INTESA SANPAOLO

Basel 2 Pillar 3

Disclosure as at 30 June 2011

This is an English translation of the Italian original "Terzo pilastro di Basilea 2 – Informativa al pubblico al 30 giugno 2011" and has been prepared solely for the convenience of the reader. The Italian version takes precedence and will be made available to interested readers upon request to Intesa Sanpaolo S.p.A.

This document contains certain forward-looking statement, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Intesa Sanpaolo Group's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Basel 2 Pillar 3 Disclosures as at 30 June 2011

Intesa Sanpaolo S.p.A.
Registered office: Piazza San Carlo, 156 10121 Torino Secondary registered office: Via Monte di Pietà, 8 20121 Milano Share capital 8.545.561.614,72 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", included in the National Register of Banking Groups.

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(*) As specifically laid down in the reference regulations, this Table is not required for half-yearly disclosures (see also the "Introduction" to this document); therefore, only a summary update is provided here in lieu of the details contained in the Annual Report.

Introduction

Notes to the Basel 2 Pillar 3 disclosure

The purpose of the disclosure defined as "Basel 2 Pillar 3" is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2), by encouraging market efficiency through the development of a set of disclosure requirements that will allow market participants to assess key pieces of information on regulatory capital, risk exposures, risk assessment processes, and therefore the capital adequacy of the institution. This has particular relevance under the framework introduced by Basel 2, where reliance on internal methodologies gives banks more discretion in assessing capital requirements.

The procedures to be adopted by Italian banks or banking groups when disclosing information (referred to in brief as Pillar 3) to the public have been laid down by the Bank of Italy in its Circular 263 of 27 December 2006: "New regulations for the prudential supervision of banks" (Attachment A, Title IV). This disclosure has been prepared in compliance with these provisions, which incorporate the provisions of Annex XII to EU Directive 2006/48 and the subsequent changes made to the regulatory framework.

In accordance with the provisions of the abovementioned Circular, this document is divided into sections called "Tables" and has been drawn up on a consolidated basis with reference to a "prudential" scope of consolidation, essentially corresponding to the definition of Banking Group for Regulatory purposes (integrated by the proportional consolidation of the jointly controlled entities). The Tables include both a "qualitative section" and a "quantitative section". The "Basel 2 Pillar 3" disclosure is published in accordance with the rules laid down by the Bank of Italy with the following frequency:

– figures as at 31 December: full qualitative and quantitative disclosure;
– figures as at 30 June: update of the quantitative disclosure only, because Intesa Sanpaolo is one of the groups that have adopted IRB and/or AMA approaches for credit and operational risk;
– figures as at 31 March and 30 September: update solely of the quantitative disclosure on capital (Table 3) and capital adequacy (Table 4), because Intesa Sanpaolo forms part of the groups that have adopted IRB and/or AMA approaches for credit and operational risk.

Please therefore refer to the document as at 31 December 2010 for a more comprehensive examination of the qualitative aspects. Furthermore, this report highlights any significant changes in the first six months of the year compared to the Annual Report 2010.
For the sake of completeness, please also note that the information on regulatory capital and capital adequacy is also published in the Half-yearly Report as at 30 June 2011. The annual financial statements and the "Corporate Governance Report and Information on Ownership Structures", on the contrary, include information concerning the remuneration policies in force. The document "Corporate Governance Report and Information on Ownership Structures" is available for consultation from the "Governance" section of the Bank's website at: www.group.intesasanpaolo.com. On this issue it is noted that on 20 July 2011, the Intesa Sanpaolo Supervisory Board - upon proposal of the Management Board - approved the Group's new remuneration policies. These policies adopt the regulations recently issued by the Bank of Italy on this matter. These policies include the New Incentive System intended for a part of the Management staff and the so-called "risk takers" of the Intesa Sanpaolo Group. This System replaces the long-term incentive Plan approved last year, in the light of the relevant changes that took place in national and international regulations. The Informational Document will be made public at the Company's Registered office and at Borsa Italiana and published on the Group's website in accordance with Article 84-bis of the Issuers' Regulation. The press release on the issue, published at the time of approval, illustrates the main principles of the System.

The regulations governing the drafting of the "Basel 2 Pillar 3" disclosure require credit institutions to adopt a formal policy to meet the minimum public disclosure requirements and to put instruments in place that enable them to assess its adequacy. To this end, the Supervisory Board of the Parent Company Intesa

Sanpaolo S.p.A. has approved a specific document "Guidelines on Pillar 3 disclosure". This document sets out the duties and responsibilities of the Corporate Bodies and the various Group departments involved in the different stages of the process governing this disclosure. Given its public importance, this document is submitted by the Manager responsible for preparing the Company's financial reports for approval to the competent Corporate Bodies. This document is therefore subject to the related certification, pursuant to Art. 154 bis of Legislative Decree 58/1998 (Consolidated Law on Finance). As a consequence, the "Basel 2 Pillar 3" disclosure is subject to the checks and controls established in the Group's "Guidelines for administrative and financial governance", the document that sets out the rules for the application of art. 154 bis of the Consolidated Law on Finance in the Intesa Sanpaolo Group. In particular, the internal control system for accounting and financial information is designed to ensure the ongoing verification of the adequacy and effective implementation of the administrative and accounting procedures at Group level.

The regulatory provisions governing the publication of the "Basel 2 Pillar 3" disclosure establish exemptions to the disclosure requirements that allow the omission, in exceptional cases, of the publication of proprietary or confidential information, provided that the information that is not disclosed and the reasons for non-disclosure are specified and more general information is published on the matter involved. The Intesa Sanpaolo Group has not made use of this option in the drafting of this document as at 30 June 2011.

The notion of immateriality, this is only applied in this document for the establishment of the scope of consolidation, from which subsidiaries with assets of less than 10 million euro can be excluded. However, the total of the assets excluded from the full consolidation cannot exceed 50 million euro.

All the amounts reported in this disclosure, unless otherwise specified, are stated in millions of euro. The figures shown for comparison refer to the "Basel 2 Pillar 3" disclosure published as at 31 December 2010.

The Intesa Sanpaolo Group publishes this disclosure (Basel 2 Pillar 3) and subsequent updates on its Internet site at the address www.group.intesasanpaolo.com.

Lastly, an explanation of the meaning of certain terms and/or abbreviations commonly used in this disclosure is provided in the specific glossary annexed to this document.

Capital ratios as at 30 June 2011

(millions of euro)

Regulatory capital and capital ratios	30.06.2011	31.12.2010
Regulatory capital		
Tier 1 capital	37,879	31,175
of which: instruments not included in Core Tier 1 ratio (*)	*5,009*	*5,016*
Tier 2 capital	13,923	16,348
Minus items to be deducted (**)	-3,495	-3,721
REGULATORY CAPITAL	**48,307**	**43,802**
Tier 3 subordinated loans	-	-
TOTAL REGULATORY CAPITAL	**48,307**	**43,802**
Risk-weighted assets		
Credit and counterparty risks	277,552	289,172
Market risks	13,961	15,385
Operational risks	27,255	27,175
Other risks	2,027	426
RISK-WEIGHTED ASSETS	**320,795**	**332,158**
Capital ratios %		
Core Tier 1 ratio	10.2	7.9
Tier 1 ratio	11.8	9.4
Total capital ratio	15.1	13.2

(*) The caption includes preferred shares and, as of 31 December 2010, savings shares and preference ordinary shares.

(**) In compliance with the provisions of the Bank of Italy Circular 263/2006, in the calculation of capital ratios, elements to be deducted from total regulatory capital have been deducted separately and for an equal amount from Tier 1 and Tier 2 capital, with the exception of the contributions deriving from the insurance business that refer to contracts which arose prior to 20 July 2006 and continue to be deducted from total capital.

(***) In relation to risk-weighted assets, the caption includes further specific capital requirements as provided for by the Supervisory Authority to the various Group entities.

Regulatory capital and related capital ratios as at 30 June 2011 have been determined by applying the Bank of Italy's instructions in accordance with Basel 2 provisions. Moreover, effective from 31 December 2010, the new methods for determining regulatory capital, as a result of ratification of the CRD II Directive, call for the exclusion of the nominal value of preference shares issued by the Group from the "Core Tier 1 ratio".

As at 30 June 2011, total regulatory capital came to 48,307 million euro, compared to risk-weighted assets of 320,795 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk. With regard to the calculation method for weighted assets, as at 31 March 2011 this included an integration of approximately 8 billion euro for the floor set by the Supervisory Authority in reference to calculation of the requirements according to internal methods. As these methods reported lower riskiness of assets – reflected in the drop in credit and counterparty risk-weighted assets – the requirements were supplemented, taking as reference 90% of the same figure calculated with a view to Basel 1 (floor), as provided for by the Supervisory Authority. As the Supervisory Authority later authorised a reduction in the aforementioned floor from 90% to 85%, the calculation as at 30 June was prepared according to the new parameters.

The decrease in risk-weighted assets in the half year is mainly due to ordinary business activities, to the ongoing optimisation processes and to disposal of the assets referred to below. Regulatory capital takes into account ordinary operations and an estimate of the dividends to be paid on 2011 net income, the amount of which has been determined on a conventional basis as half the 2010 dividend, equal to 4 eurocents on ordinary shares and 4.5 eurocents on savings shares, referring to all shares in issue as at 30 June 2011 and therefore including the new shares issued (662.5 million euro of the total 1,325 million euro).

The Total capital ratio stood at 15.1%, while the Group's Tier 1 ratio was 11.8%. The ratio of Tier 1 capital net of preferred shares to risk-weighted assets (Core Tier 1) was 10.2%.

In addition to ordinary operations, the increase in the Core Tier 1 and Tier 1 ratio compared to 31 December 2010 derives from the capital increase resolved and subscribed during the second quarter of 2011 (approximately +150 basis points on Core Tier 1), the sale of Cassa di Risparmio della Spezia to Crédit Agricole and of 97 branches (+20 basis points on Core Tier 1 ratio), the sale of the second tranche of Findomestic (+11 basis points on Core Tier 1), the sale of part of the investment in Prada (+8 basis points on Core Tier 1) and the removal of negative filters on the effects deriving from the detaxation of

goodwill (+14 basis points on the Core Tier 1 ratio), based on the specific notification of the Bank of Italy as a result of the provisions of the so-called "Milleproroghe Decree" on the matter of deferred tax assets.
Lastly, the Bank of Italy, in a Regulation issued on 18 May 2010, provided new supervisory instructions concerning the prudential treatment of reserves associated with debt securities issued by the central governments of EU countries and classified among "Financial assets available for sale". In particular, the Regulation allows the capital gains and losses recognised through such reserves associated with the foregoing securities to be completely neutralised effective 1 January 2010, as an alternative to the already established asymmetrical approach (full deduction of the net capital loss from Tier 1 capital and partial inclusion of the net capital gain in Tier 2 capital). The Intesa Sanpaolo Group has elected to apply this approach in June 2010. Accordingly, the regulatory capital and capital ratios as at 30 June 2011 account for this measure (the effect on the Core Tier 1 ratio is +10 basis points).

Table 1 – General requirements

Qualitative disclosure

Pursuant to the reference regulations issued by the Bank of Italy, the half-yearly "Basel 2 Pillar 3" report does not include qualitative disclosure (the only disclosure provided for this Table). As stated in the Introduction, the reader is referred to the document for the year ended 31 December 2010 for a more comprehensive examination of the qualitative aspects relating to the objectives and policies set in place to manage the various risk categories to which the Group is exposed.
A summary of the Group's approach to risk exposure, management and control is also provided in the Half-yearly Report as at 30 June 2011, in the chapter entitled "Risk management".

Table 2 – Scope of application

Quantitative disclosure

Pursuant to the reference regulations issued by the Bank of Italy, the half-yearly "Basel 2 Pillar 3" report does not include qualitative disclosure (which provides full breakdown of the scope of consolidation). In addition, please note that the "prudential" scope of consolidation for the figures as at 30 June 2011 does not differ significantly from the scope as at 31 December 2010 and 31 March 2011, except for the sale of Cassa di Risparmio della Spezia, which was finalised in the first quarter of 2011, and of Fideuram Bank (Suisse), as well as the acquisition of Banca Sara.

In February 2011, Intesa Sanpaolo also acquired the majority of shares in Banco Emiliano Romagnolo, a mono-branch bank based in Bologna, under extraordinary administration. The transaction, which was carried out with the approval of the Bank of Italy, entailed the reduction of the bank's share capital by an amount equal to the losses incurred, and a concurrent 26 million euro share capital increase, 52% of which was reserved for Intesa Sanpaolo. Consequently, as at 30 June 2011 Intesa Sanpaolo held a majority interest in this bank, whose direct and indirect customer deposits totalled approximately 235 million euro at the end of October 2010. In the Half-yearly Report as at 30 June 2011, the investment was consolidated at equity, as it is formally still under extraordinary administration, and, therefore deducted from Regulatory Capital.

Subsidiaries not included in the consolidation

Entities consolidated in the financial statements and not included in the prudential scope of consolidation as at 30 June 2011

Name of banking subsidiary not included in the consolidation	Consolidation method	
	Consolidated line-by-line	Consolidated at equity
INSURANCE COMPANIES		
Centrovita Assicurazioni S.p.A.	X	
Eurizon Vita S.p.A.	X	
Fideuram Vita S.p.A.	X	
Intesa Sanpaolo Assicura S.p.A. (former EurizonTutela S.p.A.)	X	
Intesa Sanpaolo Life Ltd (former Eurizon Life Ltd)	X	
Intesa Sanpaolo Vita S.p.A. (former Intesa Vita S.p.A.)	X	
Sud Polo Vita S.p.A.	X	
VUB poist'ovací makler S.R.O.	X	
OTHER		
Adriano Finance S.r.l. (*)	X	
Adriano Finance 2 S.r.l. (*)	X	
Arten Sicav	X	
Brivon Hungary Zrt	X	
Canova Sicav	X	
Cib Car Trading Llc	X	
Cib Insurance Broker Ltd	X	
CIF Compagnia Italiana Finanziaria S.r.l.	X	
Cil Mnm Ltd		X
Cimabue Sicav	X	
DB Platinum II Sicav	X	
Duomo Funding Plc	X	
Eurizon Investimenti Sicav	X	

Name of banking subsidiary not included in the consolidation	Consolidation method	
	Consolidated line-by-line	Consolidated at equity
Fideuram Fund Bond Euro High Yield	X	
Fideuram Fund Bond Global Emerging Markets	X	
Fideuram Fund Bond Usa	X	
Fideuram Fund Bond Yen	X	
Fideuram Fund Equity Euro	X	
Fideuram Fund Equity Euro Corporate Bond	X	
Fideuram Fund Equity Europe Growth	X	
Fideuram Fund Equity Europe Value	X	
Fideuram Fund Equity Global Emerging Markets	X	
Fideuram Fund Equity Italy	X	
Fideuram Fund Equity Japan	X	
Fideuram Fund Equity Pacific Ex Japan	X	
Fideuram Fund Equity Usa	X	
Fideuram Fund Equity Global Emerging Markets	X	
Fideuram Fund Equity Italy	X	
Fideuram Fund Equity Japan	X	
Fideuram Fund Equity Pacific Ex Japan	X	
Fideuram Fund Equity Usa	X	
Fideuram Fund Equity Usa Growth	X	
Fideuram Fund Equity Usa Value	X	
Fideuram Fund Euro Bond Long Risk	X	
Fideuram Fund Euro Bond Low Risk	X	
Fideuram Fund Euro Bond Medium Risk	X	
Fideuram Fund Euro Defensive Bond	X	
Fideuram Fund Euro Short Term	X	
Fideuram Fund Zero Coupon 2011	X	
Fideuram Fund Zero Coupon 2012	X	
Fideuram Fund Zero Coupon 2013	X	
Fideuram Fund Zero Coupon 2014	X	
Fideuram Fund Zero Coupon 2015	X	
Fideuram Fund Zero Coupon 2016	X	
Fideuram Fund Zero Coupon 2017	X	
Fideuram Fund Zero Coupon 2018	X	
Fideuram Fund Zero Coupon 2019	X	
Fideuram Fund Zero Coupon 2020	X	
Fideuram Fund Zero Coupon 2021	X	
Fideuram Fund Zero Coupon 2022	X	
Fideuram Fund Zero Coupon 2023	X	
Fideuram Fund Zero Coupon 2024	X	
Fideuram Fund Zero Coupon 2025	X	
Fideuram Fund Zero Coupon 2026	X	
Fideuram Fund Zero Coupon 2027	X	
Fideuram Fund Zero Coupon 2028	X	
Fideuram Fund Zero Coupon 2029	X	
Fideuram Fund Zero Coupon 2030	X	
Fideuram Fund Zero Coupon 2031	X	
Fideuram Fund Zero Coupon 2032	X	
Fideuram Fund Zero Coupon 2033	X	
Fideuram Fund Zero Coupon 2034	X	
Fideuram Fund Zero Coupon 2035	X	
Fideuram Fund Zero Coupon 2036	X	
Fideuram Fund Zero Coupon 2037	X	
Fideuram Fund Zero Coupon 2038	X	
Fideuram Fund Zero Coupon 2039	X	
Fideuram Fund Zero Coupon 2040	X	
Fideuram Fund Zero Coupon 2041	X	
Finor Leasing D.O.O.	X	
Fondo Bond Eur Long Term	X	
Fondo Bond Eur Medium Term	X	
Fondo Bond Eur Short Term	X	
Fondo Bond GBP	X	
Fondo Bond JPY	X	
Fondo Bond USD	X	

Name of banking subsidiary not included in the consolidation	Consolidation method	
	Consolidated line-by-line	Consolidated at equity
Fondo Caravaggio	X	
Fondo Flexible Strategy	X	
Fondo Total Return Alpha Strategy	X	
Hayez Sicav	X	
IN.FRA. Investire nelle Infrastrutture S.p.A.	X	
Iniziative Logistiche S.r.l.	X	
Levanna Sicav	X	
Lunar Funding V Plc	X	
RE.Consult Infrastrutture S.p.A.	X	
Recovery Real Estate Management Ltd (former Cib Expert)	X	
Romulus Funding Corporation	X	
Sanpaolo International Formulas Fund	X	
SP Lux Sicav II	X	
Split 2 (*)	X	
SPQR S.r.l. (**)	X	
Tiepolo Sicav	X	

(*) A SPV for securitisation transactions whose securitised assets have not been derecognised for supervisory purposes by the Group company that originated the securitisation.

(**) A SPV for securitisation, not active as at 30 June 2011.

Aggregate amount of the capital deficiencies of the subsidiaries not included in the scope of consolidation with respect to the mandatory capital requirements

As at 30 June 2011 there were no capital deficiencies of the subsidiaries not included in the scope of consolidation with respect to the mandatory capital requirements.

Table 3 – Regulatory capital structure

Quantitative disclosure

Regulatory capital structure

The structure of the regulatory capital of the Intesa Sanpaolo Group as at 30 June 2011, which includes the effects of the 5 billion euro capital increase finalised in June (see the Introduction to this Disclosure), is summarised in the table below:

(millions of euro)

Information	30.06.2011	31.12.2010
A. Tier 1 capital before the application of prudential filters	**39,971**	**33,981**
B. Tier 1 capital prudential filters	**-469**	**-955**
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-469	-955
C. Tier 1 capital before items to be deducted (A+B)	**39,502**	**33,026**
D. Items to be deducted from Tier 1 capital	**1,623**	**1,851**
E. Total Tier 1 capital (C-D)	**37,879**	**31,175**
F. Tier 2 capital before the application of prudential filters	**15,642**	**18,315**
G. Tier 2 capital prudential filters	**-96**	**-116**
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-96	-116
H. Tier 2 capital before items to be deducted (F+G)	**15,546**	**18,199**
I. Items to be deducted from Tier 2 capital	**1,623**	**1,851**
L. Total Tier 2 capital (H-I)	**13,923**	**16,348**
M. Items to be deducted from total Tier 1 and Tier 2 capital	**3,495**	**3,721**
N. Regulatory capital (E+L-M)	**48,307**	**43,802**
O. Tier 3 capital	**-**	**-**
P. Regulatory capital including Tier 3 (N+O)	**48,307**	**43,802**

More details of the breakdown of the Tier 1 and Tier 2 capital are provided below; please note that "Items to be deducted from total Tier 1 and Tier 2 capital" include contributions deriving from the insurance business that refer to contracts which arose prior to 20 July 2006, and as such continue to be deducted from total capital.

Tier 1 capital

(millions of euro)

Information	30.06.2011	31.12.2010
TOTAL TIER 1 CAPITAL(*)		
- Share capital - ordinary shares (**)	8,348	6,454
- Share capital - preference savings shares (***)	488	488
- Share premium reserve	36,258	33,225
- Reserves and net income	15,012	14,299
- Non-innovative equity instruments	1,000	1,000
- Innovative equity instruments with final expiry	-	-
- Innovative equity instruments subject to transition requirements (grandfathering) (***)	3,521	3,528
- Positive IAS / IFRS prudential filters (+)		
Fair value option: changes in bank's own creditworthiness	-	-
Redeemable shares	-	-
Capital resources forming the object of forward purchase commitments included in tier 1 capital	-	-
Other positive prudential filters	-	-
TOTAL POSITIVE ITEMS	**64,627**	**58,994**
- Treasury shares or quotas (****)	-7	-7
- Goodwill	-19,457	-19,587
- Other intangible assets	-5,192	-5,419
- Loss for the period	-	-
- Adjustments to loans	-	-
- Adjustments calculated on the regulatory trading book	-	-
- Other	-	-
- Negative IAS / IFRS prudential filters (-)		
Fair value option: changes in bank's own creditworthiness	*-7*	*-11*
Negative reserves on equities and quotas of UCI available for sale	-	-
Negative reserves on debt securities available for sale (*****)	*-428*	*-453*
Net accumulated capital gain on tangible assets	-	-
Capital resources forming the object of forward purchase commitments not included in tier 1 capital	-	-
Other negative prudential filters (******)	*-34*	*-491*
TOTAL NEGATIVE ITEMS	**-25,125**	**-25,968**
TOTAL TIER 1 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**39,502**	**33,026**
TOTAL ITEMS TO BE DEDUCTED	**-1,623**	**-1,851**
- Investment in the Bank of Italy	-312	-314
- Insurance subsidiaries purchased after 20 July 2006	-428	-429
- Other banking and financial investments higher than 20% of the investee's capital	-209	-436
- Excess expected losses with respect to adjustments (IRB approaches)	-580	-594
- Other deductions	-94	-78
TOTAL TIER 1 CAPITAL NET OF ITEMS TO BE DEDUCTED	**37,879**	**31,175**

(*) The individual components of the regulatory capital include both the portion relating to the capital of the Group and of the third party shareholders.

(**) It does not include 22 millions euro of preference shares subject to grandfathering, calculated in Tier I capital in application of the transitional arrangements envisaged by Title I, Chapter 2, Section II, paragraph 1.4.1 of Circular No. 263 of 27 December 2006 – 5th update of 22 December 2010, "New regulations for the prudential supervision of banks".

(***) Securities subject to grandfathering, calculated in Tier I capital in application of the transitional arrangements envisaged by Title I, Chapter 2, Section II, paragraph 1.4.1 of Circular No. 263 of 27 December 2006 – 5th update of 22 December 2010, "New regulations for the prudential supervision of banks".

(****) The caption mainly includes ordinary shares.

(*****) The caption does not include the negative reserves on government bonds of EU countries, for which the supervisory regulations provided for the option – exercised by the Group – to exclude these from the negative Tier 1 capital filters, with an effect on the Core Tier 1 ratio of 10 basis points.

(******) Until 31 December 2010, the caption mainly included the prudential filter related to the alignment of tax values of goodwill to its book values. The filter was removed as at 31 March 2011.

The "Total items to be deducted" amounted to half the overall deductions, 50% of which were allocated as a reduction to the Tier 1 capital and the remaining 50% as a reduction to the Tier 2 capital.

Tier 2 capital

(millions of euro)

Information	30.06.2011	31.12.2010
TIER 2 CAPITAL (*)		
- Valuation reserves - Tangible assets		
Legally-required revaluations	*352*	*352*
Property and equipment used in operations	-	-
- Valuation reserve - Securities available for sale		
Equities and quotas of UCI	*193*	*232*
Debt securities	-	-
- Non-innovative equity instruments not included in tier 1 capital	-	-
- Innovative equity instruments not included in tier 1 capital	-	-
- Hybrid capital instruments	1,693	1,706
- Tier 2 subordinated liabilities	13,243	16,043
- Excess total adjustments with respect to expected losses	335	167
- Net capital gains on equity investments	-	-
- Other positive items	-	-
- Positive IAS / IFRS prudential filters (+)		
Net accumulated capital gain on tangible assets	-	-
Capital resources forming the object of forward purchase commitments included in tier 2 capital	-	-
Other positive items	-	-
TOTAL POSITIVE ITEMS	**15,816**	**18,500**
- Net capital losses on equity investments	-9	-22
- Loans	-	-
- Other negative items	-165	-163
- Negative IAS / IFRS prudential filters (-)		
Portion not included of the valuation reserve on property and equipment used in operations	-	-
Portion not included of positive reserves on securities available for sale - Equities	*-96*	*-116*
Portion not included of positive reserves on securities available for sale - Debt securities	-	-
Tier 2 subordinated liabilities and hybrid capital instruments forming the object of forward purchase commitments not included in tier 2 capital	-	-
Other negative filters	-	-
TOTAL NEGATIVE ITEMS	**-270**	**-301**
TOTAL TIER 2 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**15,546**	**18,199**
TOTAL ITEMS TO BE DEDUCTED	**-1,623**	**-1,851**
- Investment in the Bank of Italy	-312	-314
- Insurance subsidiaries purchased after 20 July 2006	-428	-429
- Other banking and financial investments higher than 20% of the investee's capital	-209	-436
- Excess expected losses with respect to adjustments (IRB approaches)	-580	-594
- Other deductions	-94	-78
TOTAL TIER 2 CAPITAL NET OF ITEMS TO BE DEDUCTED	**13,923**	**16,348**

(*) The individual components of the regulatory capital include both the portion relating to the capital of the Group and of the third party shareholders.

Table 4 – Capital adequacy

Quantitative disclosure

According to the "New regulations for the prudential supervision of banks" (Bank of Italy Circular 263 of 27 December 2006), which adopt the provisions on the International convergence of capital measurement and capital standards (Basel 2), the banking Group's capital must amount to at least 8% of total risk-weighted assets (total capital ratio) arising from the risks typically associated with banking and financial activity (credit, counterparty, market, and operational risk), weighted according to the regulatory segmentation of borrowers and considering credit risk mitigation techniques.
As already discussed, for the calculation of credit and counterparty risk capital requirements, the Intesa Sanpaolo Group, having received authorisation from the Supervisory Authority, uses the Advanced IRB approach and the foundation IRB approach for the Corporate segment and the IRB approach[1] for the Retail Mortgage segment (Residential mortgages for private individuals), from the report as at 31 December 2008 (31 December 2010 for the Advanced approach) and 30 June 2010 respectively. The complete list of the Group companies included in the scope of application of the various approaches is provided in Table 7.
The Group is also proceeding with the development of the rating models for the other segments, to which the standard methods are applied, and the extension of the scope of companies for their application in accordance with the gradual rollout plan for the advanced approaches presented to the Supervisory Authority.
Banks must also comply with capital requirements on market risks calculated on the whole trading portfolio separately for the various types of risk: position risk on debt securities and equities, settlement risk and concentration risk. Moreover, with reference to the entire financial statements, foreign exchange risk and position risk on commodities must be calculated. The use of internal models to calculate the capital requirement for market risks is permitted; in particular, Intesa Sanpaolo and Banca IMI apply the internal model to calculate general position risk (price fluctuation risk) and specific risk (issuer risk) for equities, and general position risk (rate fluctuation risk) for debt securities. Intesa Sanpaolo's internal model also includes the calculation of the specific risk for certain types of credit derivatives in the trading book. Banca IMI's model includes the position risk on quotas of UCI (for the Constant Proportion Portfolio Insurance - CPPI component). The scope of validated risks has subsequently been extended to dividend derivatives and to the commodity risk for Banca IMI. Standardised approaches are used for the other types of risk. Counterparty risk is calculated independently of the portfolio of allocation.
With regard to operational risk, the Group was authorised, effective from 31 December 2009, to use the Advanced AMA Approach (internal model) to determine the associated capital requirement on an initial scope that includes the Organisational Units and Companies of the Banca dei Territori Division (excluding network banks belonging to Cassa di Risparmio di Firenze Group, but including Casse del Centro), Leasint, Eurizon Capital and VUB Banka. Effective 31 December 2010, the Group was then authorised to extend advanced approaches to a second set of Organisational Units and Companies of the Corporate and Investment Banking Division, in addition to Setefi, to the remaining banks of the Cassa di Risparmio di Firenze Group and to PBZ Banka. The remaining Companies, currently using the Standardised approach (TSA) or Basic Indicator Approach (BIA), will migrate progressively to the Advanced approaches starting from the end of 2011, based on the roll-out plan presented to the Management and Supervisory Authorities.

[1] Given that the rating systems for retail exposures must reflect both the borrower risk and the specific risk of the transaction, in this case there is no distinction between the foundation and the advanced IRB approach.

In general terms, the group-level capital requirement is calculated as the sum of the individual requirements of the individual companies that make up the Banking group, net of exposures arising from intragroup relations included in the calculation of credit, counterparty and settlement risk.

Moreover, the Intesa Sanpaolo Group was subject to a capital requirement restriction, consisting in a floor of 90% of the sum of the requirements for credit, market, counterparty and operational risk, calculated based on the Basel 1 rules. This penalty was prudently introduced by the Bank of Italy on authorising the use of Internal Methods for the calculation of requirements for credit risk in relation to several aspects deemed worthy of implementing.
Taking account of the improvement achieved by the Intesa Sanpaolo Group in relation to the problems detected, the Bank of Italy authorised the reduction of said floor from 90% to 85% starting from 30 June 2011.

In addition to the Total capital ratio referred to above, other more rigorous ratios are also used to assess capital soundness: the Tier 1 capital ratio, represented by the ratio between Tier 1 capital and risk-weighted assets, and the Core Tier 1 capital ratio, represented by the ratio between Tier 1 capital (net of preferred shares and savings shares and preference ordinary shares) and risk-weighted assets.

On the issue of capital adequacy, Intesa Sanpaolo has taken part in the 2011 EU-wide stress test – carried out by the European banking Authority (EBA), in cooperation with the Bank of Italy, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB) – whose results were released in July.
The EU-wide stress test, carried out across 90 banks covering over 65% of the EU banking system total assets, sought to assess the resilience of European banks to severe shocks and their specific solvency to hypothetical stress events under certain restrictive conditions.
The assumptions and methodology were established to assess the banks' capital adequacy against a 5% Core Tier 1 capital benchmark, plan ahead any required capitalisation actions and, by so doing, restore market confidence in the resilience of the banking system. The adverse stress test scenario was set up by the ECB and covered a two-year time horizon (2011-2012). The stress test was carried out using a static balance-sheet assumption as at December 2010, and did not take into account future business strategies and management actions.
As a result of the assumed shock, in the adverse scenario the consolidated Core Tier 1 Ratio of Intesa Sanpaolo would go from 7.9% at end 2010 to 8.9% at end 2012. This result incorporates the effects of the capital increase, completed in the month of June, and does not take into account the effects of future capital strengthening actions planned by Intesa Sanpaolo. Moreover, it must be noted that the stress test is not a forecast of Intesa Sanpaolo profits.

In 2011 the Group also presented its Internal Capital Adequacy Assessment Process Report as a "class 1" banking group, according to Bank of Italy classification, based on the extensive use of internal methodologies for the measurement of risk, internal capital and total capital available.

Capital requirements and capital ratios of the Intesa Sanpaolo Group

(millions of euro)

Information	30.06.2011			31.12.2010		
	Unweighted amounts	Weighted amounts	Requirements	Unweighted amounts	Weighted amounts	Requirements
A. CAPITAL REQUIREMENTS						
A.1 Credit and counterparty risks	**545,316**	**277,552**	**22,204**	**544,764**	**289,172**	**23,134**
1. Standardised approach	263,377	130,117	10,409	270,698	135,773	10,862
2. Internal models (IRB)	27,935	22,229	1,778	27,798	22,589	1,807
3. Internal models - Advanced approach and retail exposures	249,294	120,808	9,665	240,696	125,277	10,022
4. Securitisations	4,710	4,398	352	5,572	5,533	443
A.2 Market risk		**13,961**	**1,116**		**15,385**	**1,231**
1. Standardised approach		11,929	954		12,229	978
2. Internal models		2,028	162		2,523	202
3. Concentration risk		4	-		633	51
A.3 Operational risk		**27,255**	**2,180**		**27,175**	**2,174**
1. Basic indicator approach		838	67		1,613	129
2. Standardised approach		6,070	485		5,275	422
3. Advanced measurement approach		20,347	1,628		20,287	1,623
A.4 Other capital requirements		**-**	**-**		-	-
A.5 Other calculation elements (*)		**2,027**	**162**		**426**	**34**
A6 Total capital requirements		**320,795**	**25,662**		**332,158**	**26,573**
B. CAPITAL RATIOS (%)						
B.1 Core Tier 1			**10.2%**			**7.9%**
B.2 Tier 1 ratio			**11.8%**			**9.4%**
B.3 Total capital ratio			**15.1%**			**13.2%**

(*) The caption includes further specific capital requirements as provided for by the Supervisory Authority to the various Group entities.

For a better comparison of the figures for the two periods shown in the table above (figures for the previous period were not recalculated to take into account the change in the scope of consolidation), please note that: the sale of Cassa di Risparmio della Spezia and of 96 branches of the Group to Crédit Agricole, resulted in a reduction in the assets at risk – weighted amounts – of around 3 billion euro (essentially credit and counterparty risk); The acquisition of Banca Sara and the sale of Fideuram Bank (Suisse) did not have a significant impact on assets at risk.

The figures shown in the "Non weighted amounts" columns were calculated - in line with the instructions of the Bank of Italy for financial statement disclosure – as follows:

– standardised approach: exposure value (net of any adjustments), which takes into account prudential filters, techniques for the mitigation of risk, and (for guarantees given and commitments to disburse funds) credit conversion factors. For derivative exposures, the loan equivalent is considered, which, among other aspects, takes account of the effect of any netting arrangements and/or guarantees received;
– internal models: exposure at default (EAD), which takes into account (for guarantees given and commitments to disburse funds) credit conversion factors, but not techniques for the mitigation of risk which – for exposures assessed using internal models – are directly incorporated in the weightings applied to the EAD. No adjustments are considered in the EAD.

The tables below provide details of the Group's different capital requirements as at 30 June 2011. Additional details, for the "non weighted" amounts, are also shown:

– for the standardised approach and the securitisations in Table 6 (which also shows the amounts of the off-balance sheet transactions before weighting for the credit conversion factors – CCF);
– for the internal models approach in Table 7 and the part of Table 6 relating to the specialised lending and equity exposures subject to the IRB approaches.

With regard to the "weighted" amounts, on the other hand, additional information is provided:

– for the securitisations in Table 10;
– for the equities (IRB and standard approach) in Table 13.

Capital requirement for Credit and Counterparty Risk (Standardised Approach)

(millions of euro)

Regulatory portfolio	Capital requirement	
	30.06.2011	31.12.2010
Exposures to or secured by governments and central banks	93	108
Exposures to or secured by local authorities	303	287
Exposures to or secured by not for profit and public sector organisations	150	162
Exposures to or secured by multilateral development banks	-	1
Exposures to or secured by international organisations	-	-
Exposures to or secured by supervised institutions	1,243	1,194
Exposures to or secured by corporates	3,280	3,588
Retail exposures	2,780	2,892
Exposures secured by real estate property	589	626
Past due exposures	673	670
High-risk exposures	127	154
Exposures in the form of covered bonds	2	1
Short-term exposures to corporates	87	98
Exposures to UCI	326	341
Other exposures	756	740
Total capital requirement for credit risk and counterparty risk (Standardised Approach)	**10,409**	**10,862**

Capital requirement for Credit and Counterparty Risk (IRB Approach)

(millions of euro)

Regulatory portfolio	Capital requirement	
	30.06.2011	31.12.2010
A. Exposures to or secured by corporates (Foundation IRB Approach)	**10,571**	**10,795**
A.1) Specialised lending	490	515
A.2) Specialised lending - slotting criteria	199	176
A.3) SMEs	3,523	3,613
A.4) Other corporates	6,359	6,491
B. Exposures secured by residential property (IRB Approach)	**797**	**982**
B.1) Retail	797	982
C. Equity exposures (simple risk weight approach)	**75**	**52**
C.1) Private equity exposures in sufficiently diversified portfolios	26	25
C.2) Exchange-traded equity exposures	9	10
C.3) Other equity exposures	40	17
D. Equity instruments: Other assets - Ancillary investments	**-**	**-**
E. Exposures subject to supervisory transition regarding capital requirements	**-**	**-**
Total capital requirement for credit risk and counterparty risk (IRB Approach)	**11,443**	**11,829**

The equity exposures, for the companies that have adopted the IRB approach for the corporate regulatory portfolio, subject to grandfathering provisions regarding capital requirements, have a capital requirement of 188 million euro (214 million euro as at 31 December 2010).

Capital requirement for Credit and Counterparty Risk on securitisations (Standardised Approach)

(millions of euro)

Information	Capital requirement	
	30.06.2011	31.12.2010
Originated securitisations	42	43
Third-party securitisations	310	400
Total capital requirement for credit risk and counterparty risk on securitisations (Standardised approach)	**352**	**443**

Capital requirement for Market Risk

(millions of euro)

Information	Capital requirement	
	30.06.2011	31.12.2010
Assets included in the regulatory trading book	**1,011**	**1,120**
Position risk	1,011	1,069
Settlement risk for DVP (Delivery Versus Payment) transactions	-	-
Concentration risk	-	51
Other assets	**105**	**111**
Foreign exchange risk	72	67
Commodity risk	33	44
Total capital requirement for market risk	**1,116**	**1,231**

The capital requirement for "counterparty risk" for the regulatory trading book is 433 million euro (496 million euro as at 31 December 2010). This requirement is shown - for the individual regulatory portfolios - in the tables of capital requirements for credit risk under the standardised approach and the IRB approach.

Capital requirement for Operational Risk

(millions of euro)

Information	Capital requirement	
	30.06.2011	31.12.2010
Basic indicator approach	67	129
Standardised approach	485	422
Advanced measurement approach	1,628	1,623
Total capital requirement for operational risk	**2,180**	**2,174**

Almost all the Group companies used the Advanced Measurement Approach (AMA) and the Standardised Approach to determine capital requirements for operational risk. A small remaining number of companies use the Basic Indicator Approach (BIA). For the AMA Approach the requirement is recalculated on a half-yearly basis, whereas for the Standardised and the BIA Approaches the requirement is only recalculated annually, unless one or more Group companies change approach during the year by migrating towards more sophisticated methods (as occurred in the first quarter of 2011, when the international subsidiaries Banca Intesa Beograd and Bank of Alexandria migrated from the BIA Approach to the Standardised Approach).

Table 5 – Credit risk: general disclosures for all banks

Quantitative disclosure

The tables below show the Gross credit exposures - total and average - and the related adjustments broken down by risk class, geographical area, counterparty category and residual maturity, together with the adjustments made during the period. The figures represent the exposures shown in the financial statements, and include both the positions relating to the banking book and the regulatory trading book.

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

On-balance sheet exposures are classified in the financial statements under the various accounting portfolios required by the IAS/IFRS regulations. These exposures broken down by risk class and IAS/IFRS portfolio are shown in the table below.

Overall credit exposure by risk class (*)

(millions of euro)

Portfolios/category	Doubtful loans			Substandard loans			Restructured exposures		
	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)
ON-BALANCE SHEET EXPOSURES									
1. Financial assets held for trading	13	12	9	65	43	75	11	7	11
2. Financial assets available for sale	3	3	3	-	-	1	-	-	-
3. Investments held to maturity	-	-	-	-	-	-	-	-	-
4. Due from banks	152	67	127	4	1	31	-	-	-
5. Loans to customers	22,370	7,973	21,469	11,105	8,806	11,243	3,619	3,306	3,625
6. Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-	-	-
7. Financial assets under disposal	-	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	-	-	-	-
TOTAL - 30.06.2011	**22,538**	**8,055**	**21,608**	**11,174**	**8,850**	**11,350**	**3,630**	**3,313**	**3,636**
TOTAL - 31.12.2010	**20,676**	**7,378**	**18,624**	**11,522**	**9,114**	**12,278**	**3,641**	**3,341**	**3,306**

Portfolios/category	Past due exposures			Other exposures			Total		
	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)
ON-BALANCE SHEET EXPOSURES									
1. Financial assets held for trading	7	6	9	56,275	56,275	62,401	56,371	56,343	62,505
2. Financial assets available for sale	-	-	-	23,847	23,847	21,254	23,850	23,850	21,258
3. Investments held to maturity	-	-	-	2,875	2,874	3,367	2,875	2,874	3,367
4. Due from banks	-	-	-	41,815	41,783	41,937	41,971	41,851	42,095
5. Loans to customers	1,346	1,194	1,507	353,202	350,757	356,961	391,642	372,036	394,805
6. Financial assets designated at fair value through profit and loss	-	-	-	962	962	981	962	962	981
7. Financial assets under disposal	-	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	5,058	5,058	6,218	5,058	5,058	6,218
TOTAL - 30.06.2011	**1,353**	**1,200**	**1,516**	**484,034**	**481,556**	**493,119**	**522,729**	**502,974**	**531,229**
TOTAL - 31.12.2010	**1,677**	**1,523**	**1,902**	**502,199**	**499,674**	**508,864**	**539,715**	**521,030**	**544,974**

(*) This table provides figures pertaining exclusively to the Banking Group.

(**) Half-yearly average.

Credit exposures by geographical area to customers and banks

Credit exposures by geographical area – customers (*)

(millions of euro)

Exposures/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES										
A.1. Doubtful loans	7,093	-12,256	849	-1,869	12	-54	3	-30	19	-188
A.2. Substandard loans	7,317	-1,959	1,461	-328	8	-1	1	-	19	-11
A.3. Restructured exposures	3,023	-260	136	-23	21	-12	126	-17	-	-1
A.4. Past due exposures	1,028	-119	160	-33	5	-	2	-	1	-
A.5. Other exposures	319,864	-1,801	60,144	-523	7,847	-33	3,577	-17	4,331	-73
Total A	**338,325**	**-16,395**	**62,750**	**-2,776**	**7,893**	**-100**	**3,709**	**-64**	**4,370**	**-273**
B. OFF-BALANCE SHEET EXPOSURES										
B.1. Doubtful loans	163	-47	49	-22	7	-	-	-1	6	-18
B.2. Substandard loans	442	-49	67	-10	-	-	-	-	5	-1
B.3. Other non-performing assets	434	-18	22	-1	28	-	2	-	-	-
B.5. Other exposures	55,325	-104	44,741	-66	17,435	-5	1,456	-2	806	-5
Total B	**56,364**	**-218**	**44,879**	**-99**	**17,470**	**-5**	**1,458**	**-3**	**817**	**-24**
TOTAL (A+B) 30.06.2011	**394,689**	**-16,613**	**107,629**	**-2,875**	**25,363**	**-105**	**5,167**	**-67**	**5,187**	**-297**
TOTAL 31.12.2010	**408,944**	**-15,883**	**110,748**	**-2,637**	**25,175**	**-105**	**5,994**	**-76**	**5,764**	**-300**

(*) This table provides figures pertaining exclusively to the Banking Group.

Credit exposures by geographical area – banks (*)

(millions of euro)

Exposures/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES										
A.1. Doubtful loans	43	-8	23	-73	-	-	3	-4	-	-
A.2. Substandard loans	-	-	-	-	1	-3	-	-	-	-
A.3. Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4. Past due exposures	-	-	-	-	-	-	-	-	-	-
A.5. Other exposures	16,563	-3	22,350	-13	3,388	-4	6,989	-12	1,409	-
Total A	**16,606**	**-11**	**22,373**	**-86**	**3,389**	**-7**	**6,992**	**-16**	**1,409**	**-**
B. OFF-BALANCE SHEET EXPOSURES										
B.1. Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.2. Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3. Other non-performing assets	-	-	-	-	-	-	-	-	-	-
B.5. Other exposures	3,181	-	38,591	-10	3,775	-1	2,104	-9	670	-1
Total B	**3,181**	**-**	**38,591**	**-10**	**3,775**	**-1**	**2,104**	**-9**	**670**	**-1**
TOTAL (A+B) 30.06.2011	**19,787**	**-11**	**60,964**	**-96**	**7,164**	**-8**	**9,096**	**-25**	**2,079**	**-1**
TOTAL 31.12.2010	**22,007**	**-12**	**63,079**	**-87**	**9,101**	**-6**	**6,362**	**-27**	**2,458**	**-2**

(*) This table provides figures pertaining exclusively to the Banking Group.

Credit exposures and adjustments to customers by counterparty (*)

(millions of euro)

	GOVERNMENTS			OTHER PUBLIC ENTITIES		
	Net exposure	Individual adjustments	Collective adjustments	Net exposure	Individual adjustments	Collective adjustments
A. ON-BALANCE SHEET EXPOSURES						
A.1. Doubtful loans	1	-9	X	183	-33	X
A.2. Substandard loans	-	-	X	32	-4	X
A.3. Restructured exposures	-	-	X	-	-	X
A.4. Past due exposures	-	-	X	9	-	X
A.5. Other exposures	52,210	X	-25	19,574	X	-45
Total A	**52,211**	**-9**	**-25**	**19,798**	**-37**	**-45**
B. OFF-BALANCE SHEET EXPOSURES						
B.1. Doubtful loans	7	-	X	-	-	X
B.2. Substandard loans	-	-	X	-	-	X
B.3. Other non-performing assets	-	-	X	-	-	X
B.4. Other exposures	2,178	X	-	2,123	X	-4
Total B	**2,185**	**-**	**-**	**2,123**	**-**	**-4**
TOTAL - 30.06.2011	**54,396**	**-9**	**-25**	**21,921**	**-37**	**-49**
TOTAL - 31.12.2010	**58147**	**-9**	**-14**	**21215**	**-39**	**-69**

	FINANCIAL INSTITUTIONS			INSURANCE COMPANIES		
	Net exposure	Individual adjustments	Collective adjustments	Net exposure	Individual adjustments	Collective adjustments
A. ON-BALANCE SHEET EXPOSURES						
A.1. Doubtful loans	95	-398	X	-	-	X
A.2. Substandard loans	237	-35	X	-	-	X
A.3. Restructured exposures	28	-9	X	-	-	X
A.4. Past due exposures	40	-3	X	-	-	X
A.5. Other exposures	28,525	X	-86	1,925	X	-
Total A	**28,925**	**-445**	**-86**	**1,925**	**-**	**-**
B. OFF-BALANCE SHEET EXPOSURES						
B.1. Doubtful loans	7	-2	X	-	-	X
B.2. Substandard loans	4	-	X	-	-	X
B.3. Other non-performing assets	22	-	X	-	-	X
B.4. Other exposures	21,915	X	-6	2,329	X	-7
Total B	**21,948**	**-2**	**-6**	**2,329**	**-**	**-7**
TOTAL - 30.06.2011	**50,873**	**-447**	**-92**	**4,254**	**-**	**-7**
TOTAL - 31.12.2010	**63,816**	**-415**	**-97**	**5,171**	**-**	**-96**

	NON-FINANCIAL COMPANIES			OTHER COUNTERPARTIES		
	Net exposure	Individual adjustments	Collective adjustments	Net exposure	Individual adjustments	Collective adjustments
A. ON-BALANCE SHEET EXPOSURES						
A.1. Doubtful loans	6,117	-11,468	X	1,580	-2,489	X
A.2. Substandard loans	6,742	-1,656	X	1,795	-604	X
A.3. Restructured exposures	3,256	-282	X	22	-22	X
A.4. Past due exposures	884	-86	X	263	-63	X
A.5. Other exposures	211,632	X	-1,877	81,897	X	-414
Total A	**228,631**	**-13,492**	**-1,877**	**85,557**	**-3,178**	**-414**
B. OFF-BALANCE SHEET EXPOSURES						
B.1. Doubtful loans	205	-67	X	6	-19	X
B.2. Substandard loans	502	-59	X	8	-1	X
B.3. Other non-performing assets	464	-19	X	-	-	X
B.4. Other exposures	86,106	X	-147	5,112	X	-18
Total B	**87,277**	**-145**	**-147**	**5,126**	**-20**	**-18**
TOTAL - 30.06.2011	**315,908**	**-13,637**	**-2,024**	**90,683**	**-3,198**	**-432**
TOTAL - 31.12.2010	**317,069**	**-12,646**	**-2,061**	**91,207**	**-3,122**	**-433**

(*) This table provides figures pertaining exclusively to the Banking Group.

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

Credit exposures by residual contractual maturity

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
A. ON-BALANCE SHEET EXPOSURES	**70,571**	**8,711**	**8,256**	**16,492**	**37,422**	**26,131**	**38,138**	**138,152**	**123,854**	**4,197**
A.1 Government bonds	287	3	46	841	7,111	4,611	7,908	10,855	8,468	3
A.2 Other debt securities	356	55	255	177	855	1,132	4,094	14,317	14,266	36
A.3 Quotas of UCI	2,881	-	-	-	-	-	-	-	-	-
A.4 Loans	67,047	8,653	7,955	15,474	29,456	20,388	26,136	112,980	101,120	4,158
- *Banks*	*12,524*	*2,756*	*1,353*	*3,085*	*6,253*	*3,095*	*2,046*	*1,036*	*200*	*4,155*
- *Customers*	*54,523*	*5,897*	*6,602*	*12,389*	*23,203*	*17,293*	*24,090*	*111,944*	*100,920*	*3*
B. OFF-BALANCE SHEET EXPOSURES	**104,316**	**58,095**	**25,073**	**30,764**	**41,260**	**30,084**	**32,397**	**119,807**	**38,483**	**12**
B.1 Financial derivatives with exchange of capital										
- *Long positions*	*3,511*	*26,724*	*12,455*	*15,174*	*19,360*	*11,366*	*8,731*	*13,994*	*12,720*	-
- *Short positions*	*5,160*	*27,082*	*12,476*	*15,341*	*18,659*	*11,245*	*8,724*	*14,181*	*12,289*	-
B.2 Financial derivatives without exchange of capital										
- *Long positions*	*29,387*	*16*	*40*	*21*	*324*	*593*	*1,438*	*1,567*	*531*	-
- *Short positions*	*28,797*	*21*	*36*	*37*	*310*	*722*	*1,536*	*1,649*	*667*	-
B.3 Irrevocable commitments to lend funds										
- *Long positions*	*2,740*	*2,082*	*45*	*117*	*1,425*	*3,526*	*8,347*	*41,699*	*7,350*	*4*
- *Short positions*	*34,610*	*2,161*	*20*	*12*	*1,157*	*2,585*	*3,549*	*46,600*	*4,897*	*4*
B.4 Financial guarantees given	*111*	*9*	*1*	*62*	*25*	*47*	*72*	*117*	*29*	*4*
TOTAL AS AT 30.06.2011	**174,887**	**66,806**	**33,329**	**47,256**	**78,682**	**56,215**	**70,535**	**257,959**	**162,337**	**4,209**
TOTAL AS AT 31.12.2010	**142,793**	**74,022**	**24,094**	**58,970**	**84,149**	**52,143**	**73,401**	**261,550**	**160,385**	**3,580**

(*) This table provides figures pertaining exclusively to the Banking Group.

Net adjustments for on-balance sheet exposures: breakdown (*)

(millions of euro)

	Impairment losses	Recoveries	30.06.2011	31.12.2010
A. Due from banks	**-6**	**2**	**-4**	**-11**
- Loans	-4	2	-2	-10
- Debt securities	-2	-	-2	-1
B. Loans to customers	**-2,467**	**1,140**	**-1,327**	**-2,795**
- Loans	-2,417	1,140	-1,277	-2,789
- Debt securities	-50	-	-50	-6
C. Total	**-2,473**	**1,142**	**-1,331**	**-2,806**

(*) This table provides figures pertaining exclusively to the Banking Group.

Net adjustments for off-balance sheet exposures: breakdown (*)

(millions of euro)

	Impairment losses	Recoveries	30.06.2011	31.12.2010
A. Guarantees given	-31	64	33	-1
B. Credit derivatives	-	-	-	-
C. Commitments to lend funds	-20	21	1	3
D. Other operations	-3	4	1	-1
E. Total	**-54**	**89**	**35**	**1**

(*) This table provides figures pertaining exclusively to the Banking Group.

Changes in adjustments relating to non-performing exposures to customers and banks

Changes in adjustments relating to non-performing exposures to customers as at 30 June 2011 (*)

(millions of euro)

Information	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial total adjustments	**13,221**	**2,372**	**297**	**153**
B. Increases	**2,354**	**1,101**	**120**	**183**
B.1 impairment losses	1,356	744	41	143
B.2 transfers from other non-performing exposure categories	648	186	52	12
B.3 other increases	350	171	27	28
B.4 business combinations	-	-	-	-
C. Decreases	**-1,178**	**-1,174**	**-104**	**-184**
C.1 recoveries on impairment losses	-364	-287	-17	-30
C.2 recoveries on repayments	-182	-69	-1	-3
C.3 write-offs	-296	-20	-16	-7
C.4 transfers to other non-performing exposure categories	-61	-664	-48	-125
C.5 other decreases	-275	-134	-22	-19
C.6 business combinations	-	-	-	-
D. Final total adjustments	**14,397**	**2,299**	**313**	**152**

(*) This table provides figures pertaining exclusively to the Banking Group.

Changes in adjustments relating to non-performing exposures to banks as at 30 June 2011 (*)

(millions of euro)

Information	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial total adjustments	**78**	**9**	**-**	**-**
B. Increases	**11**	**1**	**-**	**-**
B.1 impairment losses	2	-	-	-
B.2 transfers from other non-performing exposure categories	7	-	-	-
B.3 other increases	2	1	-	-
B.4 business combinations	-	-	-	-
C. Decreases	**-4**	**-7**	**-**	**-**
C.1 recoveries on impairment losses	-1	-	-	-
C.2 recoveries on repayments	-1	-	-	-
C.3 write-offs	-2	-	-	-
C.4 transfers to other non-performing exposure categories	-	-7	-	-
C.5 other decreases	-	-	-	-
C.6 business combinations	-	-	-	-
D. Final total adjustments	**85**	**3**	**-**	**-**

(*) This table provides figures pertaining exclusively to the Banking Group.

Table 6 – Credit risk: disclosures for portfolios subject to the standardised approach and for specialised lending and equity exposures subject to the IRB approaches

Quantitative disclosure

The quantitative disclosures in this Table complement those provided in Table 8 – Risk mitigation techniques. In fact, each regulatory portfolio provided for by regulations under the standardised approach is broken down as follows:

– amount of on- and off-balance exposures, "without" the risk mitigation, which does not take into account the decrease in exposure arising from application of collateral and guarantees; in the case of guarantees, which transfer risk in respect of the guaranteed portion, reference is made to the guarantor's regulatory portfolios and weightings, while as to the residual exposure, reference is made to the guaranteed party's information;
– amount of the same exposures "with" the risk mitigation effect, i.e. net of the guarantees mentioned in the previous point. The difference between exposures "with" and "without" credit risk mitigation thus represents the amount of approved guarantees, disclosed in Table 8 - Risk mitigation techniques.

The above information is listed in the "with" and "without" credit risk mitigation columns and associated with the risk weightings defined by the current Prudential Supervisory regulations.

The exposures listed in the columns "Exposures with credit risk mitigation" and "Exposures without credit risk mitigation" also contain the off-balance sheet exposures in relation to guarantees and commitments (including the margins available on lines of credit) without the application of the credit conversion factors (CCF) required by the prudential regulations. The off-balance sheet exposures in relation to guarantees and commitments are disclosed side by side with the counterparty weighting factor.

Please note that exposures backed by collateral - whose exposure level is reduced due to application of the comprehensive method as provided for by applicable regulations - are conventionally represented side by side with 0% weighting in the table "Exposures without credit risk mitigation".

Breakdown of exposures: standardised approach

(millions of euro)

Regulatory portfolio	30.06.2011			31.12.2010		
	Exposure with credit risk mitigation	Exposure without credit risk mitigation	Exposures deducted from regulatory capital	Exposure with credit risk mitigation	Exposure without credit risk mitigation	Exposures deducted from regulatory capital
Exposures to or secured by governments and central banks	58,311	61,454	624	57,277	59,609	627
Exposures to or secured by local authorities	19,792	20,181	-	20,505	20,874	-
Exposures to or secured by not for profit and public sector organisations	9,547	10,153	-	10,774	11,836	-
Exposures to or secured by multilateral development banks	1,646	1,648	-	1,390	1,390	-
Exposures to or secured by international organisations	39	39	-	40	40	-
Exposures to or secured by supervised institutions	73,398	109,472	275	75,510	127,364	727
Exposures to or secured by corporates	56,348	61,962	-	61,530	66,594	-
Retail exposures	63,534	68,520	-	65,890	71,563	-
Exposures secured by real estate property	17,664	17,664	-	18,939	18,939	-
Past due exposures	7,334	7,402	-	7,397	7,468	-
High-risk exposures	1,033	1,033	-	1,210	1,210	-
Exposures in the form of covered bonds	245	245	-	162	162	-
Short-term exposures to corporates	1,664	1,749	-	1,828	1,923	-
Exposures to UCI	4,692	4,692	-	4,826	4,826	-
Other exposures	14,552	14,552	4,682	15,314	15,314	4,881
Securitisations (*)	4,994	4,994	-	5,572	5,572	-
Total credit risk	**334,793**	**385,760**	**5,581**	**348,164**	**414,684**	**6,235**

(*) Further information on securitisations is contained in Table 10 - Securitisations.

For certain regulatory portfolios (Exposures to or secured by corporates and Exposures secured by real estate property), the Group uses the standardised approach to a lesser extent, as it obtained authorisation to use the IRB approaches. For information on the different scope of companies to which the IRB approaches are applied to, see the information in Table 7.

The exposure value shown in the tables of this Table is stated net of adjustments.

The exposures deducted from the Regulatory Capital include both the exposures deducted at 50% from the Tier 1 capital and 50% from the Tier 2 capital (net of expected losses in excess of impairment losses – IRB models) and the exposures deducted from the total of the Tier 1 and Tier 2 capital (seeTable 3).

Further details on the amounts of exposures with or without credit risk mitigation are provided in the two following tables.

Breakdown of exposures by credit quality step and by exposure class: standardised approach – exposures "with" credit risk mitigation

(millions of euro)

Regulatory portfolio	30.06.2011										
	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	TOTAL
Exposures to or secured by governments and central banks	56,486	X	40	X	979	X	797	9	X	-	58,311
Exposures to or secured by local authorities	133	X	18,501	X	287	X	871	-	X	X	19,792
Exposures to or secured by not for profit and public sector organisations	52	X	8,157	X	36	X	1,302	-	X	X	9,547
Exposures to or secured by multilateral development banks	1,629	X	12	X	5	X	-	-	X	X	1,646
Exposures to or secured by international organisations	39	X	X	X	X	X	X	X	X	X	39
Exposures to or secured by supervised institutions	51	X	56,599	X	2,914	X	13,744	90	X	X	73,398
Exposures to or secured by corporates	-	X	2,284	X	5,173	X	48,443	448	X	X	56,348
Retail exposures	-	X	X	X	X	63,534	X	X	X	X	63,534
Exposures secured by real estate property	X	X	X	9,504	8,160	X	X	X	X	X	17,664
Past due exposures	-	X	X	X	162	X	4,156	3,016	X	X	7,334
High-risk exposures	X	X	X	X	X	X	469	24	540	X	1,033
Exposures in the form of covered bonds	X	245	-	X	-	X	-	X	X	X	245
Short-term exposures to corporates	X	X	-	X	-	X	1,664	-	X	X	1,664
Exposures to UCI	-	X	-	X	3	X	4,624	65	X	-	4,692
Other exposures	3,304	X	2,139	X	X	X	9,109	X	X	X	14,552
Securitisations	X	X	X	X	X	X	X	X	X	X	4,994
Total credit risk	**61,694**	**245**	**87,732**	**9,504**	**17,719**	**63,534**	**85,179**	**3,652**	**540**	**-**	**334,793**

Breakdown of exposures by credit quality step and by exposure class: standardised approach – exposures "without" credit risk mitigation

(millions of euro)

Regulatory portfolio	30.06.2011										
	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	TOTAL
Exposures to or secured by governments and central banks	59,103	X	40	X	1,505	X	797	9	X	-	61,454
Exposures to or secured by local authorities	146	X	18,837	X	289	X	909	-	X	X	20,181
Exposures to or secured by not for profit and public sector organisations	639	X	8,174	X	37	X	1,303	-	X	X	10,153
Exposures to or secured by multilateral development banks	1,631	X	12	X	5	X	-	-	X	X	1,648
Exposures to or secured by international organisations	39	X	X	X	X	X	X	X	X	X	39
Exposures to or secured by supervised institutions	34,081	X	58,566	X	2,989	X	13,746	90	X	X	109,472
Exposures to or secured by corporates	5,287	X	2,611	X	5,173	X	48,443	448	X	X	61,962
Retail exposures	4,986	X	X	X	X	63,534	X	X	X	X	68,520
Exposures secured by real estate property	X	X	X	9,504	8,160	X	X	X	X	X	17,664
Past due exposures	68	X	X	X	162	X	4,156	3,016	X	X	7,402
High-risk exposures	X	X	X	X	X	X	469	24	540	X	1,033
Exposures in the form of covered bonds	X	245	-	X	-	X	-	X	X	X	245
Short-term exposures to corporates	85	X	-	X	-	X	1,664	-	X	X	1,749
Exposures to UCI	-	X	-	X	3	X	4,624	65	X	-	4,692
Other exposures	3,304	X	2,139	X	X	X	9,109	X	X	X	14,552
Securitisations	X	X	X	X	X	X	X	X	X	X	4,994
Total credit risk	**109,369**	**245**	**90,379**	**9,504**	**18,323**	**63,534**	**85,220**	**3,652**	**540**	**-**	**385,760**

Specialised lending and equity exposures subject to the IRB approaches

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2011	31.12.2010
A) Exposures to or secured by corporates: Specialised lending - slotting criteria	**2,838**	**2,394**
A.1) Regulatory assessment - weak	14	14
A.2) Regulatory assessment - sufficient	454	473
A.3) Regulatory assessment - good	1,769	1,358
A.4) Regulatory assessment - strong	526	549
A.5) Default	75	-
B. Equity exposures: Simple risk weight approach	**346**	**266**
B.1) Private equity exposures in sufficiently diversified portfolios - 190%	169	165
B.2) Exchange-traded equity exposures - 290%	40	44
B.3) Other equity exposures - 370%	137	57
C. Equity instruments: Other assets - Ancillary investments - (100%)	-	-
Total Specialised lending and equity exposures subject to the IRB approaches	**3,184**	**2,660**

The weighted values of the equities subject to the IRB approaches and the weighted values of the equity instruments subject to the Standardised approach are detailed in Table 13 "Equity exposures: disclosures for banking book positions".

Table 7 – Credit risk: disclosures for portfolios subject to IRB approaches

Quantitative disclosure

The table below shows the scope of companies for which the Group, as at 30 June 2011, uses the IRB approaches in calculating the capital requirements for credit and counterparty risk for the "Corporate" (Foundation and Advanced IRB) and "Residential mortgages to private individuals" (IRB[1]) regulatory segments. The scopes of application are substantially unchanged compared to December 2010.

Scope of companies for application of the IRB approaches

Name	Regulatory segment		
	Corporate		Residential mortgages to private individuals
	Foundation	Advanced	
Intesa Sanpaolo S.p.A.		x	x
Banca CR Firenze S.p.A.		x	x
Banca dell'Adriatico S.p.A.		x	x
Banca di Credito Sardo S.p.A.		x	x
Banca di Trento e Bolzano S.p.A.		x	x
Banco di Napoli S.p.A.		x	x
BIIS - Banca Infrastrutture Innovazione e Sviluppo S.p.A.		x	
Cassa di Risparmio del Friuli Venezia Giulia S.p.A.		x	x
Cassa di Risparmio del Veneto S.p.A.		x	x
Cassa di Risparmio della Provincia di Viterbo S.p.A.		x	
Cassa di Risparmio di Ascoli Piceno S.p.A.		x	
Cassa di Risparmio di Città Castello S.p.A.		x	
Cassa di Risparmio di Civitavecchia S.p.A.		x	x
Cassa di Risparmio di Foligno S.p.A.		x	
Cassa dei Risparmi di Forlì e della Romagna S.p.A.		x	x
Cassa di Risparmio di Pistoia e Pescia S.p.A.		x	x
Cassa di Risparmio di Rieti S.p.A.		x	
Cassa di Risparmio di Spoleto S.p.A.		x	
Cassa di Risparmio di Terni e Narni S.p.A.		x	
Cassa di Risparmio di Venezia S.p.A.		x	x
Cassa di Risparmio in Bologna S.p.A.		x	x
Intesa Sanpaolo Bank Ireland P.l.c.	x		
Leasint S.p.A.	x		
Mediocredito Italiano S.p.A.		x	
Mediofactoring S.p.A.	x		
Vseobecna uverova Banka A.S.	x		

The Corporate scope of application of the AIRB approach extends to the Parent Company, the network banks, Banca Infrastrutture Innovazione e Sviluppo and Mediocredito Italiano. The release of specific LGD models is planned for the end of 2011 that will allow transition to the AIRB approach for the product companies (Leasint and Mediofactoring). The foreign bank VUB Banka obtained permission to use the FIRB approach effective from the report as at 31 December 2010. An application for authorisation of direct transition to the AIRB approach will be submitted in the third quarter of 2011 for Banca IMI, which currently uses the Standardised approach, and for Intesa Sanpaolo Bank Ireland.
In addition, recognition of the IRB approach for the Retail Mortgage segment was obtained in June 2010. Extension of the IRB approach for residential mortgages is planned for the network banks of the former Casse del Centro by the end of this year.
For the SME Retail segment, second generation models are currently at the release stage which will allow the validation process for transition to the IRB approach to begin in the fourth quarter of the year.

[1] Given that the rating systems for retail exposures must reflect both the borrower risk and the specific risk of the transaction, in this case there is no distinction between the Foundation and the Advanced IRB approach.

The development of rating models for the other segments and the extension of the scope of companies is proceeding according to the gradual roll-out plan for the advanced approaches presented to the Supervisory Authority.

The exposure values as at 30 June 2011 for the various IRB approaches (IRB, Foundation IRB and Advanced IRB) are shown in the tables below.

Exposure values by regulatory portfolio (Foundation IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2011	31.12.2010
Exposures to or secured by corporates:		
- Specialised lending	*684*	*774*
- SMEs (Small and Medium Enterprises)	*10,540*	*10,769*
- Other corporates	*13,528*	*13,556*
Total credit risk (IRB)	**24,752**	**25,099**

Exposure values by regulatory portfolio (Advanced IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2011	31.12.2010
Exposures to or secured by corporates:		
- Specialised lending	*6,824*	*6,653*
- SMEs (Small and Medium Enterprises)	*64,139*	*62,896*
- Other corporates	*121,131*	*115,869*
Total credit risk (Advanced IRB approach)	**192,094**	**185,418**

Exposure values by regulatory portfolio (IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2011	31.12.2010
Exposures secured by residential property		
- Retail	*57,203*	*55,330*
Total credit risk (IRB)	**57,203**	**55,330**

The exposure value shown in the tables set forth in this Table is expressed gross of adjustments and takes into account (for guarantees given and commitments to disburse funds) credit conversion factors. Conversely, the exposure value does not consider the techniques for mitigation of risk which – for exposures assessed using internal models – are directly incorporated in the weightings applied to that exposure.

Breakdown of exposures by exposure class and PD class (Foundation IRB Approach and Advanced IRB Approach)

(millions of euro)

		30.06.2011						31.12.2010
Regulatory portfolio	**Rating class**	**Central PD (%)**	**Exposure value**	**Average risk weight**	**Weighted average LGD (%) (**)**	**Revocable and irrevocable margins (**)**	**Weighted average EAD (*)**	**Exposure value**
Exposures secured by residential property								
Retail			**7,508**			**1,782**		**7,427**
	-class from 1 to 8	-	-	-	-	-	0%	-
	-class 9	0.23	44	34%	26.8	14	58%	28
	-class 10	0.35	103	38%	24.3	23	53%	68
	-class 11	0.51	293	54%	28.1	87	57%	282
	-class 12	0.83	536	57%	25.6	134	55%	468
	-class 13	1.25	755	63%	26.5	216	54%	791
	-class 14	1.75	1,110	73%	28.5	283	51%	1,060
	-class 15	2.78	1,136	85%	29.0	286	47%	1,051
	-class 16	4.55	1,014	95%	27.8	160	44%	1,113
	-class 17	6.61	792	111%	31.3	281	59%	662
	-class 18	10.18	885	115%	27.3	155	64%	959
	-class 19	15.49	133	135%	27.2	36	62%	202
	-class 20	24.47	202	156%	27.0	49	61%	338
	-class 21 (default)	100.00	505	-	32.8	58	49%	405

(millions of euro)

Regulatory portfolio	Rating class	30.06.2011						31.12.2010
		Central PD (%)	Exposure value	Average risk weight	Weighted average LGD (%) (**)	Revocable and irrevocable margins (**)	Weighted average EAD (**)	Exposure value
Exposures to or secured by corporates								
SMEs (Small and Medium Enterprises)			**74,679**			**4,350**		**73,665**
	-class from 1 to 3	-	-	-	-	-	-	-
	-class 4	0.04	1	9%	39.1	1	45%	1
	-class 5	0	11	0	37.7	-	-	-
	-class 6	0.07	1,732	15%	35.8	281	11%	2,965
	-class 7	0.10	1,543	19%	34.2	147	8%	1,866
	-class 8	0.15	2,480	24%	35.2	231	9%	1,933
	-class 9	0.23	3,306	30%	34.8	198	8%	2,228
	-class 10	0.35	3,174	38%	34.2	223	9%	2,868
	-class 11	0.51	5,691	47%	34.2	456	13%	4,082
	-class 12	0.83	5,258	55%	33.6	252	9%	6,596
	-class 13	1.25	6,607	64%	32.9	392	14%	7,446
	-class 14	1.75	7,452	73%	32.5	402	14%	6,732
	-class 15	2.78	8,427	82%	32.1	533	19%	7,926
	-class 16	4.55	7,136	90%	31.4	474	23%	7,518
	-class 17	6.61	4,141	102%	31.0	276	30%	3,932
	-class 18	10.18	3,157	123%	31.4	148	27%	2,995
	-class 19	15.49	1,211	145%	31.7	52	28%	1,305
	-class 20	24.47	1,414	165%	32.1	54	23%	1,818
	-class 21 (default)	100.00	11,938	0%	47.7	230	35%	11,454
Other corporates			**134,659**			**43,430**		**129,425**
	-class 1	-	-	-	-	-	-	-
	-class 2	-	-	0%	-	-	0%	1,136
	-class 3	0.03	4,133	14%	43.0	3,528	41%	929
	-class 4	0.04	7,270	14%	41.0	3,956	41%	6,736
	-class 5	0.05	3,324	20%	41.7	2,502	45%	3,085
	-class 6	0.07	8,681	26%	41.3	5,341	39%	9,241
	-class 7	0.10	10,466	28%	40.0	5,059	40%	9,845
	-class 8	0.15	8,836	35%	40.1	4,588	40%	8,928
	-class 9	0.23	5,066	40%	39.2	2,028	34%	6,053
	-class 10	0.35	16,336	53%	38.9	5,611	37%	14,241
	-class 11	0.51	15,443	60%	37.9	3,513	29%	10,670
	-class 12	0.83	8,927	72%	36.7	1,187	23%	11,571
	-class 13	1.25	11,198	83%	36.7	2,185	35%	13,173
	-class 14	1.75	8,993	101%	37.5	1,266	25%	7,449
	-class 15	2.78	7,149	111%	36.2	1,028	27%	7,270
	-class 16	4.55	4,160	119%	34.7	483	28%	3,897
	-class 17	6.61	2,198	139%	34.4	307	36%	2,941
	-class 18	10.18	2,928	164%	35.1	224	30%	2,366
	-class 19	15.49	932	186%	35.6	100	20%	939
	-class 20	24.47	733	224%	37.3	71	35%	1,348
	-class 21 (default)	100.00	7,886	-	40.8	453	33%	7,607

(**) The disclosure refers only to the Advanced IRB approach. The weighted average EAD refers to both revocable and irrevocable margins.

Breakdown of exposures by exposure class and PD class (IRB Approach)

(millions of euro)

Regulatory portfolio	Rating class	30.06.2011 Central PD (%)	Exposure value (**)	Average risk weight	Weighted average LGD (%)	31.12.2010 Exposure value
Exposures secured by residential property						
Retail			**57,203**			**55,330**
	-class from 1 to 5	-	-	0%	-	-
	-class 6	0.07	1,547	2%	12.4	1,082
	-class 7	-	-	0%	-	-
	-class 8	0.15	2,149	4%	12.3	1,716
	-class 9	0.23	5,469	6%	12.4	4,733
	-class 10	-	-	0%	-	-
	-class 11	0.51	12,736	10%	12.6	12,681
	-class 12	0.83	12,817	15%	12.8	12,964
	-class 13	-	-	0%	-	-
	-class 14	1.75	10,137	23%	13.2	10,201
	-class 15	2.78	4,690	31%	13.5	4,276
	-class 16	4.55	3,569	47%	13.3	3,425
	-class 17	-	-	0%	-	-
	-class 18	-	-	0%	-	-
	-class 19	-	-	0%	-	-
	-class 20	24.47	1,154	78%	13.1	1,418
	-class 21 (default)	100.0	2,935	0%	21.4	2,834

(**) Given the nature of the sole regulatory portfolio for which the IRB approach is currently used, the Exposure value for Unused margins is only 88 million euro. This Exposure value takes into account, usually, the application of an average credit conversion factor, or "Weighted average EAD", of 50% for all rating classes.

Actual adjustments

The actual adjustments made during the period January-June 2011 on the counterparties in default belonging to the Corporate regulatory portfolio amounted to 765 million euro (1,410 million euro for the whole of 2010). With regard to the regulatory Residential mortgages for private individuals segment, which migrated to the IRB approach on 30 June 2010, the adjustments on counterparties in default amounted to 74 million euro (194 million euro for the whole of 2010).

Comparison between estimated and actual results

As previously highlighted, the Intesa Sanpaolo Group adopts advanced methods for determining capital requirements for the Corporate and Retail Mortgage segments. Therefore, for these two portfolios, the internally estimated PD (probability of default) and LGD (loss given default) parameters are used.
The comparison between estimated losses and actual losses is carried out by the Internal Validation Unit as part of the backtesting procedures. This is then examined separately for the two components – PD and LGD.

For the PD, the default rates over a one-year period are compared with the ex ante estimated PDs, using measures of the performance of the model's discriminating power, in other words its ability to rank the counterparties according to creditworthiness correctly, and statistical tests to assess its calibration, namely the ability to predict the default rates correctly.

For the Corporate segment, the comparison of estimated PD to actual default rates shows a decisive improvement on the previous year's situation, also due to the aforementioned upgrades to the model. The default rates are at higher levels than the average PD portfolio, but only slightly, and the correctness of their calibration was confirmed by the tests which incorporate the level of cyclicality. On the Mortgage segment, the default rate is lower than the average PD assigned ex ante.

In terms of LGD, it can be noted that the approach adopted in the estimation phase (including the most recent data and introducing various prudential elements) guarantees the application of parameters representing conservative estimates of losses.

Table 8 – Risk mitigation techniques

Quantitative disclosure

As required by the specific regulations, this table lists only the portions of exposures secured by financial collateral and personal guarantees subject to the calculation of capital requirements using the standard and foundation IRB approaches. The column "Personal guarantees or credit derivatives" consists almost exclusively of guarantees received in the form of personal guarantees, as credit derivatives represent an insignificant proportion of the total guarantees of the Intesa Sanpaolo Group.

Breakdown of exposures secured by collateral, guarantees or credit derivatives by exposure class

Secured exposures subject to the Standardised approach

(millions of euro)

Regulatory portfolio	30.06.2011			31.12.2010		
	Collateral		Guarantees or credit derivatives	Collateral		Guarantees or credit derivatives
		of which: Simple approach			*of which: Simple approach*	
Exposures to or secured by governments and central banks	449	*449*	2,694	52	52	2,280
Exposures to or secured by local authorities	13	-	376	5	-	364
Exposures to or secured by not for profit and public sector organisations	587	-	19	1,044	-	18
Exposures to or secured by multilateral development banks	1	*1*	1	-	-	-
Exposures to or secured by international organisations	-	-	-	-	-	-
Exposures to or secured by supervised institutions	34,052	*22*	2,022	49,688	70	2,166
Exposures to or secured by corporates	5,287	-	327	4,948	-	116
Retail exposures	4,986	-	-	5,673	2	-
Past due exposures	68	-	-	71	-	-
High-risk exposures	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Short-term exposures to corporates	85	-	-	95	-	-
Exposures to UCI	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-
Total	**45,528**	**472**	**5,439**	**61,576**	**124**	**4,944**

The Table complements the disclosures in Table 6, in the sub-table "Exposures with credit risk mitigation", which shows the residual exposure not covered by these guarantees. Under the current regulations, when the comprehensive method is adopted (as Intesa Sanpaolo does in the majority of cases), collateral (e.g. cash collateral or securities received as pledges) reduces risk exposure, whereas personal guarantees (and the remaining collateral - simplified method) transfer the related risk to the guarantor's regulatory portfolio. Consequently, the representation of personal guarantees included in this Table is the guarantor's responsibility.

Exposures secured by mortgage collateral, for which the regulations require the assignment of preferential weightings, are not shown in this Table, as they are already included in Table 6 under "Exposures secured by real estate property".

Exposures secured by guarantees or credit derivatives and collateral – simplified method: guarantor weighting factors (Standardised approach)

(millions of euro)

Regulatory portfolio	Guarantor's weights										
	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	Total as at 30.06.2011
Exposures to or secured by governments and central banks	2,617	X	-	X	526	X	-	-	X	-	3,143
Exposures to or secured by local authorities	-	X	336	X	2	X	38	-	X	X	376
Exposures to or secured by not for profit and public sector organisations	-	X	17	X	1	X	1	-	X	X	19
Exposures to or secured by multilateral development banks	2	X	-	X	-	X	-	-	X	X	2
Exposures to or secured by international organisations	-	X	X	X	X	X	X	X	X	X	-
Exposures to or secured by supervised institutions	-	X	1,967	X	75	X	2	-	X	X	2,044
Exposures to or secured by corporates	-	X	327	X	-	X	-	-	X	X	327
Retail exposures	-	X	X	X	X	-	X	X	X	X	-
Exposures secured by real estate property	X	X	X	-	-	X	X	X	X	X	-
Past due exposures	-	X	X	X	-	X	-	-	X	X	-
High-risk exposures	X	X	X	X	X	X	-	-	-	X	-
Exposures in the form of covered bonds	X	-	-	X	-	X	-	X	X	X	-
Short-term exposures to corporates	-	X	-	X	-	X	-	-	X	X	-
Exposures to UCI	-	X	-	X	-	X	-	-	X	-	-
Other exposures	-	X	-	X	X	X	-	X	X	X	-
Securitisations	X	X	X	X	X	X	X	X	X	X	-
Total	**2,619**	**-**	**2,647**	**-**	**604**	**-**	**41**	**-**	**-**	**-**	**5,911**

Secured exposures subject to the foundation IRB approach

(millions of euro)

Regulatory portfolio	30.06.2011		31.12.2010	
	Collateral	Guarantees or credit derivatives	Collateral	Guarantees or credit derivatives
Exposures to or secured by corporates				
Specialised lending	-	-	-	-
SMEs	*3,905*	*138*	*4,365*	*187*
Other corporates	*2,544*	*37*	*2,639*	*95*
Specialised lending - slotting criteria	-	-	-	-
Total	**6,449**	**175**	**7,004**	**282**

Exposures secured by residential mortgage collateral for private individuals (regulatory segment of residential mortgages for private individuals), for which the Group applies the IRB approach, are not included in this Table inasmuch as they are specifically indicated in Table 7.

Table 9 – Counterparty risk

Quantitative disclosure

Counterparty risk

(millions of euro)

Transaction categories	Mark-to-market method - Exposure	
	30.06.2011	31.12.2010
Derivative contracts	15,545	17,599
SFT transactions and long settlement transactions	45,235	60,452
Cross product netting	-	-

The exposure value shown in the table above, for positions in both the regulatory trading book and the banking book, is calculated by referring to:

– for positions in derivatives, at the loan equivalent, which takes account of the effects of any netting arrangements, but does not consider the effect of any guarantees received;
– for positions deriving from SFTs with long-term settlement, at the exposure value, without taking account of risk mitigation techniques.

Among the exposures in the table above, those subject to the standardised approach benefited from risk mitigation instruments for a total of 42,787 million euro, of which 2,256 million euro referring to derivative exposures.

The capital requirement for "counterparty risk" for the individual regulatory portfolios, for both the regulatory trading book and the banking book, is shown in the tables of the capital requirements for credit risk treated under the standardised approach and the IRB approach.

The tables below show the information on financial and credit derivatives required by the regulations.

Financial derivatives - Regulatory trading book: period-end and average notional amounts

(millions of euro)

	30.06.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**2,934,679**	**229,194**	**2,609,337**	**210,215**
a) Options	336,274	123,760	373,205	126,555
b) Swaps	2,598,156	-	2,235,310	-
c) Forwards	211	-	764	-
d) Futures	38	105,434	58	83,660
e) Others	-	-	-	-
2. Equities and stock indices	**36,447**	**21,733**	**36,937**	**17,658**
a) Options	35,900	20,884	36,543	16,012
b) Swaps	297	-	156	-
c) Forwards	250	-	238	-
d) Futures	-	849	-	1,646
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**107,126**	**14**	**101,916**	**7**
a) Options	8,916	11	11,793	-
b) Swaps	23,803	-	25,052	-
c) Forwards	73,651	-	64,597	-
d) Futures	-	3	-	7
e) Others	756	-	474	-
4. Commodities	**2,900**	**1,880**	**2,615**	**1,513**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**3,081,152**	**252,821**	**2,750,805**	**229,393**
AVERAGE VALUES	**2,912,743**	**241,107**	**2,719,832**	**300,071**

Financial derivatives - Banking book: period-end and average notional amounts

Hedging

(millions of euro)

	30.06.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**253,610**	**-**	**264,509**	**-**
a) Options	11,021	-	8,946	-
b) Swaps	242,589	-	255,563	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equities and stock indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**6,109**	**-**	**5,718**	**-**
a) Options	-	-	-	-
b) Swaps	6,109	-	5,718	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**259,719**	**-**	**270,227**	**-**
AVERAGE VALUES	**229,453**	**-**	**263,820**	**-**

Other derivatives

(millions of euro)

	30.06.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**13,180**	**-**	**13,860**	**-**
a) Options	7,774	-	8,763	-
b) Swaps	5,406	-	5,097	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equities and stock indices	**7,179**	**-**	**6,920**	**-**
a) Options	7,179	-	6,920	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**4,916**	**-**	**4,688**	**-**
a) Options	29	-	31	-
b) Swaps	872	-	714	-
c) Forwards	4,015	-	3,943	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**25,275**	**-**	**25,468**	**-**
AVERAGE VALUES	**21,902**	**-**	**16,620**	**-**

Financial derivatives - gross positive fair value: breakdown by product

(millions of euro)

	Positive fair value			
	30.06.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	**26,800**	**790**	**35,244**	**782**
a) Options	4,617	679	5,367	676
b) Interest rate swaps	20,271	-	27,373	-
c) Cross currency swaps	1,029	-	1,508	-
d) Equity swaps	6	-	4	-
e) Forwards	648	-	810	-
f) Futures	-	46	-	37
g) Others	229	65	182	69
B. Banking book - hedging	**5,058**	**-**	**7,377**	**-**
a) Options	639	-	505	-
b) Interest rate swaps	4,199	-	6,503	-
c) Cross currency swaps	220	-	369	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**699**	**-**	**699**	**-**
a) Options	279	-	319	-
b) Interest rate swaps	373	-	370	-
c) Cross currency swaps	29	-	6	-
d) Equity swaps	-	-	-	-
e) Forwards	18	-	4	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**32,557**	**790**	**43,320**	**782**

Financial derivatives - gross negative fair value: breakdown by product

(millions of euro)

	Negative fair value			
	30.06.2011		31.12.2010	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	**30,049**	**671**	**38,083**	**674**
a) Options	6,281	565	6,525	579
b) Interest rate swaps	21,147	-	28,749	-
c) Cross currency swaps	1,529	-	1,880	-
d) Equity swaps	4	-	7	-
e) Forwards	839	-	745	-
f) Futures	-	39	-	57
g) Others	249	67	177	38
B. Banking book - hedging	**5,187**	**-**	**5,753**	**-**
a) Options	152	-	176	-
b) Interest rate swaps	4,409	-	5,037	-
c) Cross currency swaps	626	-	540	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**1,090**	**-**	**1,223**	**-**
a) Options	798	-	879	-
b) Interest rate swaps	205	-	219	-
c) Cross currency swaps	1	-	5	-
d) Equity swaps	-	-	-	-
e) Forwards	86	-	120	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**36,326**	**671**	**45,059**	**674**

Over the counter financial derivatives – regulatory trading book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2011

Contracts not included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	3,825	54,198	15,180	2,882	40,041	402
- positive fair value	-	341	818	203	25	1,030	3
- negative fair value	-	-72	-1,676	-94	-91	-186	-77
- future exposure	-	32	109	113	10	185	1
2. Equities and stock indices							
- notional amount	4	-	2,439	439	5,381	29	23
- positive fair value	-	-	14	2	1	1	-
- negative fair value	-	-	-2,164	-12	-41	-	-4
- future exposure	-	-	2	12	7	2	-
3. Foreign exchange rates and gold							
- notional amount	5	143	10,894	11,801	481	7,602	66
- positive fair value	-	-	52	130	13	268	2
- negative fair value	-	-54	-490	-103	-1	-90	-
- future exposure	-	11	61	131	3	100	1
4. Other values							
- notional amount	-	-	1	13	-	1,771	1
- positive fair value	-	-	-	-	-	51	-
- negative fair value	-	-	-3	-3	-	-75	-
- future exposure	-	-	-	1	-	192	-

Over the counter financial derivatives – regulatory trading book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2011

Contracts included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	2,350	-	1,856,585	957,631	173	1,412	-
- positive fair value	417	-	18,827	2,320	2	28	-
- negative fair value	-4	-	-19,719	-2,469	-14	-19	-
2. Equities and stock indices							
- notional amount	-	-	20,264	7,824	44	-	-
- positive fair value	-	-	530	192	-	-	-
- negative fair value	-	-	-375	-220	-3	-	-
3. Foreign exchange rates and gold							
- notional amount	-	-	66,802	5,426	390	3,516	-
- positive fair value	-	-	910	64	146	266	-
- negative fair value	-	-	-1,768	-39	-	-27	-
4. Other values							
- notional amount	-	-	408	82	-	624	-
- positive fair value	-	-	124	9	-	11	-
- negative fair value	-	-	-45	-5	-	-106	-

Over the counter financial derivatives – banking book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2011

Contracts not included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	-	79,977	396	-	2	8,686
- positive fair value	-	-	783	1	-	-	3
- negative fair value	-	-	-1,772	-99	-	-	-456
- future exposure	-	-	19	1	-	-	4
2. Equities and stock indices							
- notional amount	-	-	3,288	104	-	204	2,105
- positive fair value	-	-	2	-	-	2	-
- negative fair value	-	-	-383	-	-	-	-136
- future exposure	-	-	22	3	-	6	-
3. Foreign exchange rates and gold							
- notional amount	-	-	2,467	118	-	43	-
- positive fair value	-	-	79	-	-	-	-
- negative fair value	-	-	-74	-10	-	-	-
- future exposure	-	-	29	8	-	-	-
4. Other values							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

Over the counter financial derivatives – banking book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2011

Contracts included under netting arrangements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	-	172,849	4,880	-	-	-
- positive fair value	-	-	4,343	207	-	-	-
- negative fair value	-	-	-2,486	-218	-	-	-
2. Equities and stock indices							
- notional amount	-	-	939	539	-	-	-
- positive fair value	-	-	67	71	-	-	-
- negative fair value	-	-	-1	-	-	-	-
3. Foreign exchange rates and gold							
- notional amount	-	-	8,305	92	-	-	-
- positive fair value	-	-	195	4	-	-	-
- negative fair value	-	-	-641	-1	-	-	-
4. Other values							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Credit derivatives – period-end and average notional amounts

(millions of euro)

	Regulatory trading book		Banking book	
	single counterparty	more counterparties (*basket*)	single counterparty	more counterparties (*basket*)
1. Protection purchases				
- Credit default products	29,192	22,171	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	1,063	-	-	-
- Other	-	-	-	-
Total 30.06.2011	**30,255**	**22,171**	**-**	**-**
Average values	**30,837**	**26,630**	**-**	**-**
Total 31.12.2010	**29,459**	**28,894**	**-**	**-**
2. Protection sales				
- Credit default products	27,792	22,353	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	269	-	-	-
- Other	-	-	-	-
Total 30.06.2011	**28,061**	**22,353**	**-**	**-**
Average values	**33,376**	**27,228**	**-**	**-**
Total 31.12.2010	**26,286**	**29,677**	**-**	**-**

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

(millions of euro)

	Positive fair value	
	30.06.2011	31.12.2010
A. Regulatory trading book	**1,779**	**2,233**
a) Credit default products	1,460	1,824
b) Credit spread products	-	-
c) Total rate of return swap	319	409
d) Other	-	-
B. Banking book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
TOTAL	**1,779**	**2,233**

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

(millions of euro)

	Negative fair value	
	30.06.2011	31.12.2010
A. Regulatory trading book	**1,978**	**2,382**
a) Credit default products	1,776	2,146
b) Credit spread products	-	-
c) Total rate of return swap	202	236
d) Other	-	-
B. Banking book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
TOTAL	**1,978**	**2,382**

Over the counter credit derivatives – gross (positive and negative) fair values by counterparty: contracts not included under netting arrangements as at 30 June 2011

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
REGULATORY TRADING BOOK							
1. Protection purchases							
- notional amount	-	69	1,933	1,716	-	-	-
- positive fair value	-	54	57	51	-	-	-
- negative fair value	-	-	-6	-5	-	-	-
- future exposure	-	7	151	121	-	-	-
2. Protection sales							
- notional amount	-	-	1,861	2,494	-	-	-
- positive fair value	-	-	5	5	-	-	-
- negative fair value	-	-	-52	-240	-	-	-
- future exposure	-	-	31	51	-	-	-
BANKING BOOK							
1. Protection purchases							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2. Protection sales							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Over the counter credit derivatives – gross (positive and negative) fair values by counterparty: contracts included under netting arrangements as at 30 June 2011

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
REGULATORY TRADING BOOK							
1. Protection purchases							
- notional amount	-	-	39,107	9,601	-	-	-
- positive fair value	-	-	711	298	-	-	-
- negative fair value	-	-	-277	-65	-	-	-
2. Protection sales							
- notional amount	-	-	35,131	10,928	-	-	-
- positive fair value	-	-	230	368	-	-	-
- negative fair value	-	-	-782	-551	-	-	-
BANKING BOOK		-					
1. Protection purchases							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2. Protection sales							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Over the counter credit and financial derivatives – net fair values and future exposure by counterparty as at 30 June 2011

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Financial derivatives - bilateral agreements							
- positive fair value	413	-	1,328	144	146	257	-
- negative fair value	-	-	-1,805	-405	-15	-103	-
- future exposure	30	-	1,184	2,254	30	152	-
- net counterparty risk	443	-	1,668	2,349	175	409	-
2. Credit derivatives - bilateral agreements							
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
3. "Cross product" agreements							
- positive fair value	-	-	851	232	-	-	-
- negative fair value	-	-	-1,694	-99	-	-	-
- future exposure	-	-	3,457	493	-	-	-
- net counterparty risk	-	-	3,091	781	-	-	-

Table 10 – Securitisations

Quantitative disclosure

The tables below detail the gross and net exposures and the related adjustments for positions relating to securitisations. The figures represent the exposures shown in the financial statements, and include both the positions relating to the regulatory banking book and the regulatory trading book, with the exception of the table of weighted values, which reports only the values relating to the banking book. The weighted values of positions in the trading book are shown in Table 11. The breakdown by portfolio is disclosed in the "Breakdown of net exposures to securitisations by financial assets portfolio and by type" of this Table.

Securitisations: amount of the securitisation positions originated and third party

(millions of euro)

	On-balance sheet exposures						Guarantees given					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Exposure		Exposure		Exposure		Exposure		Exposure		Exposure	
	gross	net	gross	net	gross	net	gross	net	gross	net	gross	net
A. Originated underlying assets	**9**	**9**	**112**	**112**	**109**	**106**	**-**	**-**	**-**	**-**	**-**	**-**
a) Non-performing	*-*	*-*	*14*	*14*	*29*	*29*	*-*	*-*	*-*	*-*	*-*	*-*
b) Other	*9*	*9*	*98*	*98*	*80*	*77*	*-*	*-*	*-*	*-*	*-*	*-*
B. Third party underlying assets (*)	**4,989**	**4,986**	**505**	**500**	**43**	**43**	**44**	**44**	**-**	**-**	**-**	**-**
a) Non-performing	*4*	*4*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
b) Other	*4,985*	*4,982*	*505*	*500*	*43*	*43*	*44*	*44*	*-*	*-*	*-*	*-*
TOTAL 30.06.2011	**4,998**	**4,995**	**617**	**612**	**152**	**149**	**44**	**44**	**-**	**-**	**-**	**-**
TOTAL 31.12.2010	**5,221**	**5,220**	**571**	**562**	**147**	**144**	**73**	**42**	**-**	**-**	**-**	**-**

	Credit lines						Total					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Exposure		Exposure		Exposure		Exposure		Exposure		Exposure	
	gross	net	gross	net	gross	net	gross	net	gross	net	gross	net
A. Originated underlying assets	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**9**	**112**	**112**	**109**	**106**
a) Non-performing	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*14*	*14*	*29*	*29*
b) Other	*-*	*-*	*-*	*-*	*-*	*-*	*9*	*9*	*98*	*98*	*80*	*77*
B. Third party underlying assets (*)	**1,621**	**1,621**	**-**	**-**	**-**	**-**	**6,654**	**6,651**	**505**	**500**	**43**	**43**
a) Non-performing	*-*	*-*	*-*	*-*	*-*	*-*	*4*	*4*	*-*	*-*	*-*	*-*
b) Other	*1,621*	*1,621*	*-*	*-*	*-*	*-*	*6,650*	*6,647*	*505*	*500*	*43*	*43*
TOTAL 30.06.2011	**1,621**	**1,621**	**-**	**-**	**-**	**-**	**6,663**	**6,660**	**617**	**612**	**152**	**149**
TOTAL 31.12.2010	**2,329**	**2,329**	**-**	**-**	**-**	**-**	**7,623**	**7,591**	**571**	**562**	**147**	**144**

(*) Including Romulus and Duomo Asset Backed Commercial Paper (ABCP) programmes as detailed in the tables relating to third party securitisations.

Breakdown of net exposures to securitisations by financial assets portfolio and by type

(millions of euro)

	On-balance sheet exposures (*)			Off-balance sheet exposures		
	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior
Financial assets held for trading	1,873	158	13	-	-	-
Financial assets measured at fair value	-	-	-	-	-	-
Financial assets available for sale	238	17	31	-	-	-
Investments held to maturity	118	-	-	-	-	-
Loans (**)	2,757	355	59	1,665	-	-
Total 30.06.2011	**4,986**	**530**	**103**	**1,665**	**-**	**-**
Total 31.12.2010	**5,207**	**462**	**98**	**2,371**	**-**	**-**

(*) Excluding on-balance sheet exposures deriving from originated securitisations in which assets sold have not been fully derecognised for a total of 137 million euro. No off-balance sheet exposures deriving from originated securitisations in which assets sold have not been fully derecognised are recorded as at 30 June 2011.

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

Similar to that reported in the financial statements and, in any event, in compliance with the provisions of the Bank of Italy, the tables below detail further information on the exposures deriving from securitisations. Specifically, the columns "Adjustments/Recoveries" include the flows of adjustments and recoveries for the period, as well as impairment and revaluations recorded in the income statement or under reserves.

Securitisations: breakdown of on-balance sheet exposures deriving from main originated securitisations by type of securitised asset and by type of exposure

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A. Fully derecognised	**-**	**-**	**30**	**4**	**60**	**2**
A. 1 Intesa Lease Sec						
- performing leasing contracts	-	-	-	-	-	-
A. 1 Intesa Sec 2						
- performing residential mortgages	-	-	*16*	-	*25*	-
A. 2 Intesa Sec						
- performing mortgages	-	-	-	-	*1*	*1*
A. 3 Intesa Sec Npl						
- doubtful mortgages	-	-	*14*	*4*	*29*	*1*
A. 4 Cr Firenze Mutui						
- performing mortgages	-	-	-	-	*5*	-
B. Partly derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**9**	**-**	**82**	**-**	**46**	**-**
C. 1 Intesa Sec 3 (*)						
- performing residential mortgages	-	-	*77*	-	*28*	-
C. 2 Da Vinci						
- loans to the aircraft sector	*4*	-	*1*	-	-	-
C. 3 Split 2 (**)						
- performing leasing contracts	*5*	-	*4*	-	*18*	-
TOTAL 30.06.2011	**9**	**-**	**112**	**4**	**106**	**2**
TOTAL 31.12.2010	**14**	**2**	**116**	**-7**	**105**	**-6**

(*) Derecognised for prudential purposes, not for accounting purposes.

(**) A securitisation vehicle not recorded under the Banking Group, but whose securitised assets are not derecognised by the Group originating the securitisation.

Securitisations: breakdown of off-balance sheet exposures deriving from main originated securitisations by type of securitised asset and by type of exposure

This type of exposure did not exist as at 30 June 2011.

Securitisations: breakdown of on-balance sheet exposures deriving from main third party securitisations by type of securitised asset and by type of exposure

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A.1 TCW Global Project Fund III						
- *project finance loans*	*494*	-	-	-	-	-
A.2 Tevere Finance						
- *loans to Italian local authorities*	*472*	-	-	-	-	-
A.3 Euterpe (*)						
- *amounts due from tax authorities*	*296*	*2*	-	-	-	-
A.4 AYT Cedulas						
- *residential mortgages*	*264*	-	-	-	-	-
A.5 Fondo Immobili Pubblici						
- *loans deriving from rental of properties to the public sector*	*256*	*-1*	-	-	-	-
A.6 Nepri Finance S.r.l.						
- *residential mortgages*	*244*	*6*	-	-	-	-
A.7 Soc. Cart. Crediti INPS						
- *social security benefits*	*218*	*1*	-	-	-	-
A.8 Posillipo Finance						
- *receivables from Italian health sector*	*183*	-	-	-	-	-
A.9 Fondo de Titulizacio'n de Activos						
- *electric companies receivables from public sector*	*176*	-	-	-	-	-
A.10 D'Annunzio						
- *receivables from Italian health sector*	*145*	-	-	-	-	-
A.11 Duchess (**)						
- *CLOs*	*138*	*10*	-	-	-	-
A.12 Sunrise S.r.l.						
- *consumer credit*	*126*	*2*	*4*	-	-	-
A.13 Cordusio RMBS Securitisation						
- *electric companies receivables from public sector*	*97*	-	*29*	-	-	-
A.14 Vintage Finance						
- *residential mortgages*	*118*	*-1*	-	-	-	-
A.15 Amstel CORP Loan Offering BV						
- *residential mortgages*	*81*	*-1*	*26*	-	-	-
A.16 Siena Mortgage						
- *corporate loans*	*95*	-	-	-	-	-
A.17 Geldilux						
- *SME loans*	*88*	-	-	-	-	-
A.18 GSC Partners CDO Fund Ltd						
- *corporate loans*	*78*	-	-	-	-	-
A.19 Cartesio						
- *receivables from Italian health sector*	*74*	-	-	-	-	-
A.20 Granite Master Issuer Plc						
- *residential mortgages*	*6*	-	*40*	*-1*	*5*	-
A.21 Residual portfolio divided in 402 securities	*1,337*	-10 (***)	*401*	*-3* -	*38*	-
TOTAL 30.06.2011	**4,986**	**8**	**500**	**-4**	**43**	**-**
TOTAL 31.12.2010	**5,206**	**-8**	**446**	**11**	**39**	**-3**

(*) Exposure to Euterpe (with 82 million euro included in the "residual portfolio") refers to single tranche securitisations, not classified as exposures to securitisations for supervisory purposes.

(**) Position included in packages, whose credit risk is entirely hedged by a specific credit default swap (CDS). The adjustment highlighted was, therefore, practically identical to the positive fair value of the derivative.

(***) Of which -7 million euro related to securities included in packages.

Securitisations: breakdown of on-balance sheet exposures deriving from main third party securitisations by type of securitised asset and by type of exposure: composition of the residual portfolio as at 30 June 2011

(millions of euro)

Residual portfolio divided by type of underlying asset	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
Residential mortgages	546	-2	201	-3	15	-
Commercial mortgages	93	-	108	-	-	-
Other ABSs (CLO-CMO-CFO) (*)	155	-7	6	-	-	-
Loans deriving from leasing contracts	112	-	19	-	-	-
Financing for SMEs	85	-	35	-	-	-
CDOs	104	-	8	-	-	-
Car loans	86	-	13	-	1	-
Loans to foreign public bodies	42	-	-	-	-	-
Loans to energy companies	24	-	-	-	-	-
Consumer credit	-	-	-	-	22	-
WL Collateral CMOs	19	-	-	-	-	-
Consumer credit	15	-	-	-	-	-
Loans to foreign local authorities	15	-	-	-	-	-
Public property	8	-	9	-	-	-
Credit cards	3	-	-	-	-	-
Personal loans	3	-	2	-	-	-
Other assets	27	-1	-	-	-	-
TOTAL	**1,337**	**-10**	**401**	**-3**	**38**	**-**

(*) Includes position part of packages, whose credit risk is entirely hedged by a specific credit default swap (CDS). The adjustment highlighted was, therefore, practically identical to the positive fair value of the derivative.

Securitisations: breakdown of off-balance sheet exposures deriving from main third party securitisations by type of securitised asset and by type of exposure

(millions of euro)

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries
A.1 Duomo												
- Asset Backed Securities and Collateralised debt obligations	-	-	-	-	-	-	*1,508*	-	-	-	-	-
A.2 Romulus												
- Asset Backed Securities and Collateralised debt obligations	44	-	-	-	-	-	113	-	-	-	-	-
Total 30.06.2011	**44**	**-**	**-**	**-**	**-**	**-**	**1,621**	**-**	**-**	**-**	**-**	**-**
Total 31.12.2010	**42**	**-31**	**-**	**-**	**-**	**-**	**2,329**	**-**	**-**	**-**	**-**	**-**

Securitisations: weighted amounts of securitisation positions based on risk weight bands - Standardised approach

(millions of euro)

Risk weight bands	30.06.2011		31.12.2010	
	Originated securitisations	Third-party securitisations	Originated securitisations	Third-party securitisations
Risk weight 20%	7	395	7	458
Risk weight 35% (*)	59	-	74	-
Risk weight 50%	-	239	-	250
Risk weight 100%	11	248	11	251
Risk weight 150% (*)	82	-	85	-
Risk weight 350%	-	289	-	275
Risk weight 1250% - with rating	-	1,699	-	885
Risk weight 1250% - without rating	365	338	361	352
Look-through - second loss in ABCP	-	-	-	-
Look-through - other	-	666	-	2,524
Deducted from regulatory capital	-	-	-	-
Total	**524**	**3,874**	**538**	**4,995**

(*) Weights applied to the securitised assets, in accordance with the regulations in the event of failure to pass the cap test.

The table above details the exposures to securitisations by weight band. The amounts shown relate solely to the exposures included in the banking book and, therefore, do not include the exposures to securitisations included in the regulatory trading book.

Securitisations carried out during the period

In the first half of 2011, the Group did not carry out any new securitisations.

Table 11 – Market risks: disclosures for banks using the internal models approach (IMA) for position risk, foreign exchange risk and commodity risk

Quantitative disclosure

The quantification of trading risks is based on daily and periodic VaR of the trading portfolios of Intesa Sanpaolo and Banca IMI, which represent the main portion of the Group's market risks, in relation to adverse market movements of the following risk factors:

Risk factors		
Interest rates	Implied volatilities	Dividend derivatives
Equity and market indexes	Spreads in credit default swaps (CDS)	Asset Backed Securities (ABS)
Investment funds	Spreads in bond issues	Commodities
Foreign exchange rates	Correlation instruments	

A number of the other Group subsidiaries hold smaller trading portfolios with a marginal risk (around 5% of the Group's overall risk). In particular, the risk factors of the international subsidiaries' trading books were interest rates and foreign exchange rates, both relating to linear pay-offs.

Internal model validation

For some of the risk factors indicated above, the Supervisory Authority has validated the internal models for the reporting of the capital absorptions of both Intesa Sanpaolo and Banca IMI.
In particular, the validated risk profiles for market risks are: (i) generic on debt securities and generic/specific on equities for Intesa Sanpaolo and Banca IMI, (ii) position risk on quotas of funds underlying CPPI (Constant Proportion Portfolio Insurance) products for Banca IMI, (iii) optional risk and specific risk for the CDS portfolio for Intesa Sanpaolo, (iv) position risk on dividend derivatives, (v) position risk on commodities for Banca IMI, the only legal entity in the Group with open positions in commodities.

Breakdown of capital requirements by Calculation approach

(millions of euro)

Information	Approach		
	Standardised approach	Internal models	Concentration risk
Assets included in the regulatory trading book	**882**	**129**	**-**
Position risk	882	129	-
Settlement risk for DVP transactions (Delvery Versus Payment)	-	-	-
Concentration risk	-	-	-
Other assets	**72**	**33**	**-**
Foreign exchange risk	72	-	-
Commodity risk	-	33	-
Total capital requirement for market risk as at 30.06.2011	**954**	**162**	**-**
Total capital requirement for market risk as at 31.12.2010	**978**	**202**	**51**

VaR

The analysis of market risk profiles relative to the trading book uses various quantitative indicators and VaR is the most important. Since VaR is a synthetic indicator which does not fully identify all types of potential loss, risk management has been enriched with other measures, in particular simulation measures for the quantification of risks from illiquid parameters (dividends, correlation, ABS, hedge funds). VaR estimates are calculated daily based on simulations of historical time-series, a 99% confidence level and 1-day holding period.
The following paragraphs provide the estimates and evolution of VaR, defined as the sum of VaR and of the simulation on illiquid parameters, for the trading book of Intesa Sanpaolo and Banca IMI.

Incremental Risk Charge (IRC)

The Incremental Risk Charge (IRC) is the maximum potential loss in the credit trading portfolio resulting from an upgrade/downgrade or bankruptcy of the issuers, over a 1-year period, with a 99.9% confidence level. This measure is additional to VaR and enables the correct representation of the specific risk on debt securities and credit derivatives because, in addition to idiosyncratic risk, it also captures event and default risk.

Stress tests

Stress tests measure the value changes of instruments or portfolios due to changes in risk factors of unexpected intensity and correlation, or extreme events, as well as changes representative of expectations of the future evolution of market variables. Stress tests are applied periodically to market risk exposures, typically adopting scenarios based on historical trends recorded by risk factors, for the purpose of identifying past worst case scenarios, or defining variation grids of risk factors to highlight the direction and non-linearity of trading strategies.

Sensitivity and greeks

Sensitivity measures make risk profiling more accurate, especially in the presence of option components. These measure the risk attributable to a change in the value of a financial position to predefined changes in valuation parameters including a one basis point increase in interest rates.

Level measures

Level measures are risk indicators based on the assumption of a direct relationship between the size of a financial position and the risk profile. They are used to monitor issuer/sector/country risk exposures for concentration analysis, through the identification of notional value, market value or conversion of the position in one or more benchmark instruments (so-called equivalent position).

Daily VaR evolution

In the second quarter of 2011, market risks generated by Intesa Sanpaolo and Banca IMI were stable with respect to the averages for the first quarter of 2011. The Intesa Sanpaolo average VaR for the period decreased, offset by an increase for Banca IMI. The average VaR for the period totalled 36.4 million euro.

Daily VaR of the trading book for Intesa Sanpaolo and Banca IMI[(a)]

(millions of euro)

	2011				2010			
	average 2nd quarter	minimum 2nd quarter	maximum 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Intesa Sanpaolo	15,3	14,0	16,6	18,7	22,3	27,6	27,0	19,5
Banca IMI	21,1	14,9	27,5	17,4	14,5	15,8	13,9	11,7
Total	**36,4**	**30,7**	**42,2**	**36,1**	**36,8**	**43,4**	**40,9**	**31,3**

(a) Each line in the table sets out past estimates of daily VaR calculated on the quartely historical time-series respectively of Intesa Sanpaolo and Banca IMI; minimum and maximum values for Intesa Sanpaolo and Banca IMI are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

In the first half of 2011, market risks generated by Intesa Sanpaolo and Banca IMI increased with respect to the values for 2010. The average VaR for the first half of 2011 was 36.3 million euro.

(millions of euro)

	2011			2010		
	average 1st half	minimum 1st half	maximum 1st half	average 1st half	minimum 1st half	maximum 1st half
Intesa Sanpaolo	17,0	14,0	21,5	23,2	17,7	23,0
Banca IMI	19,3	13,6	27,5	12,8	6,8	13,0
Total	**36,3**	**30,7**	**42,4**	**36,1**	**25,7**	**33,5**

(a) Each line in the table sets out past estimates of daily VaR calculated on the half-yearly historical time-series respectively of Intesa Sanpaolo and Banca IMI; minimum and maximum values for Intesa Sanpaolo and Banca IMI are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

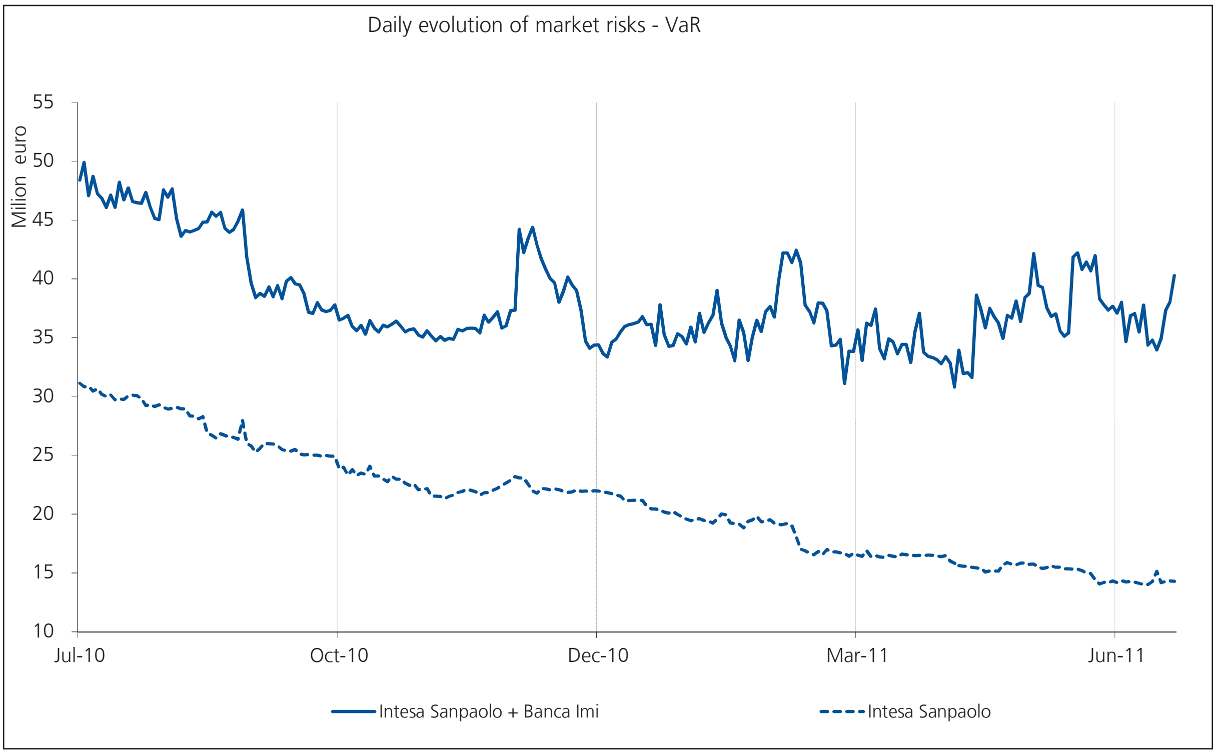
For Intesa Sanpaolo the breakdown of risk profile with regard to the various factors shows the prevalence of the hedge fund risk, which accounted for 60% of total VaR; for Banca IMI spread risk was the most significant, representing 56% of total VaR.

Contribution of risk factors to overall VaR[(a)]

1st half 2011	Shares	Hedge funds	Rates	Credit spreads	Foreign exchange rates	Other parameters	Comodities
Intesa Sanpaolo	0%	60%	12%	24%	1%	3%	0%
Banca IMI	8%	0%	19%	56%	1%	10%	6%
Total	**6%**	**20%**	**17%**	**45%**	**1%**	**7%**	**4%**

(a) Each line in the table sets out the contribution of risk factors considering 100% the overall capital at risk, calculated as the average of daily estimates in the first half of 2011, broken down between Intesa Sanpaolo and Banca IMI and indicating the distribution of overall capital at risk.

VaR in the last twelve months is set out below. On average, risks remained stable in the second quarter of 2011. At the end of June Banca IMI recorded a peak in VaR due to purchases in the Italian government sector made to take advantage of market opportunities. The VaR for Intesa Sanpaolo shows a downward trend due to the decrease in the securities portfolio, particularly government securities.



Risk control with regard to the trading activity of Intesa Sanpaolo and Banca IMI also uses scenario analyses and stress tests. The impact on the income statement of selected scenarios relating to the evolution of stock prices, interest rates, credit spreads, foreign exchange rates and commodity prices at the end of June is summarised as follows:

- on stock market positions, a bearish scenario, that is a 5% decrease in stock prices with a simultaneous 10% decrease in volatility would have led to a 4 million euro loss;
- on interest rate exposures, a parallel +25 basis point shift in the yield curve would have led to a 16 million euro loss, whereas a parallel -25 basis point shift would have led to a 15 million euro gain;
- on exposures sensitive to credit spread fluctuations, a 25 basis point widening in spreads would have led to a 115 million euro loss, 8 million euro of which due to structured credit products (SCPs), whereas a 25 basis point tightening of the spreads would have led to a 117 million euro gain, 7 million euro of which due to SCPs;
- on foreign exchange exposures (main position on Euro/USD), the portfolio would have recorded an 8 million euro gain in the event of exchange depreciation (-10%). The negative effect in case of foreign exchange appreciation (+10%) would have been 5 million euro;
- lastly, on commodity exposures a 6 million euro loss would have been recorded in the event of a 50% decrease in prices.

(millions of euro)

	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITY	
	volatility +10% and prices -5%	volatility -10% and prices +5%	-25bp	+25bp	-25bp	+25bp	-10%	+10%	-50%	+50%
Total	-4	5	15	-16	117	-115	8	-5	-6	6
of which SCP					*7*	*-8*				

Backtesting

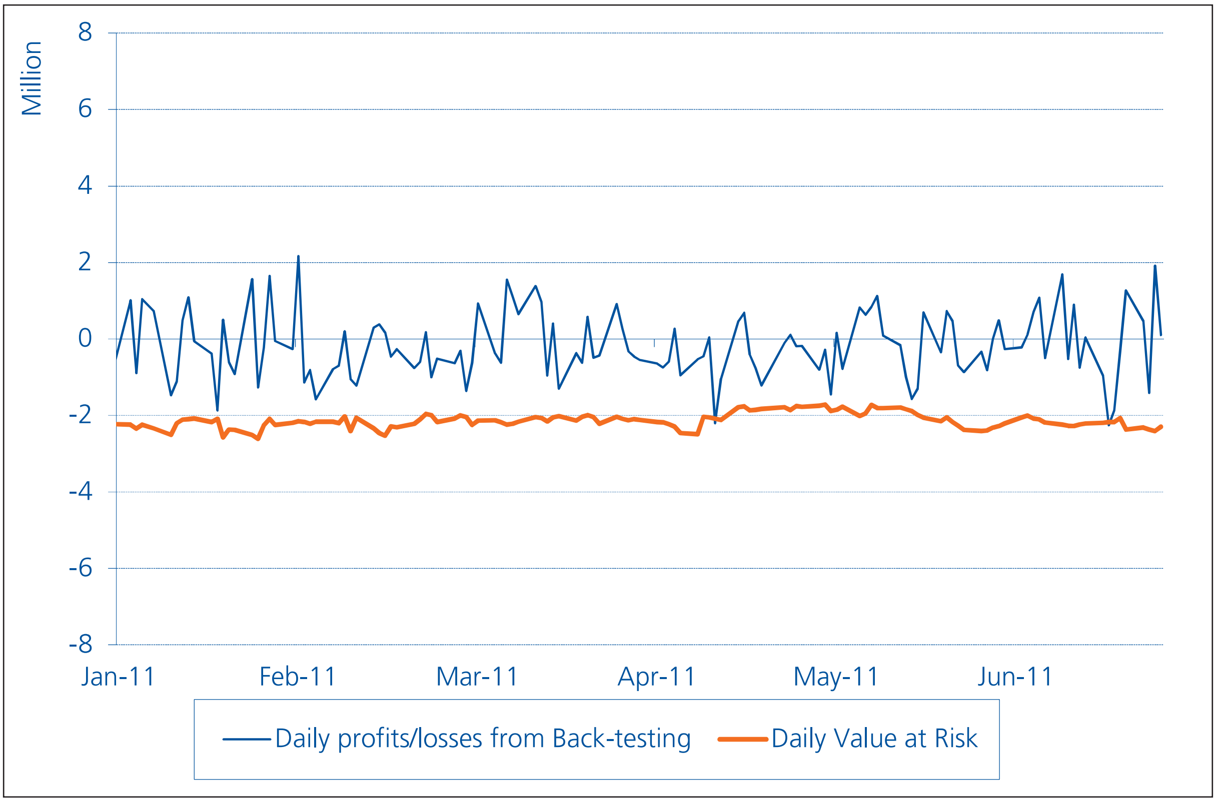
The effectiveness of the VaR calculation methods must be monitored daily via backtesting which, as concerns regulatory backtesting, compares:

- the daily estimates of value at risk;
- the daily profits/losses based on backtesting which are determined using actual daily profits and losses achieved by individual desks, net of components which are not considered in backtesting such as commissions and intraday activities.

Backtesting allows verification of the model's capability of correctly seizing, from a statistical viewpoint, the variability in the daily valuation of trading positions, covering an observation period of one year (approximately 250 estimates).

Backtesting in Intesa Sanpaolo

Intesa Sanpaolo's regulatory backtesting (January-June 2011), illustrated in the following graph, found two cases where the daily losses from backtesting were higher than the VaR estimate. These excesses are mainly due to the volatility of interest rates and the bases between the treasury and swap curves in the periods of tension on the financial markets, where there is greater portfolio concentration.



Backtesting in Banca IMI

Banca IMI's regulatory backtesting (January-June 2011), shown in the following graph, did not reveal any critical situations.

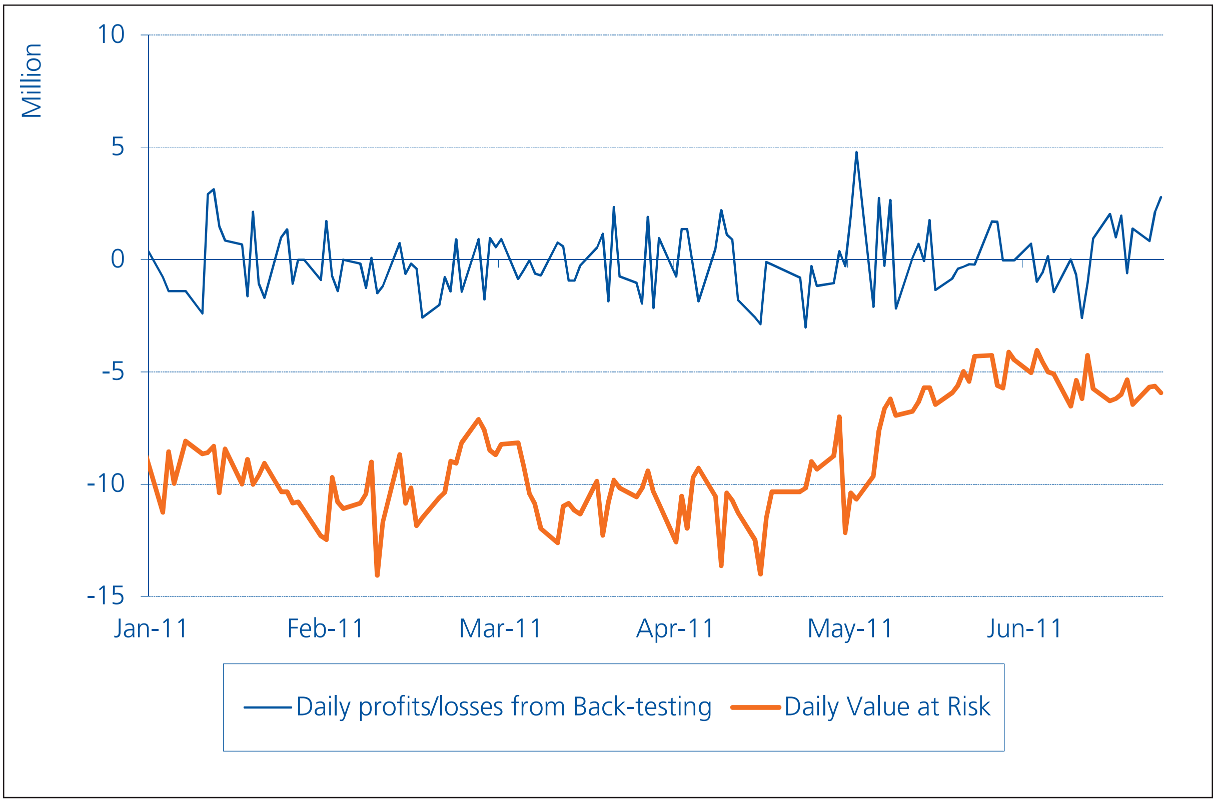


Table 12 – Operational risk

Qualitative disclosure

Pursuant to the reference regulations issued by the Bank of Italy, the half-yearly "Basel 2 Pillar 3" report does not include qualitative disclosure (the only disclosure provided for this Table). As stated in the Introduction, please refer to the document as at 31 December 2010 for a more comprehensive examination of the qualitative aspects of operational risks. Please note that with regard to operational risk, already during the first quarter 2011, international subsidiary banks Banca Intesa Beograd and Bank of Alexandria migrated from the BIA Approach to the Standardised Approach. A summary of the Group's approach to operational risk exposure, management and control is also provided in the Half-yearly Report at 30 June 2011, in the chapter entitled "Risk management".

Capital requirements for operational risks are listed in the condensed sub-tables of Table 4 "Capital adequacy" of this disclosure document.

Table 13 – Equity exposures: disclosures for banking book positions

Quantitative disclosure

The tables below show the breakdown of the equity exposures according to their book classification. The figures represent the exposures shown in the Group consolidated financial statements and exclude the values of all investments in fully consolidated companies. The value of investments in insurance companies deducted from the regulatory capital is shown in Table 3.

Banking book: on-balance sheet equity exposures (*)

(millions of euro)

Exposure type/values	30.06.2011								
	Book value		Fair value		Market value	Realised gains/losses and impairments		Unrealised gains/losses recognised in the balance sheet	
	Level 1	Level 2/3	Level 1	Level 2/3	Level 1	Gains	Losses	Plus (+)	Minus (-)
A. Investments in associates and companies subject to joint control (**)	301	2,393	283	X	283	38	-166	X	X
B. Financial assets vailable for sale (AFS)	943	1,331	943	1,331	943	428	-25	457	-79
C. Financial assets designated at fair value through profit and loss (DAAFV)	-	14	-	14	-	-	-	X	X

Exposure type/values	31.12.2010								
	Book value		Fair value		Market value	Realised gains/losses and impairments		Unrealised gains/losses recognised in the balance sheet	
	Level 1	Level 2/3	Level 1	Level 2/3	Level 1	Gains	Losses	Plus (+)	Minus (-)
A. Investments in associates and companies subject to joint control (**)	221	2,495	176	X	176	365	-72	X	X
B. Financial assets vailable for sale (AFS)	762	2,046	762	2,046	762	5	-42	465	-89
C. Financial assets designated at fair value through profit and loss (DAAFV)	-	14	-	14	-	-	-	X	X

(*) This table provides figures pertaining exclusively to the Banking Group.

(**) For Investments, fair value refers to listed investments only (level 1).

The net capital losses on equity investments included under the negative elements of the Tier 2 capital amount to 9 million euro (22 million euro as at 31 December 2010).

Banking book: on-balance sheet equity exposures - weighted values

(millions of euro)

	Weighted exposure	
	30.06.2011	31.12.2010
IRB approach	**942**	**653**
Private equity exposures in sufficiently diversified portfolios	321	314
Exchange-traded equity exposures	115	126
Other equity exposures	506	213
Other assets: instrumental investments	-	-
Standardised approach	**3,139**	**3,444**

Table 14 – Interest rate risk on positions in the banking book

Quantitative disclosure

Interest rate risk

Interest margin sensitivity – in the event of a 100 basis point rise in interest rates – amounted to +352 million euro (-348 million euro in the event of reduction) at the end of June 2011; these values record a slight increase compared to the 2010 year-end figures amounting to +163 million euro and -166 million euro, respectively, in the event of an increase/decrease in interest rates.
In the case of invariance of the other income components, the aforesaid potential impact would be reflected also in the Group's year-end net income and taking into account the assumptions concerning the measurement procedures.

The interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity analysis, stood at 33 million euro at the end of June 2010; this figure compares with 426 million euro at the end of 2010. The table below shows the impact on the banking book of the 100bp shock, by amount, broken down into the main currencies to which the Intesa Sanpaolo Group is exposed.

(millions of euro)

		30.06.2011
EUR	Euro	116
USD	US dollar	47
CHF	Swiss franc	3
HUF	Hungarian forint	10
HRK	Croatian kuna	13
RUB	Russian rouble	3
	Other currencies	7
TOTAL		**33**

Interest rate risk, measured in terms of VaR, averaged 80 million euro in the first half of 2011 (98 million euro at the end of 2010), with a minimum value of 67 million euro and a maximum value of 96 million euro.

The reduction in the economic value in the event of a 200 bp change in interest rates stayed within the limits of 20% of the Regulatory Capital.

Declaration of the Manager responsible for preparing the Company's financial reports

The Manager responsible for preparing the Company's financial reports, Ernesto Riva, declares, pursuant to par. 2 of art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document "Basel 2 - Pillar 3 as at 30 June 2011" corresponds to the corporate records, books and accounts.

5 August 2011

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

Glossary

Glossary

The definition of certain technical terms is provided below, in the meaning adopted in the "Pillar 3 Basel 2 disclosure" and with exclusion of the terms today widely used in the Italian language or which are used in a context that already clarifies their meaning

AIRB (Advanced Internal Rating Based)
Approach to using internal ratings within the framework of the New Basel Accord, which provides for either the Foundation or the Advanced Approach. The Advanced Approach may be used only for certain regulatory segments by institutions meeting more stringent requirements compared to the Foundation Approach. With the Advanced Approach, banks use their own internal estimates for all inputs (PD, LGD, EAD) used for credit risk assessment, whereas for Foundation IRB they only estimate PD.

ABS – Asset-Backed Securities
Financial securities whose yield and redemption are guaranteed by a pool of assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively intended to ensure satisfaction of the rights attached to said financial securities.
Examples of assets pledged as collateral include mortgages, credit card receivables, short-term trade receivables and auto loans.

ABS (receivables)
ABS whose collateral is made up of receivables.

AMA
(Advanced Measurement Approach) - A method to determine the operational risk capital requirements using calculation models based on operational loss data and other assessment elements collected and processed by the bank. Specific access thresholds and eligibility requirements are defined for the adoption of the Standardised and Advanced approaches. For AMA systems, the requirements concern not only the management system but also the measurement system.

Backtesting
Retrospective analyses performed to verify the reliability of the measurement of risk sources associated with different asset portfolios.

Banking book
Usually referred to securities or financial instruments in general, it identifies the portion of a portfolio dedicated to "proprietary" trading.

Capital structure
This is the entire set of the various classes of bonds (tranches) issued by a special purpose vehicle (SPV), and backed by its asset portfolio, which have different risk and return characteristics, to meet the requirements of different categories of investors. Subordination relationships between the various tranches are regulated by a set of rules on the allocation of losses generated by the collateral:
Equity (or Junior) Tranche: the riskiest portion of the portfolio, it is also known as "first loss" and is subordinated to all other tranches; it is therefore the first to bear the losses which might occur in the recovery of the underlying assets.
Mezzanine Tranche: the tranche with intermediate subordination level between equity and senior tranches. The mezzanine tranche is normally divided into 2-4 tranches with different risk levels, subordinated to one another. They are usually rated in the range between BBB and AAA.
Senior/Supersenior Tranche: the tranche with the highest credit enhancement, i.e. having the highest priority claim on remuneration and reimbursement, it is normally also called super-senior tranche and, if rated, it has a rating higher than AAA since it is senior with respect to the AAA mezzanine tranche.

Cap test
A test performed in respect of the originator or the promoter to establish capital requirements in securitisation transactions. Under the regulations, the risk-weighted value of all exposures in relation to a single securitisation cannot exceed the weighted value of the securitised assets, calculated as if the assets had not been securitised (cap). The capital requirement in respect of all exposures to the same securitisation is equal to 8% of the cap.

Categories of financial instruments provided for by IAS 39
Financial assets "held-for-trading", which include: any asset acquired for the purpose of selling it in the near term or part of portfolios of instruments managed jointly for the purpose of short-term profit-taking; assets designated at fair value, under the IAS this category may include the assets that the entity decides in any case to measure at fair value with value changes recognized through profit and loss, in the cases provided for by IAS 39; *financial assets "held-to-maturity",* non-derivative assets with fixed-term and fixed or determinable payments, that an entity intends, and is able, to hold to maturity; *"Loans and receivables",* non-derivative financial assets with fixed or determinable payments not quoted in an active market; *financial assets "available-for-sale",* specifically designated as such, or, to a lesser extent, others not falling under the previous categories.

CCF – Credit Conversion Factor
For banks that use the Standardised Approach and the FIRB, the Credit Conversion Factor is the weighting - provided for by the applicable regulations - applied to off-balance sheet exposures to determine their EAD:
- 100% to full-risk guarantees and commitments;
- 50% to medium-risk guarantees and commitments (e.g. margins available on irrevocable credit lines with an original maturity of more than one year);
- 20% to medium-low risk guarantees and commitments (import-export documentary credits);
- 0% to low-risk guarantees and commitments (e.g. undrawn revocable credit facilities).

Collective assessment of performing loans
With reference to a homogeneous group of regularly performing financial assets, collective assessment defines the degree of credit risk potentially associated with them, though it is not yet possible to tie risk to a specific position.

Core Tier 1 ratio
The ratio of *Tier 1 capital*, net of excluded instruments (*preference shares and savings shares*), to total risk-weighted assets. *Preferred shares* are innovative capital instruments, usually issued by foreign subsidiaries, and included in the tier 1 capital if their characteristics ensure the banks' asset stability. The Tier 1 ratio is the same ratio inclusive of the preferred shares in the numerator.

Corporate
Customer segment consisting of medium- and large-sized companies (*mid-corporate and large corporate*).

Covered bond
Special bank bond that, in addition to the guarantee of the issuing bank, is also backed by a portfolio of mortgage loans or other high-quality loans sold to a special purpose vehicle.

Credit default swap/option
Contract under which one party transfers to another - in exchange for payment of a premium - the credit risk of a loan or security contingent on occurrence of a default event (in the case of an option the right must be exercised by the purchaser).

Credit derivatives
Derivative contracts for the transfer of credit risks. These products allow investors to perform arbitrage and/or hedging on the credit market, mainly by means of instruments other than cash, to acquire credit exposures of varying maturities and intensities, to modify the risk profile of a portfolio and to separate credit risks from other market risks.

Credit risk
The risk that an unexpected change in a counterparty's creditworthiness, in the value of the collateral provided, or in the margins used in case of default, might generate an unexpected variation in the value of the bank's exposure.

CRM
Credit Risk Mitigation.

Cumulative loss
Cumulative loss incurred, at a certain date, on the collateral of a specific structured product.

Default
Declared inability to honour debts and/or make the relevant interest payments.

Delinquency
Failure to make loan payments at a certain date, normally provided at 30, 60 and 90 days.

EAD – Exposure At Default
Relating to positions on or off balance sheet, it is defined as the estimated future value of an exposure upon default of a debtor. Only banks meeting the requirements for using the AIRB approach are entitled to estimate EAD. The others are required to make reference to statutory estimates.

EDF – Expected Default Frequency
Frequency of default, normally based on a sample internal or external to the bank, which represents the average risk level associable with a counterparty.

Exotics (derivatives)
Non-standard instruments unlisted on the regular markets, whose price is based on mathematical models.

Expected loss
Amount of losses on loans or receivables that an entity could sustain over a holding period of one year. Given a portfolio of loans and receivables, the expected loss represents the average value of the distribution of losses.

Fair value
The amount at which an asset could be bought or sold or a liability incurred or settled, in a current transaction between willing parties.

FiRB
See "*IRB*"

Goodwill
The value attached to intangible assets as part of the purchase price of a shareholding in a going concern.

Grandfathering
Clause regarding capital requirements, exempting from IRB treatment equity exposures acquired prior to 31 December 2007 (for more details, see Bank of Italy Circular 263/2006, Title II, Chapter 1, Part II, Section VI).

Hybrid instruments included in Tier 1 capital
Financial instruments that may be included in Tier 1 capital up to specific limits when the funding raised is available on an ongoing basis and there is an ability to absorb losses that fully guarantees the bank's capital stability. Such instruments may be classified as innovative or non-innovative depending on whether there are incentives for early redemption by the issuer (e.g., step-up clauses).

IAS/IFRS
The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

IASB (International Accounting Standard Board)
The IASB (previously known as the IASC) is the entity responsible for issuing international accounting standards (IAS/IFRS).

ICAAP
Under the "Second Pillar" (Title III) banks are required to adopt processes and instruments for implementing the Internal Capital Adequacy Assessment Process, (ICAAP) to determine the amount of capital needed to cover all risks, including risks different from those covered by the total capital requirement ("First Pillar"), when assessing current and potential future exposure, taking into account business strategies and

developments in the economic and business environment.

IFRIC (International Financial Reporting Interpretations Committee)
A committee within the IASB that establishes official interpretations of international accounting standards (IAS/IFRS).

IMA
Internal Models Approach: it can be used to calculate market risks.

Impairment
When referred to a financial asset, a situation of impairment is identified when the book value of an asset exceeds its estimated recoverable amount.

Incurred loss
Loss already inherent in a portfolio, but not yet identifiable at the level of an individual loan or receivable, also known as an "incurred but not reported loss." It represents the risk level inherent in the portfolio of performing loans and constitutes the basic indicator for determining the size of the stock of collective adjustments to be set aside in the financial statements.

Intangible asset
An identifiable, non-monetary asset lacking physical substance.

IRB (Internal Rating Based)
Approach based on internal ratings within the framework of the New Basel Accord. In the internal ratings approach the expected loss on a loan portfolio is estimated through three parameters (PD, LGD and EAD). In the foundation approach, only the PD is estimated by the Bank, for the other parameters reference is made to the indications from the supervisory authorities.

Junior
In a securitisation transaction it is the lowest-ranking tranche of the securities issued (Equity tranche), being the first to bear losses that may occur in the course of the recovery of the underlying assets.

LDA - Loss Distribution Approach
It is a model used to assess exposure to operational risk. It makes it possible to estimate the amount of expected and unexpected loss for any event/loss combination and any *business line*.

Liquidity risk
The risk that a company will be unable to meet its payment obligations due to its inability to liquidate assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of rapidly converting financial assets into cash without negatively and significantly affecting their price due to inadequate market depth or temporary market disruptions (market liquidity risk).

Loss Given Default (LGD)
It indicates the estimated loss rate in the event of borrower default.

Lower Tier 2
This designates subordinated liabilities that meet the eligibility criteria for inclusion in supplementary (Tier 2) capital.

M–Maturity
The remaining time of an exposure, calculated according to the prudence principle. For banks authorised to use internal ratings, it is explicitly considered if the advanced approach is adopted, while it is fixed at 2.5 years if the foundation approach is used.

Macro-hedging
Macro-hedging is a hedging procedure involving a single derivative product for various positions.

Market risk
Risk deriving from the fluctuation in the value of quoted financial instruments (shares, bonds, derivatives, securities denominated in foreign currency) and of financial instruments whose value is linked to market variables (loans to customers as concerns the interest rate component, deposits in euro and in foreign currency, etc.).

Mezzanine
In a securitisation transaction, this is the tranche ranking between junior and senior tranche.

Non-performing
Term generally referring to loans for which payments are overdue.

Operational risk
The risk of incurring losses due to inadequacy or failures of processes, human resources or internal systems, or as a result of external events. Operational risk includes legal risk, that is the risk of losses deriving from breach of laws or regulations, contractual or non-contractual liability or other disputes; it does not include strategic risk (losses due to wrong management strategies) or reputational risk (loss of market shares as a consequence of negative publicity regarding the bank).

Past due loans
"Past due loans" are non-performing loans on which payments are past due and/or overdue on a continuing basis for over 90/180 days, in accordance with the definition set forth in current supervisory reporting rules.

Performing
Term generally referring to loans characterised by regular performance.

Pool (transactions)
See "*Syndicated lending*".

Preferred shares
See "*Core Tier 1*".

Private equity
Activity aimed at the acquisition of equity investments and their subsequent sale to specific counterparties, without public offerings.

Probability of Default (PD)
The likelihood that a debtor will default within the space of 1 year.

Prudential filters
In schemes for calculating regulatory capital, corrections made to line items with the aim of safeguarding the quality of regulatory capital and reducing its potential volatility as a result of the application of international accounting standards (IAS/IFRS).

Ratings
An evaluation of the quality of a company or of its bond issues, based on the company's financial strength and outlook. Such evaluation is performed by specialised agencies or by the Bank based on internal models.

Retail
Customer segment mainly including households, professionals, retailers and artisans.

Risk Management
Activity pertaining to the identification, measurement, evaluation and overall management of various types of risk and their hedging.

Risk Weighted Assets (RWA)
On- and off-balance sheet assets (derivatives and guarantees) that are classified and weighted by means of several risk ratios, in accordance with the rules issued by regulatory authorities on the calculation of capital ratios.

Scoring
System for the analysis of company customers, yielding an indicator obtained by examination of financial statements data and sector performance forecasts, analysed by means of statistical methods.

Securitisation
A transaction in which the risk associated with financial or real assets is transferred to a special-purpose vehicle by selling the underlying assets or using derivative contracts. In Italy the primary applicable statute is Law 130 of 30 April 1999.

Senior/Super senior tranche
In a securitisation transaction, this is the tranche that has first claim on interest and principal payments.

Sensitivity
This refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other input variables.

Servicer
In securitisation transactions, this is the organisation that – on the basis of a specific servicing contract – continues to manage the securitised credits or assets after they have been transferred to the special purpose vehicle tasked with issuing the securities.

Slotting
A system for calculating capital requirements, based on regulatory classification criteria, applicable to the exposures relating to Specialised Lending by banks authorised to use the internal credit risk rating system (for more details, see Bank of Italy Circular 263/2006, Title II, Chapter 1, Part II, Section V).

SPE/SPV
Special Purpose Entities or Special Purpose Vehicles: companies established by one or more entities to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures of their own and rely on those of the other parties involved in the transaction.

Spread
This term can indicate the difference between two interest rates, the difference between the bid and ask price of a security or the price an issuer of stocks and bonds pays above a benchmark rate.

Stress tests
A simulation procedure designed to assess the impact of extreme market scenarios on a bank's overall exposure to risk.

Syndicated lending
Loans arranged and guaranteed by a pool of banks and other financial institutions.

Tier 1
Core capital (Tier 1) includes the paid-in capital, the share premium reserve, reserves from retained earnings (including IAS/IFRS first-time–adoption reserve other than those included under valuation reserves), and excludes treasury shares and intangible assets. Consolidated Tier 1 capital also includes minority interests.

Tier 2
Tier 2 capital includes valuation reserves, innovative and non-innovative capital instruments not included in Tier 1 capital, hybrid capital instruments, Tier 2 subordinated liabilities, unrealised capital gains on equity investments, excess value adjustments with respect to expected losses, and the other positive elements that constitute capital items of a secondary nature; the positive "prudential filters" of Tier 2 capital are also included. The total of these elements, less net unrealised capital losses on equity investments, negative items related to loans, other negative elements, and negative Tier 2 "prudential filters", makes up "Tier 2 capital before items to be deducted". Tier 2 capital is made up of the difference between "Tier 2 capital before items to be deducted" and 50% "items to be deducted".

Total capital ratio
Capital ratio referred to regulatory capital components (Tier 1 plus Tier 2).

Trading book
The portion of a portfolio of securities or other financial instruments earmarked for trading activity.

Upper Tier 2
Hybrid capital instruments (e.g., perpetual loans) that make up the highest quality elements of Tier 2 capital.

VaR - Value at Risk
The maximum value likely to be lost on a portfolio as a result of market trends, estimating probability and assuming that a certain amount of time is required to liquidate positions.

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PREPRESS AND PRINTING: AGEMA CORPORATION – ITALIA

PRINTED ON FSC ECOLOGICAL PAPER WITH ECO-COMPATIBLE VEGETABLE INKS BY GRAFICHE AGEMA S.P.A. ITALIA – CERTIFIED COMPANY FOR ECO-SUSTAINABLE DEVELOPMENT.

An ability to develop new solutions, attention to and ongoing dialogue with households, businesses, the third sector and public institutions underlie Intesa Sanpaolo's commitment to contribute to Italy's growth.
A role that we carry out with professionalism, a sense of responsibility and passion, offering innovative, personalised products and services and sharing our projects with our customers.
This is the origin of the decision to tell our story through the vivid, positive stories of our customers, representing, with these images, the projects achieved, the spirit of initiative and entrepreneurial determination and ability.

Brunello Cucinelli S.p.A., Solomeo (PG).

Students in the Villa Amoretti Public Library, Torino.

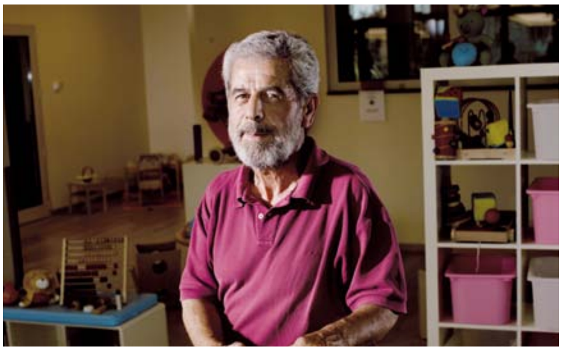
I Leprotti, Abbiategrasso (MI).

Photovoltaic plant in Montalto di Castro, Viterbo.

The Venturino family, Maretto (AT).

Esaote S.p.A., Genova.

Buccellati Holding Italia S.p.A., Milano.



La Casa dei Girasoli, "Genitori Oggi" Non-Profit Voluntary Association, San Giustino Umbro (PG).

Photo: Alessandro Digaetano