

Shareholders' Meeting of
28 and 30 April 2008



This is an English translation of the Italian original "Assemblea degli Azionisti del 28 e 30 Aprile 2008" and has been prepared solely for the convenience of the reader.

Intesa Sanpaolo S.p.A.

Ordinary Shareholders' Meeting
of 28 and 30 April 2008

Agenda of the Meeting

1. Proposal for the allocation of net income for the year in relation to the financial statements as at 31 December 2007 and the distribution of the dividend;
2. Substitution of Members of the Supervisory Board.

Letter from the Chairmen

Distinguished Shareholders,

2007 was Intesa Sanpaolo's first year of operations. Thanks to the work and dedication of over one hundred thousand people – who deserve our most heartfelt thanks – the challenges of a large merger were successfully faced and all the goals we had set were achieved.

However, 2007 was also the year of the serious financial crisis that started in the United States due to the real estate bubble and subprime mortgages and gradually spread to other financial segments and various geographic areas. Intesa Sanpaolo reacted to this crisis by confirming and re-launching a traditional business model that is firmly rooted in local areas, aiming to pursue sustainable growth with special attention paid to risk management and capital strength. Above all, this model aims to enhance long-term relationships with customers.

It is precisely the current scenario of world financial difficulties that underscores the validity of the original intuition that led to form Intesa Sanpaolo. Namely, this was the choice of finding other banks that shared natural affinities, history and banking culture, which merged with a view to achieving growth that is not only industrial but also social, civil and territorial.

In a manner consistent with this vision, Intesa Sanpaolo has pursued a process of rationalising the network and extending national coverage. An important element in this process was the entrance of the Banca CR Firenze Group in Intesa Sanpaolo. It contributed a great banking tradition and deep local roots, allowing for the significant strengthening of our presence in fifteen provinces in Central Italy.

The preparation of Intesa Sanpaolo's first annual report was inspired by the same principles and ethical and professional values that characterised the group's beginnings. It is, indeed, a rigorous report, with a degree of transparency that is far higher than currently required by international accounting principles and by the applicable regulations.

Intesa Sanpaolo, aware and proud of what it has achieved over the year, will continue to invest in people, in its search for a common language that will make it possible to affirm a single corporate culture that can integrate the experiences and merits of the original banks. Sharing goals and responsibilities, along with the search for values adopted by all, will be the essential prerequisite for the future successes of the group.

The specific needs of the newborn banking group, especially when it comes to transparency and the reduction of potential conflict of interest risks, in addition to the need for a better distinction between the roles and responsibilities of the corporate bodies, have been met through the adoption of the dual governance model. As everyone knows, this sets out the separation of control and strategic direction functions, which are entrusted with the Supervisory Board, from the company management functions, which are entrusted with the Management Board. One year later we can confirm the validity of the choice made, as it has allowed us to achieve the goals we had set and to ensure the sound and prudent management of the bank.

Intesa Sanpaolo is, today, one of the most important companies in Italy. The interests of Shareholders as well as those of all its other stakeholders converge on it, and so do the general interests of the society we work in. We are therefore proud to call ourselves a Bank for the Country, committed in various ways, including the search for new business models, to demonstrating how lasting profits can be compatible with social responsibility and sustainability.

The work undertaken this year has produced positive results. The 2007 Report posted net income of 7,250 million euro and shows profitability and efficiency at excellent levels, with an ROE of 18.9% and a cost/income ratio of 51.5%. We should recall that these results, which were supported by customer increases of 200,000, were achieved in an especially difficult context, both due to the slowdown in the economic cycle and the crisis in financial markets and due to the process of integration within the bank. Consequently, after its first year of life, Intesa Sanpaolo is already one of the largest banking groups in the eurozone (and in the world) and it is able to confirm the goals of its 2007-2009 Business Plan. Following 2007 – the year in which we fine-tuned our operating machine – 2008 is the year in which the group will start its growth

engines through the involvement of all its Business Units and 2009 will see the achievement of our business plan goals.

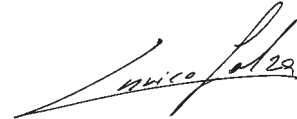
The Management Board and the Supervisory Board have approved the proposal regarding the allocation of income and the distribution of dividends that we have submitted for your approval. In total, the proposal foresees total dividends of 4,867,350,108.81 euro, which means a dividend of 0.38 euro for every ordinary share and 0.391 euro for every saving share related to 2007.

We hope this proposal, which is consistent with our approach to credibility and professionalism, will be welcomed by you and thus represent your ongoing trust in us, as this is fundamental in continuing the direction we have undertaken.

Giovanni Bazoli
Chairman of the Supervisory Board



Enrico Salza
Chairman of the Management Board



Report of the Supervisory Board to the Shareholders' Meeting pursuant to art. 153 of Legislative Decree 58 of 24 February 1998, and art. 25.1, letter f), of the Articles of Association

Distinguished Shareholders,

as everyone knows Intesa Sanpaolo S.p.A. (hereafter also the "Bank") adopted the dual corporate governance system considering that choice the best suited to manage a complex merger such as the one between Banca Intesa S.p.A. and Sanpaolo IMI S.p.A..

For this purpose, please refer to the Corporate Governance Report which presents a more detailed representation of the functions assigned and performed by the Bank's corporate bodies, and note that the dual corporate governance model adopted by Intesa Sanpaolo S.p.A. entails the distinction between the strategic direction and control functions which are entrusted with the Supervisory Board, and those of management of the business, exercised by the Management Board. This distinction permits to define roles and responsibilities of corporate bodies to the best, also to guarantee a sound and prudent management of the Bank.

In this context the Supervisory Board, pursuant to the Articles of Association as well as in compliance with the recommendations contained in the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A. and the collegial principle to be adopted in the performance of its duties, established five internal Committees (Nomination Committee, Remuneration Committee, Control Committee, Financial Statements Committee and Strategy Committee). These Committees, through the performance of the functions they are entrusted with, ensure that the Supervisory Board has an adequate prior assessment of the matters of competence of the Board itself, with the formulation, as the case may be, of observations and opinions.

The organisation and functioning of the Committees – which must provide detailed information concerning the activities performed at every Supervisory Board meeting – turned out to be particularly effective as concerns the activities of the collegial body and of the single Members of the Supervisory Board, for the support they receive in the examination and assessment of the matters of competence. In appointing Committee members, the Supervisory Board considered the professional and independence requirements of Board Members, for the purpose of ensuring an adequate performance of the duties attributed to each Committee.

Similarly, to enable each Member to identify the relations between all the duties of the Board and therefore their adequate coverage, the Supervisory Board deemed it opportune to attribute to the Secretary, appointed within the Board, the coordination of the activities of all Committees, by participating to all their meetings without the right to vote. This decision stems from the will to guarantee that the responsibility, which applies to each Member, is constantly monitored and, at the same time, to ensure that the information necessary for a correct exercise of their function both by the single Members and by the entire Supervisory Board is available.

The aforesaid organisational model is completed by the formation by the Supervisory Board, pursuant to art. 151-bis, par. 3 of Legislative Decree 58 of 24 February 1998 (the Consolidated Law on Finance, hereafter also "TUF"), of the Organisational Unit "General Secretariat of the Supervisory Board" with the mission of:

- assisting the collegial body, the Chairman, the Deputy Chairmen and the Committees in performing their respective functions as provided for by the Bank's Articles of Association, including in the definition of the related regulations;
- supporting the Secretary in the functions he has been attributed;
- ensuring the connection with the corporate bodies in charge of managing the Bank, with particular reference to the activities connected to resolutions which require the intervention of the Supervisory Board and the Management Board;
- managing the relations with the Chairman of the Management Board and the Managing Director as concerns all the issues of interest of the Supervisory Board.

Finally, pursuant to the Bank's Articles of Association, the Chairman of the Supervisory Board has and performs an important role in the supervision and activation of corporate bodies as well as in the procedures

and systems for controlling the activities of the Bank and of the Group – and for this last purpose also with the support of the Internal Auditing function – promoting the monitoring the correctness and adequacy of the organisational structure and of the administration and accounting structure adopted by the Bank and by the Group, thus ensuring that the conditions are met for the Board to correctly exercise its control and strategic management functions.

Given all mentioned above, the present Report mostly complies with the requirements set forth by art. 153 of TUF and, therefore, refers to the supervising activities performed as well as on any omissions or reprehensible facts identified. Please refer to the Corporate Governance Report for information on the Supervisory Board's other duties and functions.

Given all the foregoing, the Supervisory Board:

a) states that it:

- carried out the supervising activity set forth by the law, pursuant to the recommended principles issued by the National Council of Dottori Commercialisti e Ragionieri (the Italian Accounting Profession), and in consideration of the recommendations issued by Consob (the Italian Securities Exchange Commission) via its Communications and, in particular, Communication 1025564 of 6 April 2001 and subsequent amendments;
- received from the Management Board – the Control Committee of the Supervisory Board always participated in the Management Board Meetings – periodic information on operations and the most significant transactions carried out by the Bank and by its subsidiaries also in compliance with art. 150, par. 1, of TUF;
- acquired information and supervised, for the areas of competence, upon the adequacy of the organisational structure and the respect of the principles of correct management via direct observation, information gathering and periodic meetings with the Heads of the main company functions, the Manager responsible for preparing the Company's financial reports and the Independent Auditors Reconta Ernst & Young S.p.A. for the purpose of the reciprocal exchange of relevant data and information;
- supervised over the adequacy of the internal controls system and of the administration and accounting systems, as well as over the reliability of the latter for the fair representation of operating activities, via information gathering and periodic meetings with the Heads of the respective functions, the examination of company documents and those prepared by the Independent Auditors Reconta Ernst & Young S.p.A.;
- supervised over the concrete means of implementation of the corporate governance rules provided for by the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A.;

b) points out, also in relation to the specific competence it is attributed by the law and by the Articles of Association as concerns the approval of the Parent Company's and consolidated financial statements that:

- on 20 March 2008 the Management Board examined the draft Parent Company's and consolidated financial statements as at 31 December 2007 which, together with the Reports on Operations, were made available to the Supervisory Board on the same date, in derogation to provisions of art. 2429, par. 1, of the Italian Civil Code;
- it verified the compliance to laws and regulations regarding the preparation, the definition and the compulsory forms of such financial statements as well as relevant documentation attached – including the information on ownership structures in compliance with art. 123-bis of TUF – also through the support of the Financial Statements Committee and through specific information obtained from the Independent Auditors Reconta Ernst & Young S.p.A.;
- it verified that the Reports on operations for 2007, which accompany the aforementioned draft financial statements conform to laws and regulations in force and illustrate exhaustively and clearly the income statement, balance sheet and financial situations of the Bank and the Group, as well as operations development in the financial year;
- the Managing Director and the Manager responsible for preparing the Company's financial reports on 20 March 2008 released the certifications in compliance with art. 154-bis, par.5, of TUF;
- the Independent Auditors Reconta Ernst & Young S.p.A. released on 27 March 2008 the Reports on both the Parent Company's and the consolidated financial statements as at 31 December 2007, with no exceptions;
- it approved, with resolution of 20 March 2008, the Corporate Governance Report;
- it approved, with resolution of 11 April 2008, the Parent Company's and consolidated financial statements as at 31 December 2007 of Intesa Sanpaolo S.p.A., made up of the balance sheet, the income statement, the changes in shareholders' equity, the statement of cash flows and the notes to the financial statements, as well as the Reports on operations;

c) from the supervising activity carried out no significant facts emerged which must be mentioned to Supervisory Authorities or in the present Report.

Given all the foregoing, the specific indications to be provided with the present Report pursuant to art. 153

of TUF, according to the order of presentation set forth by the aforementioned Consob Communication 1025564 of 6 April 2001 are set out below.

1. The Supervisory Board, as part of strategic supervision, role entrusted with it by the Bank's Articles of Association:

- gathered information on the most significant transactions in income statement, financial and balance sheet terms carried out by the Bank and by its subsidiaries;
- examined, with the support of the Strategy Committee, transactions and initiatives of significant strategic importance submitted by the Management Board, and decided upon their authorisation;
- performed surveillance activities over compliance with requirements set forth for such transactions.

Based on the information gathered, such transactions have occurred according to the law and the Articles of Association and are not manifestly imprudent, hazardous, in conflict of interest, in contrast with resolutions taken by the Shareholders' Meeting, or in any case such as to compromise the integrity of the Company's shareholders' equity.

The particularly noteworthy transactions authorised on proposal of the Management Board are:

- the approval of the 2007-2009 Business Plan;
- the presentation of a binding offer for the acquisition of a 100% stake in the share capital of Oyak Bank S.A. – Istanbul (operation which was not concluded successfully);
- the decision not to proceed with the placement on the Stock Exchange of a 30% stake in the share capital of the Eurizon Financial Group and to continue in the development of the three main activities included in the Eurizon subgroup;
- the acquisition of control of Banca CR Firenze S.p.A. which entailed:
 - the purchase of a 40.3% stake from Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio di La Spezia and Sofibar through a share swap of a 3.3% stake in the Bank's ordinary share capital; to service the transaction the Shareholders' Meeting of 2 October 2007 authorised the corresponding purchase of own shares;
 - a mandatory public tender offer on all shares of the Cassa for a cash consideration of 6.73 euro per share;
 - the stipulation of a derivative contract with cash settlement on the number of own ordinary shares to be swapped to minimise exposure to oscillations of their market price.

The Supervisory Board also examined the decision of the Management Board which authorised the acquisition, of a 10.6% stake in the ad hoc company established by a group of primary Italian investors and the international telecom player Telefonica for the acquisition of Olimpia S.p.A. (company holding an 18% stake in Telecom Italia S.p.A.).

2. We did not find any uncharacteristic and/or unusual transactions, carried out with third parties, related parties or infra-group which might lead to doubts regarding i) the fairness/completeness of financial statements, ii) conflicts of interest, iii) safekeeping of Company value, and iv) safeguard of minority shareholders.

3. In its Reports on operations and in the Notes to the Parent Company's financial statements and the Notes to the consolidated financial statements as at 31 December 2007 the Bank's Management Board adequately indicated and illustrated the most significant transactions with third parties, related parties or infra-group by describing their characteristics.

On this point, please note that, on proposal of the Management Board, the Supervisory Board, in the integration process of the Group's entities and reference internal models and considering the amendments which had occurred in the regulatory framework, approved in 2007 the Regulations on transactions with related parties, proceeding to the review of pre-merger procedures which had been provisionally confirmed. The most significant differences with respect to the prior internal regulations refer to:

- the update of the procedures for the identification of related parties, with reference to the Bank's ownership and organisational structure after the merger and provisions of IAS 24;
- the strengthening of the examination procedures and the setting of new thresholds for resolutions within the power of the Management Board, consistently with the need to verify the substantial and procedural correctness of such transactions and managing the risk of conflicts of interest;
- the prescription of a mandatory opinion by the Control Committee on the most significant transactions, in compliance with the suggestions of the Corporate Governance Code; in this context, the Control Committee expressed its favourable opinion on the recapitalisation of Leasint S.p.A. (wholly-owned subsidiary) and, towards the end of the year, commenced the analysis of the issue of participating bonds under Luxembourg law by Société Européenne de Banque S.A. (in which Intesa holds an indirect 99.9% stake through Intesa Holding International S.A.).
- the prescription of equivalent regulations for transactions entered into by subsidiaries.

The Regulations on transactions with related parties was amended in February 2008, also in consideration of the experience matured in its first year of application. In particular, the Supervisory Board adopted the indications of the Management Board and authorised:

- the extension of the scope of application of the Regulations to shareholders (and their groups) with a stake in the Bank's voting share capital exceeding 2% (calculated solely on securities owned); this threshold corresponds to the first threshold for communication to Consob, to the public and to the Issuer, pursuant to art. 120 of TUF;
- a significant increase in the number of transactions with related parties subject to subsequent information requirements, in line with provisions of art. 150 of TUF; on this point please note that lending by the Bank's subsidiaries with its Board Members is contained in a specific periodic report on the Parent Company's assents released for significant transactions ex art. 136 of Legislative Decree 385 of 1 September 1993 (hereafter also "TUB");
- the release of the prior opinion of the Bank's Control Committee even for significant transactions concluded by subsidiary companies with the Parent Company's related parties.

4. The Independent Auditors Reconta Ernst & Young S.p.A., released on 27 March 2008, pursuant to art. 156 of TUF, Reports on both the Parent Company's and the consolidated financial statements as at 31 December 2007, with no exceptions.

In particular, Reports set out that the two annual reports:

- comply with International Financial Reporting Standards adopted by the European Union as well as with provisions issued to implement art. 9 of Legislative Decree 38/2005;
- are prepared clearly and provide a true and fair representation of the income statement, balance sheet, shareholders' equity and financial situation of Intesa Sanpaolo S.p.A. and of the Group in financial year 2007.

5. As concerns the complaints ex art. 2408 of the Italian Civil Code, received during 2007, in relation to the Bank's Ordinary Shareholders Meeting held on 2 October 2007, the shareholder Francesco Rimbotti reported the treatment that the Management Board allegedly reserved to a financing of significant amount to a relative of the Managing Director, recalling the provisions of the Italian Civil Code on transactions with related parties.

On this point, the Supervisory Board, through the Control Committee, examined the transaction, and verified that it does not refer to a related party since the person involved cannot be considered a "close relation" of the Managing Director pursuant to the relevant Company's Regulations. Furthermore, no anomalies emerged in the assessment and decision process.

6. In 2007 the Supervisory Board received seventy-one complaints (of which, forty-five in the first half) containing alleged anomalies and/or irregularities. The rise in such complaints with respect to those received in 2006 by Banca Intesa S.p.A. and Sanpaolo IMI S.p.A., must be mostly attributed to the following elements:

- the letter communicating the merger between the two former banks, was sent to all customers at the beginning of the year, and it triggered the formulation or the reiteration of complaints sent to the Chairmen of the Management Board and of the Supervisory Board since they signed the aforesaid communication;
- in certain cases, the complainants did not understand the changes in the competences of corporate bodies with the adoption of the dual corporate governance system, with the result that many letters were indistinctly sent to the attention of the Chairmen of the two corporate bodies.

The assessments conducted on such complaints, through the competent company structures did not lead any omissions or relevant reprehensible facts.

- 7/8. In 2007, in compliance with the guidelines expressed by the Supervisory Board and the Management Board, a policy was adopted aimed at disciplining, in compliance with relevant regulations, the conferral of engagements for auditing and other services to auditing firms and their networks.

The main Independent Auditors Reconta Ernst & Young S.p.A. was conferred by the Parent Company and other Group companies, the engagement to perform the audit of the Parent Company's and consolidated financial statements, the review of the Half-Year report, the examination of the information provided by the Parent Company for the preparation of the Consolidated financial statements and Half-Year report, the periodic verification of regular keeping of books, auditing of the reports of mutual funds, verifications connected to the subscription of tax declarations and certifications released to the National Guarantee Fund. In relation to such engagements the amounts paid are indicated in the caption "audit" in the table included as an attachment to the Annual Report 2007 called "Fees for auditing and services other than auditing pursuant to art. 149-duodecies of Consob Regulation 11971.

Reconta Ernst & Young S.p.A. and other entities “related to it due to ongoing relations” were also conferred other engagements in addition to those indicated above, the fees for these engagements are set out in the tables below, excluding reimbursed expenses and VAT:

(in millions of euro)

Type of service	Intesa Sanpaolo		Group Companies (*)	
	Reconta Ernst & Young	Reconta Ernst & Young Network	Reconta Ernst & Young	Reconta Ernst & Young Network
Release of attestations	0.5	-	0.6	-
Consulting services	-	-	-	-
Other:	0.3	-	0.5	0.1
- Legally-required expert opinions	-	-	0.4	-
- Social report audit	0.3	-	-	-
- Other	-	-	0.1	0.1
Totale	0.8	-	1.1	0.1

Amounts net of VAT and reimbursed expenses.

(*) Group companies and other fully consolidated subsidiaries.

9. The Supervisory Board, pursuant to art. 154-bis of TUF, released the opinion pursuant to art. 20 of the Bank's Articles of Association as concerns the appointment, the powers and the means of the Manager responsible for preparing the company's financial reports.
The Board also expressed its opinion, pursuant to art. 27 of the Bank's Articles of Association, as concerns the appointment and remuneration of General Managers.
10. In 2007 the Supervisory Board attended the two Ordinary Shareholders' Meeting held on 3 May and 2 October.
Furthermore, the following meetings were held in 2007:
 - 13 of the Supervisory Board;
 - 18 of the Management Board, in which, as provided for by the Articles of Association, the Control Committee was present as well as the Board Secretary whereas the Chairman and the other members of the Supervisory Board did not take part;
 - 22 of the Financial Statements Committee;
 - 37 of the Control Committee;
 - 1 of the Nomination Committee;
 - 7 of the Remuneration Committee;
 - 6 of the Strategy Committee.
11. There are no exceptions as concerns the respect of correct management principles which always seem to have to been applied.
12. As concerns the adequacy of the Bank's organisational structure, please note the in-depth reorganisation which occurred as a result of the integration between the structures of the two banks which were merged. The relevant process, partly implemented and still under way, absorbed great energies throughout 2007, even for the valuation of models and initiatives adopted by Banca Intesa S.p.A. and Sanpaolo IMI S.p.A., comparing them with the best practice of the banking system, for the purpose of equipping the new entity with the organisational model best suited to the size, the complexity and the market positioning of the new Bank.
On this point, the Supervisory Board, also through the activities of the Control Committee, attentively controlled the development of the Bank's organisational structure, monitoring the progress of the projects of the Integration master plan with particular attention to the new single ITC system. The Control Committee had periodic meetings with the Heads of the business units (Banca dei Territori Division; Corporate and Investment Banking Division; International Subsidiary Banks Division), of certain

subsidiary companies (Eurizon Capital; Eurizon Vita; Banca Innovazione Infrastrutture e Sviluppo) and of the main Head Office structures with direction, coordination and control responsibilities, which are charged with specific missions and functional characteristics (Administration Governance; Credit Governance; Resource Governance; Value Governance; Corporate Affairs; Corporate Safety; Corporate Social Responsibility).

Moreover, particular attention was also reserved to monitoring the progress of the projects for the integration of the Internal Auditing and Compliance Departments of the two former banks, to the approval of the model for the coverage and target dimension of the Internal Auditing function as well as to the analysis of the new Bank of Italy Instructions on Compliance and the consequent project for the reorganisation of the relative structure.

The Supervisory Board, through the Control Committee, also ascertained the completion of the project which led to the start and consolidation of the operations of the Operations Finance Department, consistently with the recommendations that the Bank of Italy had issued following the inspection it had performed at the time at Banca Intesa S.p.A.'s finance area and at the subsidiary Banca Caboto S.p.A. (now Banca IMI S.p.A.) and concluded in May 2006.

13. The complexity of the integration process means that the organisation of certain areas cannot be considered definitive, in particular of the Operations Finance Department and the Risk Management, Compliance and Audit functions. With reference to the merger which involved Intesa Sanpaolo S.p.A. at the beginning of 2007, please note that the activities performed by the Supervisory Board as concerns controls were strongly characterised by the new operating context in which it started and by the awareness of the non-homogeneous approaches and the evolving situations of the two banking groups. The guidelines of the controls system had already been approved by the Supervisory Authority at the time of the definition of the integration plan, which had also highlighted its expectations from the Supervisory Board and the Control Committee – which the Authority considers its natural interlocutors – in terms of:

- monitoring of the continuity of the controls system, in every area of the Group where this is provided for;
- assessment and maintenance of internal models, with their continuous adaptation to the changed operating conditions;
- attention to the Internal Capital Adequacy Assessment Process (ICAAP), for which the support of Value Governance is essential.

More specifically, as concerns supervision activities, please note that the Supervisory Board, with the support of the Control Committee, identified the Bank's business areas and organisational units, acquiring knowledge on operating mechanisms, analysing problem issues and verifying the adequacy and the actual functioning of the related internal controls systems. This analysis will continue in 2008 for the purpose of reaching a complete vision of the structure of the Bank and will subsequently be extended to the entire Group.

In particular, issues related to organisational structure, operating processes, controls systems and improvement areas emerged in the integration process were discussed with the Heads of Administration Governance, Credit Governance, Resource Governance, Value Governance, Banca dei Territori Division, Corporate and Investment Banking Division, International Subsidiary Banks Division as well as of Corporate and Investment Banking Division. Particular attention was dedicated to the Internal Auditing Department – whose activities are important for the Supervisory Board, as well as for the Surveillance Body, to performing their respective supervisory and control duties – to the Risk Management Department, to the activities of the Manager responsible for preparing the Company's financial reports as well as to the development of target ITC system, to its functionalities as concerns the various areas of the Bank and the effectiveness of the IT solutions released. On this point, a detailed reporting system was activated aimed at monitoring the initiatives adopted and any connected problem areas as well as the consistency of the decisions taken with the Bank's needs and/or compliance with programmed timing. Such issues shall be further analysed in 2008.

For the purpose of equipping the Supervisory Board with the knowledge necessary to perform the control duties, the production of a systematic information flow from the Bank's structures to the Control Committee was defined and realised in the second half. More specifically, information is provided, at least quarterly:

- by the Internal Auditing Department, through the Report on Auditing activities performed in the reference period including a "Tableau de Bord" relative to critical issues identified;
- by the Risk Management Department, through the "Risks Tableau de Bord", which provides a complete overview of the Group's risk position with reference to all risks and, especially, those described in pillar 1 and pillar 2 in Basel 2 (credit, financial, trading book, operational, insurance and business risks);
- by the Manager responsible for preparing the Company's financial reports as concerns activities

performed, any critical issues emerged and the actions taken to solve them; the same Manager, on a half-yearly basis, informs on the outcome of the assessments of the ICT bookkeeping system provided for by the law and the Bank's Articles of Association for the exercise of supervision functions.

Furthermore, the Control Committee receives timely information in case of evidence of significant deficiencies or difficulties in executing controls.

The set objective is the complete knowledge and full understanding of the controls system in place in the new Bank, for the purpose of optimising supervision and controls system in place. Please note that this activity in this first phase was mostly addressed to the Parent Company; specific in-depth assessments will subsequently be extended to the controls system in Group companies, in line with the Bank's responsibilities as Parent Company.

Please note that the Supervisory Board approved the document "Guidelines for the Management of the Group's Operational Risk", proposed by the Management Board, which is the Company's regulatory reference framework, fundamental to realise the activities necessary for the validation, by the Bank of Italy, of the risk measurement models that the Group intends to adopt within the Operational Risk project, which is part of the more extensive Basel 2 Project. This document is aimed at ensuring an effective risk prevention and containment action and pursues the following main objectives:

- the safeguard of company value in its tangible (capital) and intangible (brand, reputation) components;
- the control of processes involved in the monitoring of this type of risk and the verification of the correct implementation of such processes;
- the management of risks and of the related responsibilities for corporate structures;
- the coordination of such Parent Company structures with the those of the subsidiaries as concerns the issues under examination.

The Supervisory Board, through the Control Committee, dedicated specific attention to the examination of:

- projects under way to comply with the new MiFID and Basel 2 regulations;
- integration activities between the Group's international banks with respect to the existing Corporate governance model;
- governance mechanisms for the management of credit, financial and operational risk within the Banca dei Territori Division, the Corporate and Investment Banking Division and the International Subsidiary Banks Division, as well as the internal controls systems. In meetings with the Corporate and Investment Banking Division, in-depth assessments were performed on the New York Branch following the annual inspection of the Federal Reserve Bank, in which certain critical issues emerged, mainly in the controls system; such interventions led to sign a Written Agreement, with public relevance, which requires that both the Parent Company and the Branch adopt, within a predefined timeframe, specific measures to solve the critical issues which emerged. On this point, the Supervisory Board requested that the structures involved, and subsequently also the independent auditors and external advisors to constantly monitor activities and provide timely information as concerns all significant developments;
- the integration process of the Internal Auditing and Compliance functions of the two banks which are involved in the merger, and of the "Compliance Model" in light of the new Supervisory Instructions issued by the Bank of Italy;
- the activities of the Risk Management Department in consideration of the relevance of the function in the internal controls system. The following aspects were analysed: the monitoring system in place, the problem issues under resolution and the development plans with reference to the various risk types (in particular market, liquidity and operational risk), also for the purpose of monitoring the process for compliance with the new prudential supervision provisions set forth by the Basel accord. In particular: i) with reference to market risks, the Market Risk Charter was analysed, instrument which will be used to assess the degree of efficiency and adequacy of the internal controls system; ii) in relation to liquidity risk, the project for the definition of a new Group liquidity policy to be further enhanced in 2008 was examined; iii) with reference to operational risks, the model applying the Traditional Standardised Approach (TSA) management model was assessed, together with its means of implementation by Intesa Sanpaolo S.p.A. in 2008 and the related self assessment process, both of which were approved by the Supervisory Board and the Management Board in the first months of 2008.

The Parent Company's and the consolidated financial statements provide detailed information on the composition and quantification of the respective portfolios. Please note that the Supervisory Board, with the aid of the structures involved and the Internal Auditing Department, assessed in detail the issues relative to the Bank's situation in terms of exposures to subprime and Alt-A mortgages, following the requests of Bank of Italy and Consob, as well as to the self assessment on the Group's derivatives activities, which is mandatory for all intermediaries, as set forth by the Bank of Italy. Again with reference to derivatives activities, please note that the Bank of Italy performed inspections from 2 August 2007 to 18 January 2008,

and on 7 April it delivered the relevant Inspection Report. The Supervisory Board will examine the Report in detail to enact the most opportune initiatives within its competence and responsibility.

Both responses sent to the requesting Authorities highlighted areas of improvement, the solution of which must also be object of supervision in the continuation of activities, and in particular: the derivative pricing and measurement process which has since then been disciplined with the adoption of the "Capital Market Structured Products Valuation Policy" approved by Management Board on 20 March 2008; the definition of the means with which to communicate to the market the information relative to the measurement methods and any impacts on the income statement. Furthermore, a further point of attention was addressed via the reorganisation of the Finance Area which occurred in the second half with the allocation of Proprietary Trading Service in the Corporate and Investment Banking Division and the formation of the Treasury Head Office Department which directly reports to the Managing Director.

The operating interventions defined with the Supervisory Authority at the time of the integration plan are confirmed and proceed according to the timing agreed upon with Authority.

Finally, please note – with reference to the internal controls system – that both Banca Intesa S.p.A. and Sanpaolo IMI S.p.A. had adopted Organisation, management and control models pursuant to Legislative Decree 231 of 8 June 2001, whose validity, after the merger was provisionally confirmed, at the time of the Supervisory Board's appointment of the Control Committee as Surveillance Body pursuant to the aforesaid Decree.

Following the activation of the project aimed at realising a single model for the new entity, capable of seizing the best practices in the pre-existing models, with resolution of 9 October 2007, on proposal of the Management Board, the Supervisory Board approved the new Organisation, management and control model pursuant to the abovementioned Decree; the Surveillance Body therefore commenced a second phase – which will be completed in 2008 – aimed at aligning detailed regulations, influenced by the integration projects, to provisions of the new Model. Furthermore, the extension of the guidelines of the Model to Group companies, according to a programme which takes into account the different sensibility of the business and the integration processes.

In consideration of the surveillance activities described above, of informative evidence brought to the attention of the Supervisory Board by the competent functions, of the complex integration process under way for the organisation, the procedures and the ICT systems, and also taking into account the purposes connected to the achievement of the objectives contained in the 2007–2009 Business Plan, there do not seem to be any particular deficiencies in the overall internal controls system to report.

14. As regards the adequacy of the administration and accounting system, the draft Parent Company's and consolidated financial statements as at 31 December 2007 have been prepared pursuant to Legislative Decree 38/2005, in application of IAS/IFRS in force as at 31 December 2007, as endorsed by the European Commission on the basis of the procedure set forth by Community Regulation 1606/2002 and considering the Circular of the Bank of Italy 262/2005.

Please note that the Supervisory Board, with the support of the Financial Statements Committee, constantly supervised the progress for the preparation of the financial statements, requesting information from the Manager responsible for preparing the Company's financial reports as concerns the main problems which emerged and the solutions adopted and verified the consistency of the results achieved by the Bank with the forecasts contained in the three-year Business Plan.

Moreover, for the purpose of equipping the Bank with specific regulations which comply with the new provisions of art. 154-bis of TUF, introduced by Law 262/2005, amended by Legislative Decree 303 of 29 December 2006, which strengthened the governance system of dissemination of information to the market by companies with listed securities, the Management Board approved the Document "Guidelines for administrative financial governance", on which the Supervisory Board formulated its favourable opinion and supervised over the correct application through the periodic information received from the Manager responsible for preparing the Company's financial reports.

The corporate governance model adopted by that document to guarantee the adequacy and actual application of the Group's administration and accounting procedures was defined starting from the approach identified by Sanpaolo IMI pursuant to Sarbanes Oxley Act, that conjugates compliance requirements with efficiency objectives and maximisation of organisational synergies.

The adopted reference model, based on the COSO and COBIT Framework - generally-accepted reference standards at international level - provides for the existence of:

- an adequate internal controls system at company level which is necessary to reduce the risk of mistakes or incorrect conducts; this is achieved through the verification of elements such as adequate governance systems, conduct standards based on ethics and integrity, effective organisational structures, clear attribution of powers and responsibilities, adequate risk policies, personnel disciplinary systems, effective codes of conduct and fraud prevention systems;

- administration and accounting procedures for the preparation of financial statements and, in general, of financial reporting, with the verification over time of their adequacy and actual application; this category also includes, in addition to administration and accounting processes, also business processes for direction, control and support with an estimated significant impact on financial statements accounts;
- governance rules for the technological infrastructure and the applications related to administration and accounting procedures, with the verification over time of their adequacy and actual application.

The model is applied according to a risk based logic, selecting the companies, the administration and accounting procedures and the governance rules for the technological infrastructure and the applications considered relevant for the purpose of the Group's accounting and financial reporting.

The verification of an adequate internal controls system at company level was performed on the basis of evidence produced by Internal Auditing structures. The verification of the adequacy and the actual application of administration and accounting procedures and of the governance rules of the technological infrastructure and the applications occurs, in part, according to specific methodologies derived from the auditing standards applied by the Manager responsible for preparing the Company's financial reports with the structures dedicated to this purpose and, in part, on the basis of evidence provided by the Internal Auditing Department and other corporate functions with control responsibilities, in view of maximisation of organisational synergies. Compliance with relevant regulations is also confirmed by the system of certifications sent to the Manager responsible for preparing the Company's financial reports from other corporate functions of the Parent Company and of subsidiaries.

The Supervisory Board – through the Control Committee – was periodically informed by the Manager responsible for preparing the Company's financial reports on the progress of the project to implement Law 262/05. The approach used in the project was shared with the aforesaid Committee. The Supervisory Board also received the outcome of the assessments on the accounting ITC system for the release of the required certification signed by the Managing Director and the Manager responsible for preparing the Company's financial reports on the Parent Company's and the consolidated financial statements 2007, as provided for by par. 5 of art. 154-bis of TUF.

With reference to the listing of the shares already issued by Sanpaolo IMI S.p.A. on the new York Stock Exchange (NYSE) and the relative registration with the Security and Exchange Commission (SEC), please note that due to the merger of Sanpaolo IMI S.p.A. into Banca Intesa S.p.A. and the decision not to list Intesa Sanpaolo on the US market, the Sanpaolo IMI share was delisted in 2007 and the Intesa Sanpaolo share deregistered from the NYSE. Consequently, the financial reporting of Sanpaolo IMI relative to financial year 2006 and the CEO and CFO certifications provided for by the Sarbanes Oxley Act were not prepared.

Nonetheless, the experience matured by the Sanpaolo IMI Group on compliance with US regulations is a precious resource in the implementation of new domestic regulations deriving from the introduction of Law 262/2005 which, in terms of purposes and liability profiles as concerns financial disclosure, present numerous analogies with the provisions of the Sarbanes Oxley Act.

Finally, please note that – also in consideration of the reporting requirements of the Board of Statutory Auditors of Sanpaolo IMI attributed by the Shareholders' Meeting of 29 April 2005, that resolved upon the assignment of a plafond for legal advisory services related to the application of the aforementioned regulations – the payment of the invoice, amounting to 136,074.91 US dollars, issued by the Legal Firm Davis Polk & Wardwell (for the activities performed to comply with requirements to achieve the aforesaid deregistration) has been authorised.

The Supervisory Board acknowledges that both the Parent Company's financial statements and the consolidated financial statements are accompanied, pursuant to art. 154-bis of TUF and art. 81-ter of Consob Regulation 11971 of 14 May 1999 and subsequent amendments and integrations, by a certification from the Managing Director and CEO and the Manager responsible for the preparing the Company's financial reports.

In light of the evidence analysed to date, it is founded to deem that the administration and accounting system of the Bank is capable of ensuring a fair representation of operations.

15. Instructions given by the Parent Company, so that subsidiaries provide information flows which ensure the timely compliance with the information requirements set forth by the law, reflect the integration process which is still under way.

Moreover, please note that the Supervisory Board, thanks to the activities of the Control Committee, activated a direct relation with the Chairmen of the Boards of Statutory Auditors of the main Italian subsidiaries for the purpose of illustrating the Bank's new governance structure and commenced an

exchange of information flows, in compliance with regulatory provisions which enable the Supervisory Board to exchange information with the corresponding bodies of subsidiaries as concerns administration and control systems and the general development of operations as well as requiring that the Parent Company involve and inform the corporate bodies of subsidiaries of the decisions concerning risk management procedures and policies. Contacts with the corresponding Bodies of subsidiaries and evidences presented by the Internal Auditing Department as concerns controls performed on subsidiaries did not lead to identify significant elements to be reported.

16. During the periodic exchange of information with the Independent Auditors, pursuant to art. 150, par. 3, of TUF, no relevant aspects to be notified emerged.

Please note that, in 2007, the Supervisory Board, thanks to the activity of the Financial Statements Committee and the Control Committee met on various occasions the Independent Auditors together with the Head of Administration Governance and the Manager responsible for preparing the Company's financial reports for the purpose of obtaining in-depth information on audit activities, with particular reference to the way these are conducted and to the results of the controls performed on the most significant areas. Among the in-depth analyses, those related to the Bank's Half-Year Report as at 30 June 2007, which addressed the accounting treatment of Employee termination indemnities (TFR) in light of the social security reform, were particularly noteworthy.

Moreover, the Supervisory Board, through the Control Committee and the Financial Statements Committee, viewed the audit plan for the companies which make up the Group, prepared by Reconta Ernst & Young S.p.A.

With reference to the instances pointed out by Reconta Ernst & Young S.p.A. and PricewaterhouseCoopers S.p.A. in relation to the 2006 financial statements of the two banks to be merged, referred to the administration-accounting internal controls system, an in-depth assessment – with the contribution of the Internal Auditing Department, of the Manager responsible for preparing the Company's financial reports and the Independent Auditors Reconta Ernst & Young – was performed on the document prepared by Administrative and Financial Governance on the progress of projects to solve such instances. Improvements were identified in all areas involved.

17. The Bank's Corporate Governance Report, mentioned above, also prepared in accordance with the Corporate Governance Code promoted by Borsa Italiana S.p.A and pursuant to provisions set forth in the Instructions to the Regulations of the Markets organised and managed by Borsa Italiana S.p.A., details the current dual corporate governance system of Intesa Sanpaolo S.p.A.

In the aforesaid Report, information is also provided on how the new Corporate Governance Code published in March 2006 has been applied to the Bank's corporate governance system.

18. From the supervising activity carried out by the Supervisory Board, as described above, no significant omissions, reprehensible facts or irregularities emerged which must be mentioned to Shareholders.

19. Lastly, we have no objections to make as concerns the proposed resolutions presented by the Management Board on both the allocation of net income for 2007 and the dividend to be distributed as provided for by point 1) in the Agenda of the Meeting of the Ordinary Shareholders' Meeting summoned on 28 e 30 April 2008.

Torino, 11 April 2008

For the Supervisory Board
The Chairman – Giovanni Bazoli

Report of the Management Board

Point 1 of the Agenda of the Meeting

Distinguished Shareholders,

Pursuant to art. 2364 bis of the Italian Civil Code and articles 7.3 and 28.3 of the Company's Articles of Association, we submit to Your approval the proposal for the allocation of net income for financial year from 1 January to 31 December 2007 and, therefore, the distribution of dividends to the shares currently outstanding.

Please note that in the financial year the merger goodwill of Intesa Holding Asset Management of 22,075,524.26 euro was allocated to the Extraordinary reserve, and the merger goodwill of Eurizon Financial Group was allocated for 44,585,794.62 euro to the Extraordinary reserve and for 168,530,039.00 euro to the Share premium reserve.

We therefore submit to Your approval the attribution of a dividend per share of 0.391 euro to non-convertible saving shares and of 0.380 euro to ordinary shares currently outstanding and consequently to distribute the net income of 5,810,886,296.36 euro as follows:

	(euro)
Net income for the period	5,810,886,296.36
Assignment of a dividend of 0.391 euro for each of the 932,490,561 saving shares (determined pursuant to art. 28 of the Articles of Association), for a total disbursement of	364,603,809.35
Assignment of a dividend of 0.380 euro for each of the 11,849,332,367 ordinary shares for a total disbursement of	4,502,746,299.46
for total dividends of	4,867,350,108.81
Assignment to the Allowance for charitable, social and cultural contributions	20,000,000.00
Assignment to the Extraordinary reserve of the residual net income	923,536,187.55

We propose the payment of the aforementioned dividend, in compliance with legal provisions, as of 22 May 2008, with presentation of the coupon on 19 May 2008.

If the proposal for the allocation of net income obtains Your approval, Intesa Sanpaolo S.p.A.'s shareholders' equity will be as indicated in the table below.

(in millions of euro)

Shareholders' equity	Annual report 2007	Change due to the allocation of net income 2007 and the distribution of reserves	Share capital and reserves after the allocation of net income 2007 and the distribution of reserves
Share capital			
– ordinary	6,162	–	6,162
– saving	485	–	485
Total share capital	6,647	–	6,647
Share premium reserve	33,457	–	33,457
Reserves	3,101	924	4,025
Valuation reserves	1,586	–	1,586
Treasury shares	– 2,160	–	– 2,160
Total reserves	35,984	924	36,908
Total	42,631	924	43,555

Milano, 20 March 2008

The Management Board

Report of the Management Board

Point 2 of the Agenda of the Meeting

Substitution of Members of the Supervisory Board

Distinguished Shareholders,

during this Shareholders' Meeting it is necessary to proceed to the substitution of Mr. Pio Bussolotto and Mr. Fabrizio Gianni who resigned from the office of Member of the Supervisory Board with effects respectively as of 8 and 28 April 2008.

For this purpose, we remind you that, as provided for by art. 23.9 of the Articles of Association, if a member of the Supervisory Board leaves service for whatever reason, he/she shall be substituted by the first non-appointed candidate belonging to the list of the Supervisory Board Member leaving service, or the second non-appointed candidate if the first does not meet the requirements, set forth by law, regulation or the Articles of Association, of the member leaving service.

Since it is not possible to proceed according to this mechanism - because the candidates of the list of Mr. Bussolotto and Mr. Gianni were all elected - the second part of the aforementioned article is applicable. It sets forth that the members of the Supervisory Board who leave service will be substituted without delay by the Ordinary Shareholders' Meeting with resolution passed by a simple majority of votes cast upon the proposal of the Shareholders attending the meeting.

Finally, we remind you that in the Supervisory Board there is a Supervisory Board Member appointed by minorities.

Distinguished Shareholders, you are therefore invited to proceed to the substitution of the aforesaid Supervisory Board Members, in compliance with the aforementioned provisions of the Articles of Association

Torino, 11 April 2008

For the Management Board
The Chairman – Enrico Salza

