Basel 2 Pillar 3

Disclosure as at 31 March 2011

Basel 2 Pillar 3
Disclosures
as at 31 March 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 6,646,547,922.56 Euro Registration number on the Torino Company Register and Fiscal Code 00799960158 VAT number 10810700152 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, included in the National Register of Banks No. 5361 and Parent Company of "Intesa Sanpaolo", included in the National Register of Banking Groups.

Contents [*]

[*] As described in detail in the introduction to this document, the other Tables envisaged in the Bank of Italy's instructions (Tables 1 to 2 and Tables 5 to 14) are not published in the quarterly disclosure as specifically laid down by the reference regulations.

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 three 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 Interim Statement as at 31 March 2011.

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 31 March 2011.

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.

Capital ratios as at 31 March 2011

(millions of euro)

Regulatory capital and capital ratios	**31.03.2011**	**31.12.2010**
Regulatory capital		
Tier 1 capital	32,142	31,175
of which: instruments not included in Core Tier 1 ratio (*)	*5,011*	*5,016*
Tier 2 capital	14,904	16,348
Minus items to be deducted (**)	-3,842	-3,721
REGULATORY CAPITAL	**43,204**	**43,802**
Tier 3 subordinated loans	-	-
TOTAL REGULATORY CAPITAL	**43,204**	**43,802**
Risk-weighted assets		
Credit and counterparty risks	282,013	289,172
Market risks	14,783	15,385
Operational risks	27,195	27,175
Other risks	8,412	426
RISK-WEIGHTED ASSETS	**332,403**	**332,158**
Capital ratios %		
Core Tier 1 ratio	8.2	7.9
Tier 1 ratio	9.7	9.4
Total capital ratio	13.0	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. It also includes the supplement for the floor relating to the calculation of capital requirements for the credit risk according to IRB approaches.

As at 31 March 2011, total regulatory capital came to 43,204 million euro, compared to risk-weighted assets of 332,403 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk. Risk-weighted assets include an amount of approximately 8 billion euro to supplement the floor required by the Supervisory Authority relating to the 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). 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 one-fourth of the dividends distributed on the 2010 net income (258 million euro of the total 1,033 million euro).
The Total capital ratio stood at 13.0%, while the Group’s Tier 1 ratio was 9.7%. The ratio of Tier 1 capital net of ineligible instruments to risk-weighted assets (Core Tier 1) was 8.2%.
The increase in the Core Tier 1 and Tier 1 ratio compared to 31 December 2010 derives from ordinary operations as well as the sale of Cassa di Risparmio della Spezia to Crédit Agricole and of 11 branches of Banca CR Firenze (+9 basis points on the Core Tier 1 ratio) 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.
The reduction in the Total Capital ratio can be attributed to the repayment of several subordinated liabilities which were previously calculated in Tier II Capital.

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 had elected to apply this approach. Accordingly, the regulatory capital and capital ratios as at 31 March 2011 account for this measure (the effect on the Core Tier 1 ratio is +7 basis points).

Table 3 – Regulatory capital structure

Quantitative disclosure

Regulatory capital structure

The structure of the regulatory capital of the Intesa Sanpaolo Group as at 31 March 2011 is summarised in the table below:

(millions of euro)

Information	31.03.2011	31.12.2010
A. Tier 1 capital before the application of prudential filters	**34,468**	**33,981**
B. Tier 1 capital prudential filters	**-471**	**-955**
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-471	-955
C. Tier 1 capital before items to be deducted (A+B)	**33,997**	**33,026**
D. Items to be deducted from Tier 1 capital	**1,855**	**1,851**
E. Total Tier 1 capital (C-D)	**32,142**	**31,175**
F. Tier 2 capital before the application of prudential filters	**16,860**	**18,315**
G. Tier 2 capital prudential filters	**-101**	**-116**
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-101	-116
H. Tier 2 capital before items to be deducted (F+G)	**16,759**	**18,199**
I. Items to be deducted from Tier 2 capital	**1,855**	**1,851**
L. Total Tier 2 capital (H-I)	**14,904**	**16,348**
M. Items to be deducted from total Tier 1 and Tier 2 capital	**3,842**	**3,721**
N. Regulatory capital (E+L-M)	**43,204**	**43,802**
O. Tier 3 capital	**-**	**-**
P. Regulatory capital including Tier 3 (N+O)	**43,204**	**43,802**

More details of the breakdown of the Tier 1 and Tier 2 capital are provided below.

Tier 1 capital

(millions of euro)

Information	31.03.2011	31.12.2010
TOTAL TIER 1 CAPITAL(*)		
- Share capital - ordinary shares (**)	6,429	6,454
- Share capital - preference savings shares (***)	488	488
- Share premium reserve	33,215	33,225
- Reserves and net income	14,663	14,299
- Non-innovative equity instruments	1,000	1,000
- Innovative equity instruments with final expiry	-	-
- Innovative equity instruments subject to transition requirements (grandfathering) (***)	3,523	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	**59,318**	**58,994**
- Treasury shares or quotas (****)	-7	-7
- Goodwill	-19,552	-19,587
- Other intangible assets	-5,291	-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 (*****)	*-431*	*-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 (******)	*-33*	*-491*
TOTAL NEGATIVE ITEMS	**-25,321**	**-25,968**
TOTAL TIER 1 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**33,997**	**33,026**
TOTAL ITEMS TO BE DEDUCTED	**-1,855**	**-1,851**
- Investment in the Bank of Italy	-314	-314
- Insurance subsidiaries purchased after 20 July 2006	-432	-429
- Other banking and financial investments higher than 20% of the investee's capital	-448	-436
- Excess expected losses with respect to adjustments (IRB approaches)	-582	-594
- Other deductions	-79	-78
TOTAL TIER 1 CAPITAL NET OF ITEMS TO BE DEDUCTED	**32,142**	**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 24 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 7 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	31.03.2011	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	*202*	*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	1,707	1,706
- Tier 2 subordinated liabilities	14,588	16,043
- Excess total adjustments with respect to expected losses	167	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	**17,016**	**18,500**
- Net capital losses on equity investments	-9	-22
- Loans	-	-
- Other negative items	-147	-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	*-101*	*-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	**-257**	**-301**
TOTAL TIER 2 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**16,759**	**18,199**
TOTAL ITEMS TO BE DEDUCTED	**-1,855**	**-1,851**
- Investment in the Bank of Italy	-314	-314
- Insurance subsidiaries purchased after 20 July 2006	-432	-429
- Other banking and financial investments higher than 20% of the investee's capital	-448	-436
- Excess expected losses with respect to adjustments (IRB approaches)	-582	-594
- Other deductions	-79	-78
TOTAL TIER 2 CAPITAL NET OF ITEMS TO BE DEDUCTED	**14,904**	**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 of the Basel 2 Pillar 3 disclosure as at 31 December 2010.
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, whereas 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 Banks 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 companies within the Corporate and Investment Banking Division, in addition to Setefi, the remaining banks of the Cassa di Risparmio di Firenze Group and PBZ Banka. The remaining companies, currently using the Standardised approach, will migrate progressively to the Advanced approaches starting from the end of 2011, based on the gradual rollout plan presented to the Supervisory Authority.

[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 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.

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.

Capital requirements and capital ratios of the Intesa Sanpaolo Group

(millions of euro)

Information	31.03.2011			31.12.2010		
	Unweighted amounts	Weighted amounts	Requirements	Unweighted amounts	Weighted amounts	Requirements
A. CAPITAL REQUIREMENTS						
A.1 Credit and counterparty risks	**540,554**	**282,013**	**22,561**	**544,764**	**289,172**	**23,134**
1. Standardised approach	267,709	135,188	10,815	270,698	135,773	10,862
2. Internal models (IRB)	25,313	20,544	1,643	27,798	22,589	1,807
3. Internal models - Advanced approach and retail exposures	242,603	121,094	9,688	240,696	125,277	10,022
4. Securitisations	4,929	5,187	415	5,572	5,533	443
A.2 Market risk		**14,783**	**1,183**		**15,385**	**1,231**
1. Standardised approach		12,001	960		12,229	978
2. Internal models		2,510	201		2,523	202
3. Concentration risk		272	22		633	51
A.3 Operational risk		**27,195**	**2,176**		**27,175**	**2,174**
1. Basic indicator approach		838	67		1,613	129
2. Standardised approach		6,069	486		5,275	422
3. Advanced measurement approach		20,288	1,623		20,287	1,623
A.4 Other capital requirements		**-**	**-**		-	-
A.5 Other calculation elements (*)		**8,412**	**673**		**426**	**34**
A6 Total capital requirements		**332,403**	**26,593**		**332,158**	**26,573**
B. CAPITAL RATIOS (%)						
B.1 Core Tier 1			**8.2%**			**7.9%**
B.2 Tier 1 ratio			**9.7%**			**9.4%**
B.3 Total capital ratio			**13.0%**			**13.2%**

(*) The caption includes further specific capital requirements as provided for by the Supervisory Authority to the various Group entities. It also includes the supplement for the floor relating to the calculation of capital requirements according to internal approaches.

For a better comparison of the figures for the two periods shown in the table above (figures as at 31 December 2010 were not calculated on a proforma basis), please note that: the sale of Cassa di Risparmio della Spezia and of 11 branches of the subsidiary Cassa di Risparmio di Firenze, in the context of the sales plan to Crédit Agricole, resulted in a reduction in the assets at risk – weighted amounts – of around 1.7 billion euro (essentially credit and counterparty risk);

The tables below provide details of the Group’s different capital requirements as at 31 March 2011.

Capital requirement for Credit and Counterparty Risk (Standardised Approach)

(millions of euro)

Regulatory portfolio	Capital requirement	
	31.03.2011	**31.12.2010**
Exposures to or secured by governments and central banks	110	108
Exposures to or secured by local authorities	290	287
Exposures to or secured by not for profit and public sector organisations	150	162
Exposures to or secured by multilateral development banks	1	1
Exposures to or secured by international organisations	-	-
Exposures to or secured by supervised institutions	1,214	1,194
Exposures to or secured by corporates	3,525	3,588
Retail exposures	2,890	2,892
Exposures secured by real estate property	634	626
Past due exposures	703	670
High-risk exposures	155	154
Exposures in the form of covered bonds	2	1
Short-term exposures to corporates	85	98
Exposures to UCI	320	341
Other exposures	736	740
Total capital requirement for credit risk and counterparty risk (Standardised Approach)	**10,815**	**10,862**

Capital requirement for Credit and Counterparty Risk (IRB Approach)

(millions of euro)

Regulatory portfolio	Capital requirement	
	31.03.2011	**31.12.2010**
A. Exposures to or secured by corporates (Foundation IRB Approach)	**10,274**	**10,795**
A.1) Specialised lending	489	515
A.2) Specialised lending - slotting criteria	115	176
A.3) SMEs	3,512	3,613
A.4) Other corporates	6,158	6,491
B. Exposures secured by residential property (IRB Approach)	**974**	**982**
B.1) Retail	974	982
C. Equity exposures (simple risk weight approach)	**83**	**52**
C.1) Private equity exposures in sufficiently diversified portfolios	26	25
C.2) Exchange-traded equity exposures	10	10
C.3) Other equity exposures	47	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)	**11,331**	**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 212 million euro (214 million euro as at 31 December 2010).

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

Capital requirement for Credit and Counterparty Risk on securitisations (Standardised Approach) amounted to 415 million euro as at 31 March 2011 (443 million euro as at 31 December 2010).

Capital requirement for Market Risk

(millions of euro)

Information	Capital requirement	
	31.03.2011	31.12.2010
Assets included in the regulatory trading book	**1,091**	**1,120**
Position risk	1,069	1,069
Settlement risk for DVP (Delivery Versus Payment) transactions	-	-
Concentration risk	22	51
Other assets	**92**	**111**
Foreign exchange risk	61	67
Commodity risk	31	44
Total capital requirement for market risk	**1,183**	**1,231**

The capital requirement for "counterparty risk" for the regulatory trading book is 409 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	
	31.03.2011	31.12.2010
Basic indicator approach	67	129
Standardised approach	486	422
Advanced measurement approach	1,623	1,623
Total capital requirement for operational risk	**2,176**	**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 calculated annually, unless one or more Group companies change approach during the year, by migrating towards more sophisticated models. During the first quarter 2011, international subsidiary banks Banca Intesa Beograd and Bank of Alexandria migrated from the BIA Approach to the Standardised Approach.

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 31 March 2011" corresponds to the corporate records, books and accounts.

13 May 2011

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

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

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).

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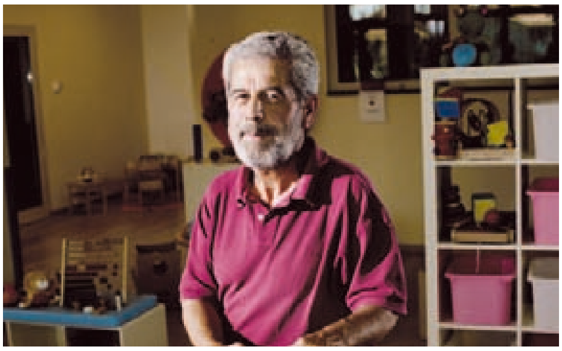

La Casa dei Girasoli, "Genitori Oggi" Non-Profit Voluntary Association, San Giustino Umbro (PG).

Photo: Alessandro Digaetano