisis – particularly in some Eastern European countries – and a reorganisation.

In 2010, in the difficult Italian employment scenario, the Group made a significant commitment to create new job opportunities: following the Trade Union agreement of 2 February 2010, 480 people were recruited from geographical areas suffering from a severe employment crisis (L’Aquila, Lecce and Potenza) and workers, whether in mobility, laid-off or unemployed.

Furthermore, the Bank committed to creating 400 new jobs by 31 March 2011 and additional placements in lieu of any vacations following incentivised resignations of those employees having matured the right to retire. Commitments upheld: the new job placements were carried out for people having worked at least 9 months on a non-permanent contract at one of the Group’s companies.

In general, the Bank also pays attention that the workplace assigned to the new employee is geographically adjacent to the municipality where they reside or are domiciled.

## STAFF BREAKDOWN AND DEVELOPMENT

The Intesa Sanpaolo Group’s workforce is made up of 100,740 human resources of which almost 70,000 in Italy and over 30,000 abroad.

Female employees are constantly increasing: in Italy they comprise 49% (+0.4% compared to 2009) and abroad 63.9% (+0.2% compared to 2009).

The average age is 43.4 years in Italy and 37.6 abroad; the level of education indicates that, at the Group level, the percentage of graduates is 39.3%. In Italy part-time employees reaches 11.6%, three points above the Italian average (8.6%)<sup>1</sup>.

## TURNOVER [%]<sup>2</sup>

TOTAL TURNOVER RATE	2010	2009	2008
Italy	0.9	- 2.9	- 3.2
Abroad	- 4.8	- 9.8	4.0

## NOTE

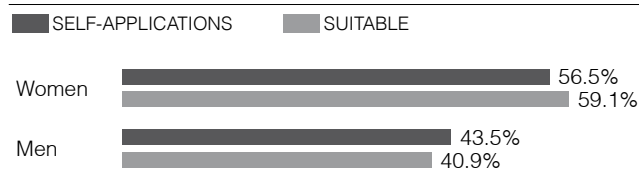
1. ABI (2010), Rapporto sul mercato del lavoro nell’industria finanziaria, Roma, Bancaria Editrice.

2. Ratio between total turnover (hirings less terminations) and the number of employees of the previous year.

## THE EMERGING COMMUNITY

To identify those who belong to this developing community, emphasis was placed on the self-application tool and therefore one's willingness to face the challenge: of 3,200 graduates in the company (maximum age 32) with a permanent contract, 1,000 have submitted their application. 106 young people have been identified who, in September 2010, started their University Master at the Università Bocconi. The arrangement with the Bocconi University is one of several Bank-University partnerships the Group has formed and which provides access to higher education.

PARTICIPANTS - EMERGING COMMUNITIES [%]



## INTERNAL MOBILITY POLICIES

Job posting is an important tool for managing and monitoring mobility, which, via the Intranet, allows employees to know about and apply for job openings posted by the Bank. Job posting, which has been in operation for some years, has been further enhanced to promote the enrichment of experiences. 121 job postings were published in 2010 to which 1,600 applicants applied: this resulted in 118 people changing their jobs.

At year-end, even abroad, the search and collection of professional profiles was started.


## DEVELOPMENT OF PEOPLE



### CUSTOMISED GROWTH PROGRAMMES THE COMMUNITIES

Develop the Bank's human resources; by identifying those within the Bank that should be given personal development training. This is the goal of the new Talent Management platform that defines an organic and coherent framework of the various corporate development communities: "Emerging", young people with high potential, to develop distinctive skills and strengthen their motivation (also used as an employer branding tool); "Talent", employees under 40 with high performance and potential, to create a pool of future managers; "Job Master", people who already have distinctive skills and expertise, to enhance and retain the more developed experiences; "Key Leaders", mid-level managers with high potential, to foster their development into positions of greater responsibility; "Top management", high level managers, to spread the culture and identity of the Group to all management levels.

The platform falls under the Bank's diversity management policies since it allows targeted interventions to be carried out according to population groups that have different characteristics, developing their merit in relation to their different background and experience. "Top Management" and "Emerging" were the first two communities to be launched.

Alongside the Communities structured talent management systems, are specific development projects created within the different Bank structures, for example the Corporate and Investment Banking Division's "Progetto Imagine" .

### THE NEW PERFORMER ASSESSMENT SYSTEM

The new assessment system for measuring individual performance introduced in 2010 has been designed to enhance performance excellence wherever it lies, taking into account the different levels of complexity associated with the tasks carried out.

Profiles of corporate behaviours to be evaluated were identified based on varying levels of complexity with regard to seniority or professional role. Drawing up expected profiles helps the assessor to be more objective in identifying outstanding performances regardless of corporate seniority or length of employment. In short, this means a fair assessment for all levels of seniority, in particular those associated with less complex jobs. This makes it easier to spot talented people even with a view to diversity management, since often the youngest or the part-time workers (predominantly women) are precisely at the levels where the new system applies these new measures. In Italy, all employees undergo a professional assessment and this assessment culture is expanding abroad: in 2010, 73.5% of employees was evaluated (+4.5% compared to 2009).



## REMUNERATION POLICIES AND INCENTIVE SYSTEMS

The general objectives and guidelines adopted by the Bank with regard to the remuneration policies are: equality, to reduce remuneration inconsistencies and standardise treatment; merit, to ensure a closer connection between remuneration and the work performed and displayed managerial potential; sustainability, through containment of the costs stemming from application of the remuneration policy within limits that are compatible with cost objectives outlined in the Business Plan. The application of these criteria takes into account the assessment of organisational positions, potential, performance and recognition of merit.

The incentive system offers diversified incentives according to business areas in order to implement measures consistent with the characteristics of the professionals working in the company, to recognise individual merit, to reward teamwork, and, for management, it covers a medium-long time span. For the Banca dei Territori, in particular, the system highlights the specific characteristics of the different types of Organisational Units; enhances the achievement of the earnings margin; attributes particular relevance to the quality of service and customer satisfaction; rewards teamwork and distinctive individual contributions.

CUSTOMERS

## REMUNERATION EQUALITY AND GENDER

Generally, there is a difference in wage between men and women, which in Italy is between 9 and 14% depending on the category. Attaining gender equality can also be accomplished through a consistent management system that is respectful of differences. The principle of fairness is assured, for example, through the analysis of pay levels by gender.

With a view to continuous improvement, Intesa Sanpaolo has begun monitoring the various indicators that detect any signs of gender discrimination. Particular attention is paid to promotions that show an increasing percentage of positive interventions on behalf of women. In this way, the gap noted in general – which is also due to fewer positions of seniority in the Group being held by women – is considerably reduced.

Further concrete initiatives aimed at enhancing the development of female talent form an integral part of the projects within the Business Plan 2011-2013.

## LEADERSHIP DEVELOPMENT PROGRAMME

Classroom training got underway in all the Group's International Subsidiary Banks, as part of the management assessment process, involving over 500 people. This is the first cross-management training programme specifically targeted to first and second line managers of the International Subsidiary Banks Division, focusing on the appreciation of cultural diversity, integration and a sense of belonging to the Group and shared values and behaviours. The topics covered during the training, which is made up of three modules, cover key management skills such as: leadership styles, coaching, being able to work in an international context, flexibility and proactivity.

## IDEAS OF VALUE

“Simply better” is the name of an engagement initiative for employees of the Hungarian CIB bank to reward ideas that reinforce some corporate values: excellence, development of human resources and responsibility in the use of resources. Participants suggested ideas in the areas of customer satisfaction, streamlining and simplification of processes and for increasing cost efficiencies.

PROMOTIONS BY GENDER ITALY	2010	2009	2008
No. promotions	7,537	4,756	4,473
No. promotions - Men	3,277	2,364	2,400
No. promotions - Women	4,260	2,392	2,073

## MENTORSHIP PROGRAMMES

In early 2010, a mentorship programme was set up for 15 female employees with managerial responsibilities, who were mentored in their duties by top managers of the Group (men and women). The initiative serves as a contribution and support for the further managerial development of women who, through exchanges with senior managers during the six-month programme, have had occasions to discuss and understand the organisational dynamics, as well as receiving suggestions regarding their own personal development. The positive feedback about the experience suggests the programme should be used and disseminated as a tool for different managerial levels as well as for those about to take on this kind of responsibility.

## DISABILITY

As part of our recruitment policy, particular attention has been paid to seek out human resources falling under the protected categories group, both through monitoring resumes from orientation sessions, as well as those submitted by candidates on the Bank's website. Visually impaired and blind employees have a technology platform available to them to support their activities. Given the success of the English courses for the 13 blind switchboard operators in Milan, these courses will be extended to Turin and Rome starting in January 2011.

# THE VALUE OF DIFFERENCES



## DIVERSITY MANAGEMENT POLICIES IN PROCESSES

Over the past two years staff management systems and tools available to the Group have been extensively redesigned and refined, with particular attention being paid to the support that these can give to the policies of diversity management – especially of, but not limited to, gender – through correct identification and promotion of merit.

The selection process has been completely revised and is now divided into three steps (the last of which is carried out using the Assessment Centre methodology) and with more selectors (line structures and recruitment specialists). Under this selection method, more women meet the selection criteria in the pre-selection phase. From approximately 55% of women out of the total number of selection participants, the number of women deemed suitable candidates at the end of the selection rose to over 63%.


The new performance assessment system PERforMER is specifically intended to effectively highlight behaviours of excellence even in less complex roles: such a system should ensure that women and young people (who primarily occupy lower level and in less complex roles), receive a fairer assessment of their performance – a necessary condition and driving force for management actions that allow for their professional growth.

The assessment of managerial potential for appointment to positions of responsibility has been entrusted to professional external assessors, to ensure objective, unbiased judgement. The process review, which makes use of the assessment management tool, establishes the shift from group assessment to individual assessment since the effect of group dynamics on individual participants can sometimes inhibit people with less aggressive leadership styles. The trend in female participation has been positive: from 15% in the 2007/2009 three-year period to 26% in 2010.

The choice to launch the participants' identification phase under the Talent Management platform through self-application has brought out the candidates' initiative without restrictions. The different levels of subsequent selection have proved to be non-gender biased, leading to a distribution clearly dominated by women, mirroring the gender composition in the age range involved.

The communication channel which the Bank has made available to stakeholders for reporting non-compliance with the principles of the Code of Ethics, has received two reports regarding equality. Internal verifications found that one case was unfounded and the second was resolved to the satisfaction of the parties.

The Gemma Project, launched in 2007 with the aim of making the best use of corporate talent (especially women), and which has promoted the development of a culture and attention towards enhancing the exploitation of potential and diversity, continues. The Gemma work group, involving people from different business backgrounds and who have inter-disciplinary experiences, provides input in a number of areas: from business, development and training, broadening the possibilities of reconciliation, female leadership, to the area of internal communications on these issues. The on-line Gemm@ community has been operative since 2009 – a virtual meeting place dedicated to inclusion and talent, accessible from the corporate Intranet. Participation has always been active since its inception. Over 14,000 people are enrolled in the community, of these over 10,000 are women and almost 3,000 are men, with an average of about 300 daily visits. Since it began to the end of 2010, the forum has registered over 3,000 comments.

Intesa Sanpaolo is one of the founders of "Valore D" , which takes part in the Gemma Project.

### THE SEARCH FOR INNOVATIVE SOLUTIONS

“Brainshops” are creative meetings to collect innovative ideas which are attended even by the Trade Unions. Already in 2009 these types of meetings produced concrete results on issues of health and safety, which led to the arrangement of safety training courses targeted to specific personnel and the development of classroom training courses for assistants to the disabled. This approach was implemented in 2010 to issues of gender, diversity and stereotypes within the activities carried out by the EOC, which are joint committees that also see the participation by the Trade Unions. Four work groups were set up looking at diversity related to gender, culture, disabilities and different age groups, within which several actionable ideas were developed that will be further explored.

### JOINT COMMITTEES

The search for constructive dialogue with Trade Unions is carried out also within other bilateral Organisations:

- the Commission for Monitoring Safety and Sustainable Development discussed initiatives concerning physical safety: robbery prevention through training, work on the layout, provide assistance to colleagues involved (medical and psychological support);
- the Joint Training Committee discussed training courses on the cultural integration of a large portion of the business population (e.g. customers assistants and area specialist personnel). With the signing of specific agreements, access was gained to funding made available by the Fondo Banche e Assicurazioni (Bank and Insurance Fund).

In addition to Company representatives, also two members from each of the Trade Unions, representing the total workforce in Italy, take part in the Joint Committees.



# TRAINING



A project of involvement and professional development dedicated to the whole community of Banca dei Territori's customer assistants. In 2010, over 12,000 employees attended classroom training sessions designed to enhance their role and strengthen their job skills. The project adopted the "aula+®" training protocol, which surrounds people with a variety of learning stimuli before, during and after the classroom sessions, making the training support offered to employees, an on-going one. From classroom training to the on-line community, "Trust customer service assistants" continues to provide listening areas between branches, areas and regions as well as opportunities for exchanges between employees coming from the same professional background.



An improvement and professional development initiative focusing on specialised roles in the Banca dei Territori, providing an opportunity to meet, share experiences and best practices and improve the ability to support branches and pick up on their needs to make a difference at key moments. The initiative has also promoted a complete understanding of each other's areas of responsibility and tangible behaviours in everyday life. 1,800 employees were involved, including coordination and specialist figures.

## PROXIMITY TO THE CUSTOMER: OUR CULTURE

Disseminating culture and values to guide the future: this is the vision Intesa Sanpaolo's training adopts in support of its people in Italy and abroad.

In 2010, training activities were marked by projects that considered the effectiveness perceived by participants: listening to them enabled the targeting of methods, times and places of our ever developing training programmes ➡.

At the Group level, a significant number of days, totalling over 950,000 (in 2009 the number was about 930,000) accompanied an equally wide variety of quality offerings – a number that would be significantly higher were television training also to be taken into account.

Training has made a notable contribution to working together on the issue of trust which is at the basis of the possibility of pursuing sustainable growth and relationships.

Two projects were launched in March and April, after the involvement between 2009 and 2010, of some 5,000 Branch Managers in the "Fiducia Direttori" (Trust in Managers) project: "Fiducia Aree e Regioni" (Trust in Areas and Regions) and "Fiducia Assistenti alla Clientela" (Trust in Customer Assistants).

In the belief that sustainable growth must also be supported by widespread knowledge and awareness of the issues associated with banking, the 'The words of finance' in training programme was created for the Web TV On Demand channel: a 35 episode video glossary which simply and effectively defines the keywords relating to specific financial topics.

The gradual extension of the International Subsidiary Banks' "Listening 100% Education Programme" also continued: this programme, which makes use of "Edutainment", aims to build and spread awareness about the strategic importance of customer satisfaction. The programme was introduced in AlexBank (Egypt) and Banka Koper (Slovenia) in 2010, and involved over 6,000 employees at all levels and roles within each bank.

CUSTOMERS

Integrated use was made of social media for an ever greater dissemination of informal learning. The role of participants in the courses has been enhanced so that they could become 'protagonists' of their training courses. Listening has made it possible to devise training that does not react to change, but rather anticipates it.

Knowing how to seek out the new as well as making it part of the learning experience: based on this, activities were undertaken to encourage innovation in the company. There have been many learning experiences that have broadened creativity techniques and rendered the conceptual contribution of employees concrete, and even led to the transfer of methods and processes to transform problems into solutions. Brainshops, multilevel, creative workshops as well as seminars for interpreting future scenarios, have transversely involved managers, professionals and specialists from the various departments of the Bank.

Particular attention was also paid to the personalisation of educational initiatives focused on innovation (e.g. the CIB Division's Business Innovation Revolution, InnovAction Day and Innovaz10ne).

A simple bank to be lived: training has actively contributed to the simplification processes promoted within the Bank with dedicated initiatives and the creation of the Futurosemplice (Simple Future) portal, which offers an informative area on simplification projects already underway whilst representing a laboratory for generating new ideas, disseminating content and stimulating the concept of simplicity.

With the aim of enhancing trade skills and exchanging experiences among employees, permanent training platforms have been set up for employees working with people (HR Academy), for anyone involved in Compliance (Compliance Academy) and for those who work with IT Systems (IT Academy) ➡.

Investment in the development of professional role training continued, in particular, for employees of the Banca dei Territori, with a series of modular programmes that alternate classroom training with field tutoring focusing on developing technical and relational skills related to jobs carried out in the branches ➡.

Responsibility training: a strong commitment to CSR training was maintained with the launch of the first session of the "ISP Equator Principles Procedures" course for those working in project finance, to share the purpose of the Equator Principles rules (see "Environment" section ➡) focusing on operational and application aspects, making use of specially designed cases. For CSR Delegates, the "Valore ai pensieri" (Value for ideas) initiative, with its innovative "Thinkshop" format, presents an area for thinking 'outside the box' to learn how to ask questions and try to understand things that push beyond habits and common ground. Through the "Research Community", Delegates are constantly challenging themselves through listening, reflection and dialogue on key issues of social and environmental responsibility.

ENVIRONMENT

Two workshops **scrivosemplice** and **presentosemplice** have been created that, through the shared reading of written and spoken communications, promote a "style" common to all, bringing partners closer together and giving back time to people. Scrivosemplice has already involved some 800 employees in the classroom, but has also reached all the Group's employees through the "educards": tailor-made postcards imparting ready-made advice and making knowledge available to all.



In October 2010 the initiative Dona una favola (Donate a fairy tale) was launched: an on-line guided game of collaborative writing for all Group employees. Participants were asked to write a children's story on the economy and, more broadly, on the value of savings. The project revolves around the theme of financial socialisation that is the importance of having an active role in "social education" for learning how to use money wisely. The most popular fairy tales and the first five to be ranked will be turned into books and DVDs, which will be distributed and sold even to the public. The proceeds will go to charities in support of projects for children. Thousands of employees enthusiastically took part in the project. This initiative will be part of a territory-wide event for the families of employees with children aged 5-9 who will have a day dedicated to them.

## COMMUNICATION: LISTENING AND PROXIMITY

Structured listening to employees is strategic to foster the sharing of objectives and increase internal cohesion. In 2010 two climate surveys were conducted in Italy and one at the Group's International Subsidiary Banks.

Internal communications was organised to be closer to the needs of internal and territorial customers, with the launch of the Italian Network of the Internal Communications Delegates, operating in several of the Group's central and territorial structures.



During their working life, many people need to be absent from work for periods that vary from short to long-term. The reasons are many: maternity, needing to care for a relative, illness, etc.. The aim of the "Per Mano" project is to provide employees who want to, the possibility of staying in touch with their office, being kept up to date on happenings, innovations and changes. And this is done through IT support and the presence of a tutor.

The tutor, whose listening skills are honed through training, manages and coordinates periods of absence through leave-related conversations and meetings in preparation for the reintegration of the person returning to the workforce and becoming a reference point throughout the period of absence. In 2010 the project focused on improvements for the tutor through training activities.

## QUALITY OF LIFE



The wellbeing of the people working for the Group is a strategic element of Intesa Sanpaolo's identity. The corporate welfare system is integrated and offers traditional and innovative solutions to meet the specific needs and interests of employees by making available services, activities and projects to enhance their welfare and improve their quality of life and that of their families. This original approach was rewarded under the Lombardy Region's "Premio Famiglia Lavoro" (Family Work Award).

### CORPORATE WELFARE: THE GROUP HEALTH FUND


Of particular importance among the dozens of agreements signed between the Bank and the Trade Unions, is the agreement that led to the establishment of the Group Health Fund which, per number of members and guaranteed medical coverage, will be the first private assistance fund in Italy and one of the largest in Europe. The Fund will encompass the employees and pensioners of 45 companies currently enrolled in 3 different healthcare services or recipients of more than 30 insurance policies with very different treatments. Starting from January 2011, the new Fund will provide additional health benefits to the national health service for all hospital and specialist treatments. More than 200,000 people in the whole group including active and retired employees, as well as their families, will benefit from the services.

The new Fund is based on the principles of solidarity, mutuality and sustainability, and represents a great pact of solidarity between generations and between workers and retirees.

### CONCILIATION INITIATIVES

Finding a balance between people's work and private is another central issue.

Part-time employment is quite common in the Group: 11.6% of the workforce in Italy works part-time against 0.6% abroad - numbers that have remained fairly consistent with those of 2009.

Among the most significant reconciliation initiatives were those for infants. A company crèche has been operational at the Milan centre since 2005 caring for about 50 children aged between 12 and 36 months. To this was added in 2010, the one in Florence in the new Novoli area with about 55 places for infants aged between 6 and 36 months, reserved in part under an agreement to the City of Florence. In 2009 and 2010, the Bank signed an agreement with Consorzio PAN  – recognising its high standards of quality on which the company crèches are founded - to reserve some places for children of Group employees in crèches affiliated with the Consortium throughout Italy. At this stage about 120 Pan crèches signed the agreement for a total of 362 places. A further 70 places were made available by crèches of the Organizzazioni Fondatrici del Consorzio Pan (Organisation Founders of the PAN Consortium).

## WELLBEING IN THE COMPANY

The search for finding original ways of creating wellbeing in the Group has been an important area of reflections, stimuli and cultural education as well as of projects and initiatives.

On the one hand, the multi-faceted approach to this issue has brought about initiatives that are directly tied to the diffusion of psychological/physical wellbeing – for example in terms of nutrition – on the other, it has led to activities to strengthen cohesion as a constitutive element of wellbeing. The first Christmas concert dedicated to Group employees, which was held in Turin and which was attended by more than 1,500 employees, was one such activity.

“Ethos - Spazi di pensiero sui temi dell’etica” (Areas of thought about ethics) is a workshop aimed at building a common conceptual and linguistic basis on issues regarding ethics and increase awareness of the presence of ethical issues in almost all decisions related to the professional sphere.

The “Stare Bene al Lavoro” (Being well at work) workshop was intended to stimulate the adoption of new behaviours aimed at achieving a sustainable style of working. To this end, participants were provided with information and tools to react positively to challenges and acquire the ability to use experiences, even negative ones, for building the future. Among the objectives: develop best practices on the issue of wellbeing at work, through the exchange of experiences among peers to drive the change. Four sessions were held involving around 80 managers of the Corporate and Investment Banking Division. The workshops will continue throughout 2011.



In company cafeterias which adhere to the Gusti Giusti project, in collaboration with Slow Food and the Turin CTO, the menus have been re-worked to impart a culture among the staff of proper nutrition as a factor in promoting health, safeguarding flavour and promoting informed food choices that employees can pass on to their families.

Another aim is to integrate elements of sustainability in the management of the cafeteria supplies, aiming to contain transport costs and associated emissions of CO<sub>2</sub> and promoting the "short chain" of supplies.

Because of the positive outcome of the test, the programme has been continued: in the spring of 2011, the programme has extended to the cafeteria of Florence and, subsequently, will involve the Milan Bonola training centre and all the other Group cafeterias.

Moreover, the project guidelines have also been included in the tender invitation for the selection of a new cafeteria management and form the basis of the tender invitation for the selection of suppliers of corporate refreshment products (food and drink, vending machines) for which a project is expected to be formulated to enhance quality and diversity by providing food and beverages permitting calibrated and healthy choices to be made.

## SAFETY TOGETHER

Training regarding health and safety for all Group personnel has been updated and developed. Activities were also driven by ideas and suggestions collected in the “creative partnership” meeting organised by the Trade Unions. Particular attention was paid to the way in which legal and behavioural contents are exchanged in the classroom and remotely, especially since the starting point is the conviction that health and safety in the workplace depend, above all, on the involvement and active contribution of all persons that work in the company.

Training and dissemination of a health and safety-oriented culture continued. Classroom courses for various specific figures, provided for by law (Workers' representatives and operators in charge of safety) and new recruits were updated as well as remote course for all employees. Workshops were also held for those corporate staff principally involved in implementing the legislation.

## HEALTH AND SAFETY



Investments in high-tech solutions continued to increase the level of safety and simplify and cut back on management activities by branches employees. A significant commitment has allowed the continuation of the implementation of the innovative Global Security System that operates alongside traditional security devices in providing the possibility of remote monitoring. During the year, the system was extended to 204 Group branches, and additional branches to be fitted out in 2011 have also been identified. The “Branch Entrance Control Steward Service” launched in 2009, based on the use of non-armed security specialists was introduced at some 50 branches. To improve the effectiveness of entry control, an innovative “face recognition” system was also implemented to catch people trying to enter the bank wearing a mask. These systems have been tested in some Group branches.

To combat and prevent robberies, cooperation with the Police and collaboration with Prefectures continued with the signing of a Memoranda of Understanding: in 2010, the Group signed 20 Memoranda at 20 Uffici Territoriali di Governo, taking part in various operational territorial Round Tables with Police and leading bank representatives.

With regard to protecting people, assets and property, the new territorial risk assessment model has been applied for planning improvements in the provinces that have the highest robbery rate by highlighting appropriate actions to be taken and their priority. The methodology used for this model has been formalised and incorporated into the Group's Risk Assessment report.

CUSTOMERS

## POST-ROBBERY SUPPORT

Post-robbery support, provided by qualified physicians with the support of the University of Milan, was on-going and involved over 100 branches that had been robbed (out of a total of 268 robberies during the year in Italy, compared to 366 in 2009). The activities undertaken – made with the prior and voluntary consent of those concerned – consisted of interviews, also on an individual basis, and medical visits. A report on the last two years of this experience was drawn up, which showed the total or partial remission of symptoms for the majority of the employees involved, and the positive opinion of the majority of beneficiaries of the services who found the process useful and effective, especially for mitigating the inevitable psychological after-effects.



The Group adopts a “management system” with specific responsibilities, procedures and resources to help implement its health and safety policy in compliance with the requirements defined by leading standards (UNI EN ISO 9001 - UNI-INAIL ISPEL).

Certain practices and operations have been revised and updated with a view to increase simplification and transparency. Of particular note is the new format of the “Risk Assessment Document” (which also affects the assessment of certain special risks among which those having to do with “work-related stress”) and the issuance of three specific operating guides relating to “Health and Safety Risk Assessment”, “Managing prevention and protection measures” and “Managing medical surveillance”. Moreover, the ISO 9001 certification was extended to include occupational medicine.

Over 1,300 inspection visits were carried out to assess and verify health and safety risks in various work environments and to identify measures to mitigate or eliminate them. More than 4,000 medical visits to safeguard the health of employees were carried out by the Group’s health network, as a result of which specific programmes to promote health are being developed. Thanks to the large number of available data it was possible to update the guidelines for the “Epidemiological report” and formulate a detailed analysis on the health of staff under medical surveillance. 91% of visits resulted in being found suitable while those with the requirement of a 10-minute break every hour of continuous use of a video terminal were around 8%.

With the aim of improving the overall conditions in the work environments, a project involving branch Managers was launched called on to provide input for a simple tool for collecting information (on-line questionnaire) from which indicators about the environmental comfort are derived. The use of a scientifically validated survey methodology enables the average level of the environmental and microclimatic comfort/wellbeing to be monitored, identifying the most appropriate actions to be taken in relation to subjective and specific activities with particular attention to staff with disabilities.

The value of dialogue was also crucial for the realisation of the “on-line robbery training dashboard” created so that all the educational resources available about robbery risks could be shared: classroom and remote courses, on-line lessons, TV training as well as documents, thematic links and games to stimulate attention skills.

### INCREASE AWARENESS

On specific issues related to the physical safety, some important measures have been taken to create greater awareness in the Banca dei Territori.

In the second half of the year, meetings were held with all Regional Departments, with the aim of presenting the results achieved, the most relevant initiatives underway to gather useful information and elements to continuously improve safety of the relevant area.

Particular attention was paid to robbery training in the classroom which involved branch staff (about 3,100 employees trained in 2010). These meetings will be repeated every six months.

# SHAREHOLDERS



In 2010 the goal of sustainable growth continued to be at the core of our strategy and has proven to be especially important in a macroeconomic scenario that is still unstable due to the persistence of the crisis. Intesa Sanpaolo's strategic decisions continued to leverage on solidity, liquidity and low risk profile, strengthening and developing the relationship of trust with our stakeholders.

In line with our schedule, the integration of the IT systems was completed and rationalisation activities of the Group and its presence in the territory continued.

## INTESA SANPAOLO SHARE PERFORMANCE: RETURNS


In 2010, the Intesa Sanpaolo share price recorded a trend linked to the banking sector indexes: a fall in the first two months of the year, followed by a cyclical performance until mid-April and a further fall until the beginning of June, when the low for the year was reached, and then a partial recovery until early August, followed by a cyclical performance until the end of October and a further decrease in the final two months of the year, bringing the price at year-end near the low for the year and 35.1% below the level at the beginning of 2010. At the end of the year, the Intesa Sanpaolo savings share recorded a 23.7% decline compared to the start of the year. The discount on the ordinary share has been halved: from 25% at the start of the year to 12%. At the end of 2010 the total capitalisation of Intesa Sanpaolo amounted to 25.9 billion euro, compared to 39.5 billion euro at the beginning of the year.

## DIVIDENDS

On 10 May 2011 the Intesa Sanpaolo Ordinary Shareholders' Meeting resolved to allocate a dividend of 0.080 euro per ordinary share and 0.091 euro per savings share from the 2010 net income, with total dividends paid amounting to 1.033 billion euro. This corresponds to an average dividend yield of 3.23% on ordinary shares and 4.63% on savings shares for the year.

## RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY

In 2010, in an economic scenario that remained extremely difficult, relations with the financial community concentrated on sustainable profitability. We believe that the Bank's capacity to generate constant growth in profitability is also determined from high-level liquidity, low leverage, the sound capital base and low risk profile. Based on these indicators, the Group represents a solid reference for its investors and a reliable partner for businesses among the sector leaders at international level.

In 2010, to guarantee equal access to information, information was made available promptly, easily and simply through a range of channels: Internet, conference calls via a toll-free number, brochures and free distribution of financial statements on request. The Investor Relations section of the Website  offers well-defined content to ensure that stakeholder access to information is more extensive and systematic.

In order to contribute to the creation of long-term sustainable value, regular and frequent meetings were held with the financial community that consolidated lasting relationships based on mutual trust.

## CREDIT RATING

The ratings assigned to Intesa Sanpaolo reflect good profitability, adequate asset quality, a sound capital ratio and good liquidity profile.

MOODY'S	
Long-term debt	Aa3
Short-term debt	P-1
Financial strength	C+
Outlook	Stable
FITCH	
Long-term debt	AA-
Short-term debt	F1+
Individual	B
Support	1
Outlook	Stable
STANDARD & POOR'S	
Long-term debt	A+
Short-term debt	A-1
Outlook	Negative

As of 24 May 2011

## INCLUSION IN ETHICAL INDEXES

Ethical indexes are characterised by the criteria applied in selecting the stocks they include. In addition to financial performance, companies' social responsibility performance (environmental sustainability, rights of company, supplier chain and distributor employees, respect for human rights, relations with stakeholders and anti-corruption policies) is also assessed.

Intesa Sanpaolo has been listed in the indexes of FTSE4Good, ASPI Eurozone and the Ethibel Investment Register since 2007.

# SUPPLIERS



Careful management of the impacts that Intesa Sanpaolo has on society and the environment requires, among other things, careful supervision of the production processes of suppliers with whom the Bank has a business relationship.

In 2010 the implementation of an integrated strategy, which increasingly includes criteria for social and environmental responsibility throughout all stages of the purchase of goods or services, continued.

By adopting an approach inspired by conservative buying decisions and a sense of saving both of resource and costs, the Bank has based its business model on two lines of action.

The first regards its relationships with suppliers, hence attention to transparency, fairness and integrity in the way these are managed, whilst ensuring equal opportunities for all the stakeholders involved. The guiding principles in this area are found in our Code of Ethics, which suppliers are required to view and adopt in the course of the selection process.

The second area is the promotion of the suppliers' social and environmental responsibility which was launched in 2009 with the e-sourcing portal. A further strengthening derives from the adoption of the principles of the Code of Ethics, which also address the protection and safeguarding of human rights as established in the 1948 Universal Declaration of Human Rights.

The gradual implementation of a centrally developed procurement policy by the Group's International Subsidiary Banks has been given a strong boost, and almost all of the subsidiaries base their procurement choices on such policy.

## TRANSPARENCY IN PROCUREMENT PROCESSES AND THE SELECTION OF SUPPLIERS

The Group has further consolidated its relationship with suppliers. Selections were based on the principles of transparency and fairness as well as considering the closeness of local outsourcers. The Parent Company's e-sourcing portal, which makes use of a Web-based negotiating system and which in 2010 was even further broadened, ensures transparency in relations with suppliers. In fact, those who apply are required to register online, where, if invited to take part in a bid, they can follow all the stages of the process.

During the year, the product categories used remained essentially the same among the Group's Italian companies, and online interactions were recorded with about 2,000 suppliers.


The new management process of invoices, launched in 2010, will be developed in the coming year. As a result of the practices adopted to date, monitoring activities have been improved, allowing for greater traceability of documents, combined with more precise supervision of the various processing stages, ultimately leading to improved compliance with payment terms.

## PROMOTING SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

Intesa Sanpaolo's e-procurement tool is a model of sustainable consumption, which makes it possible to eliminate, or reduce to a minimum, warehouses and inventories.

Suppliers are selected on the basis of a comprehensive assessment which also includes sustainability criteria. The questionnaire included in the online registration process includes a section devoted to this issue, which the candidates, who are also asked to consult the Organisation, Management and Control Model (Legislative Decree 231/2001) and the Group's Internal Code of Conduct, are required to complete and declare their compliance with the principles laid down in the Code of Ethics. Actions or behaviour contrary to these principles may result in termination of the contract. The information provided in the questionnaires will help to establish a "Social responsibility" rating which is an integral part of the project outlined on the side.

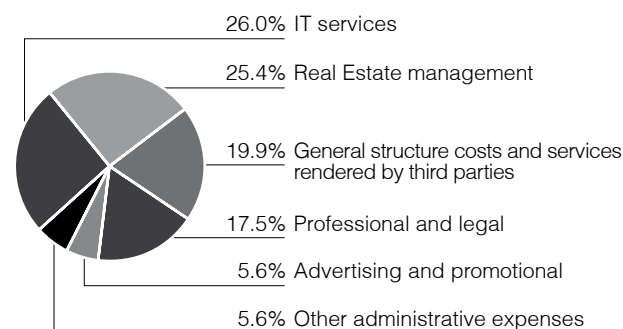
Of 2,000 suppliers registered on the portal, 827 have implemented a Quality Management System, 268 an Environmental Management System, 1,003 have implemented a Health and Safety Management System and 424 satisfy the requirements set out for SA 8000 certification.

For the purchase of certain types of goods, such as technology materials, see the section on the Environment .

The International Subsidiary Banks Division's Procurement Policy aims to create and disseminate a model, guidelines and a set of indicators to include criteria of quality and social and environmental responsibility in procurement processes. In 2010 the policy, the implementation process of which was launched in 2009, was also adopted by Pravex Bank, Alexbank, Intesa Sanpaolo Bank Romania, Banca Intesa Russia, Banka Koper, Privredna Banka Zagreb, CIB Bank and Intesa Sanpaolo Bank Albania. Upon completion of the project, the effectiveness of the model and its consistency with the principles of the Group will be assessed.

In 2010, the overall expenses incurred by Intesa Sanpaolo for purchases totalled more than 3 billion euro, divided as follows:

2010 BREAKDOWN OF ADMINISTRATIVE EXPENSES BY CATEGORY



## E-SOURCING PORTAL

After e-sourcing the pilot period began in 2009, the definitive e-sourcing portal project got underway in 2010. In addition to the centralised Suppliers List, this module-based platform will include an area dedicated to online purchases, an area for communications with suppliers as well as a document archiving module. Such features will provide a global overview of the purchasing process: from the start of the requirement to the issuance of the purchase order. Upon completion of the project, regular suppliers will be classified on the basis of economic, financial and technical parameters as well as on environmental and social responsibility. Ones, through both internal and external sources of information.

# ENVIRONMENT




The challenges posed by climate change are increasingly apparent and urgent: safeguarding the environment is no longer a niche issue, but a strategic part of the decisions taken by all players, and therefore, also for financial institutions.

Intesa Sanpaolo adheres to the Financial Institutions' UNEP (United Nations Environment Programme), has joined the UN Global Compact initiative and develops its plans in accordance with the Environmental Policy approved by the Management Board in 2007. The strategy focuses on controlling and managing direct and indirect environmental impacts.

Regarding direct impacts - generated by the Bank's transactions - the Group is involved in monitoring and implementing initiatives to improve the management of energy, waste, green purchasing and maintenance of buildings and facilities, to make its ecological footprint lighter.

In terms of indirect impacts, generated by its customers and suppliers, Intesa Sanpaolo can have a positive influence by promoting the adoption of environmentally friendly choices. On this front, the Bank is engaged in:

- offering products and services that foster the enhancement of energy efficiency and a diversification of energy sources for customers;
- integration of social-environmental criteria in risk assessment models for granting credit to businesses and, by adhering to the Equator Principles and their progressive implementation, to project finance.
- gradual integration of social-environmental criteria in the selection of our suppliers.

The Group is a partner of the Carbon Disclosure Project  through which the Bank reports its carbon dioxide emissions, the identification of risks, opportunities and strategies implemented in the fight against climate change.

Finally, Intesa Sanpaolo was the first bank in Europe to become partner in the European Commission's campaign "Sustainable Energy Europe"; the Bank has signed a collaboration agreement with the Ministry of the Environment to further strengthen cooperation in terms of energy saving and the promotion of renewable energy in Italy.

# DIRECT IMPACTS



Direct impacts are monitored by the Environmental Sustainability Office of the CSR Unit coordinated by the Group's Energy Manager, having the following duties:

- periodically, thoroughly monitor the most significant direct environmental impacts, especially related to energy, identifying and suggesting improvements in line with the best practices;
- drive optimisation activities, in particular in terms of purchases and management, to ensure the reduction of energy consumption and raw materials and the containment and proper disposal of waste;
- pursue an increase in eco-efficiency, promoting the use of technologies, solutions and products with lower environmental impact, based on cost-benefit analysis.

Issues related to mobility are handled by the Mobility Manager who coordinates the initiatives and best solutions for the needs of corporate and personal mobility.

In 2010 Intesa Sanpaolo concluded its three-year plan for environmental improvement, which was primarily focused on reducing energy consumption. A plan which, for the period 2011-2013, will continue with interventions aimed at having a positive impact on all areas of environmental sustainability.

## ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM (SGAE)

In 2010, the Intesa Sanpaolo Group was the first bank in Italy to integrate the ISO 14001 certified Environmental Management System with the Energy Management System in 180 sites. The UNI EN 16001 standard defines technical characteristics and guides companies in understanding and measuring different types of energy consumption by type of user. The process starts from an initial energy analysis to highlight areas for improvement, and a definition of qualitative and quantitative objectives to be achieved through the application of the best technology, lighting and air conditioning solutions available on the market. Through the analysis of the most significant environmental and energy issues – polluting emissions, paper consumption, waste, harmful substances, water and maintenance, which are the core elements of our Environmental Policy – the same issues are managed with integrated procedures of excellence. The certified branches and buildings represent a geographically significant sample through which the Bank monitors and measures their performances and that they match the targets that have been set by means of specific procedures and regular audits. Progressive improvement measures are implemented at the sites, flanked by specific training for the delegates at the certified sites.

## NEW TURIN HEADQUARTERS

Environmental sustainability criteria and energy efficiency for the entire life cycle of the building were adopted in the planning of the “New Turin Headquarters”, a 166 m high tower that will house 2,000 employees.

The design and management features will allow the building to be classified according to the Sustainable Building Council protocol, with a score of 3.5 on a scale ranging from -1 to 5, where 3 corresponds to the “best available building practice” as provided for by applicable law.

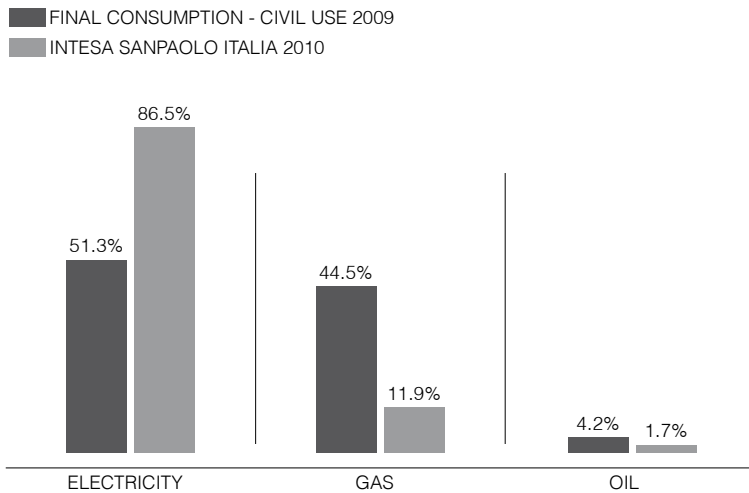
With the start of works, the Bank extended its commitment and responsibility towards the environment to the General Contractor responsible for the construction of the tower. The complex process of running the site and the construction work is now subject to the Environmental Management System, certified according to the international UNI EN ISO 14001 standard and the European EMAS standard.

To briefly characterise a company's energy consumption, it is customary to divide its annual energy consumption (in kWh) by 8,760 hours of the year and the number of employees working for the company. That is how the pro capita index representing the average power use (W) is calculated. In Italy the parameter for the banking sector is close to 1,000 W (source Terna 2009); in Italy, our Group is on average, "an 800 W company" thanks also in part to the reduction of energy consumption (in 2009 it was an 820 W company). Energy management measures planned for the coming years aim at having the Group become "a 700 W company" in 2015.

For many years, the Group has been using electricity produced from renewable sources wherever possible. In Italy this type of supply, mainly generated by hydroelectric plants, exceeded 92% of electricity consumption (over 211,000 tons of annual CO<sub>2</sub> emissions avoided), which are flanked by RECS1 certified supplies and a limited self-production from co-generation. The self-production of energy from renewable sources, such as photovoltaic, appears to be limited by the type of property: most branches are located on the ground floors of apartment buildings and have no exposure to the south; often branches and buildings, especially the larger ones, have technical and architectural constraints since they are situated in historical centres.

However, innovative sample solutions have been developed. A photovoltaic tracker was built at a branch in Turin with a capacity of approximately 12 kWp, characterised by a liquid cooling system of the photovoltaic cells which allows for an annual production that is about 30% higher than traditional plants and contributes to providing part of the energy needs of that branch. An LCD display positioned inside the branch shows the energy output in real-time thanks to software which, in addition to displaying information about the performance of the plant, also converts it into the amount of CO<sub>2</sub> emissions saved. Customers and visitors can see the real performance of this type of plants. Innovative initiatives have also been launched abroad: Banka Koper in Slovenia has built two 44 kWp photovoltaic plants in the branches of Koper and Sežana.

PERCENTAGE OF ENERGY CONSUMPTION PER SOURCE IN ITALY [TOE]



Source: Ministry of Economic Development, Energy Department (2009). *Bilancio Energetico Nazionale 2009*. Final consumption, civil use 2009 - Italy (processed by).

NOTE

- 1. Renewable Energy Certificate System
- 2. On 84%, net of consumption of CED and surface variations

ENERGY AND ENERGY EFFICIENCY

As well as being the result of better management, the reduction of energy consumption is brought about by being knowledgeable about the different areas where it is used such as lighting, air conditioning and office equipment. The in-depth analyses, carried out with on-site measurements in collaboration with Universities, have made it possible to refine the estimates of consumption of these items. These analyses revealed that office equipment has a consumption percentage incidence equal to that of the electrical system and air conditioning.

In order to minimise the environmental impact, the Group has launched monitoring, rationalisation and innovation initiatives in these areas. Such monitoring is carried out with the latest innovative technologies that measure the energy consumption and temperatures of premises even via web. This allows for easier and more accurate identification of critical issues and an assessment of the effectiveness of improvements carried out. These initiatives will be strengthened with the Sustainable Energy Action Plan for the 2011-2013 period.

In 2010, overall energy consumption decreased by more than 6%, corresponding to about 11,000 toe, of which 3.3% for electricity consumption and 21.2% for heat consumption. Particularly in Italy, electricity consumption savings in 2010 was almost equal to 35 GWh compared to 2008<sup>2</sup>, thanks to improvements in the management of technological systems. As for heat consumption, part of the savings are due to the growing use of electric heat pumps to replace traditional boilers, as well as the optimisation of spaces.

The measures to reduce energy consumption also involved all the International Subsidiary Banks: in particular, Intesa Sanpaolo Banka Bosna i Hercegovina replaced its heating systems and office

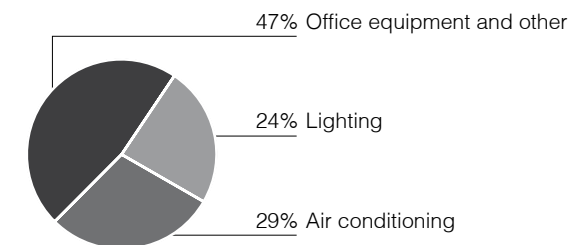


equipment with more energy-efficient options.

Great attention was paid to new branches and those where restructuring was carried out. To limit energy consumption, extensive use was made of double glazing, high performance condensing boilers, refrigeration units and heat pumps with HFC, etc. The quality of these installations is attested by energy Certifications under Italian Legislative Decree 192/05. For example, with the restructuring of the Group's largest service centre in Moncalieri, near Turin, the two buildings have passed from energy certification class E to class C. In the same vein, the Slovak VUB Banka, which has carried out interventions on its properties, has equipped them with more efficient lighting systems, heating insulation and thermostatic valves to control the heating.

The gradual replacement of office equipment with lower consumption models shows significant results, with savings of between 20 and 40% over previous models. Totally, savings were approximately 10 GWh compared to 2008. Other actions included the replacement of illuminated signs with major use of LED signage: about 97% of 5,000 signs replaced in 2010 are LED. This operation, as well as guaranteeing energy savings of about 70% compared to fluorescent lamps, also contributes significantly to the reduction of light pollution.

PERCENTAGE OF ENERGY CONSUMPTION IN INTESA SANPAOLO BRANCHES IN ITALY



Data samples with boilers or heat pumps. Average values statistically significant

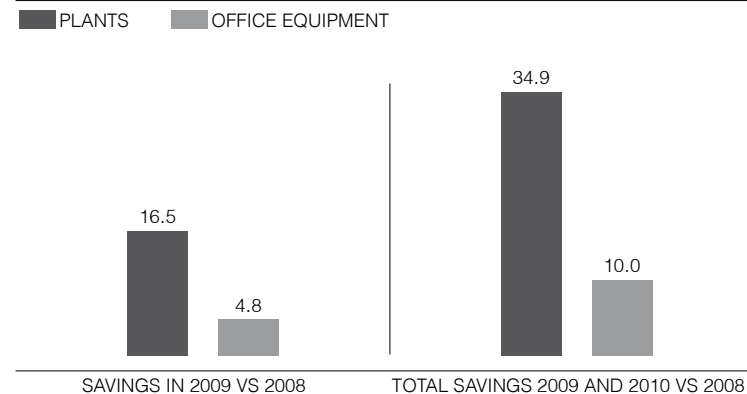
## MOBILITY

The Mobility Management unit coordinated all aspects related to the movement of persons, proposing the most efficient solutions and integrating different mobility tools.

The main initiative implemented in 2010 is the Mobility Office, an application available on the Intranet providing access to information and services directly from workstations: public transport; trains; and bus passes, bike sharing (service active in Florence, Turin and Milan); corporate bike sharing (130 corporate bicycles), in Milan, Turin, Padua and Parma, which can be used both for work-related purposes and in one's spare time; integrated sharing allowing all employees to rent cars, motorcycles and bicycles for personal travel to the work place for whatever length of time they need (tests in Milan); car pooling, a group mobility option to manage work-related journeys between the Milan Bisceglie and Turin Moncalieri headquarters; shuttle system to support local public transport in Vicenza, Venice - Mestre, Turin, Padua, Milan, Naples and Bologna. The collaboration with the Public Administrations, stimulated by the presentation of home-work commuting plans, found a first implementation in Turin, where an integrated system managed directly by the local public transport company to connect the city to the business complex of Moncalieri started in June. The home-work commuting plans project, which began in 2009, started from a preliminary study in cities with the highest concentration of employees. In 2010 with listening initiatives involving some 3,000 directly affected employees, the project was extended to Padua, Florence, Venice and Bologna. Over 2,000 questionnaires were drawn up and the findings from these, along with the needs as gathered from focus groups which were attended by about 100 people - leading to numerous proposals which were shared with the Public Administrations.

To further reduce the environmental impact, from the end of 2010, the mobility analysis is conducted on a quarterly basis, thus facilitating more precise control and more incisive interventions on CO<sub>2</sub> emissions according to type of carrier (rail, plane, corporate fleet vehicles and personal cars used on company business).

THREE-YEAR PLAN FOR ENERGY SAVING IN ELECTRICITY CONSUMPTION IN ITALY [GWN/YEAR]



## MOBILITY AND CO<sub>2</sub> EMISSIONS

The monitoring project of the emissions from corporate mobility started in 2008 and involved 89% of Italian employees whose data are handled by the Mobility Manager. In 2010, the analysis covered all Italy through the projection of data and related CO<sub>2</sub> emissions by type of carrier. Also in 2010 monitoring systems, with assessment of the actual fleet consumption drawn from the fuel card data with each vehicle, were fine-tuned. On the basis of the analysis the parameters for the conversion of fleet emissions were updated: the reduction in emissions of about 9% is attributable for about 21% to the change in coefficients which have become more accurate than the previous year.

To reduce mobility, the use of videoconferences was heavily promoted: in 2010 8,844 multi-conferences were centrally monitored.

As regards the International Subsidiary Banks, of particular note is the activation of the pilot project of a company bike sharing initiative by the Hungarian CIB and the Slovenian Koper, and the gradual renewal by the Ukrainian Pravex and the Russian Banca Intesa of their fleets with more environmentally friendly cars.

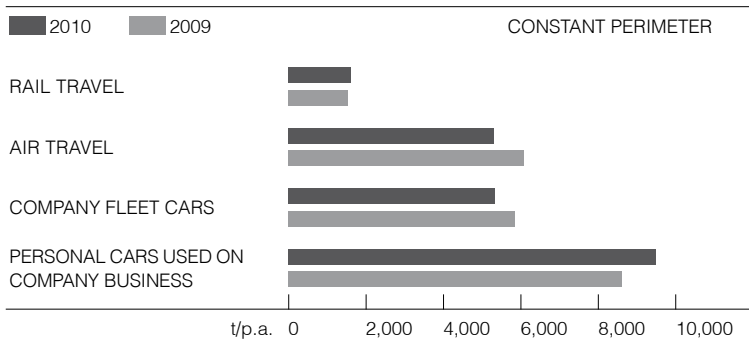
## THE REDUCTION OF ATMOSPHERIC EMISSIONS

In 2010 there was a further, significant reduction in CO<sub>2</sub> emissions by 26.5% in electricity and heat consumption. 15% of this reduction can be traced back to the update of processing factors following the evolution of energy production systems. In this sense, complex research and development were carried out on the most recent publications, taking into account, in addition to greenhouse gases which have a direct impact (carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF<sub>6</sub>), properly traced in CO<sub>2</sub> equivalent, even the most significant gases involved in an indirect manner: sulphur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>).

With regard to emissions related to corporate mobility, there was a measurable increase in emission in the order of +2,242 t of CO<sub>2</sub> compared to 2009. This figure is misleading (see box): comparing the data with constant parameters there is a reduction of 2% due to better use being made of vehicles.

Activities undertaken have helped to reduce direct emissions by 24.7% (Scope1: heating and company fleet) and indirect emissions by 26% (Scope2: building heating and electricity). Emissions for Scope3 (mobility and other indirect emissions) have, on the other hand, increased by 13%: with constant data, they have decreased by 1%.

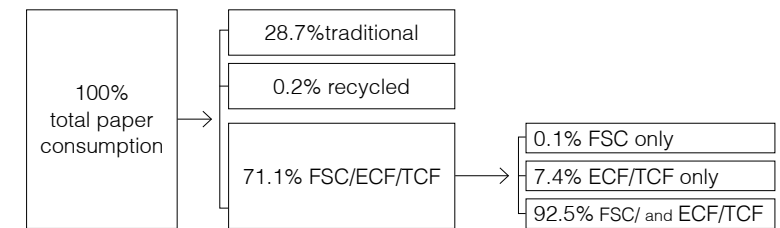
COMPANY MOBILITY CO<sub>2</sub> EMISSIONS 2009/2010



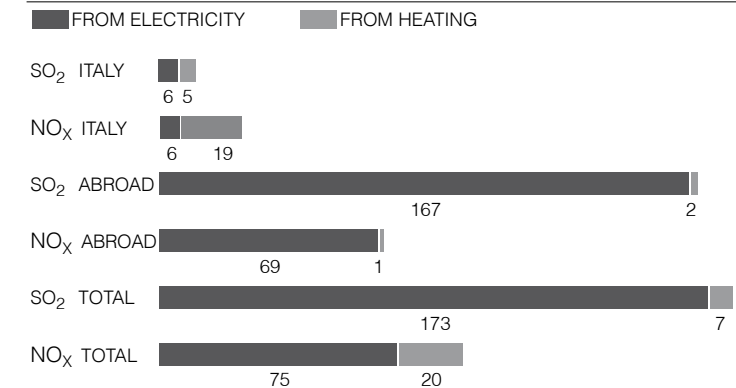
## PAPER

### PAPER CONSUMPTION

### ITALIAN PERIMETER



### NO<sub>x</sub> AND SO<sub>2</sub> EMISSIONS [t/p.a.] 2010



CONVERSION FACTORS FOR CALCULATING EMISSIONS	ITALY	ABROAD
g NO <sub>x</sub> / kWh	0.227	0.626
g NO <sub>x</sub> / m <sup>3</sup> Gas	0.913	0.258
g NO <sub>x</sub> / l Oil	0.236	0.111
g SO <sub>2</sub> / kWh	0.224	1.519
g SO <sub>2</sub> / m <sup>3</sup> Gas	0.242	0.416
g SO <sub>2</sub> / l Oil	0.063	0.040

The breakdown of various foreign countries is available online via the Intesa Sanpaolo Group's website [👉](#).

### NOTE

1. FSC (Forest Stewardship Council): indicates that a part of the cellulose used for paper production comes from certified forests.
2. ECF/TCF: ECF (Elementary Chlorine Free): indicates that the cellulose used for paper production is bleached without using chlorine dioxide. TCF (Totally Chlorine Free): indicates that the paper is made from cellulose bleached without using any chlorine.

In Italy, the use of recycled and environmentally friendly type of FSC1 and ECF/TCF2 paper was gradually expanded, reaching a quota of 71.3%. In 2011, along with the Ministry of the Environment, the project for the experimental use of Blue Angel and EU Ecolabel-certified recycled paper was started for operating points dedicated to Individual customers. In Italy, overall paper consumption was reduced by 0.5%, also due to the reduction in size of the banking transparency leaflets sent to customers. At Group level consumption is stable, even if some International Subsidiary Banks, such as Banca Intesa Beograd and Intesa Sanpaolo Banka Bosna i Hercegovina, have launched pilot projects to reduce consumption.

The long term plan regarding outsourced customer communication services for reducing consumption through the dematerialisation of documents, continued. This activity cut consumption of paper by 650 tonnes in Italy, avoiding over 1,500 tons of CO<sub>2</sub> emissions.

## WATER

In the Intesa Sanpaolo Group water is usually only used for sanitary purposes. Consumption per unit of the Group is of 38 cubic meters per employee. In Italy, consumption per employee is about 45 cubic meters. In order to assess the reliability of the data, a targeted analysis on the actual consumption data in a metropolitan sample area was carried out: the result was consumption per employee of about 35 cubic meters.

	2010				2009				REDUCTION COMPARED TO 2009
	FROM ELECTRICITY	FROM METHANE GAS	FROM OIL	TOTAL	FROM ELECTRICITY	FROM METHANE GAS	FROM OIL	TOTAL	
Italy	11,859	40,372	6,650	58,881	14,616	48,914	7,527	71,057	-12,176
Abroad	45,452	7,412	1,514	54,378	68,085	13,573	1,302	82,960	-28,581
Total	57,311	47,784	8,164	113,259	82,700	62,487	8,829	154,017	-40,757

## WASTE BY DISPOSAL METHOD

[TONS]

	Group	Italy	Abroad
Recycle	2,955	2,443	512
Reclaim	736	699	38
Reuse	460	438	22
Landfill	163	140	23
Total	4,314	3,720	595

## EXPENSES AND INVESTMENTS IN THE ENVIRONMENT

[THOUSANDS OF EURO]

		2010	2009	2008
Italy	Management of special waste	1,945.5	1,905.0	1,999.4
	Training	108.6	13.0	40.6
	Maintenance, SGAE and certification	47,481.7	46,591.0	41,175.4
Abroad	Management of special waste	423.6	258.0	432.8
	Training	98.5	114.0	8.2
	Maintenance, SGAE and certification	10,729.4	6,509.0	9,043.2



## COMPLETE TONER SERVICE

As from 2009, used toner cartridges are recycled in Italy by the external photocopier and printer maintenance company. In 2010 the service was extended significantly within the Group, as can be seen from the following data: over 107,000 kg compared to over 14,000 kg in 2009.

## WASTE

Awareness programmes that had been started in previous years to reduce waste, as well as a more correct use of waste collection, led to a reduction of 15% in the amount of waste produced compared to 2009. The result is mainly due to the full implementation of a toner collection and replacement service. Moreover, there is a considerable reduction in hazardous waste due both to the gradual replacement of cathode tube monitors with LCD monitors and the purchase of products that do not generate hazardous waste. Although there is a slight increase in the disposal of office equipment, linked to their gradual replacement aimed at energy savings, there is a reduction in the total volume of waste generated. The abroad segment is substantially stable, the slight increase being attributable to a heightened sensitivity to the differentiated collection and disposal of waste and improved monitoring systems.

## ENVIRONMENT-RELATED EXPENSES AND INVESTMENTS

2010 also saw an increase in expenses for environmental protection, mainly due to plants maintenance, waste management, certification and training systems. Abroad, this increase is related to the progressive implementation of procedures for environmental protection. With regard to compliance with environmental laws, there were no reports of environmental damage, nor significant penalties relating to these events.

## 2010 AWARDS

The earnestness of the activities undertaken to reduce the ecological footprint enabled the Group to obtain a number of prestigious national and international awards: Intesa Sanpaolo was the first bank in Europe to become partner in the European Commission's campaign "Sustainable Energy Europe" and the Bank has signed a collaboration agreement with the Ministry of the Environment to make cooperation in energy saving and promotion of renewable energy in Italy continually more concrete and intense. The Bank also gained 13th place in the ranking of the 25 most sustainable companies in the world by Newsweek; the first Italian company and third bank in the world to do so, and in 2010, won, among other honours, the Demetra Prize for the best sustainable industrial project for the 2020 Energy Award for Il Sole 24 Ore and Energia 24, the Special Direct Impact Prize at the 2010 Green Globe Banking Awards and a number of honourable mentions in various national competitions, including the Green Public Procurement and Premio Impresa Ambiente (Environment Enterprise Award).

# INDIRECT IMPACTS



Intesa Sanpaolo is also responsible for environmental impacts deriving from initiatives that are not under the direct management or control of the Bank, in particular the possible positive and negative impacts from our customers' initiatives. The Bank acts towards environmental sustainability through:

- the range of products for individuals, businesses and public entities wishing to invest in energy efficiency and renewable energy;
- project financing for the production of electricity from renewable sources;
- strategic investments in leading Italian companies in the renewable energy industry.

At the same time, the environmental impacts of our corporate customers and projects are carefully evaluated in terms of creditworthiness, especially for sensitive industries.

In 2010, of the total funds allocated, almost 1% was for financing the sectors of renewable energy, agriculture and environmental protection. The amount comes to approximately 3.4 billion euro.

CUSTOMERS

## GREEN PRODUCTS AND FUNDING

Intesa Sanpaolo offers a wide range of financing and advisory services to support investments in the sectors of energy from renewable sources, energy efficiency and the environment. Particular attention is constantly paid to the photovoltaic industry, supporting the design, production and installation of plants producing electricity from photovoltaic panels. This financing provides for the assignment of credit accepted by the Gestore Servizi Energetici with the subsequent granting of the incentives established by law.

As for private and family loans, in 2010 the Bank granted nearly 9,000 loans amounting to approximately 172 million euro to finance the installation of photovoltaic panels and the purchase of ecological cars, new generation boilers, environmentally friendly appliances and thermal insulation. The introduction of floating-rates, which allowed customers to take advantage of favourable market conditions, the reduction of the fixed rate and the development of national and local partnerships with installers of photovoltaic systems, resulted in a considerable increase in financing compared to the 7 million disbursed in 2009.

Overall, production companies receive just under a billion euro from the Group for energy efficiency and renewable energy. Specifically, 236 loans were disbursed, for a total of approximately 37 million euro, to small businesses and professionals. In 2010 the first financing operations of Energy Service Companies - ESCOs for various interventions in the energy field (photovoltaic, solar heating, energy efficiency measures), with particular attention paid to public sector, were carried out.

With regard to businesses, in 2010 loans amounting to some 688 million euro were granted to support projects related to the use of photovoltaic panels, biomass and hydroelectric plants and



## FOSTERING INNOVATIVE GREEN TECHNOLOGIES

Technological innovation plays a key role in sustainable energy: new energy sources, increasingly more efficient and inexpensive energy production systems, devices and processes aimed at reducing end-use consumption are just some examples that show how the industry is deeply affected by continuous evolution.

Even in this field, Intesa Sanpaolo Group is on the side of the entrepreneurs employing skills and financial tools to support the costs of research and development. Specifically, the launch of the Intesa Sanpaolo Start-Up Initiative, a training and promotion programme for emerging high-tech companies. Through this initiative, the Bank facilitates the meeting between start-ups and potential investors (including venture capital, business angels, corporations and private investors). Start-Up Initiative events specialise in technology and one of the main focuses is Clean Tech: renewable energy, energy efficiency, water and environment. The process involves several selection and training steps for start-ups, culminating in a number of opportunities to meet investors, both in Italy and at the premises of the International Subsidiary Banks.

## INTESA SANPAOLO EURODESK

Intesa Sanpaolo Eurodesk provides assistance and advisory services to companies wishing to access European Union financing opportunities, with a particular focus on research and technological innovation. The company acts as a partner in the projects financed by the European Commission, thus facilitating interaction between the financial, business and academic world.

Through Intesa Sanpaolo Eurodesk, we adhered to the Energy Efficient Buildings European Initiative. E2B EI is an association consisting of public and private entities launched by the European Commission to promote the development of new technologies in the energy efficiency of buildings.

Intesa Sanpaolo Eurodesk is a partner in three major transnational research projects co-financed by the European Commission in renewable sources and energy efficiency (FC-DISTRICT, E-HUB and Euro-China Clean Energy Centre).

In particular, the FC DISTRICT project, launched in 2010 and led by the Polish construction company Mostostal Warszawa, aims to develop an innovative concept of producing and distributing energy enabling the creation of districts that are self-sufficient energy-wise. This aim will be pursued through the study and integration of innovative technologies such as decentralised cogeneration achieved through micro fuel cells located at the end users' premises, power distribution intelligent networks, heat storage in buildings and districts, high thermal insulation efficiency systems and development of biodigesters for the production of biomass from local waste. The role of Intesa Sanpaolo Eurodesk in the project is that of business modelling and the dissemination of the results.

energy efficiency measures. To support entrepreneurs who planned investments in renewable energy, Mediocredito Italiano Energy Desk continues to be active by providing a comprehensive service that ranges from credit to advice on the new technologies in new energy.


A significant number of financing was granted for plants for the production of energy from renewable sources through Leasint, the Group's company dedicated to lease transactions. In 2010 these financings were increased greatly in support of the development of systems for the production of energy from renewable sources. In 2010, 417 contracts were signed for a total of approximately 1,208 million euro.

The Bank also supports its customers through commercial agreements with leading companies in the renewable energy industry, including Enel.si and Schüco Italia. The agreement with Schüco includes the opportunity for the provider to offer customers a free energy check-up carried out by installers selected by Schüco International (a plants manufacturer) in the interested area, while the agreement with Enel.si includes favourable conditions for small businesses customers who install a photovoltaic plant.

The Group's International Subsidiary Banks are also very active in their offerings of green products. Banca Intesa Beograd has signed an agreement with the European Bank of Reconstruction and Development (EBRD) to finance corporate projects aiming to increase energy efficiency and produce energy from renewable sources. Banka Koper offers financing for photovoltaic plants and has signed a cooperation agreement with the Slovenian Environmental Public Fund under which the Bank finances environmental investments (households and companies) on behalf of the fund. The Slovak VUB bank offers co-financing for the development of renewable energy in cooperation with the European Investment Bank (EIB) and EBRD, as well as financing for energy efficiency in buildings. The Croatian PBZ offers co-financing in the environmental field for SMEs and municipalities in collaboration with development banks such as EIB, EBRD and Croatian Bank for Reconstruction and Development.

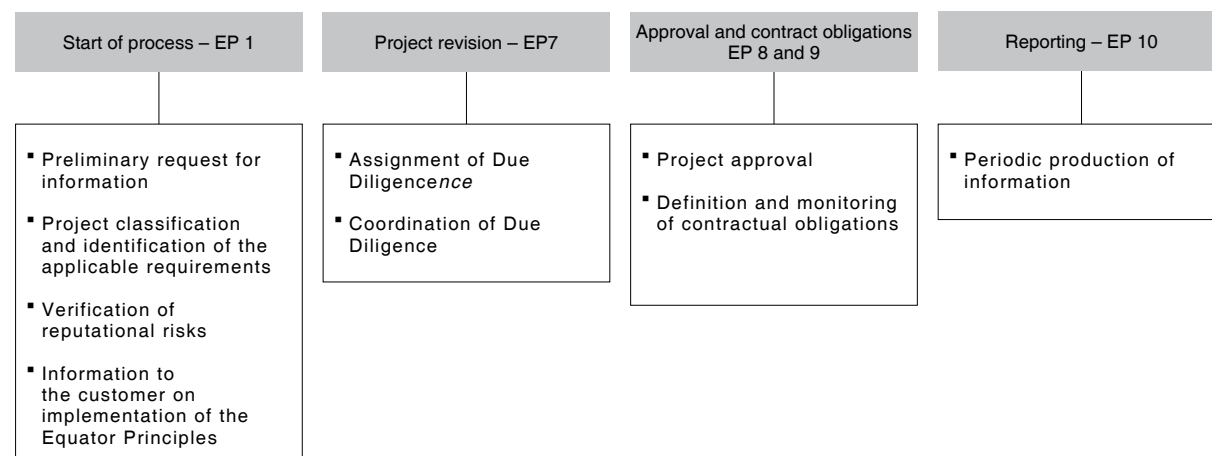
Lastly, Intesa Sanpaolo supports the food farming, agro-industrial and agro-energy industries with Agriventure, a specialized body providing advisory services to businesses in the field along the entire chain. Often the Bank's financing operations integrate EU funds aimed at the promotion and development of rural areas.

## PROJECT FINANCING AND ADOPTION OF THE EQUATOR PRINCIPLES

The Group adopted the Equator Principles  in 2006. The Principles, that protect natural resources, health and human rights, cultural property and biodiversity, are applicable to the financing of projects with a capital cost equal to or greater than 10 million U.S. dollars. An inter-departmental working group was set up, coordinated by the Corporate Social Responsibility Unit and made up of representatives from the departments most involved in project financing operations and supported by an external partner. In 2010 the working group developed an internal policy that provides operational guidelines for the correct application of the Principles. The classification of projects based on three levels of risk and the choice of a specific path, according to the assigned category, requires transparent and immediate involvement of our customers, to whom we offer ample support to mitigate the identified risks.

The policy, incorporated in the Group's regulations, was subsequently made available in the foreign offices of Banca IMI (London, New York and Hong Kong hubs) and published in their Intranet section. To facilitate the implementation of the policy in all its parts, a training course has been conceived, which includes operational modules dedicated to the specialists in Project Finance, Advisory and Export Finance in Italy and abroad. The first session was held in 2010.

The commitment in implementing the Principles is an important step in the sustainability strategy of the Bank's credit activities and translates in thoroughly disseminating a greater sensitivity on the issue and in reducing the risks associated with social and environmental impacts. Proof of this lies in increasingly more frequent consultations with the CSR Unit to assess the reputational risks associated with activities that are currently outside the scope of the Principles.



## PROJECTS BY CATEGORY AND SECTOR

	A	B	C	TOTAL
Oil gas		1		1
Chemicals		1		1
Wind energy		12	2	14
Photovoltaic energy		30	2	32
Energy	3	7	1	11
Infrastructures	1	10	5	16
Transport			1	1
Manufacturing		2		2
Other		6		6
Total	4	69	11	84

## DEAL OF THE YEAR 2010 – GANHEKOU WIND FARM

The Ganhekou Wind Farm No 8 project is the first wind farm financed with project financing in China with the participation, among other international banks (among which Intesa Sanpaolo), of the World Bank's International Finance Corporation (IFC). The project, with a total value of about 249 million US dollars, includes the planning, construction and management of a wind farm in the Gobi desert (Gansu province) that will have a capacity of 201 MW. Planning was carried out by China Wind Power under a 25 year concession plan with the local representatives of China's National Development and Reform Commission. Ganhekou No 8 is part of a larger wind power project (Jiuquan wind power project), which, upon completion, will have a capacity of 10 GW. It is considered the largest wind power project in the world. In addition to having won the 2010 Deal of the Year award, the project was also registered in the list of CDM (Clean Development Mechanism, one of the Kyoto Protocol instruments). Its reduction of CO<sub>2</sub> emissions was estimated at 412,000 tonnes per year.

SRM (Study and Research for the South of Italy) is an economic research centre of excellence based in Naples, whose members are Intesa Sanpaolo, Banco di Napoli, BIIS, IMI Investimenti, Istituto Banco di Napoli - Fondazione, Banca di Credito Sardo. As part of its research in analysing the southern part of Italy (with a European and Mediterranean outlook), SRM has carried out several undertakings on issues dealing with energy and the environment. In the past, the Association published three research papers looking at water resources, which won awards at international events. In 2010, the 'Energy and Territory' research paper, presented in Rome under the patronage of the Italian Senate and the representatives in Italy of the European Commission, focused attention on issues of energy efficiency and renewable energy.

SRM also presented two papers on the same topic at the annual meeting of SIEP - Italian Society of Public Economics: "The intervention of private capital for financing of energy investments in the South"; "Energy sector and public development policies: the state of the art for Southern Italy". The latter was nominated for the SIEP 2010 AWARDS.

The SRM papers can be found on the Internet at [👉](#).

## DEVELOPMENT OF RENEWABLE ENERGY AND THE EMISSION MARKET

Of particular interest in the environmental field is the activity carried out by Equiter, the Intesa Sanpaolo Group's company investing its capital in the utilities, infrastructures, public property and environmental sectors and in companies and projects aimed at developing the eco-sustainable growth of the country. Equiter participates in two joint ventures, Enerpoint Energy and Gica, respectively active in the dissemination of renewable energy and combating climate change. Equiter is also a major shareholder in Enerpoint, a leading Italian company active in the photovoltaic industry downstream (distribution, sales and installation) and is a member of the Ambianta fund, a leading Italian investor in the areas of renewable energy, energy efficiency, waste treatment and waste water.

Building on its long experience, in 2010 Enerpoint installed and sold panels for a total capacity of about 100 MWp, holding a significant share of the domestic market. Among its major projects are the completion of the first stage of the C.A.S.E. project, which included the installation of 4.7 MWp of photovoltaic panels on the roofs of the new anti-seismic houses in Aquila and the building of a large fully integrated photovoltaic greenhouse with a capacity of over 4 MWp in Sardinia. The electricity produced by the plants installed by the company so far has avoided the emission of over 127,000 tonnes of CO<sub>2</sub>.

With regard to the activity carried out in the carbon asset market (subject to the Kyoto protocol commitments), Gica, the company set up with leading industrial players to create and trade emission credits, continue to manage its portfolio of CDM (Clean Development Mechanism) projects which had been set up in previous years, resulting in the delivery at the end of the year of the first 150,000 certificates (Certified Emission Reduction).

As part of its advisory activities, in 2010 Equiter conducted a study to analyse the feasibility of a public-private fund for setting up projects for the use of renewable sources in North Africa. The study was commissioned and funded by REEEP (Renewable Energy & Energy Efficiency Partnership), an NGO that supports the development and dissemination of renewable energy in developing countries.

Finally, also in 2010, Equiter maintained its membership in the Associazione Produttori di Energia da Fonti Rinnovabili (APER), a reference point for operators in the field and an efficient tool to disseminate the culture of environmental sustainability.



# ENVIRONMENTAL CULTURE

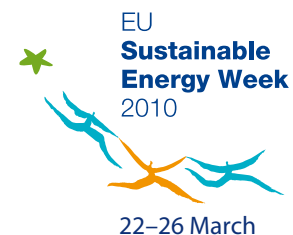


2010 saw the launch of the Ambientiamo training project for all employees - a multimedia course in stages, the contents of which are integrated through all available remote tools: video, e-learning, web TV, radio and company magazines, edu-card and mail. Ambientiamo has four key objectives: strengthen the environmental culture of Group employees, broaden their understanding of the effects that daily actions have on the environment, support activities of the Environmental Sustainability group, establish a starting point for the implementation of additional, future projects on issues regarding the environment. Related to Ambientiamo, an online area has also been formed (Ecopost) where links, experiences, knowledge and ideas can be shared to spread best practices and suggestions for the entire group.

In 2010, Intesa Sanpaolo took part in the sixth energy saving day under the “M’illumino di meno” campaign. ATM monitors displayed a message inviting users to turn off their lights at home or limit their use. In line with the request to turn on lights powered by renewable sources, two branches in Milan, one in Turin and one in Rome were lit for a few hours after closing time. Furthermore, in corporate training areas, some important initiatives were carried out to raise employees’ awareness: not to use the lift, to refrain from using computers during training sessions and to limit the use of lights. The Hungarian CIB Bank adhered to “Earth Hour”: for this event, the lights of the four largest buildings in Budapest were turned off for one hour and, on the same day, an internal campaign to raise awareness on environmental issues was launched. For the “World Environment Day”, Intesa Sanpaolo and the Russian Banca Intesa launched a series of initiatives to increase awareness among both customers and employees. Awareness activities and internal campaigns were also undertaken at the Bank of Alexandria, VUB Banka and the Albania Intesa Sanpaolo Bank. Moreover, in Italy, agreements have been made for employees to purchase environmentally friendly products, such as ecological scooters, solar battery chargers, LED lit appliances, devices to eliminate “stand-by” modes and so on.

Intesa Sanpaolo sponsored the “Biodiversity Week”, an international event held in Rome in April for the International Year of Biodiversity, and adhered to the “European Sustainable Energy Week” by organising two conferences on energy saving and renewable energy.

At the same time, the Mobility Management Intranet site was enriched with new content and a new intranet site on Environmental Sustainability was launched summarising all issue-related activities.



# COMMUNITY



Intesa Sanpaolo operates with the aim of serving the needs of its stakeholders in the best possible way, even beyond aspects that are strictly financial, both in its social and cultural relations with the territories in which it is active and in the field of international cooperation. This commitment has not failed in a period marked by the economic crisis that especially continues to affect the weaker segments of the population.

In making its contribution to overcoming these hard times, Intesa Sanpaolo strengthened its tools and initiatives aimed at people experiencing economic hardships as well as third sector enterprises, which are called on to perform increasingly broader social tasks. Through its local units, the Banca dei Territori has initiated several projects, among which those related to micro-finance and to combat usury, still a plague in our society. Banca Prossima – the only Italian banking service dedicated to social and third sector enterprises – has further strengthened its commitment.

Looking beyond the European borders, attention has been focused on those communities in developing countries which have hardly benefited from the advancements made in the last years, and still live in poverty, in conditions that pose a severe risk to health and survival. In particular, in the field of international cooperation, Intesa Sanpaolo, in collaboration with Fondazione Cariplo, focused its interventions on Malawi – one of the poorest countries in the world – to offer an extremely high level of service in the field of AIDS prevention in the medical, healthcare, assistance and information areas, through experienced partners and non-governmental organisations (NGO). This project is integrated by microfinance initiatives and activities in support of orphans and the affected communities and families.

In addition to social solidarity initiatives, Intesa Sanpaolo also supports activities to safeguard the artistic and cultural heritage that has always represented one of Italy's main assets, through sponsorships and donations. In so doing, it makes a substantial contribution to promoting cultural development, especially among the younger generations to bring them closer to the great masterpieces of the past. And it is precisely because of this attention to culture that Intesa Sanpaolo has long continued to open up its art collections to the public both in its two museums and by participating or organising cultural events.

Different initiatives in different fields, but driven by a common goal: contributing to the development of territories and people, not only from an economic standpoint, and be an active part of the process of social development.

# MICRO-FINANCE AND THE FIGHT AGAINST USURY



Micro-finance continues to be the main opportunity that farmers and small traders in poor countries of the world have to set up their own businesses. In recent years, it has also gained popularity in more advanced economies in support of the “new poor” (emarginated people living in poverty who face serious difficulties when confronted with even a small, unexpected expense), and micro-enterprises and craftsmen who cannot access traditional financing channels due to the inadequacy or absence of collateral. Even in these situations, micro-finance can be an important tool for economic development and an effective weapon to combat usury.

Intesa Sanpaolo, along with the shareholders' Foundations and local non-profit associations has launched several initiatives in this area by providing around 1.8 million euro in financing. The interventions have helped small businesses to emerge and families to overcome times of hardship<sup>1</sup>.

Cassa di Risparmio del Veneto continued its “Microcredito Sociale Caritas” project together with the Fondazione Cariparo and the Diocese of Padua, Rovigo and Chioggia which involves granting credit to private entities who have “no access to banks”, thanks to the risk guarantee fund specifically set up by the partners taking part in the initiative. In 2010 the fund was increased by 100,000 euro and covered insolvencies on credit granted in previous years. This initiative was flanked by the “Microcredito Antiusura” project, which, in addition to the entities already active in the “Microcredito Sociale” project, avails itself of the collaboration of the Fondazione Beato Tovini of Verona, the only manager in the Veneto region of anti-usury funds granted by the State in support of individuals. Thanks to this agreement, the classic guarantee fund, equal to 50% of the loan, is accompanied by the guarantee offered by the risk fund set up by the Diocese of Padua, Rovigo and Chioggia and the Fondazione Cariparo, thereby covering 100% of the insolvency risk and making it easier to grant credit even in the most complex cases. In some provinces of the Veneto region, the initiative is the only facilitated micro-finance tool for people who have poor requirements in terms of access to banks. A total of 106 loans for over 379,000 euro were granted.

Cassa di Risparmio di Venezia continued to pursue the micro-finance programmes which began a few years ago to address the financial problems faced by individuals and families most in need. Under the “Microcredito Sociale S. Matteo”, in collaboration with Caritas, 25 loans were granted for 65,000 euro and the process was started for 21 applications for 55,000 euro.

Cassa di Risparmio del Friuli Venezia Giulia is a partner of Fondazione Cassa di Risparmio di Gorizia and Caritas for the “Progetto di microcredito sociale e culturale” (Social and cultural micro-finance project). In addition to the initial amount of 100,000 euro contributed in 2008 by the Fondazione Cassa di Risparmio di Gorizia and managed by Caritas, in 2010 a further 100,000 euro

CUSTOMERS

## FINANCING OF SOCIAL INITIATIVES

In 2010, in Italy, Intesa Sanpaolo disbursed over 3 billion euro – nearly 1% of total financing in Italy – for social utility initiatives (micro-credit and anti-usury projects, products for sensitive social groups, public utility services), credit to the Third Sector and guaranteed financing from Confidi. Abroad, the Group's Banks have financed over 133 million euro in micro-finance activities.

### Vo.B.I.S. – VOLONTARI BANCARI PER LE INIZIATIVE NEL SOCIALE

In July 2009 VO.B.I.S., Volontari Bancari per le iniziative nel sociale, was set up as a national non-profit association formed from former bank employees (the first to sign up being former employees of the Intesa Sanpaolo Group). The voluntary workers are a pool of top quality skills, experience and operational potential. The professional skills acquired during their time at the Bank are made available to households and non-profit organisations that find it difficult to gain access to credit, especially during an economic crisis.

Under the “Prestito della Speranza” programme, volunteers (currently about 230), grouped in 11 territorial Units, serve as tutors for families, supporting them in managing the loan and acting as the first assessors of their applications to the Banks of the Group.

#### NOTE

1. see also the Chapter “Customers - Financial Inclusion”

## FONDAZIONE LOMBARDA ANTIUSURA

The Fondazione Lombarda Antiusura Onlus (Lombardy Anti-Usury Foundation), founded in 1997 by Cariplo Spa in collaboration with Fondazione Cariplo and Caritas Ambrosiana, operates in defence of individuals and small businesses at risk of usury through a guarantee fund to cover the credit granted. The process of listening to and selecting the applications is performed through sector experts, employees or retired members of the Intesa Sanpaolo Group, who intervene not only from a technical point of view, but also act as a listening and guidance centre in identifying the funding required to remedy critical situations.

Since it was set up, the Foundation – acting as guarantor or to cover interest – has enabled 394 entities to gain access to Bank loans for a total of almost 6 million euro. The Foundation is also the Bank's partner in two other projects: Anticipazione Sociale and PR.IM.I. - Progetto Imprenditori Immigrati.

were allocated in equal shares by Fondazione and Cassa di Risparmio del Friuli Venezia Giulia. The initiative is developed in the territory of the Diocese of Gorizia and is managed by Caritas Diocesana. A total of 42 loans for over 96,000 euro were granted. Most of the loans were requested to pay overdue utility bills, the purchases of cars, rent payment and medical expenses.

In Tuscany in 2009, the Cassa di Risparmio di Pistoia e Pescia, in collaboration with the Fondazione Cassa di Risparmio Pistoia e Pescia, Fondazione Unraggioluce Onlus and Arciconfraternita della Misericordia of Pistoia, launched a project aimed at private entities, social cooperatives and small female enterprises, to take on 50% of the global risk divided among the three participating bodies. A total of 62 loans for 279,000 euro were granted in 2010.

Intesa Sanpaolo is part of the “Prestito della Speranza”, an initiative launched in 2009 by the Italian Episcopal Conference (CEI) in collaboration with the Italian Banking Association (ABI) to support families in need, through micro-finance on concessional terms. In 2010, CEI simplified the selection criteria with respect to the start-up year in order to increase opportunities for access. The Bank is part of the initiative both as a provider, through the Banche dei Territori, and as manager of the Guarantee Fund (Banca Prossima). As a lender, the Group delivered about 60% of the existing loans to date and is the largest banking partner of the initiative.

In 2010 the Group launched several initiatives aimed at combating usury, in collaboration with foundations active in this area, for a total of 422 loans and a total of almost 5 million euro.

In addition to the activities of Fondazione Lombarda Antiusura, of note are:

- the partnership between Banco di Napoli and FINETICA Onlus, which set up a guarantee fund to the State Anti-usury Fund. In addition to providing information and credit support services to applicants (individuals and small businesses), the non-profit organisation completes the preparatory stage. A total of 282,000 euro loans were granted in 2010;
- Banca CR Firenze's project, in collaboration with the Fondazione Toscana per la Prevenzione dell'Usura for individuals and small businesses. The project involves assumption of 50% of the risk by the Fondazione, backed by a special guarantee fund. As at the end of the year, 16 loans had been granted for a total of 196,000 euro.

# SUPPORT FOR SOCIAL ENTERPRISE

## THE COMMUNITY AND SOCIAL ENTERPRISES EVALUATION MODEL

### BANCA PROSSIMA

Banca Prossima is the Intesa Sanpaolo Group Bank dedicated to lay and religious non-profit organisations, designed to better meet the needs of Third sector enterprises. Three years after its start-up, Banca Prossima has 11,500 customers and over 3.5 billion euro in deposits and loans with excellent credit quality (a 0.4% deterioration in credit quality compared to the national average of 5.5%).

Banca Prossima actively operates through a special risk fund that allows action to be taken for entities and projects that would otherwise have no access to credit: the Fund for the Development of Social Enterprise. As at 31 December 2010, a total of 677 accounts were hedged by the Fund, for a total commitment of over 51 million euro with 508 counterparties.

In order to effectively meet the financial needs of the social enterprises, Banca Prossima worked to open medium-long term financing from the European Investment Bank (EIB). In the agreement between EIB and Intesa Sanpaolo, worth up to 470 million euro, part of the lines have been earmarked for the Third sector and, in 2010, thanks to this particular type of financing, Banca Prossima was able to provide financing to social enterprises for a total of 35 million euro, of which 20 covered by the above-mentioned agreement.

In 2010 the number of employees increased from 198 to 271 (+35%). Most of the new entries comprise young people with university degrees and university masters in the Third sector. Substantial effort went in to training employees with a total of 3,720 days of training.

Credit advances were granted for organisations making use of the “5 per mille” (five per thousand) income tax allocations; a lending offer which, since its launch in 2008, was enriched with new products: “Tutto 5x1.000 - Scelte”, overdraft facilities for organisations that know the number of donors but not the amount, “Tutto 5x1.000 - Campagna”, loans for organisations that in the past raised resources through the 5x1.000 and wish to produce a marketing and communication campaign to raise funds in 2011. During 2010 some 3.2 million euro in contributions were advanced.

As part of the Group's participation in the “Prestito della Speranza” initiative, Banca Prossima was selected as Guarantee Fund manager: it manages access to the Fund guarantees for loans made by the entire banking system, assists the participating banks, informs and advises the Italian Episcopal Conference on the status of the loans and their development, provides the IT system on which participating banks exchange loan information.

At the start of the Banca Prossima project there was an obvious lack of access to credit by non-profit organisations and an equally apparent lack of data available to the banking system to evaluate it.

By starting to gather the relevant information, the Bank began to assess customers based on sustainability of their debt and their social project, which would also take into account the peculiarities of the non-profit world and its specific “intangible” assets: this is how the Community and Social Enterprises Evaluation Model came into being.

Subsequently, Banca Prossima implemented a new registry to better identify Third Sector customers and reclassify its financial data in collaboration with the Centrale Bilanci. This in turn enabled the Risk Management Department to develop an Evaluation Model which is even more effective in terms of statistics and performance.

The model serves a dual purpose: it allows significant aspects that are barely considered in traditional rating models to be captured, and it plays an educational role for the customers who learn to count and recount the social value of their work.

To fully exploit the opportunities that this model offers, in 2010 Banca Prossima (in some pilot areas, with planned expansion in 2011 to the whole country) has become the only company of Banca dei Territori Division appointed to assign a rating and to give credit to a counterparty from the non-profit sector.

EMPLOYEES

## PAN - PROGETTO ASILI NIDO CRÈCHE PROJECT

The Consorzio PAN – Crèche project was established with the largest networks of social entrepreneurship (CGM, DROM - Legacoop, FISM, Con-Opera) to meet the needs of high quality services for children and help women return to work after maternity leave. PAN aims to facilitate the establishment of new crèches and childcare facilities with a dual purpose:

- support social enterprises financially and in the planning and operational management of the crèches;
- ensure high quality standards to families – regularly assessed by a technical-scientific committee – with the option to apply for financing at special rates to pay crèche fees.

To date, 416 crèches have become affiliated with PAN, caring for over 12,000 children and employing about 3,000 individuals, almost exclusively young people with relevant qualifications, with the creation of 1,000 new jobs.

Over 6 million euro were disbursed to finance start-ups and to purchase furniture. The PAN experience shows that developing quality services for children through social enterprises is possible and virtuous, with employment and social benefits for the communities.

## PARTNERSHIP WITH THE THIRD SECTOR

Today, the Third sector is an important player in Italy with a complementary and subsidiary role with regard to public institutions. Thanks to the freedom of initiative and the close ties with the territory, it helps meet the demand for social services which often remains unmet.

The Third sector organisations are now recognised as being able to create social capital and relational assets, try out innovative services, carry out real prevention as regards risks to the hardships and degradation of our communities.

In addition to having a Group Bank dedicated to this field (Banca Prossima), Intesa Sanpaolo has, over time, developed a close collaboration with social enterprises working in the welfare field, to launch projects to support families in areas only partially covered by the public sector: care for children, the disabled and the elderly.

The first project, launched in 2004, was Progetto Asili Nidi (PAN) (Crèche Project), which, through close collaboration with the leading Italian social enterprise networks, sought to facilitate the creation of childcare facilities, combining quality and sustainable costs. A significant project, especially in a country like Italy, which is still far from achieving the Lisbon objective on crèches: 33 places per 100 children by 2010.

With similar methods to those of the Consorzio PAN, the Bank's commitment was widened to other social areas: the elderly, the disabled and education, which gave rise to projects such as:

- “Fondazione Talenti” for the development of welfare services;
- “AL.FA – Un'altra famiglia dopo di noi” sheltered communities for people with disabilities and financial solutions for their families;
- “Welfare Lecco” to build the first social guarantee consortium in Italy.

# DONATIONS



Donations from Intesa Sanpaolo's Fund for charitable social and cultural contributions were spread across the traditional areas: social, environmental, cultural and religious. The annual plan, approved by the Supervisory Board, outlined areas of intervention combining projects that focus on people, especially those most socially vulnerable, on solidarity and support to the community, always favouring the social impact of the supported initiatives. The Bank is committed to only supporting projects and initiatives, and not the ordinary business of applying bodies. The intervention is aimed at projects which entail totally free services. The Fund sought to meet the needs that are not covered by large Foundations, with particular attention to small and medium size organisations and localised projects for specific social needs.

In the social area, interventions were mainly aimed at:

- scientific research in the health field, especially to enhance the quality of life and the development of people;
- participation in the challenge against social exclusion, through training programmes and inclusion in the labour market;
- family support, with particular attention to programmes for people in need;
- development of projects to face delicate situations concerning elderly and disabled people in difficult condition, by supporting families in providing care and assistance.

In the cultural field, contributions were granted for projects regarding:

- specialised preparation of professionals, according to criteria of international excellence, to continually add new lustre to the traditions of theatre, opera, ballet and music;
- dissemination of art, music and theatre both to disadvantaged people and in schools in favour of children and young talents who do not have sufficient financial means.

In the religious field, resources were allocated to initiatives of solidarity and charity.

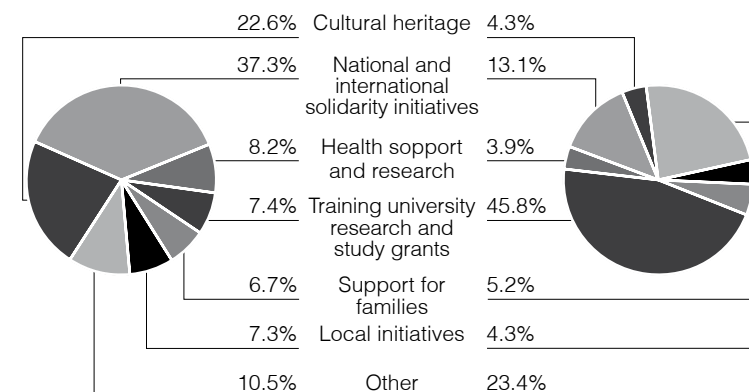
At the national level, support for projects related to the 150th anniversary of the Unification of Italy and to local communities of the Abruzzo region were particularly relevant. Internationally, Project Malawi was flanked by interventions in favour of developing countries. Even the Banks of the Group, both in Italy and abroad, have continued to support the local communities in which they operate, contributing to a number of initiatives ➔.

Approximately 22 million euro was disbursed in 2010, 15.2 million of which by Group Companies in Italy and 6.8 million euro by International Subsidiary Banks (as an example: Intesa Sanpaolo Bank Albania donated 85,000 euro for buying food for families in the province of Shkodra hit by floods in January 2010).

## DONATION DISTRIBUTED [%]

ITALY 2010

ABROAD 2010



## REBUILDING SCHOOLS IN ABRUZZO

Through the Fondazione Intesa Sanpaolo Onlus, Intesa Sanpaolo made a one million euro contribution to support the population affected by the April 2009 earthquake in L'Aquila. The sum, which was added to the donations of some 11,000 employees for a total of 1,500,000 euro, will be used to build 10 new classrooms at the Istituto Tecnico Rendina school, to restore the gym and locker rooms of the Istituto Professionale Leonardo da Vinci school and to complete the gym at the High School Andrea Bafile.

## MILAN MUNICIPALITY PROJECT TO SUPPORT CO-DEVELOPMENT AND SAFEGUARD BIODIVERSITY

In the 2008-2010 period, Intesa Sanpaolo contributed over one million euro to the city of Milan's of international solidarity and cooperation activities, undertaken with the Foundations and the city's main banking institutions. This enabled the launch of 108 projects in Africa, Latin America, Europe and Asia, selected through public bids targeted at food safety, education, defence and increase in biodiversity and the fight against malnutrition.



# PROJECT MALAWI



## HIV PREVENTION

The focus of the DREAM (Drug Resource Enhancement against Aids and Malnutrition) healthcare intervention by the Community of Sant'Egidio is the use of tri-therapy for the prevention of HIV transmission from mother to child. The rate of vertical transmission measured at 12 months in the DREAM centres is 2.2% compared with 10-12% reported when only monotherapy protocols are used. Currently more than 50% of all pregnant women in Malawi undergoing tri-therapy are treated at the DREAM centres. The Government is considering adopting tri-therapy at the national level, thereby adhering to the new guidelines of the World Health Organization launched in 2010.

## NUTRITION AS EDUCATION

Project Malawi, through Save the Children, supports communities in facing the problem of child nutrition through education and supplying resources to farmers, and involving communities to contribute in the preparation of meals. The supply of seeds and fertilizers to community groups is a nutritional support and provides a motive for children and their parents to go to the reception centres. In the first two years of the second phase of the project, nutritional training and resources have been provided: much emphasis was placed on the engagement of the community in order to allow the same communities to take on responsibility for the activity, directly contributing to the production and preparation of meals for children in the centres.

Project Malawi is a humanitarian initiative launched in 2005 by Intesa Sanpaolo and Fondazione Cariplo to achieve two objectives: fighting AIDS, starting from prevention of transmission from mother to child and contributing to the development of Malawi, one of the 20 poorest countries in the world, through well-defined actions to improve living conditions.

The integrated approach will include the involvement of four partners in various fields: healthcare (Comunità di Sant'Egidio with the Dream protocol), care for orphans and vulnerable children (Save the Children), education and prevention (Malawi Magga and Sam Scouts) and local development and micro-finance (Cisp). Intesa Sanpaolo and Fondazione Cariplo's total contribution for the second three-year period of activity (2008-2011) amounted to 9 million euro.

2010 saw the achievement of important results. In the healthcare sector the activity of four laboratories, nine clinical centres and the five related maternity units continued: over 13,000 patients started antiretroviral therapy, 3,800 HIV-positive pregnant women were referred to vertical prevention programme and about 3,000 children were born healthy through the use of tri-therapy. Since the project started, around 300,000 medical visits and 155,000 laboratory tests have been carried out. Training of over 700 local health operators on the use of the DREAM protocol continued. Each month 42 tons of food were distributed to patients and their families.

Sixty-two day care centres run by local community members (selected, trained and brought together in management committees) are home to about 4,000 orphans and vulnerable children aged between 3-6 every year, while meetings providing support and prevention and leisure activities were organised with volunteer educators trained in psychosocial support and early childhood development for around 2,500 vulnerable children aged between 7 and 13. 1,600 chronically ill adults and children and their families have received home care by volunteers of the communities involved.

Training and refresher courses for SMEs were organised and about 280 of them were assisted in the presentation of project plans to micro-finance institutions. 95 income-generating activities were set up, involving about 1,800 families and 62 informal groups of savings and credit were established in rural areas, with over 1,150 direct beneficiaries.

Scout units are active in 158 schools and over 21,300 young people are involved in activities to raise awareness about the risks of HIV/AIDS transmission and in sex education.

Over 1,900 young people benefited from free HIV testing and counselling service at the Scout Centre in Blantyre.



# SPONSORSHIPS



Attention to the community and proximity to the territory are also reflected in partnerships and sponsorships of initiatives aimed at civil, social, as well as economic development. There were several areas of intervention that aimed to:

- promote and support the dissemination of culture, art and music as a common heritage and to promote their use to an increasingly wider audience, especially among young people. The commitment is infused in the support of major cultural activities and institutions of excellence in exhibitions, festivals and events aimed at sensitising the public on wide-ranging topics through meetings, debates and talks;
- make business/financial issues better known especially to young people, to help them become informed citizens, to support initiatives of scientific information for the cultural growth of the younger generations and help to educate children, so that they develop the skills needed to become part of an increasingly multicultural society;
- support research to promote new opportunities for economic and social development;
- prove its commitment towards responsibility, establishing ties with society and participating in activities with high ethical and social value;
- promote sport as a social and ethical value and promote social and educational values for young people through sport;
- work closely with organisations and associations operating in the Italian economic scenario for the definition of strategic guidelines;
- strengthen the tie between the Bank and the communities in which it operates, alongside local territorial entities.

The commitment was made concrete in these areas with activities planned and implemented both independently and directly, and through partnerships and sponsorships in support of projects designed and promoted by third parties. Agreements and activities with the various partners are targeted towards long-term sustainability, in order to develop a plural relationship, a common growth, effective in promoting initiatives that give concrete form to the values which inspire the Bank.

The Banks of the Group, in Italy and abroad, support projects to promote excellence in specific aspects of the communities in which they operate through sponsorships ➡.

In 2010, 38.5 million euro were granted as sponsorships, of which 33.5 by Group Companies operating in Italy and 5 million from the International Subsidiary Banks.

## I LUOGHI DEL CUORE, FAI – INTESA SANPAOLO

The biennial census of places that are of particular importance to Italians, promoted by the Fondo Ambiente Italiano (Italian Environmental Fund) in collaboration with Intesa Sanpaolo, aims to raise awareness of the value of art, monuments and natural heritage and the importance of safeguarding it by engaging authorities and local and national institutions.

The theme of the fifth national census was: l'Italia del tuo cuore, in view of the celebrations of 150 years of the Unification of Italy.

In addition to the financial support, the Bank adhered to the initiative by providing its widespread and deeply rooted presence throughout the territory.

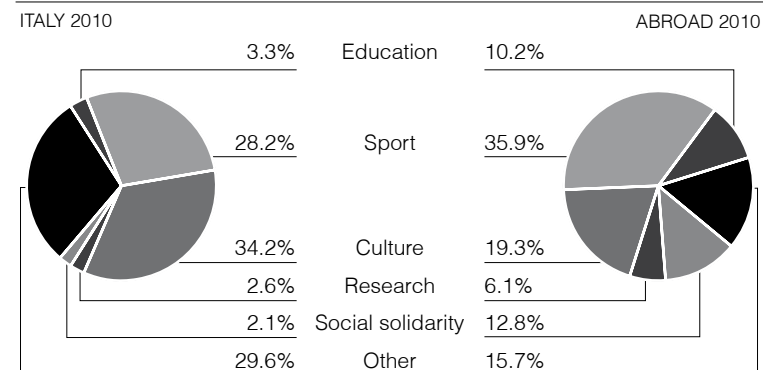
The project was a huge success: 460,000 reports were made in this edition, over 800,000 in total.

Thanks to the reports, FAI was able to take concrete actions at some sites and conduct an awareness campaign targeted at regions, municipalities and Heritage offices. In many cases, partnerships were created with public authorities that have set in motion plans for the recovery of places that were the object of the reports.

Three more interventions have been added to the works carried out in recent years: recovery and new use of the Castello della Colombaia (Trapani), works on the electrical cabin in the square of the Chiesa di Santa Maria Assunta in Breme (Pavia) and recovery of the water-meadow of Parco Agricolo Sud (Southern Agricultural Park) at Albairate (Milan).

ENVIRONMENT

SPONSORSHIPS TO THE VARIOUS AREAS OF ACTION [%]



## INTESA SANPAOLO MUSEUMS

The Banks' heritage has long been considered "private", being displayed to guests and scholars only occasionally. Intesa Sanpaolo, with its two museums, Palazzo Leoni Montanari in Vicenza and Palazzo Zevallos in Naples, wishes to help bring art to the public, especially young people.

The museum in Vicenza exhibits its collection of Russian icons and 18th century Venetian paintings as well as offering a rich programme of events: classical music and jazz, dance, theatre workshops, poetry readings and conferences; educational workshops for young people and music initiatives.

The Gallery of Palazzo Zevallos is home to Caravaggio's masterpiece (The Martyrdom of Saint Ursula) and to important 18th and 19th century views of the city of Naples and the Campania region by Gaspar van Wittel and Anton Sminck Van Pitloo.

### "RESTITUZIONI" PROJECT

"Restituzioni" - the restoration programme which sees Intesa Sanpaolo committed to safeguarding and enhancing the heritage of the country, reached its 20th year of activity and celebrated this important milestone alongside the Italian Cultural Heritage Ministry to return to the community one of the most important masterpieces from the Italian 14th century: frescoes by Stefano Fiorentino, a pupil of Giotto, at the Abbey of Chiaravalle Milanese. In 2010, its activities continued, involving works housed in museums and churches in Piedmont, Lombardy, Veneto, Puglia, Florence, Rome and the Vatican City. In awaiting the 2011 exhibitions in Florence, Palazzo Pitti and San Marco museum, and Vicenza, Gallerie di Palazzo Leoni Montanari, the long list of restorations carried out (over 600 since 1989) has been enriched by masterpieces such as the glazed terracotta frieze commissioned by Lorenzo the Magnificent to the Villa Medicea at Poggio a Caiano, and the Linaioli Tabernacle by Fra Angelico.

## OUR CULTURAL HERITAGE



Over the years the role of Intesa Sanpaolo as a reference point in the domain of cultural heritage was consolidated, with its support of activities for the protection of the Italian cultural tradition alongside those for the protection and enhancement of its historic, artistic, architectural, editorial and documentary heritage to make them available to the public. To this end, the drafting of guidelines for the systematic definition of a reference framework for the entire Group in the area of cultural initiatives is underway.

### THE BANK'S ARTISTIC HERITAGE

Intesa Sanpaolo's artistic heritage is marked by richness and variety: from Attic and Magna Graecia pottery to Russian icons, from the Zecca di Milano (Milan Mint) coins to paintings and sculptures from the 15th to 18th centuries (including Caravaggio's Martyrdom of St. Ursula and views of Eighteenth-Century Venice), from 19th century paintings to the collection of works from the 20th century.

The project to protect, preserve and enhance this heritage is based on the awareness that the conservation of works of art cannot be separated from historical-critical study and analysis: 2010 saw the restoration of many works (e.g. at the Centro Conservazione e Restauro "La Venaria Reale" the ten large canvases already housed in the ancient Oratorio della Compagnia di San Paolo in Turin) and the cataloguing of approximately 1,300 works belonging to Sanpaolo IMI continued. The publication of the catalogue raisonné of the 20th century collection of works was begun and is scheduled to conclude in 2011.

During the year, the Bank participated in many temporary Italian and international exhibitions of works from the collections of the Bank, which promotes their being accessible to the public also by directly organising exhibitions. Thanks to its participation in the FAI and Touring Club initiatives in the "Invito a Palazzo" (Invitation to Palazzo) open days, promoted by the ABI, Intesa Sanpaolo was able to open its most beautiful bank buildings to the public (2,600 people visited Palazzo delle Colonne in via Verdi in Milan and the exhibition on the history of its construction). A similar initiative was undertaken by the Hungarian CIB Bank which, during the annual "Cultural Heritage Day" in September, opened the doors of its offices in Szabadság Square - one of the most interesting buildings in the Hungarian neo-Renaissance style - to the public.

### EDITORIAL AND MUSICAL INITIATIVES

Dissemination, protection, public access and education: these are the objectives that Intesa Sanpaolo is pursuing with the projects promoted in the editorial and musical fields.

In addition to the two editorial series in which the Bank has been engaged for years (Vox Imago and Musei e Gallerie di Milano), 2010 saw the launch of many initiatives.

A series of mini-guides on Intesa Sanpaolo's historical sites, buildings of great historical and artistic value has been planned for publication, and in 2010 the Cà de Sass and Palazzo delle Colonne guides were published. As part of the historical and economic series devoted to IMI, the final publication of "L'industria chimica italiana e l'IMI" by Vera Zamagni was edited, which addresses the economic history of Italy between the late 60s and early 80s.

The collaboration with associations and bodies of high cultural and educational standing, including the Pinacoteca Ambrosiana, Fondazione Feltrinelli and the Italian Banking Association, continued: Intesa Sanpaolo took part in the touring exhibition "I nuovi mecenati", sponsored by 21 Italian banks in collaboration with ABI in over 50 locations around the world, to document the close relationship between banks and culture in Italy and abroad.


A monthly cultural calendar, available on the intranet and, in the near future, on the Internet, aims to foster knowledge regarding the cultural activities promoted by the Bank and that are open to the public. Of particular significance were the activities undertaken in the dissemination of musical knowledge, through the support of some key organisations, such as Associazione Alessandro Scarlatti, Festival Pianistico Internazionale of Brescia and Bergamo, Società del Quartetto of Milan and Milano Musica - Associazione per la Musica Contemporanea.

## THE DOCUMENTARY HERITAGE

In 2010, the Historical Archive launched an extensive programme of initiatives to protect the more than twenty archives located throughout the country. With the creation of the historical map, a true genealogic tree of the Group, the history of the over 250 pre-existing banks and their aggregation into Intesa Sanpaolo Group was rebuilt. New inventories of the archives are available on the internet; in particular, the source of the valuable papers of the 1925-1945 period by Raffaele Mattioli was opened to public consultation.

## MEDIA RELATIONS



The main objective of the Media Relation Service activity is to communicate with maximum transparency the initiatives of the Group that are strategic or important from an operational viewpoint to all stakeholders. Information is available in the dedicated section of our website . By subscribing to the mailing list, users can receive press releases and information on major events by e-mail and/or mobile phone texts. It is also possible to request that documents be delivered at home.

Intesa Sanpaolo adheres to UPA (Utenti Pubblicità Associati) and "Codice di Autodisciplina Pubblicitaria" (Publicity Governance Code), promoted by the Istituto di Autodisciplina Pubblicitaria (IAP) to ensure that publicity is transparent, true and correct. The close collaboration with these Associations through ongoing dialogue and exchange of information, ensures that any updates or amendments in the regulations to which we have adhered are immediately put into effect. As for advertisements of investment products, the scripts are always submitted to the Legal Affairs Department and to the Compliance Department and when necessary, communicated to Consob to examine their compliance to laws and their adherence to the principles of truthfulness and transparency.

## VOX IMAGO

The 2010 edition of the multimedia Vox Imago series, whose production also includes a selection of editorial and musical contributions, has been enriched by a new publication dedicated to the analysis of L'Orfeo by Claudio Monteverdi, continuing a collaboration begun in 2004 with Teatro alla Scala, Mondadori Electa, Musicom. it, Rai Trade, Philip Gossett and Ipotesi Cinema. To further spread the dissemination of music and drama through the performances of internationally famous artists and historical and philological study of the works of great composers, the two traditional box and digipack sets were used for Christmas greetings to customers and employees in the Intesa Sanpaolo Group in Italy and abroad.

## MUSEI E GALLERIE DI MILANO

More devoted to scientific and protection purposes, the Musei e Gallerie di Milano series, a publishing project of cataloguing the collections in the museums of Milan, is a systematic exploration of local art heritage.

With the publication of the 6th volume "Collezioni Settala e Litta Modignani. Arti applicate da donazioni diverse. Numismatica", the series dedicated to the Pinacoteca Ambrosiana was completed. In addition to cataloguing applied arts from various donations (weapons, items, Far Eastern art, Islamic art, jewellery, glass and furniture), the coin collections, archaeological objects and paintings, the collections donated by historical Milan families have been analysed. Among these, the rich collection Settala, under the category of collections known as "Wunderkammer" and the Litta Modignani collection, which consists of 142 pieces of valuable pre-Columbian art and terracotta pieces from ancient Peruvian civilisations.

# IMPROVEMENT OBJECTIVES 2011-2013

## CUSTOMERS



### BANK THAT ADOPTS INNOVATION AT ALL LEVELS

- Develop a range of innovative products to promote financial inclusion for the most disadvantaged groups.
- Support production with initiatives that promote innovation and research.

### QUALITY IN RELATIONS WITH CUSTOMERS

- Excel in relations through simplification and research to strengthen the bank-customer level of trust; optimise behavior, procedures and service level.
- Full implementation of the Banca Semplice (Simple Bank) project: simplify products, procedures, increase decision-making powers, reduce bureaucracy.
- Reduce average credit access times by 50%.
- Promote listening and dialogue initiatives in order to understand the needs along the customer's entire life cycle.

### GREATER CREDIT TOWARDS THE ECONOMY

- New financing products and development of agreements for supporting start-ups, established companies and companies being re-structured.

### DEVELOPMENT OF INTERNATIONAL ACTIVITIES

- Support internationalisation of Italian companies that want to combine economic growth and respect for human rights and the environment; extend the offer for sustainable internationalization.

## EMPLOYEES



### DEVELOPMENT OF INDIVIDUALS

- Adopt the new professional development model to manage career paths and personal development of employees.
- Implement projects to develop talent.
- Fine-tune the assessment system to more effectively highlight the specific entities within the Group.
- Adopt incentive systems that include transparent mechanisms that are also based on criteria of quality.

### DIVERSITY MANAGEMENT

- Increase female presence in key positions within the Group through specific development paths.

### CORPORATE WELFARE AND WORK-LIFE BALANCE

- Initiate a plan of "inter-generation solidarity" progressively accompanying the transition from full activity to retirement, by exploiting the personal experience and encouraging generational turnover.
- Promote greater balance between life and working time by supporting initiatives fostering commitments for family care, with particular emphasis on flexibility in working hours and adopting vertical and horizontal part-time employment options, telecommuting and incentive measures for parental leave to contribute to a more balanced distribution of work and family responsibilities of parents.

### TRAINING

- Development of formats and new channels of learning and strengthening existing ones.

#### SUSTAINABLE GROWTH

- Further strengthen the foundations for the Group's sustainable growth.
- Combine sound equity and return on capital with a low risk profile of the commercial bank business model that characterises the Group.

#### LISTENING AND DIALOGUE

- Increasing listening and engagement.

#### TRANSPARENCY

- Extend the e-sourcing Portal and on-line tenders.

#### PROMOTE SOCIAL AND ENVIRONMENTAL SUPPLIER SUSTAINABILITY

- Qualify suppliers also on the basis of environmental and social requisites.
- Further training for buyers on Social and Environmental Responsibility.

#### MANAGEMENT OF DIRECT ENVIRONMENTAL IMPACTS

- Progressive reduction of electricity consumption in the Parent Company and Italian Subsidiaries.
- Monthly monitoring of energy consumption in large buildings and adoption of improvements.
- Reduce gases present in the refrigeration units, which are harmful to the ozone.
- Extension of the use of environmentally friendly/recycled paper.

#### MANAGEMENT OF INDIRECT ENVIRONMENTAL IMPACTS

- Develop operational policies for managing environmental risks and energy efficiency.
- Innovate the offer of financial products for energy saving and renewable resources.

#### SUPPORT TO THE THIRD SECTOR

- Expand the specialised offer for the growth of social enterprise and non-profit organisations.

#### SUPPORT TO CULTURE AND SOCIAL SOLIDARITY INITIATIVES

- Support cultural activities also through sponsorship and donations.

## SHAREHOLDERS



## SUPPLIERS



## ENVIRONMENT



## COMMUNITY





# INDICATORS



# KEY INDICATORS <sup>1</sup>

ECONOMIC INDICATORS	2010	2009	2008
Loans to customers [million euro]	379,235	374,033	395,189
Direct customer deposits [million euro]	427,191	421,944	430,897
Consolidated shareholders' equity [million euro]	53,533	52,681	48,954
Consolidated net income [million euro]	2,705	2,805	2,553
Total Assets [million euro]	658,757	624,844	636,133
Generated economic value <sup>2</sup> [million euro]	14,955	14,907	16,340
Distributed economic value <sup>3</sup> [million euro]	12,197	13,495	13,511
<b>SOCIAL INDICATORS</b>			
Customers [million euro] <sup>4</sup>	19.8	19.7	19.8
Complaints (no.)	98,823	106,475	110,347
Customers involved in customer satisfaction activities	396,176	121,570	185,500
Employees <sup>4</sup>	100,740	101,687	106,269
Staff turnover rate [%]	-0.9	-5.2	-1.3
Training days during the year [no.]	950,686	936,195	860,605
Female management/total management ratio (%)	19.4	18.8	18.7
Donations [thousands of euro]	22,056	16,030	15,621
<b>ENVIRONMENTAL INDICATORS</b>			
CO <sub>2</sub> emissions per employee [kg]	1,095	1,470	1,623
Electricity consumption per employee [kWh]	5,975	6,099	6,571
Paper consumption per employee [kg]	101	99	94

1. Economic indicators refer to the scope of consolidation for the Consolidated Financial Statements, whilst social and environmental indicators were based on the Social Report reporting boundary which includes operational companies with an impact on sustainability reporting.
2. The economic value generated expresses the value of the wealth produced in the year as required by the Global Reporting Initiative, GRI-G3 guidelines. For more details see the Chapter "Calculation and distribution of economic value".
3. The distributed economic value is the share of generated economic value attributed to the different stakeholders. For more details see the Chapter "Calculation and distribution of economic value".
4. The 2008 data include Pravex.

# MAIN ECONOMIC AND FINANCIAL INDICATORS <sup>1</sup>

INDICATORS	2010	2009
<b>PERSONNEL EFFICIENCY INDICATORS [MILLIONS OF EURO]</b>		
Loans to customers / Number of employees	3.70	3.62
Operating income / Number of employees	0.16	0.17
Customer financial assets <sup>2</sup> / Number of employees	8.08	7.93
<b>BALANCE SHEET INDICATORS</b>		
Shareholders' equity / Loans to customers	14.1%	14.0%
Shareholders' equity / Customer financial assets <sup>2</sup>	6.5%	6.4%
<b>CAPITAL RATIOS<sup>3</sup></b>		
Core Tier 1 ratio (Tier 1 capital net of non-eligible instruments / risk-weighted assets)	7.9%	7.1%
Tier 1 ratio (Tier 1 capital / risk-weighted assets)	9.4%	8.4%
Total capital ratio (regulatory capital / risk-weighted assets)	13.2%	11.8%
<b>PROFIT INDICATORS</b>		
Parent Company net income / Average shareholders' equity	5.1%	5.5%
Operating costs / Operating income (Cost income ratio)	56.3%	53.9%
<b>RISK INDICATORS</b>		
Net doubtful loans to customers / Loans to customers	1.9%	1.4%
Net substandard and restructured loans to customers / Loans to customers	3.3%	3.4%
Adjustments to doubtful loans to customers / Gross doubtful loans to customers	64.3%	67.4%

1. The indicators were calculated with reference to reclassified statements and figures published in the Intesa Sanpaolo Group's 2010 consolidated financial statements. The 2009 figures were restated where necessary to take into account changes in the scope of consolidation.
2. Customer financial assets: direct and indirect deposits, after netting, referred to components of indirect deposits which are also included in direct deposits (insurance business financial liabilities designated at fair value and fund-based bonds designated at fair value issued by Group companies and placed by the networks).
3. The ratios were calculated using the methodology set out in the Basel II Accord.



## STATEMENT OF CALCULATION AND DISTRIBUTION OF VALUE ADDED [MILLIONS OF EURO]

The statement of calculation and distribution of economic value generated by the Group, as detailed below, was prepared according to income statement items used in the 2010 consolidated financial statements, subjected to audit and approval of the Supervisory Board on 5 April 2011. These items were reclassified in accordance with the ABI (Italian Banking Association) instructions, complying with GRI-G3 guidance. The statement resulting from such reclassification separates economic value into its three macro-components: economic value generated, distributed and withheld by the Group, allocated to profit-making investments for economic growth and capital stability.

FINANCIAL STATEMENT CAPTIONS		2010	2009	2008
10.	Interest and similar income	17,500	19,607	28,041
20.	Interest and similar expense	-6,879	-8,370	-15,587
40.	Fee and commission income	6,494	6,141	6,738
50.	Fee and commission expense <sup>1</sup>	-893	-836	-873
70.	Dividends and similar income	490	479	704
80.	Profits (Losses) on trading	243	855	-1,329
90.	Fair value adjustments in hedge accounting	-182	-41	-143
100.	Profits (Losses) on disposal or repurchase of:	229	316	46
	a) loans	-11	-16	-50
	b) financial assets available for sale	235	320	80
	c) investments held to maturity	0	0	0
	d) financial liabilities	5	12	16
110.	Profits (Losses) on financial assets and liabilities designated at fair value	179	81	6
130.	Net losses / recoveries on impairment of:	-2,896	-3,711	-3,270
	a) loans	-2,818	-3,448	-2,433
	b) financial assets available for sale	-79	-256	-963
	c) investments held to maturity	0	0	0
	d) other financial activities	1	-7	126
150.	Net insurance premiums	8,483	6,579	1,773
160.	Other net insurance income (expense)	-9,050	-7,251	-1,575
220.	Other operating expenses (income)	528	519	182
240. (Partial)	Profits (Losses) on investments in associates and companies subject to joint control (realised gains/losses) <sup>2</sup>	7	365	388
270.	Profits (Losses) on disposal of investments	8	5	203
310.	Income (Loss) after tax from discontinued operations	694	169	1,036
<b>A</b>	<b>TOTAL ECONOMIC VALUE ADDED</b>	<b>14,955</b>	<b>14,907</b>	<b>16,340</b>

VOCI DI BILANCIO		2010	2009	2008
<b>A</b>	<b>TOTALE VALORE ECONOMICO GENERATO</b>	<b>14,955</b>	<b>14,907</b>	<b>16,340</b>
180.b (partial)	Other administrative expenses (net of indirect taxes and donations) <sup>3</sup>	-3,041	-3,172	-3,511
	ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	-3,041	-3,172	-3,511
180.a	Personnel expenses <sup>4</sup>	-6,089	-6,138	-6,763
	ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES	-6,089	-6,138	-6,763
330.	Minority interests	-71	-133	-129
	ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES	-71	-133	-129
340. (partial)	Parent company income (loss) - Share attributed to shareholders	-1,033	-1,033	-24
	ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	-1,033	-1,033	-24
180.b (partial)	Other administrative expenses: indirect taxes	-638	-648	-148
290. (partial)	Income taxes for the year (current taxes) <sup>5</sup>	-1,308	-2,344	-2,921
	ECONOMIC VALUE DISTRIBUTED TO STATE, AUTHORITIES AND INSTITUTES	-1,946	-2,992	-3,069
180.b (partial)	Other administrative expenses: donations	-3	-7	-7
340. (partial)	Parent company income (loss) - Share attributed to charities <sup>6</sup>	-14	-20	-8
	ECONOMIC VALUE DISTRIBUTED TO COMMUNITY AND ENVIRONMENT	-17	-27	-15
<b>B</b>	<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>-12,197</b>	<b>-13,495</b>	<b>-13,511</b>
<b>C</b>	<b>TOTAL ECONOMIC VALUE RETAINED<sup>7</sup></b>	<b>2,758</b>	<b>1,412</b>	<b>2,829</b>

- The figures differ from those of the income statement in the annual report as remuneration to the financial advisors networks was reclassified to "Personnel expenses".
- The figures differ from those of the income statement in the annual report due to the exclusion of realised gains/losses, now recognised in a separate caption.
- The figures differ from those of the income statement in the annual report due to the exclusion of indirect taxes and donations and gifts, now recognised in a separate caption.
- The figures differ from those of the income statement in the annual report as they include also remuneration paid to the financial advisors networks.
- The figures differ from those of the income statement in the annual report due to the exclusion of deferred tax assets and liabilities, now recognised in a separate caption.
- The figures include amounts allocated to the charity funds operated by Group banks.
- Net adjustments to/recoveries and provisions, deferred tax assets and liabilities and consolidated income net of dividends of the Parent Company.

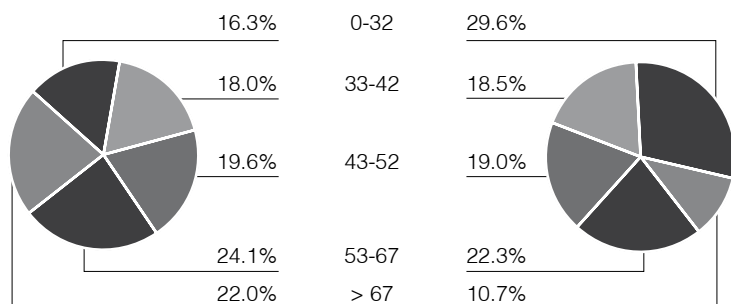
# CUSTOMERS

## COMPOSITION

### RETAIL CUSTOMERS BY AGE GROUP: YEARS [%]

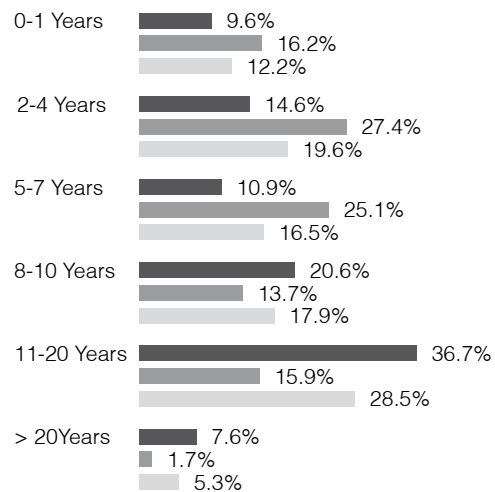
ITALY 2010

ABROAD 2010



### RETAIL CUSTOMERS BY SENIORITY [YEARS]

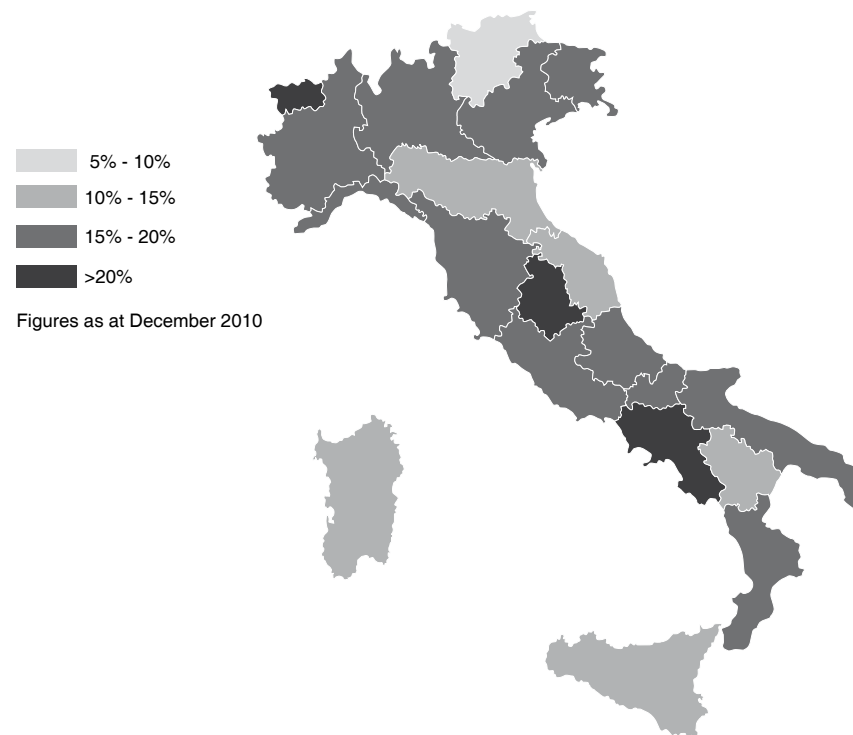
■ ITALY ■ ABROAD ■ GROUP



Average seniority in Italy: 10.4 Years

Average seniority abroad: 7.1 Years

### BRANCH OFFICE MARKET SHARE



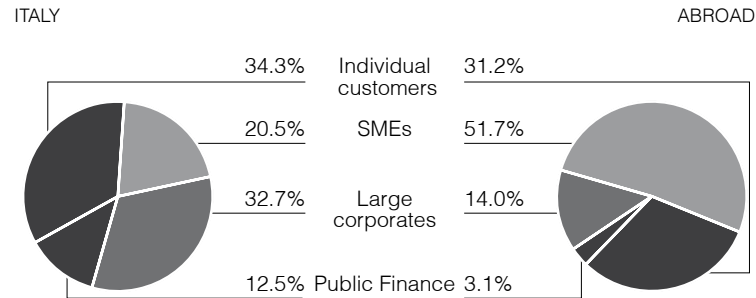
Figures as at December 2010

Intesa Sanpaolo has a capillary network of branches distributed throughout Italy, with a market share of over 15% in 14 regions out of 20.

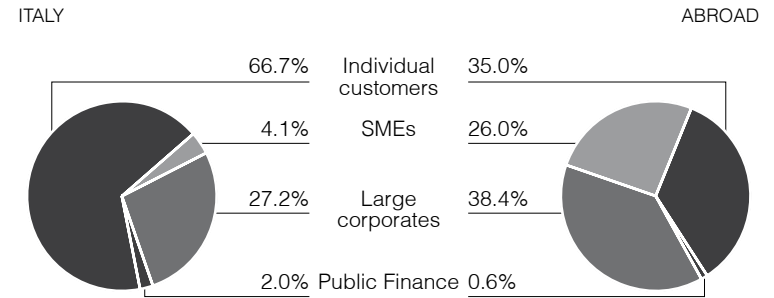
Abroad, the Group has 1,741 branches in 13 countries within Central-Eastern Europe and the Mediterranean basin. 0

BRANCH DISTRIBUTION IN THE ITALIAN REGIONSE	
North west	33.1%
North east	22.7%
Centre	22.4%
South	16.5%
Islands	5.3%

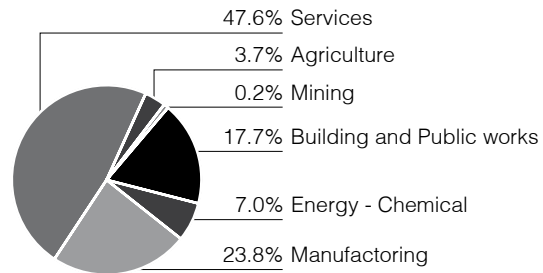
LOANS TO CUSTOMERS BY TYPE [%]



DUE TO CUSTOMERS BY TYPE [%]



LOANS BY INDUSTRIAL SECTOR: ITALY 2010



ETHICAL FUNDS	2010	2009	2008
Ethical Funds: assets [thousands of euro]	419,000	431,000	432,219
Ethical international equity assets [thousands of euro]	107,300	110,000	100,731
Ethical bonds assets [thousands of euro]	213,700	218,000	224,947
Ethical diversified assets [thousands of euro]	98,000	103,000	106,541
Ethical international equity performance [%]	10.6	22.7	-35.3
Ethical bond performance [%]	2.0	7.8	3.5
Ethical diversified performance [%]	1.1	8.9	-3.2
Percentage of ethical funds over total assets of funds [%]	0.7	0.8	0.8

The management of the Eurizon Capital ethical funds establishes that the investments are selected on the basis of both inclusive criteria (ethical characteristics of the companies or institutions under analysis) as well as exclusive criteria (areas of activity considered to be in contrast with the ethical principles asserted by the funds). At the same time, the "best in class" principle is applied, which combines the two criteria to reveal those companies which, while operating in sectors at risk (such as the petro-chemical sector), stand out for their positive achievements in socio-environmental areas. The "best in class" principle is applied to the entire environmental screening process. As all the companies listed with significant capitalisation have a notable impact on the environment, this principle facilitates the selection of the most virtuous securities.

## PUBLIC ADMINISTRATION

LOANS TO SOCIALLY USEFUL SECTOR [MILIONI DI EURO]		2010	2009
Italy	Water/energy/environment	130	154
	ASL and health/assistance/cultural structures	491	424
	Local public services	493	413
	Local public transport	31	5
	Universities	5	40
	Infrastructures	871	551
	Other sectors	1,180	1,273
	including:		
	<i>Municipalities</i>	133	290
	<i>Regions</i>	363	119
	<i>Provinces</i>	70	38
	<i>Companies and entities benefiting from state loans</i>	178	314
<i>Ministries and other state entities</i>	262	430	
<i>Other</i>	174	82	
TOTAL		3,201 <sup>1</sup>	2,860
Abroad	Water/energy/environment	35	236
	Infrastructures	144	261
	Other sectors	529	859
	including:		
	<i>State and other state entities</i>	279	-
<i>Financial Intermediaries</i>	61	-	
<i>State control companies</i>	189	859	
TOTAL		708 <sup>1</sup>	1,356

1. The figure does not include disbursements for assignments of credit during 2010 in relation to contracts stipulated prior to this period.

## CUSTOMER SATISFACTION

RETAIL CUSTOMERS	INDEX	2010		2009		2008	
		BANKING INDUSTRY	INTESA SANPAOLO	BANKING INDUSTRY	INTESA SANPAOLO	BANKING INDUSTRY	INTESA SANPAOLO
<b>INDIVIDUAL CUSTOMERS IN ITALY</b>							
Branch office staff	NSI	62	63	59	59	54	53
Branch office environment	NSI	54	54	50	50	46	47
Current account	NSI	35	27	32	25	26	16
ATM terminals	NSI	70	70	65	65	62	63
Internet banking	NSI	74	73	68	68	70	64
Investments	NSI	14	5	6	-5	7	-2
Mortgages	NSI	41	33	40	33	39	56
Loans/financing	NSI	47	46	45	51	52	48
Overall rationale	NSI	46	42	43	39	42	39
NPS index	NPS	-5	-14	-12	-22	-11	-19
IPS index	IPS	32	24	22	13	24	18
Customers interviewed (no.)		9,100	1,918	4,800	993	5,200	1,202
<b>SMALL BUSINESSES IN ITALY</b>							
Contact staff	NSI	46	42	39	35	44	38
Branch office staff	NSI	62	59	57	52	58	50
Branch office environment	NSI	55	49	52	43	46	41
Current account	NSI	21	16	13	7	18	12
Collections and payments	NSI	36	30	28	20	31	22
POS	NSI	37	30	34	27	36	26
Internet/remote banking	NSI	65	59	60	52	62	56
Short-term loans	NSI	22	20	10	8	18	7
Medium to long-term loans	NSI	22	24	12	7	24	10
Overall rationale	NSI	39	34	31	23	37	27
NPS index	NPS	-12	-20	-21	-32	-15	-28
IPS index	IPS	25	17	12	1	21	9
Customers interviewed (no.)		9,100	1,658	4,800	999	2,600	473
<b>TOTAL CUSTOMERS (INDIVIDUALS + SMALL BUSINESSES)</b>							
NPS index*	NPS	-6	-15	-13	-23	-11	-20
IPS index*	IPS	31	23	21	12	24	17

NSI = Net Satisfaction Index, equal to the percentage satisfied (rating of 8-10) less the percentage dissatisfied (rating 1-5).

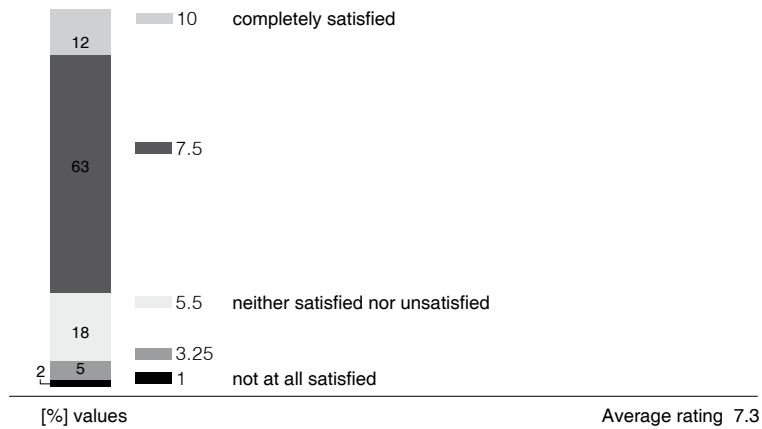
NPS = Net Promoter Score, equal to the percentage of promoters (giving a rating of 9-10 in relation to the probability of recommending the bank) less the percentage of detractors (rating 0-6).

IPS = Intesa Sanpaolo Promoter Score, equal to the percentage of promoters (giving a rating of 8-10 in relation to the probability of recommending the bank) less the percentage of detractors (rating 0-5).

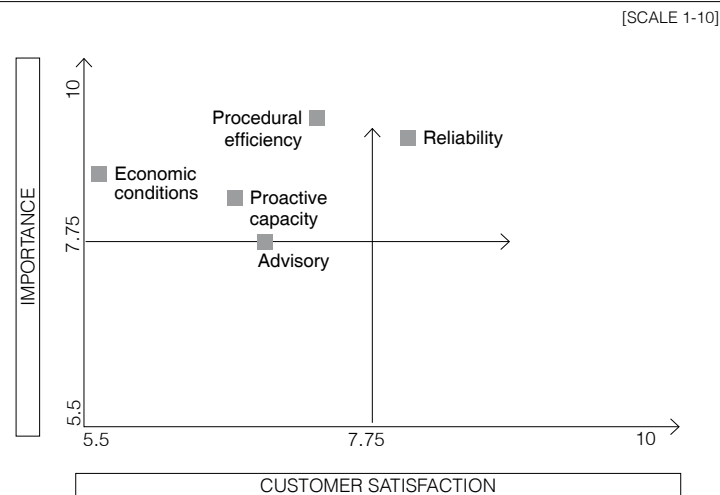
\*the NPS and IPS of total customers is equal to the weighted average of the NPS and IPS of the individual segments.

## MEDIUM AND LARGE ITALIAN BUSINESSES

"HOW SATISFIED ARE YOU WITH OUR BANK OVERALL?"

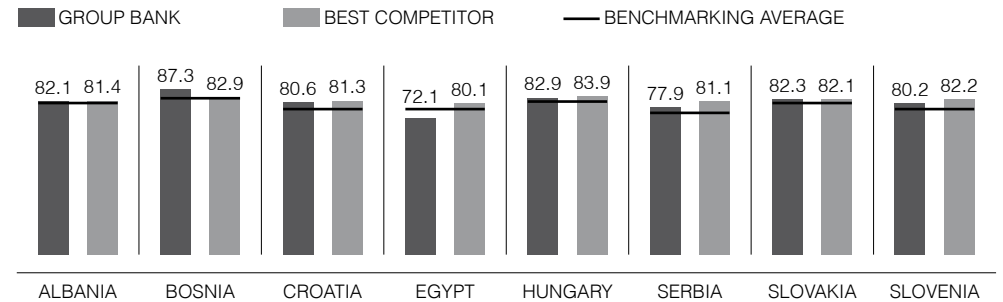


"HOW SATISFIED ARE YOU WITH OUR CHARACTERISTICS AND HOW IMPORTANT ARE THEY?"

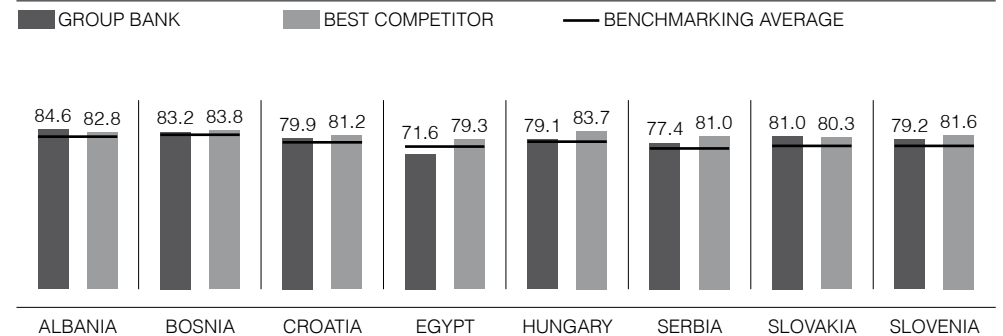


## INTERNATIONAL SUSSIDIARY BANK'S CUSTOMERS

INTERNATIONAL SUBSIDIARY BANKS - ECSI 2011



INTERNATIONAL SUBSIDIARY BANKS - ECSI 2011



International subsidiary banks of the Intesa Sanpaolo Group compared with the best competitor and benchmarking average in their respective markets. European Customer Satisfaction Index (ECSI).

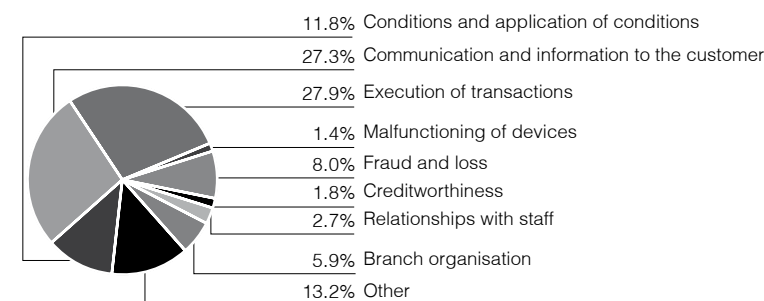
## COMPLAINTS

		2010	2009	2008
Italy	Investment services complaints	4,139	8,911	10,153
	securities in default	1,287	2,044	2,454
	structured securities	46	28	301
	Cheques and collection orders	2,052	2,154	1,584
	Bank transfers, Salaries and Pensions	2,173	2,486	2,118
	Cards	3,404	3,794	38,450
	Credits	3,353	2,833	2,095
	Current accounts and term deposits	6,892	8,473	7,762
	Mortgages and special loans	2,646	3,940	2,335
	Insurance products	5,235	4,424	4,282
	Remote banking	380	1,113	878
	Other	3,431	2,574	4,050
	<b>TOTAL<sup>1</sup></b>	<b>33,705</b>	<b>40,702</b>	<b>73,707</b>
	Abroad	Investment services complaints	526	794
securities in default		205	141	5
structured securities		36	62	51
Cheques and collection orders		42	56	14
Bank transfers, Salaries and Pensions		7,384	4,676	3,110
Cards		13,859	12,440	4,964
Credits		6,669	8,781	5,389
Current accounts and term deposits		11,284	8,086	6,604
Mortgages and special loans		2,523	2,963	2,766
Insurance products		1,038	362	148
Remote banking		9,793	11,244	3,246
Other		12,000	16,371	9,735
<b>TOTAL</b>		<b>65,118</b>	<b>65,773</b>	<b>36,519</b>

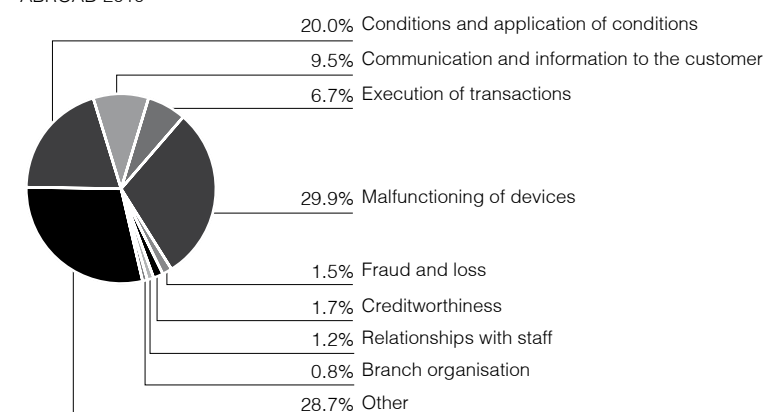
1. During the year, the banking Ombudsman received 171 customer complaints, while 458 cases were presented to the ABF. The requests from supervisory authorities to the Bank of Italy for responses and/or updates amounted to 773, while 11 requests were received from Consob and 39 from the Italian Competition Authority.

## COMPLAINTS BY MOTIVATION 2010

ITALY 2010



ABROAD 2010



OTHER COMPLAINTS		2010	2009	2008
Italy	Ethical	151	60	44
	For privacy	397	594	415
	For anatocism	797	521	430
Abroad	Ethical	2	4	0
	For privacy	75	103	45
	For anatocism	5	2	0

## CONTROVERSIAL SECTORS

### SUMMARY OF DATA ON AUTHORISATIONS ISSUED FOR EXPORTS LISTED IN THE PARLIAMENTARY REPORT. [MILION EURO]

	2004	2005	2006	2007	2008	2009	2010
Sanpaolo IMI Group	366.1	173	448.3				
Banca Intesa Group	23.2	0.2	46.9				
Intesa Sanpaolo Group				198.2	177.6	186.1	1
<b>Pro-forma total</b>	<b>389.3</b>	<b>173.2</b>	<b>495.2</b>	<b>198.2</b>	<b>177.6*</b>	<b>186.1*</b>	<b>1.0*</b>

\* CR La Spezia data excluded, the company was sold on 2/1/2011 (87.5 million euro in 2008; 4.2 million euro in 2009; 38.4 million euro in 2010).

### INTER-GOVERNMENTAL PROGRAMMES: AMOUNTS REPORTED BY THE BANK TO THE MINISTRY OF ECONOMY AND FINANCE [MILION EURO]

	2004	2005	2006	2007	2008	2009	2010
Gruppo Sanpaolo IMI	384.3	568.1	558.3				
Gruppo Banca Intesa	11.4	0.8					
Gruppo Intesa Sanpaolo				341.2	668.9	806.1	180
<b>Pro-forma total</b>	<b>395.7</b>	<b>568.9</b>	<b>558.3</b>	<b>341.2</b>	<b>668.9</b>	<b>806.1</b>	<b>180</b>

Source Report to Parliament.



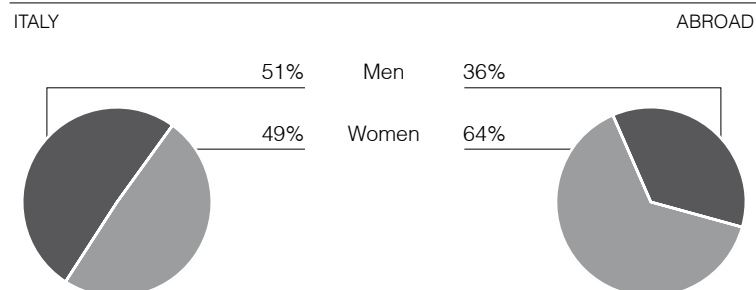
# EMPLOYEES

## BREAKDOWN OF EMPLOYEES

EMPLOYEES BY CATEGORY AND GENDER [%]		2010	2009	2008
Italy	Senior Managers	1.5	1.5	1.5
	men	1.3	1.3	1.3
	women	0.2	0.2	0.2
	Middle and Junior Managers	38.5	37.8	37.1
	men	24.6	24.4	24.3
	women	13.9	13.4	12.8
	Clerical Staff	60.0	60.8	61.4
	women	34.9	35.0	35.0
Abroad	Senior Managers	2.0	1.9	2.3
	men	1.3	1.3	1.6
	women	0.7	0.6	0.8
	Middle and Junior Managers	20.3	17.9	19.6
	men	12.4	10.5	11.8
	women	7.9	7.3	7.8
	Clerical Staff	77.7	80.2	78.1
	women	55.3	55.8	51.1

Intesa Sanpaolo figures regarding the percentage of employees by category are in line with Industry figures: senior managers (2.2%), middle and junior managers (37.9%) and clerical staff (60.1%)\*.

### BREAKDOWN OF EMPLOYEES BY GENDER [%]



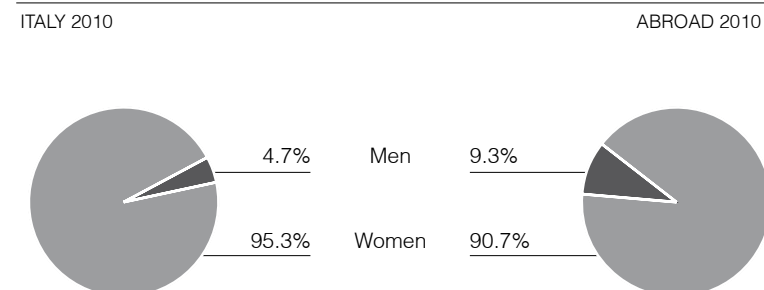
AVERAGE AGE OF EMPLOYEES		2010	2009	2008
Italy	Men	45.4	44.7	44.5
	Women	41.3	40.6	40.2
	Senior Managers	50.1	49.6	49.3
	Middle and Junior Managers	47.0	46.3	46.0
	Clerical Staff	40.9	40.3	40.1
Abroad	Men	40.2	39.4	40.3
	Women	36.1	35.3	36.6
	Senior Managers	43.3	42.6	42.6
	Middle and Junior Managers	43.2	42.5	43.4
	Clerical Staff	36.0	35.4	36.7

Even in terms of average age of employees, Intesa Sanpaolo and the Italian Industry figures are comparable: men (44.5 years), women (40.6%), senior managers (50 years), middle and junior managers (46.4 years), clerical staff (40.3 years).

PART-TIME EMPLOYEES BY GENDER [%]		2010	2009	2008
Italy	Part-time employees/total employees	11.6	11.5	11.2
	Male part-time employees	4.7	4.9	5.1
	Female part-time employees	95.3	95.1	94.9
Abroad	Part-time employees/total employees	0.6	0.6	0.5
	Male part-time employees	9.3	13.1	10.9
	Female part-time employees	90.7	86.9	89.1

The Intesa Sanpaolo part-time figure (11.6%) clearly exceeds the industry figure (8.6%).

### PART-TIME EMPLOYEES BY GENDER [%]



\*All Italian Industry figures refer to: ABI (2010) Rapporto 2010 sul mercato del lavoro nell'industria finanziaria, Rome: Bancaria Editrice.

EMPLOYEES BY TYPE OF CONTRACT [%]		2010	2009	2008
Italy	Permanent contracts	95.8	94.7	95.3
	Non-permanent contracts	0.6	1.3	1.1
	Apprenticeship	2.6	3.3	3.0
	New recruits	0.3	0.8	0.6
	Employment contract - apprentices	0.5	0.0	0.0
	Employment contract - permanent	0.2	0.0	0.0
Abroad	Permanent contracts	93.1	94.7	92.8
	Non-permanent contracts	6.7	5.2	6.7
	Apprenticeship and other types of contract	0.2	0.2	0.5

Italian Industry figures are as follows: permanent (95.7%), non-permanent (1.1%), apprenticeship (2.6%) and new recruits (0.5%).

AVERAGE EMPLOYEE SENIORITY [YEARS]		2010	2009	2008
Italy	men	19.3	18.7	18.5
	women	16.5	15.9	15.6
	Senior Managers	18.4	18.1	17.8
	Middle and Junior Managers	21.6	21.0	20.7
	Clerical Staff	15.6	15.1	14.9
Abroad	men	12.5	11.8	12.8
	women	8.8	8.2	9.4
	Senior Managers	11.0	10.6	10.2
	Middle and Junior Managers	15.9	15.3	16.2
	Clerical Staff	8.7	8.2	9.4

EMPLOYEES BY LEVEL OF EDUCATION AND GENDER [%]		2010	2009	2008
Italy	University graduates	30.2	29.2	27.9
	men	14.9	14.6	14.1
	women	15.3	14.6	13.8
	Highschool graduates	62.1	62.9	63.5
	men	30.8	31.3	32.0
	women	31.4	31.6	31.5
	Other	7.7	8.0	8.6
	men	5.4	5.6	5.9
	women	2.3	2.4	2.7
Abroad	University graduates	60.1	58.6	55.1
	men	23.6	23.2	25.2
	women	36.6	35.4	30.0
	Highschool graduates	30.0	34.4	37.8
	men	7.9	9.1	10.4
	women	22.1	25.3	27.4
	Other	9.9	7.0	7.0
	men	4.6	4.0	4.7
	women	5.3	3.0	2.3

NUMBER OF EMPLOYEES BELONGING TO PROTECTED CATEGORIES		2010	2009	2008
Italy	Disabled	2,868	2,836	2,937
	Protected Categories	1,200	1,212	1,286
Abroad	Disabled	363	403	211
	Protected Categories	217	217	26

HIRES BY GENDER AND AGE		2010	2009	2008
Italy	Total	2,436	2,453	3,550
	men	1,061	1,067	1,381
	women	1,375	1,386	2,169
	<=30	1,858	2,069	3,112
	31-50	562	375	434
	>50	16	9	4
Abroad	Total	3,026	2,147	4,457
	men	1,130	837	1,344
	women	1,896	1,310	3,113
	<=30	1,970	1,493	3,197
	31-50	898	606	1,204
	>50	158	48	56

TERMINATIONS BY GENDER AND AGE		2010	2009	2008
Italy	Total	1,804	4,504	5,887
	men	1,017	2,563	3,981
	women	787	1,941	1,906
	<=30	814	1,222	1,319
	31-50	509	574	1,159
	>50	481	2,708	3,409
Abroad	Total	4,579	5,656	3,432
	men	1,724	1,890	1,224
	women	2,855	3,766	2,208
	<=30	2,401	2,939	1,673
	31-50	1,581	1,809	1,388
	>50	597	908	371

TURNOVER BY GENDER AND AGE		2010	2009	2008
Italy	Total	632	-2,051	-2,337
	men	44	-1,496	-2,600
	women	588	-555	263
	<=30	1,044	847	1,793
	31-50	53	-199	-725
	>50	-465	-2,699	-3,405
Abroad	Total	-1,553	-3,509	1,025
	men	-594	-1,053	120
	women	-959	-2,456	905
	<=30	-431	-1,446	1,524
	31-50	-683	-1,203	-184
	>50	-439	-860	-315

TURNOVER RATE BY GENDER AND AGE [%]		2010	2009	2008
Italy	Total	0.9	-2.9	-3.2
	men	0.1	-4.0	-6.5
	women	1.7	-1.6	0.8
	<=30	15.9	11.4	25.8
	31-50	0.1	-0.4	-1.5
	>50	-2.5	-14.9	-18.2
Abroad	Total	-4.8	-9.8	4.0
	men	-5.1	-8.2	1.1
	women	-4.7	-10.6	6.1
	<=30	-4.2	-11.1	24.8
	31-50	-4.0	-6.8	-1.2
	>50	-8.9	-16.7	-7.8

Within the Intesa Sanpaolo, Network Banks and Intesa Sanpaolo Group Services perimeter, the non-permanent contracts in effect as at 1 January 2010 were broken down as follows: maternity leave replacements/long absences (49.7%); exceptional/seasonal needs (50.3%). During the year, 98% of the non-permanent contracts ceased (84.1% due to contractual expiry, 3.1% due to resignation, 10.8% due to termination of contract). Of these, 64.8% were rehired during 2010: 28.8% on a permanent basis, 25.4% on a non-permanent basis and 10.7% via apprenticeship or new recruit contract.

The remaining personnel, equal to 2%, is still in the company via non-permanent contracts expiring in 2011.

## PROFESSIONAL AND CAREER DEVELOPMENT

NUMBER OF PROMOTIONS BY GENDER		2010	2009	2008
Italy	Total	7,537	4,756	4,473
	men	3,277	2,364	2,400
	women	4,260	2,392	2,073
Abroad	Total	3,890	2,519	2,876
	men	2,290	1,281	809
	women	1,600	1,238	2,067

BASIC AVERAGE GROSS REMUNERATION BY CATEGORY AND GENDER [MILLION EURO]		2010	2009	2008
Italy	Senior Managers	139.8	130.4	129.3
	men	141.4	131.8	130.6
	women	127.0	121.6	118.7
	Middle and Junior Managers	53.2	52.4	51.3
	men	55.7	54.7	53.6
	women	49.0	48.2	47.2
	Clerical Staff	33.8	33.2	32.3
	men	35.5	35.0	34.1
	women	32.5	31.9	31.0
Abroad	Senior Managers	65.8	61.7	58.3
	men	70.1	63.7	62.8
	women	56.8	57.2	49.3
	Middle and Junior Managers	19.8	20.2	18.0
	men	18.2	18.6	17.1
	women	22.3	22.5	19.3
	Clerical Staff	9.9	9.5	9.0
	men	10.8	10.2	9.3
	women	9.5	9.2	8.8

Within the Group, the minimum remuneration applied for newly-hired personnel is that laid down by the national collective bargaining agreement (CCNL) for the various personnel categories. Abroad, the remuneration is linked to the particular country's own regulations, as well as to the relative cost of living.

BREAKDOWN OF BRANCH EMPLOYEES BY CATEGORY AND GENDER [%]		2010	2009	2008
Italy	Managers	11.8	12.2	12.3
	men	8.4	8.7	8.8
	women	3.5	3.5	3.5
	Family bankers	51.9	51.2	49.1
	men	20.2	20.1	20.0
	women	31.6	31.1	29.1
	Other	36.3	36.6	38.6
	men	17.9	18.1	18.7
women	18.4	18.5	19.9	
Abroad	Managers	8.5	8.0	8.1
	men	4.0	3.9	3.6
	women	4.5	4.1	4.5
	Family bankers	54.0	53.3	50.6
	men	16.8	15.7	20.1
	women	37.2	37.6	30.4
	Other	37.5	38.7	41.3
	men	10.4	10.9	13.1
women	27.1	27.8	28.2	

## TRAINING

CONTENT TRAINING [%]		2010	2009	2008
Italy	Managerial	18.5	21.3	7.8
	Commercial	13.3	6.3	5.1
	Operative	13.3	12.3	9.0
	Credit	6.8	9.2	6.5
	Finance	33.8	28.9	42.7
	Abroad	0.4	0.4	0.1
	Computer	1.5	1.9	1.4
	Specialist	6.8	13.0	25.0
	Linguistic	5.7	6.7	2.3
	Abroad	Managerial	10.1	17.8
Commercial		30.6	17.6	13.9
Operative		15.0	15.8	13.3
Credit		10.1	5.9	4.4
Finance		4.4	2.7	1.4
Abroad		0.3	0.2	1.0
Computer		8.1	14.5	5.8
Specialist		10.5	12.4	37.9
Linguistic		10.9	13.2	9.3

Training activities have received over 6.5 million euro in national and community funding.

TRAINING ACTIVITIES FOR THE PREVENTION OF CORRUPTION				
		2010	2009	2008
Italy	Participants	34,899	48,895	21,501
	% Participants	49.9	70.6	30.1
Abroad	Participants	8,260	10,065	5,178
	% Participants	26.9	31.0	19.7

TRAINING BY CATEGORY AND GENDER [AVERAGE HOURS]		2010	2009	2008
Italy	Senior Managers	42.1	32.7	30.2
	men	41.7	31.8	29.5
	women	45.7	40.5	36.4
	Middle and Junior Managers	53.0	56.9	54.8
	men	52.9	57.1	54.0
	women	53.1	56.7	56.1
	Clerical Staff	47.1	46.5	42.2
	men	43.1	42.2	39.9
	women	50.0	49.6	44.0
Abroad	Senior Managers	88.3	75.7	131.2
	men	91.8	72.0	120.6
	women	81.4	83.5	153.3
	Middle and Junior Managers	29.6	36.9	36.4
	men	22.1	27.2	26.5
	women	41.2	50.9	51.3
	Clerical Staff	28.3	17.3	25.2
	men	26.8	18.0	21.3
	women	28.9	17.0	27.4

TRAINING BY TYPE		2010	2009	2008
Italy	Classroom training (% of hours)	63.4	61.1	65.2
	Distance training (% of hours)	36.6	38.9	34.8
	Number of participants	64,542	63,330	62,071
	Training days (classroom + distance)(*)	796,559	824,701	752,372
	Training days per employee	11.4	11.9	10.5
Abroad	Classroom training (% of hours)	86.9	91.2	98.5
	Distance training (% of hours)	13.1	8.8	1.5
	Number of participants	21,760	32,046	24,155
	Training days (classroom + distance)	154,127	111,494	108,233
	Training days per employee	5.0	3.4	4.1

\* Does not include Web TV training.

## INTERNAL COMMUNICATION

INTERNAL COMMUNICATION	2010	2009	2008
Company Intranet: average monthly individual accesses	79,004	78,129	77,020
Web TV: total accesses	583,860	597,041	561,686
"House organ": average number of copies produced/printed	72,000	78,000	80,000

WORKING ENVIRONMENT		2010	2009	2008
Italy	Analysis of environment (% participating in selected sample)	64.6	35.5	36.2
	Index of employee satisfaction (%)	69.8	62.3	59.9
	Change in employee satisfaction index from the previous period	7.5	2.4	-8.4
	Number of environment analyses	2	2	3
	No. of internal communication events	272	344	341
	Number of focus groups	4	87	34
	Participants in focus groups	21	649	275
Abroad	Analysis of environment (% participating in selected sample)*	55.3	55.9	-
	Index of employee satisfaction (%)	74.5	n.d.**	-
	Change in employee satisfaction index from the previous period	1.8	n.d.**	-
	Number of environment analyses	1	1	-
	No. of internal communication events	163	129	108

\* The figure refers to 10 out of 12 International Subsidiary Banks in 2010 and 9 out of 11 in 2009.

\*\* Average figures not significant as the results of the individual banks are very different from each other, depending on the context.

## UNION LEAVE AND LITIGATION

UNION LEAVE		2010	2009	2008
Italy	Percentage of employees belonging to a union [%]	76.5	79.3	77.0
	Days absent due to union activities (all leave granted to union organisers)	87,792	99,462	85,713
	Days absent due to meetings/strikes (even if not organisers)	22,201	15,497	22,218
	Days absent due to strikes	15,888	5,991	7,241
	Days absent due to meetings	6,313	9,506	14,977
	Abroad	Percentage of employees belonging to a union	30.2	28.5
Days absent due to union activities (all leave granted to union organisers)		551	606	606
Days absent due to meetings/strikes (even if not organisers)		153	100	91
Days absent due to strikes		10	0	0
Days absent due to meetings		143	100	91

The National Collective Contract for the sector covers all employees in Italy.

DISCIPLINARY MEASURES AGAINST EMPLOYEES		2010	2009	2008
Italy	Written censure and verbal or written reprimand	175	151	174
	Reduction in remuneration (up to four hours)	0	0	0
	Suspension from work with subtraction of remuneration (from one to ten days)	179	349	230
	Justified dismissal	29	50	39
	No. of disciplinary sanctions towards employees for corruption	0	0	0
	No. of dismissals for corruption	0	0	0
Abroad	Written censure and verbal or written reprimand	645	1,312	191
	Reduction in remuneration (up to four hours)	52	92	10
	Suspension from work with subtraction of remuneration (from one to ten days)	10	5	10
	Justified dismissal	311	199	58
	No. of disciplinary sanctions towards employees for corruption	3	0	2
	No. of dismissals for corruption	11	0	0

COURT CASES INVOLVING CURRENTLY EMPLOYED STAFF		2010	2009	2008
Italy	Termination of employment	19	28	33
	Establishment and development of work relations	63	84	74
	Duties and qualifications	68	68	79
	Welfare and assistance	8	108	16
	Economic treatment	111	134	47
	Anti-union behaviour	10	10	10
	Active (undertaken by the Bank against employees)	8	8	8
	Miscellaneous	32	46	6
	Requests sent to the Provincial Employment Office	241	221	413
Abroad	Termination of employment	132	123	148
	Establishment and development of work relations	16	18	2
	Duties and qualifications	33	45	55
	Welfare and assistance	0	1	1
	Economic treatment	45	41	47
	Anti-union behaviour	0	0	0
	Active (undertaken by the Bank against employees)	100	90	18
	Miscellaneous	59	58	48

No significant sanctions for violation of the provisions on labour law or pensions were recorded during 2010.

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

## CORPORATE WELFARE, HEALTH AND SAFETY

CONTRIBUTIONS FOR WORKERS [MILLION EURO]		2010	2009	2008
Italy	Insurance and accident policies	8,608	9,560	11,059
	Loyalty bonus	10,462	13,362	19,346
	Contributions for children/students	4,514	4,708	4,751
	Cultural and recreational activities	2,710	3,390	3,777
	Grants for disabled children	1,753	1,665	1,598
Abroad	Insurance and accident policies	2,799	1,839	1,758
	Loyalty bonus	219	156	194
	Contributions for children/students	237	183	125
	Cultural and recreational activities	1,184	3,167	1,035
	Grants for disabled children	10	10	0

MEDICAL BENEFITS		2010	2009	2008
Italy	Health insurance policies [thousands of euro]	76,443	66,402	66,509
	Medical benefits: number of beneficiaries	70,723	70,986	75,780
	Complementary welfare [thousands of euro]	130,853	130,540	135,113
	Supplemental retirement benefits: number of beneficiaries	66,919	75,778	74,013
Abroad	Health insurance policies [thousands of euro]	6,444	16,796	3,809
	Medical benefits: number of beneficiaries	13,680	18,833	18,595
	Complementary welfare [thousands of euro]	5,078	6,098	5,247
	Supplemental retirement benefits: number of beneficiaries	7,127	7,113	7,094

CREDIT FACILITIES FOR EMPLOYEES		2010	2009	2008
Italy	Mortgages	3,487	3,463	2,663
	Total cost of mortgages granted [thousands of euro]	494,232	471,850	319,982
	Loans	8,621	14,945	5,970
	Total amount loaned [thousands of euro]	158,789	254,845	69,181
Abroad	Mortgages	2,174	1,760	2,474
	Total cost of mortgages granted [thousands of euro]	37,588	26,971	54,576
	Loans	8,312	6,743	10,521
	Total amount loaned [thousands of euro]	82,141	62,548	27,726

Credit facilities offered to all employees with a permanent employment contract, with the exception of subsidised loans, which were also offered to employees hired under apprenticeship contracts.



<b>ABSENCE RATE ACCORDING TO REASON (ON THEORETICAL WORKING DAYS) [%]</b>		<b>2010</b>	<b>2009</b>	<b>2008</b>
Italy	Percentage of total theoretical working days	7.0	8.3	6.9
	Illness	3.0	3.9	3.3
	Accident	0.1	0.1	0.0
	Child care	2.2	2.3	1.5
	Personal and family reasons	0.5	0.6	1.2
	Leave for public duties	0.1	0.1	0.1
	Leave for blood donation	0.1	0.1	0.2
	Disability	0.5	0.5	0.4
	Other	0.5	0.7	0.1
Abroad	Percentage of total theoretical working days	12.4	11.4	9.0
	Illness	2.2	2.3	2.9
	Accident	0.1	0.1	0.1
	Child care	6.2	5.2	5.4
	Personal and family reasons	3.5	3.5	0.2
	Other	0.4	0.3	0.4

The absence rate due to illness and accident is 3.1% in Italy, 2.3% abroad and 2.9% in the Group.

<b>ACCIDENTS PER YEAR</b>		<b>2010</b>	<b>2009</b>	<b>2008</b>
Italy	Accidents inside the Company	326	283	280
	Accidents outside the Company	654	714	643
	Total accidents throughout the year	980	997	923
	Percentage of accidents [%]	1.40	1.44	1.29

There were no reports of workplace fatalities or serious accidents in which the company was determined to be definitively responsible in 2010.

<b>ROBBERIES</b>		<b>2010</b>	<b>2009</b>	<b>2008</b>
Italy	Robberies	268	366	403
	No. of robberies per 100 branches	5.1	6.7	7.3
Abroad	Robberies	14	25	11
	No. of robberies per 100 branches	0.8	1.3	1.1

# SHAREHOLDERS

COMMUNICATIONS	2010
Institutional presentations	60
Financial disclosures published	179
Number of roadshows	34
Europe	29
United States	4
Other	1
Meetings with investors and analysts	349
Requests received and resolved by the shareholders' help desk	about 12,000

RECOMMENDATIONS	JANUARY 2010	DECEMBER 2010
Buy	55%	56%
Hold	32%	28%
Sell	13%	16%

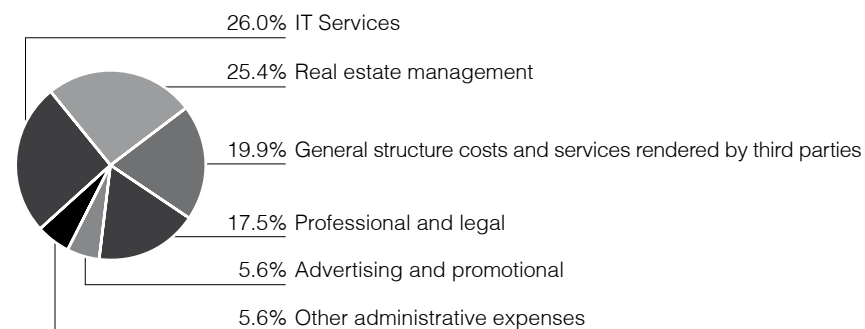
In 2010, the Group's stock was monitored and covered by 43 analysts, up from 38 in 2009. Their opinions were clearly influenced by the severe financial crisis, which reduced prospective outlook for the banking industry, and the resulting caution was reflected in the recommendations, although the majority of opinions remained positive.

# SUPPLIERS

SUPPLIERS (ITALY)	2010
Number of suppliers	41,167
Number of suppliers registered on the portal	2,000
Number of suppliers assessed by Bank personnel	209

BREAKDOWN OF ADMINISTRATIVE EXPENSES BY CATEGORY [%]	2010	2009	2008
IT services	26.0	26.9	28.9
Real estate management	25.4	24.9	21.9
General structure costs and services rendered by third parties	19.9	19.4	19.0
Professional and legal	17.5	17.7	18.3
Advertising and promotional	5.6	5.4	6.5
Other expenses	5.6	5.7	5.4

BREAKDOWN OF 2010 ADMINISTRATIVE EXPENSES BY CATEGORY



# ENVIRONMENT

## DIRECT IMPACTS

PARAMETERS		UNITS	2010	2009	2008
Italy	Total Employees + Advisors	number	72,644	72,170	74,322
	Employees	number	69,996	69,255	71,372
	Advisors	number	2,648	2,915	2,950
	Passengers	number	648,300	539,000	429,381
	Total transport	km	134,730,358	121,700,000	129,290,000
	Floor area	m <sup>2</sup>	3,057,999	3,302,469	3,310,756
	Abroad	Total Employees + Advisors	number	30,795	32,601
Employees		number	30,744	32,432	26,349
Advisors		number	51	169	202
Passengers		number	n.d.	n.d.	n.d.
Total transport		km	n.d.	n.d.	n.d.
Floor area		m <sup>2</sup>	853,469	856,580	771,769

TRANSPORT		UNITS	2010	2009	2008
Italy	Air travel	km	29,699,175	35,900,000	43,680,000
	Rail travel	km	23,718,224	20,600,000	20,230,000
	Fleet	km	35,217,083	27,800,000	31,500,000
	Personal cars	km	46,095,875	37,400,000	33,880,000
	Videoconferences	number	8,844	n.d.	n.d.
	Total transport per passenger	km/pass.	208	226	301

ENERGY		UNITS	2010	2009	2008
Italy	Total Energy consumption	MWh	729,641	793,308	783,071
		kTEP	141	148	152
	Total Electricity consumption	MWh	507,755	520,074	549,799
	Energy from renewable sources	%	92.4	92.1	86.1
	Energy from cogeneration	%	2.4	2.3	1.8
	Electricity per employee	kWh/employee	6,990	7,206	7,398
	Electricity per m2	kWh/m <sup>2</sup>	166	157	166
	Total Heat energy consumption	MWh	221,886	273,233	233,271
	Natural gas	MWh	195,844	244,572	197,386
	Oil	MWh	26,042	28,661	35,886
	Total energy from the Fleet (petrol + oil)	MWh	22,134	21,523	22,110
Abroad	Total Energy consumption	MWh	153,400	182,417	180,594
		kTEP	30	34	33
	Total Electricity consumption	MWh	110,315	118,976	113,026
	Energy from renewable sources	%	0.1	0.3	0.1
	Energy from cogeneration	%	0.0	0.0	0.0
	Electricity per employee	kWh/employee	3,582	3,649	4,257
	Electricity per m2	kWh/m <sup>2</sup>	129	139	146
	Total Heat energy consumption	MWh	43,085	63,442	67,569
	Natural gas	MWh	36,975	59,127	52,587
	Oil	MWh	6,110	4,314	14,982
	Total energy from the Fleet (petrol + oil)	MWh	n.d.	n.d.	n.d.

CO <sub>2</sub> EMISSIONS		UNITÀ	2010	2009	2008
Italy	TOTAL CO2 EMISSIONS	tCO <sub>2</sub>	83,250	93,184	106,902
	Direct+indirect emissions				
	Scope 1	tCO <sub>2</sub>	49,813	58,761	49,055
	Scope 2	tCO <sub>2</sub>	15,047	18,156	39,873
	Total Scope 1 + 2	tCO <sub>2</sub>	64,860	76,918	88,928
	Total Scope 1+2/employee	tCO <sub>2</sub> /employee	0.9	1.1	1.2
	Business Travel				
Abroad	Scope 3	tCO <sub>2</sub>	18,390	16,267	17,974
	Total CO2 emissions	tCO <sub>2</sub>	54,378	82,960	81,444
	Direct+indirect emissions				
	Scope 1	tCO <sub>2</sub>	5,630	14,875	16,571
	Scope 2	tCO <sub>2</sub>	48,748	68,085	64,873
	Total Scope 1 + 2	tCO <sub>2</sub>	54,378	82,960	81,444
	Total Scope 1+2/employee	tCO <sub>2</sub> /employee	1.8	2.5	3.1
Business Travel					
Abroad	Scope 3	tCO <sub>2</sub>	n.d.	n.d.	n.d.

CONVERSION FACTORS TO CALCULATE CO <sub>2</sub> EQUIVALENT EMISSIONS IN KG		kWh	Cubic metres gas	Litres of oil
ITALY	2010	0.450	1.979	2.528
	2009	0.501	1.920	2.600
Central Europe	2010	0.664	1.963	2.628
	2009	0.476	1.824	2.470
Southern Mediterranean and Asia	2010	0.459	1.938	2.470
	2009	0.576	2.208	2.990
South eastern Europe	2010	0.523	1.934	2.407
	2009	0.576	2.208	2.990
Central eastern Europe	2010	0.310	1.917	2.569
	2009	0.576	2.208	2.990
Commonwealth of Independent States	2010	0.321	1.934	2.254
	2009	0.576	2.208	2.990

Revision of the CO<sub>2</sub> equivalent conversion factors for all Group countries was carried out by considering the latest information available from the most reliable international sources and guidelines, such as the United Nations Framework Convention on Climate Change, the International Energy Agency and the Intergovernmental Panel on Climate Change.

Details on the individual countries are available on the Intesa Sanpaolo Group's web site [↗](#).

PAPER		UNITS	2010	2009	2008
Italy	Total paper consumption	tonnes	7,697	7,737	7,684
	Total paper consumption/employee	kg/employee	106,0	107,2	103,4
	Recycled paper as a % of the total	%	0.2	0.0	0.1
	(FSC) ecological paper as a % of the total	%	0.1	41.2	30.0
	ECF/TCF paper as a % of the total	%	5.2	n.d.	n.d.
	FSC and ECF/TCF paper as a % of the total	%	65.8	n.d.	n.d.
Abroad	Total paper consumption	tonnes	2,820	2,640	1,787
	Total paper consumption/employee	kg/employee	91.6	81.0	67.3
	Recycled paper as a % of the total	%	4.0	9.0	7.2
	(FSC) ecological paper as a % of the total	%	0.1	16.9	n.d.
	ECF/TCF paper as a % of the total	%	23.9	34.2	n.d.
FSC and ECF/TCF paper as a % of the total		%	26.6	n.d.	n.d.

WATER		UNITS	2010	2009	2008
Italy	Total water consumed	m <sup>3</sup>	3,302,738	3,071,432	2,891,158
	Total water consumption/employee	m <sup>3</sup> /employee	45.5	42.6	38.9
Abroad	Total water consumed	m <sup>3</sup>	637,481	621,271	1,031,745
	Total water consumption/employee	m <sup>3</sup> /employee	20.7	19.1	38.9

WASTE		UNITS	2010	2009	2008
Italy	Total Waste	tonnes	3,720	4,539	4,501
	Total Waste/employee	kg/employee	51.2	62.9	60.6
	Total Special waste	tonnes	3,635	4,085	4,350
	Total Hazardous waste	tonnes	85	455	150
Abroad	Total Waste	tonnes	595	542	1,004
	Total Waste/employee	kg/employee	19.3	16.6	37.8
	Total Special waste	tonnes	583	541	993
	Total Hazardous waste	tonnes	12	2	11

RECYCLED WASTE		UNITS	2010	2009	2008
Italy	Recycled waste as % of total	%	65.7	61.9	54.4
	Total recycled paper and cardboard	tonnes	2,078	2,314	1,915
	Total other recycled (Packaging)	tonnes	365	495	536
Abroad	Recycled waste as % of total	%	86.1	88.0	90.1
	Total recycled paper and cardboard	tonnes	489	456	872
	Total other recycled (Packaging)	tonnes	23	21	32

## INDIRECT IMPACTS

<b>FINANCING FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY [THOUSANDS OF EURO]</b>	<b>2010</b>
Individuals	171,878
SMEs	248,764
Business	739,014
Leasing	1,207,922
Public finance	275,246
Project finance	736,000
Total	3,378,824
Environmental Funding/Total loans [%]	0.89

### EQUATOR PRINCIPLES

#### PROJECTS BY TARGET CATEGORY AND COUNTRY

	SAUDI ARABIA	AUSTRALIA	BELGIUM	CHINA	EGYPT	FRANCE	ITALY	RUSSIA	SINGAPORE	SPAIN	UNITED STATES	TOTAL
<b>A</b>	1							1		2		4
<b>B</b>			1	1	2	2	56		1		6	69
<b>C</b>		3				1	7					11
<b>TOT.</b>	1	3	1	1	2	3	63	1	1	2	6	84*

#### PROJECTS BY TARGET CATEGORY AND COUNTRY

	SAUDI ARABIA	AUSTRALIA	BELGIUM	CHINA	EGYPT	FRANCE	ITALY	RUSSIA	SINGAPORE	SPAIN	UNITED STATES	TOTAL
<b>OIL&amp;GAS</b>							1					1
<b>PETROCHEMICAL</b>									1			1
<b>RENEWABLE ENERGY (WIND)</b>				1			13					14
<b>PHOTOVOLTAIC ENERGY</b>							32					32
<b>ENERGY</b>	1					1	1	1		1	6	11
<b>INFRASTRUCTURES</b>		2	1			2	10			1		16
<b>TRANSPORT</b>		1										1
<b>MANUFACTURING</b>					2							2
<b>OTHER</b>							6					6
<b>TOTAL</b>	1	3	1	1	2	3	63	1	1	2	6	84*

\* Of which 48 completed and 36 in progress.

Completed: approved projects whose financing has been disbursed ; require monitoring in the development stages.

In progress: projects that are being examined and whose financing has not been yet approved.

# COMMUNITY

<b>BANCA PROSSIMA</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Customers	11,469	7,062	3,850
Borrowing customers	2,375	1,443	858
Loans [thousands of euro]	371,009	204,404	85,047
Direct deposits [thousands of euro]	623,522	361,807	204,174
Indirect deposits [thousands of euro]	2,567,164	285,234	91,709
Short-term loans [thousands of euro]	187,413	109,259	47,693
Medium-term loans [thousands of euro]	183,569	95,145	37,353

<b>INITIATIVES WITH HIGH SOCIAL IMPACT ITALY [THOUSANDS OF EURO]</b>	<b>2010</b>
Microcredit	1,815
Anti-usury loans	4,822
Public Administration for socially useful projects	1,020,529
Loans guaranteed by Confidi	1,195,397
Loans to the Third sector	371,009
Products for sensitive social classes	544,625
<b>TOTAL</b>	<b>3,138,197</b>
Loans with high social impact/Total loans [%]	0.93

<b>MEDIA RELATIONS</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Press releases	842	761	607
Press conferences	185	184	128
Product presentations and initiatives	144	130	50

<b>DONATIONS IN THE VARIOUS AREAS OF ACTION [THOUSANDS OF EURO]</b>		<b>2010</b>	<b>2009</b>	<b>2008</b>
Italy	Cultural Heritage	3,458	2,878	2,640
	National and international solidarity initiatives	5,702	3,927	3,658
	Health support and research	1,256	1,039	1,161
	Training, university research and study grants	1,135	809	1,010
	Support for families	1,020	819	1,139
	Local initiatives	1,117	656	961
	Miscellaneous	1,595	716	881
	<b>Total</b>	<b>15,283</b>	<b>10,844</b>	<b>11,451</b>
	Abroad	Cultural Heritage	290	649
National and international solidarity initiatives		888	572	717
Health support and research		268	45	35
Training, university research and study grants		3,100	2,936	1,870
Support for families		351	265	297
Local initiatives		292	44	46
Miscellaneous		1,585	676	640
<b>Total</b>		<b>6,773</b>	<b>5,187</b>	<b>4,171</b>

<b>SPONSORSHIPS TO THE VARIOUS AREAS OF INTERVENTION [THOUSANDS OF EURO]</b>		<b>2010</b>	<b>2009</b>	<b>2008</b>
Italy	Education	1,105	1,034	1,551
	Sport	9,433	10,337	12,922
	Culture	11,441	14,390	10,907
	Research	875	695	965
	Social Solidarity	709	1,016	1,116
	Other	9,914	6,469	9,881
	<b>Total</b>	<b>33,476</b>	<b>33,941</b>	<b>37,341</b>
Abroad	Education	515	180	492
	Sport	1,817	2,725	3,478
	Culture	976	800	606
	Research	311	31	286
	Social Solidarity	649	353	193
	Other	794	813	1,246
	<b>Total</b>	<b>5,063</b>	<b>4,902</b>	<b>6,302</b>

## PROFILE DISCLOSURES

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	CORE
<b>1. STRATEGY AND ANALYSIS</b>						
1.1	Statement from the most senior decision-maker of the organization.	Fully	p. 6-7 <a href="#">↗</a> , 12 <a href="#">↗</a> , Business Plan 2011-2013 <a href="#">↗</a>			■
1.2	Description of key impacts, risks, and opportunities.	Fully	p. 6-7 <a href="#">↗</a> , 12 <a href="#">↗</a> , 14-15 <a href="#">↗</a> , 24 <a href="#">↗</a> , 25 <a href="#">↗</a> , 76-77 <a href="#">↗</a>			■
<b>2. ORGANIZATIONAL PROFILE</b>						
2.1	Name of the organization.	Fully	Cover			■
2.2	Primary brands, products, and/or services.	Fully	p. 13 <a href="#">↗</a> , A presentation of the Group <a href="#">↗</a> , Our brand <a href="#">↗</a>			■
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	p. 13 <a href="#">↗</a> , Organisational structure <a href="#">↗</a>			■
2.4	Location of organization's headquarters.	Fully	p. 118 <a href="#">↗</a>			■
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	p. 13 <a href="#">↗</a> , A presentation of the Group <a href="#">↗</a>			■
2.6	Nature of ownership and legal form.	Fully	p. 118 <a href="#">↗</a> , Shareholder base <a href="#">↗</a>			■
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	p. 13 <a href="#">↗</a> , A presentation of the Group <a href="#">↗</a>			■
2.8	Scale of the reporting organization.	Fully	p. 13 <a href="#">↗</a> , 80 <a href="#">↗</a> , A presentation of the Group <a href="#">↗</a>			■
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	p. 9 <a href="#">↗</a>			■
2.10	Awards received in the reporting period.	Fully	Awards <a href="#">↗</a>			■
<b>3. REPORT PARAMETERS</b>						
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	p. 9 <a href="#">↗</a>			■
3.2	Date of most recent previous report (if any).	Fully	p. 118 <a href="#">↗</a>			■
3.3	Reporting cycle (annual, biennial, etc.)	Fully	p. 9 <a href="#">↗</a>			■
3.4	Contact point for questions regarding the report or its contents.	Fully	p. 118 <a href="#">↗</a>			■
3.5	Process for defining report content.	Fully	p. 9 <a href="#">↗</a> , 19 <a href="#">↗</a> , 23 <a href="#">↗</a> , 25 <a href="#">↗</a>			■
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	p. 9 <a href="#">↗</a> , Organisational structure <a href="#">↗</a>			■
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	p. 8-9 <a href="#">↗</a>			■

PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	CORE
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	p. 13 <a href="#">↗</a> , Organisational structure <a href="#">↗</a>			■
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	p. 9 <a href="#">↗</a> , 59 <a href="#">↗</a> , 100 <a href="#">↗</a>			■
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	p. 9 <a href="#">↗</a>			■
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	p. 9 <a href="#">↗</a>			■
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	p. 103-114 <a href="#">↗</a>			■
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	p. 8-9 <a href="#">↗</a>			■
<b>4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures <a href="#">↗</a> , Technical Committees <a href="#">↗</a> , Specific Commissions <a href="#">↗</a>			■
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures (p. 30-31, 51) <a href="#">↗</a>			■
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures <a href="#">↗</a>			■
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Partially	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures (p. 100-101) <a href="#">↗</a> , Shareholders' meeting <a href="#">↗</a>		According to Italian law, participation by committees composed of representatives of highest governance bodies is not envisaged. Employees holding ordinary shares of the Bank may exercise their voting rights and take part in the Ordinary and Extraordinary Shareholders Meetings.	■
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures (p. 69-77) <a href="#">↗</a>			■
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures (p. 90-95) <a href="#">↗</a>			■
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures (p. 31, 53) <a href="#">↗</a>			■
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	p. 11 <a href="#">↗</a> , 16-18 <a href="#">↗</a> , 24 <a href="#">↗</a> , 88 <a href="#">↗</a> , 101 <a href="#">↗</a> , Policies <a href="#">↗</a>			■



PROFILE DISCLOSURE	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	CORE
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	p. 14-15 <a href="#">↗</a> , 17 <a href="#">↗</a> , Prevention and mitigation of risks <a href="#">↗</a>			■
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures (p. 45-46, 60) <a href="#">↗</a>			■
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	p. 14-15 <a href="#">↗</a> , Report on Corporate Governance and Ownership Structures (p. 78) <a href="#">↗</a> , Prevention and mitigation of risks <a href="#">↗</a>			■
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	p. 17 <a href="#">↗</a> , 18 <a href="#">↗</a> , Adherence to international standards <a href="#">↗</a>			■
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Fully	Our partnerships in sustainability <a href="#">↗</a>			■
4.14	List of stakeholder groups engaged by the organization.	Fully	p. 23 <a href="#">↗</a>			■
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	p. 19 <a href="#">↗</a> , The dialogue with Stakeholders <a href="#">↗</a>			■
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	p. 19 <a href="#">↗</a> , The dialogue with Stakeholders <a href="#">↗</a>			■
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	p. 19 <a href="#">↗</a> , The dialogue with Stakeholders <a href="#">↗</a>			■

## DISCLOSURE ON MANAGEMENT APPROACH

G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
<b>DISCLOSURE ON MANAGEMENT APPROACH</b>							
<b>Product Portfolio:</b>							
FS1	Policies with specific environmental and social components applied to business lines.	Fully	p. 26 <a href="#">↗</a> , 37 <a href="#">↗</a> , 38 <a href="#">↗</a> , 52 <a href="#">↗</a> , 54 <a href="#">↗</a> , 63 <a href="#">↗</a> , 66 <a href="#">↗</a> , 69 <a href="#">↗</a> , Policies <a href="#">↗</a> , Mediocredito Italiano (Energy) <a href="#">↗</a>				■
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	p. 37 <a href="#">↗</a> , 63 <a href="#">↗</a> , 66 <a href="#">↗</a> , 69 <a href="#">↗</a> , Policies <a href="#">↗</a>				■
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Fully	p. 37 <a href="#">↗</a> , 63 <a href="#">↗</a> , 69 <a href="#">↗</a> , Policies <a href="#">↗</a>				■
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	p.45 <a href="#">↗</a> , 64-65 <a href="#">↗</a>				■
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Fully	p.19 <a href="#">↗</a> , 37 <a href="#">↗</a> , 63 <a href="#">↗</a> , The dialogue with stakeholders <a href="#">↗</a>				■
	Audits	Fully	p. 15 <a href="#">↗</a> , 17 <a href="#">↗</a> , Internal control system for the application of the Code of Ethics <a href="#">↗</a> , Prevention and mitigation of risks <a href="#">↗</a>				■
	Active Ownership	Fully	Responsible Investment <a href="#">↗</a>				■
<b>Disclosure on Management Approach</b>							
	Economic Performance	Fully	p. 21 <a href="#">↗</a> , 80-81 <a href="#">↗</a> , Financial Reports (Reports 2010) <a href="#">↗</a>				■
	Market presence	Fully	p. 13 <a href="#">↗</a> , 80 <a href="#">↗</a> , 82-83 <a href="#">↗</a> , A presentation of the Group <a href="#">↗</a>				■
	Indirect economic impacts	Fully	p. 26-28 <a href="#">↗</a> , 33-35 <a href="#">↗</a> , 66-70 <a href="#">↗</a>				■
<b>Disclosure on Management Approach EN</b>							
	Materials	Fully	p. 59-60 <a href="#">↗</a> , 100 <a href="#">↗</a>				■
	Energy	Fully	p. 55-57 <a href="#">↗</a> , 99 <a href="#">↗</a>				■
	Water	Fully	p. 59 <a href="#">↗</a> , 100 <a href="#">↗</a>				■
	Biodiversity	Fully	p. 63 <a href="#">↗</a> , 65 <a href="#">↗</a> , 71 <a href="#">↗</a>				■
	Emissions, effluents and waste	Fully	p. 57-58 <a href="#">↗</a> , 60 <a href="#">↗</a> , 100 <a href="#">↗</a>				■
	Products and services	Fully	p. 61-64 <a href="#">↗</a>				■
	Compliance	Fully	p. 17 <a href="#">↗</a>				■
	Transport	Fully	p. 55-58 <a href="#">↗</a> , 99-100 <a href="#">↗</a>				■
	Overall	Fully	p. 54 <a href="#">↗</a>				■
<b>Disclosure on Management Approach LA</b>							
	Employment	Fully	p. 39 <a href="#">↗</a>				■
	Labor/management relations	Fully	p. 43 <a href="#">↗</a> , Labour/management relations <a href="#">↗</a>				■
	Occupational health and safety	Fully	p. 48-49 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■
	Training and education	Fully	p. 44-45 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■
	Diversity and equal opportunity	Fully	p. 42-43 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■

G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
----	-------------	----------	-------------------------------	---------------------	-------------	-------------------	------

**Disclosure on Management Approach HR**

	Investment and procurement practices	Fully	p. 52-53 <a href="#">↗</a> , 61-64 <a href="#">↗</a> Code of Ethics <a href="#">↗</a>				■
	Non-discrimination	Fully	p. 11 <a href="#">↗</a> , 42-43 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■
	Freedom of association and collective bargaining	Fully	Code of Ethics <a href="#">↗</a> , Labour/management relations <a href="#">↗</a>				■
	Child labor	Fully	p. 52-53 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■
	Forced and compulsory labor	Fully	p. 52-53 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■
	Security practices	Fully	p. 48-49 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■
	Indigenous rights	Fully	p. 11 <a href="#">↗</a> , 63 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■

**Disclosure on Management Approach SO**























	Community	Fully	p. 66 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■
	Corruption	Fully	p. 11 <a href="#">↗</a> , Monitoring against corruption <a href="#">↗</a>				■
	Public policy	Fully	Relationship with community and international institutions <a href="#">↗</a>				■
	Anti-competitive behavior	Fully	p. 11 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a> , Protection of free competition <a href="#">↗</a>				■
	Compliance	Fully	Code of Ethics <a href="#">↗</a>				■

**Disclosure on Management Approach PR**

	Customer health and safety	Fully	p. 48-49 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a> Health and safety <a href="#">↗</a>				■
	Product and service labelling	Fully	p. 11 <a href="#">↗</a> , 29 <a href="#">↗</a> , 75 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a> , Transparency to customers <a href="#">↗</a>				■
FS15	Policies for the fair design and sale of financial products and services.	Fully	p. 29 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a> , Business Model <a href="#">↗</a>				■
	Marketing communications	Fully	p. 11 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a> , Transparency to customers <a href="#">↗</a>				■
	Customer privacy	Fully	p. 11 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a> , Privacy <a href="#">↗</a>				■
	Compliance	Fully	p. 15 <a href="#">↗</a> , 17 <a href="#">↗</a> , 75 <a href="#">↗</a> , Code of Ethics <a href="#">↗</a>				■

## PERFORMANCE INDICATORS

G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
<b>PRODUCT AND SERVICE IMPACT</b>							
<b>Product portfolio</b>							
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Fully	p. 13 <a href="#">↗</a> , About us (A presentation of the Group) <a href="#">↗</a>				■
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Fully	p. 84 <a href="#">↗</a> , 102 <a href="#">↗</a>				■
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Fully	p. 61 <a href="#">↗</a> , 101 <a href="#">↗</a>				■
<b>Audit</b>							
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	p. 17 <a href="#">↗</a> , Internal control system for the application of the Code of Ethics <a href="#">↗</a>				■
<b>Active ownership</b>							
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	p. 27 <a href="#">↗</a> , 33-34 <a href="#">↗</a> , Responsible Investment <a href="#">↗</a>				■
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	Responsible Investment <a href="#">↗</a>				■
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Fully	Responsible Investment <a href="#">↗</a>				■
<b>ECONOMIC</b>							
<b>Economic performance</b>							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	p. 21 <a href="#">↗</a> , 80-81 <a href="#">↗</a>				■
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	p. 54-65 <a href="#">↗</a>				■
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Financial Reports (Report 2010 p. 240-244) <a href="#">↗</a>				■
EC4	Significant financial assistance received from government.	Fully	p. 93 <a href="#">↗</a>				■
<b>Market presence</b>							
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	p. 92 <a href="#">↗</a>				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	p. 47 <a href="#">↗</a> , 52-53 <a href="#">↗</a> , 98 <a href="#">↗</a>				■
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	p. 39 <a href="#">↗</a>				■
<b>Indirect economic impacts</b>							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	p. 35 <a href="#">↗</a> , 84 <a href="#">↗</a> , BIIS Projects <a href="#">↗</a> , Support for Public Administration <a href="#">↗</a>				■
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Business Plan 2011-2013 <a href="#">↗</a> , Macroeconomics <a href="#">↗</a>				

G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
<b>ENVIRONMENTAL</b>							
<b>Materials</b>							
EN1	Materials used by weight or volume.	Fully	p. 59-60  , 100 				■
EN2	Percentage of materials used that are recycled input materials.	Fully	p. 59-60  , 100 				■
<b>Energy</b>							
EN3	Direct energy consumption by primary energy source.	Fully	p. 56-57  , 99 				■
EN4	Indirect energy consumption by primary source.	Fully	p. 56-57  , 99 				■
EN5	Energy saved due to conservation and efficiency improvements.	Fully	p. 56-57 				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	p. 61-62  , 64 				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	p. 55-57 				
<b>Water</b>							
EN8	Total water withdrawal by source.	Fully	p. 59  , 100 				■
<b>Biodiversity</b>							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not		Not applicable	There are no locations in protected areas and areas of high biodiversity value		■
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	p. 63 				■
<b>Emissions, effluents and waste</b>							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	p. 58-59  , 100 				■
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not		Not material	There are no further significant greenhouse gas emissions		■
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	p. 55-58 				
EN19	Emissions of ozone-depleting substances by weight.	Not		Not applicable	Not applicable for financial activity		■
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	p. 59 				■
EN21	Total water discharge by quality and destination.	Not		Not applicable	Not applicable for financial activity		■
EN22	Total weight of waste by type and disposal method.	Fully	p. 60  , 100 				■
EN23	Total number and volume of significant spills.	Not		Not applicable	Not applicable for financial activity		■
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	p. 100 				

G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
<b>Products and services</b>							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	p. 53 <a href="#">↗</a> , 61-64 <a href="#">↗</a>				■
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not		Not material	Not material for financial activity		■
<b>Compliance</b>							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	p. 60 <a href="#">↗</a>				■
<b>Transport</b>							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	p. 57-58 <a href="#">↗</a> , 99 <a href="#">↗</a>				
<b>Overall</b>							
EN30	Total environmental protection expenditures and investments by type.	Fully	p. 60 <a href="#">↗</a>				
<b>LABOR PRACTICES AND DECENT WORK</b>							
<b>Employment</b>							
LA1	Total workforce by employment type, employment contract, and region.	Fully	p. 89-90 <a href="#">↗</a>				■
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	p. 39 <a href="#">↗</a> , 91 <a href="#">↗</a>				■
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	p. 96 <a href="#">↗</a>				
<b>Labor/management relations</b>							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	p. 95 <a href="#">↗</a>				■
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	p. 95 <a href="#">↗</a>				■
<b>Occupational health and safety</b>							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	p. 43 <a href="#">↗</a>				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	p. 97 <a href="#">↗</a>				■
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	p. 46-49 <a href="#">↗</a> , Health and Safety <a href="#">↗</a>				■
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	p. 48 <a href="#">↗</a> , Health and Safety <a href="#">↗</a>				
<b>Training and education</b>							
LA10	Average hours of training per year per employee by employee category.	Fully	p. 94 <a href="#">↗</a>				■
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	p. 44-45 <a href="#">↗</a> , Training <a href="#">↗</a>				
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	p. 40 <a href="#">↗</a>				







G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
<b>Diversity and equal opportunity</b>							
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Supervisory Board <a href="#">↗</a> , Management Board <a href="#">↗</a> , p. 89-90 <a href="#">↗</a>				■
LA14	Ratio of basic salary of men to women by employee category.	Fully	p. 92 <a href="#">↗</a>				■
<b>HUMAN RIGHTS</b>							
<b>Diversity and equal opportunity</b>							
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Partially	p. 37 <a href="#">↗</a> , 63 <a href="#">↗</a> , 100 <a href="#">↗</a>		All project finance investments and transactions dealing with the trading and production of arms and arms systems are subjected to screening. The percentage of these investments compared to the total has not been calculated to date	mid-term	■
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	p. 53 <a href="#">↗</a>				■
<b>Non-discrimination</b>							
HR4	Total number of incidents of discrimination and actions taken.	Fully	p. 42 <a href="#">↗</a>				■
<b>Freedom of association and collective bargaining</b>							
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	Labour/management relations <a href="#">↗</a>				■
<b>Child labor</b>							
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	p. 18 <a href="#">↗</a> , 52-53 <a href="#">↗</a> , 63 <a href="#">↗</a>				■
<b>Forced and compulsory labor</b>							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	p. 18 <a href="#">↗</a> , 52-53 <a href="#">↗</a> , 63 <a href="#">↗</a>				■
<b>Security practices</b>							
<b>Indigenous rights</b>							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	There are no incidents of violations involving rights of indigenous people				











G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
<b>SOCIETY</b>							
<b>Community</b>							
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	p. 63 <a href="#">↗</a>				■
FS13	Access points in low-populated or economically disadvantaged areas by type.	Fully	p. 82 <a href="#">↗</a>				■
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	p. 28 <a href="#">↗</a> , 67-72 <a href="#">↗</a>				■
<b>Corruption</b>							
SO2	Public policy positions and participation in public policy development and lobbying.	Fully	Monitoring against corruption <a href="#">↗</a>				■
SO3	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	p. 93 <a href="#">↗</a>		This data at present refers to total employees. In future it will be segmented by categories.	next report	■
SO4	Actions taken in response to incidents of corruption.	Fully	p. 95 <a href="#">↗</a>				■
<b>Public policy</b>							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Relationship with community and international institutions <a href="#">↗</a>				■
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	Policies <a href="#">↗</a> Donations to political parties, trade unions and institutions and agents of the P.A. are regulated in Italy by Legislative Decree no. 231/01				
<b>Anti-competitive behavior</b>							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	Protection of free competition <a href="#">↗</a> , p. 36 <a href="#">↗</a>				
<b>Compliance</b>							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	p. 36 <a href="#">↗</a> , Financial Reports (Report 2010 p. 365-369) <a href="#">↗</a>				■








G3	DESCRIPTION	REPORTED	CROSS-REFERENCE/DIRECT ANSWER	REASON FOR OMISSION	EXPLANATION	TO BE REPORTED IN	CORE
<b>PRODUCT RESPONSIBILITY</b>							
<b>Customer health and safety</b>							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	p. 48-49 <a href="#">↗</a> , Health and Safety <a href="#">↗</a>				■
<b>Product and service labelling</b>							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Transparency to customers <a href="#">↗</a>				■
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	p. 36 <a href="#">↗</a>				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	p. 30-31 <a href="#">↗</a> , 85-86 <a href="#">↗</a>				
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	p. 29 <a href="#">↗</a>				■
<b>Marketing communications</b>							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	p. 75 <a href="#">↗</a>				■
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	No incidents of this kind				
<b>Customer privacy</b>							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	p. 87 <a href="#">↗</a> , Privacy <a href="#">↗</a>				
<b>Compliance</b>							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	p. 36 <a href="#">↗</a> , Financial Reports (Report 2010 p. 365-369) <a href="#">↗</a>				■




# ADDITIONAL INDICATORS

CUSTOMERS	
Customer complaints by type	p. 32  , 87 
Quality systems (certifications, codes of conduct adopted)	Certifications  , p. 49  , 55 
Customers: Direct channels	Proximity 


EMPLOYEES	
Breakdown of employees according to education and gender	p. 90 
Breakdown of employees in branches according to role and gender	p. 93 
No. of participants in training (enrolled)	p. 94 
Training according to content	p. 93 
Training: no. training days per year, average per employee and method	p. 94 
Internal communication	p. 94 
Industrial relations: no. of days of absence and reason	p. 95 
Contentious: cases pending	p. 95 
Contentious: disciplinary provisions	p. 95 
Number of robberies	p. 97 

SHAREHOLDERS	
Recommendations by analysts	p. 98 
Rating	p. 51 
Communication with investors and analysts	p. 98 

SUPPLIERS	
No. suppliers in Italy	p. 98 
Breakdown of administrative costs by type	p. 98 

COMMUNITIES	
Media relations: communication activities	p. 102 
Donations	p. 102 
Sponsorships	p. 102 

# COMPLIANCE STATEMENT

 **ERNST & YOUNG**

Reconta Ernst & Young S.p.A.  
Via della Chiesa, 2  
20123 Milano  
Tel. (+39) 02 722121  
Fax (+39) 02 72212037  
www.ey.com

**AUDITORS' REPORT**  
(Translation from the original Italian text)

To the Management Board of Intesa Sanpaolo S.p.A.

1. We have carried out the compliance procedures and analyses on the Social Report of the Intesa Sanpaolo Group as of December 31, 2010, described in paragraph 2. of this report.


The procedures were carried out to evaluate the Management Board's statements, included in the paragraph "Introduction and Methodology" of the Social Report of the Intesa Sanpaolo Group as of December 31, 2010, on the basis of which it has been prepared in accordance with the Sustainability Reporting Guidelines issued by GRI - Global Reporting Initiative - and the social report guidelines for the banking sector prepared by the Association of Italian Banks (ABI) "Accounting to stakeholders. A guide for banks". The preparation of the Social Report in accordance with the guidelines above mentioned is the responsibility of Intesa Sanpaolo S.p.A.'s Management Board.

2. In order to evaluate the Management Board' statements mentioned in paragraph 1., we have performed certain procedures, as recommended by the Research Document n.1 issued by the Work Group for the Social Report (GBS) and in accordance with the criteria stated by the Audit Standard "International Standard on Assurance Engagements 3000", issued by the International Auditing and Assurance Standard Board ("IAASB"), which are summarized as follows:

- verified that the financial data and information are consistent with those included in the financial statements of Intesa Sanpaolo S.p.A. and the consolidated financial statements of the Intesa Sanpaolo Group as of December 31, 2010 with respect to which we issued our auditors' report dated March 29, 2011;
- analyzed the operation of the processes underlying the generation, recording and management of quantitative data. In particular, we have performed the following procedures:
  - interviews and discussions with management and personnel, to obtain an overview of the activity of the Intesa Sanpaolo Group, to gather information on the information technology, accounting and reporting systems used in preparing the Social Report, and to document the processes and procedures used to gather, combine, process and transmit data and information of the Group's operating units and departments to the function responsible for preparing the Social Report;
  - sample-based analysis of supporting documentation used in preparing the Social Report to confirm the reliability of the information derived from interview, the effectiveness of procedures and their adequacy in relation to business objectives and the operation of the internal control system in managing the data and information;

Reconta Ernst & Young S.p.A.  
Sede Legale: 00198 Roma - via Po, 52  
Capitale Sociale € 1.402.500,00 i.v.  
Inscritta alla S.C. del Registro delle Imprese presso la C.C.I.A.A. di Roma  
Codice Fiscale e numero di iscrizione 00434000584  
P.I. 00901221002  
NOTITA AFABIS Revisioni Contabili n. 70945 Pubblicate sulla G.U.  
Suppl. 13 - 1<sup>a</sup> Serie Speciale del 2/02/1999  
NOTITA AFABIS Speciale delle società di revisione  
Consiglio di amministrazione n. 2 delibera n.1/2001 del 14/7/1997

A member firm of Ernst & Young Global Limited

 **ERNST & YOUNG**

- analyzed the completeness and consistency of the qualitative information included in the Social Report. This activity was carried out in line with the above mentioned guidelines;
- verified the process of the stakeholders' involvement, in terms of the methods used, completeness of the stakeholders and analysis of data findings in comparison with them, compared to the information reported in the Social Report;
- obtained the representation letter on the compliance of Social Report with the guidelines indicated in paragraph 1. and on the reliability and completeness of the information and data contained therein.

The Social Report presents, for comparative purposes, data of the preceding year, for which reference should be made to our auditors' report dated July 1, 2010.

3. Based on the procedures performed, we believe that the Social Report of the Intesa Sanpaolo Group as of December 31, 2010 complies with the guidelines and principles which form the basis of the preparation and which are described in the paragraph "Introduction and Methodology" of the Social Report. Moreover, the financial data included in the Social Report are consistent with the data and the information included in the financial statements of Intesa Sanpaolo S.p.A. and in the consolidated financial statements of the Intesa Sanpaolo Group as of December 31, 2010 and the other data and information are consistent with the documentation and meet the content requirements established by the guidelines and principles governing the preparation of the Social Report.

4. We draw your attention to the section "Improvement Objectives" which highlights the activities that the Intesa Sanpaolo Group has planned to carry out.

Turin, May 30, 2011

Reconta Ernst & Young S.p.A.  
Signed by: Massimo Testa  
(Partner)

# SOCIAL REPORT 2010 QUESTIONNAIRE

We are asking for a few minutes of your time.  
Your opinions will help us identify further areas of improvement.

## ABOUT YOU

### Gender

M  F

### Age

under 25  45-60  
 25-45  over 60

To which of the following stakeholder categories do you belong?

- customer
- employee
- shareholder
- supplier
- trade association
- trade union
- consumer association
- environmental organisation
- NGO
- third sector organisation
- third sector organisation
- other, please specify.....

## INFORMATION ABOUT THE SOCIAL REPORT

How would you rate the Social Report, overall:

very interesting  interesting  not very interesting

How did you hear about Intesa Sanpaolo's Social Report?

personal interest  work/study reasons  friends  other

How would you rate the Social Report in each of the listed areas?

	POOR	SUFFICIENT	GOOD	EXCELLENT
Transparency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attention to stakeholder expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Completeness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relevance of the information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Examination of issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Objectiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of content	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graphics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Have you learnt something about the Bank from the Social Report that you did not know before?

No  Yes, specifically .....

Have you found inconsistencies between what is stated in the Social Report and what is your opinion or experience?

No  Yes, specifically .....

What topics were of most interest to you? .....

Do you think that the actions undertaken by the Bank to address 'sensitive' situations have been effective?


No  Yes, specifically .....

Are there improvement objectives that Intesa Sanpaolo should set itself and that were not considered in the Social Report?

No  Yes, specifically .....

Other comments about the Report (missing elements, aspects to be explored, etc.):

.....  
.....  
.....  
.....

The questionnaire can be filled in on the website , or sent by:

e-mail [csr@intesasanpaolo.com](mailto:csr@intesasanpaolo.com)

fax +39 02 8796 2028

mail Intesa Sanpaolo Spa  
Unità Corporate Social Responsibility  
Via Monte di Pietà, 8  
20121 Milano

Thank you for your collaboration.

# CONTACTS

## Intesa Sanpaolo Spa

Registered Office                      Piazza S. Carlo 156  
10121 Torino  
Tel.: +39 011 5551

Secondary Registered Office        Via Monte di Pietà 8  
20121 Milano  
Tel.: +39 02 87911

## Intesa Sanpaolo Spa

Registered Office: Piazza San Carlo 156, 10121 Torino  
Secondary Registered Office: Via Monte di Pietà 8, 20121 Milano  
Share capital: 6,646,547,922.56 euro

Registration number on the Torino Company Register and Fiscal Code 00799960158  
VAT number 10810700152

Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund included in the National Register of Banks No. 5361 and Parent Company of "Intesa Sanpaolo" Group, included in the National Register of Banking Groups

## FURTHER INFORMATION

Corporate Social  
Responsibility Unit

Tel.: +39 02 87963435  
Fax: +39 02 87962028  
E-mail: [csr@intesasanpaolo.com](mailto:csr@intesasanpaolo.com)

Investor Relations

Tel.: +39 02 87943180  
Fax: +39 02 87943123  
E-mail: [investor.relations@intesasanpaolo.com](mailto:investor.relations@intesasanpaolo.com)

Media Relations

Tel.: +39 02 87963531  
Fax: +39 02 87962098  
E-mail: [stampa@intesasanpaolo.com](mailto:stampa@intesasanpaolo.com)

Internet

[group.intesasanpaolo.com](http://group.intesasanpaolo.com) 

Prepared by



Intesa Sanpaolo Spa - Unità CSR

Graphic, layout  
and hypertexts

**STUDIOLARIANI**architettura ■

MILANO [ I ] VIA G.E. PESTALOZZI 3 T +39 028911632  
WEB SITE [www.studiolariani.it](http://www.studiolariani.it) E-MAIL [studio.lariani@libero.it](mailto:studio.lariani@libero.it)

Published in

May 2011

## COLLECTION "XX - VEL - XXI" FOR INTESA SANPAOLO

The communication features of the 2010 Social Report which are mainly sequential but with a web version and access to network processes, has led us to try out a form of art that conveys such content: a series of works specifically created starting from the memory of the 20th century that produced a contemporary aesthetics.

The publication is rounded out with works by the painter Maya Di Giulio and the designer Francesco Civelli. The artistic work, conceived and directed by Ettore Lariani, involves three steps:

- selection of important 20th century works from images that have been selected and downloaded from the web, based on symbolic and metaphorical relevance to the section titles and paragraphs of the 2010 Social Report;
- paintings by Maya Di Giulio who subjectively interprets each work in watercolours, removing and/or changing colours and subjects. She therefore does not make copies, but transfers shapes and colours that the original paintings (or rather their web-simulacra) transmit to her;
- digital processing by Francesco Civelli: once the new paintings are scanned, the IT artist processes them exploiting the potential of the digital world through non-replicable processes, therefore turning them into other objects as opposed to paintings/interpretations of web-simulacra.

The two-step approach is a metaphor for the artistic and technical processes of our time, where a “sensorial” technique – to create with hands, brushes and paints – is moved towards immaterial technical reproduction every time it is reproduced in print or online.

Work title	Page	Author of the painting that inspired the work
Cover		Maya Di Giulio
Boards, Management, Auditors	1	Fernand Léger
Identity and governance	2	Giorgio De Chirico
Economic report	20	Fernand Léger
Social report	22	Kazimir Severinovič Malevič
Customers	26	Kazimir Severinovič Malevič
Employees	38	Kazimir Severinovič Malevič
Shareholders	50	Kazimir Severinovič Malevič
Suppliers	52	Kazimir Severinovič Malevič
Environment	54	Kazimir Severinovič Malevič
Community	66	Kazimir Severinovič Malevič
Indicators	79	Maya Di Giulio

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



ELEMENTAL  
CHLORINE  
FREE  
GUARANTEED

