# Part F – Information on consolidated capital

## SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

### A. Qualitative information

The control of Group and Group company capital adequacy is ensured by capital management which defines the size and optimum combination of the different capital instruments in accordance with regulatory constraints and consistently with the risk exposure taken on by the Group.
The Intesa Sanpaolo Group assigns a primary role to the management and allocation of capital resources, considering this to be an instrument for strategic leverage, as well as a way to ensure consistency of the operating plans of the business units.
Once the Group's strategic profitability, capital soundness and liquidity objectives have been defined, the capital and financial resources are allocated to the business units through a process that evaluates their growth potential, capacity to generate value and financial autonomy.
The capital at risk considered is twofold:

- regulatory capital covering Pillar 1 risks;
- overall internal capital covering Pillar 2 risks, for ICAAP purposes.

Regulatory capital and overall internal capital differ from each other by definition and by their coverage of risk categories. The first arises from formats defined in supervisory provisions, the second from operational measurements.
Hence, capital management activity comprises the management of current and prospective capital adequacy through careful control of both regulatory Pillar 1 constraints (Basel 2 and, in perspective, Basel 3) and operational Pillar 2 constraints. Projections are also produced under stress conditions in order to ensure that the resources available are adequate to cover all risks, even in adverse conditions.
As part of the process of defining budget targets, a compatibility analysis is conducted annually at Group level and at the level of individual entities in the Group. Depending on the expected performance of balance sheet and income statement aggregates, the appropriate capital management measures to ensure the required financial resources for the individual business units are already identified in this phase, if necessary.
Compliance with the target levels of capitalisation is monitored on a quarterly basis, taking appropriate action when necessary.
Compliance with capital adequacy is sought via various levers, such as the dividend distribution policy, the definition of strategic finance operations (capital increases, issue of convertible loans and subordinated bonds, disposal of non-core assets, etc.) and the management of investments, particularly loans, on the basis of counterparty risk.
Further analyses for preliminary assessment of capital adequacy are performed during extraordinary operations (mergers, acquisitions, disposals, etc.) whether internal to the Group or changing the scope of consolidation of the Group.

## B. Quantitative information

### *B.1. Consolidated shareholders' equity: breakdown by type of company*

(millions of euro)

| | Banking group | Insurance companies | Other companies | Netting and adjustments on consolidation | Total | *of which: minority interests* |
|---|---|---|---|---|---|---|
| **Share capital** | **8,863** | **-** | **131** | **-131** | **8,863** | ***317*** |
| Ordinary shares | 8,375 | - | 131 | -131 | 8,375 | *314* |
| Savings shares | 488 | - | - | - | 488 | *3* |
| **Share premium reserve** | **30,989** | **-** | **-** | **-** | **30,989** | ***55*** |
| **Reserves** | **10,109** | **182** | **-77** | **-105** | **10,109** | ***168*** |
| Legal reserve | 1,709 | - | - | - | 1,709 | - |
| Extraordinary reserve | 1,326 | - | - | - | 1,326 | - |
| Concentration reserve (as per Art. 7, par. 3 of Law 218 of 30/7/1990) | 232 | - | - | - | 232 | - |
| Concentration reserve (as per Art. 7 of Law 218 of 30/7/1990) | 302 | - | - | - | 302 | - |
| Consolidation reserve | 6,184 | 182 | -77 | -105 | 6,184 | *168* |
| Other reserves | 356 | - | - | - | 356 | - |
| **Equity instruments (Treasury shares)** | **-12** | **-2** | **-** | **-** | **-14** | **-** |
| **Valuation reserves** | **-1,402** | **219** | **-4** | **-215** | **-1,402** | ***-3*** |
| Financial assets available for sale | -275 | 221 | - | - | -54 | *4* |
| Property and equipment | - | - | - | - | - | - |
| Intangible assets | - | - | - | - | - | - |
| Hedges of foreign investments | - | - | - | - | - | - |
| Cash flow hedges | -1,293 | - | - | - | -1,293 | *-2* |
| Foreign exchange differences | -425 | - | -4 | 4 | -425 | *-7* |
| Non current assets held for sale | - | - | - | - | - | - |
| Actuarial gains (losses) on defined benefit plans | - | - | - | - | - | - |
| Share of valuation reserves connected with investments carried at equity | 239 | -2 | - | -219 | 18 | *1* |
| Legally-required revaluations | 352 | - | - | - | 352 | *1* |
| **Parent Company's net income (loss) and minority interest** | **1,654** | **397** | **-90** | **-307** | **1,654** | ***49*** |
| **Shareholders' equity** | **50,201** | **796** | **-40** | **-758** | **50,199** | ***586*** |

The table above indicates the components of net book value, adding those of the Group to those of third parties, broken down by the type of consolidated company. In further detail, the column for the Banking group indicates the amount resulting from the consolidation of the companies belonging to the Banking group, gross of the effects on the income statement of transactions with other companies within the scope of consolidation. Subsidiaries other than those belonging to the Banking group and consolidated on a line-by-line basis are stated here at equity. The columns Insurance companies and Other companies contain the amounts resulting from consolidation, gross of the effects on the income statement of transactions with companies belonging to the banking group. The columns Netting and adjustments on consolidation show the adjustments required to obtain the figure represented in the financial statements.

### *B.2. Valuation reserves of financial assets available for sale: breakdown*

(millions of euro)

| | Banking group | | Insurance companies | | Other companies | | Netting and adjustments on consolidation | | Total as at 31.12.2012 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Positive reserve | Negative reserve | Positive reserve | Negative reserve | Positive reserve | Negative reserve | Positive reserve | Negative reserve | Positive reserve | Negative reserve |
| 1. Debt securities | 754 | -1,125 | 328 | -145 | - | - | -328 | 145 | 754 | -1,125 |
| 2. Equities | 353 | -63 | 21 | -6 | - | - | -21 | 6 | 353 | -63 |
| 3. Quotas of UCI | 62 | -29 | 25 | -1 | - | - | -25 | 1 | 62 | -29 |
| 4. Loans | 13 | -19 | - | - | - | - | - | - | 13 | -19 |
| **Total as at 31.12.2012** | **1,182** | **-1,236** | **374** | **-152** | **-** | **-** | **-374** | **152** | **1,182** | **-1,236** |
| **Total as at 31.12.2011** | **536** | **-2,889** | **79** | **-1,054** | **2** | **-** | **-81** | **1,054** | **536** | **-2,889** |

Approximately 15% of the negative reserve on equities is attributable to quoted securities classified as level 1, while the remaining 85% is attributable to securities classified as level 2 and 3.

### *B.3. Valuation reserves of financial assets available for sale: annual changes*

(millions of euro)

| | Debt securities | Equities | Quotas of UCI | Loans |
|---|---|---|---|---|
| **1. Initial amount** | **-2,600** | **267** | **-20** | **-** |
| **2. Positive fair value differences** | **2,900** | **311** | **92** | **1** |
| 2.1 Fair value increases | 2,780 | 264 | 76 | - |
| 2.2 Reversal to the income statement of negative reserves | 78 | 27 | 10 | - |
| *- impairment* | *5* | *12* | *3* | - |
| *- disposal* | *73* | *15* | *7* | - |
| 2.3 Other changes | 42 | 20 | 6 | 1 |
| **3. Negative fair value differences** | **-671** | **-288** | **-39** | **-7** |
| 3.1 Fair value decreases | -459 | -78 | -30 | - |
| 3.2 Impairment losses | - | - | - | - |
| 3.3 Reversal to the income statement of positive reserves: disposal | *-88* | *-186* | - | - |
| 3.4 Other changes | -124 | -24 | -9 | -7 |
| **4. Closing amount** | **-371** | **290** | **33** | **-6** |

### Trading on treasury shares

During the year, Intesa Sanpaolo and Group companies – on the basis of specific Shareholders' Meeting authorisations – carried out the following transactions on treasury shares:

*Ordinary shares:*

| | | |
|---|---|---|
| Initial number | no. | 2,826,676 |
| Purchased | no. | 22,878,020 |
| Sold | no. | -11,867,052 |
| End-of-year number | no. | 13,837,644 |

*Non-convertible savings shares:*

| | | |
|---|---|---|
| Initial number | no. | 162,000 |
| Purchased | no. | 2,388,618 |
| Sold | no. | -2,357,357 |
| End-of-year number | no. | 193,261 |

## SECTION 2 – REGULATORY CAPITAL AND CAPITAL RATIOS

### 2.1. Scope of application of regulations

The "Banking Group" differs from the scope of consolidation for the purposes of the financial statements prepared in accordance with the IAS/IFRS. The differences essentially relate to:
- the line-by-line consolidation in the IAS/IFRS financial statements of non-banking, financial and instrumental companies (primarily the insurance segment) not included in the "Banking group";
- the proportional consolidation in the "Banking Group" of the jointly controlled entities conducting banking, financial and instrumental business that are consolidated at equity in the financial statements.

Regulatory capital and capital ratios have been calculated on the basis of the provisions in effect (13th update to Circular 263 of December 2006 and 14th update to Circular 155 of December 1991) issued by the Bank of Italy following the implementation of the amendments of Community Directives that govern the capital requirements for banks and banking groups introduced by the New Basel Capital Accord (Basel 2").

### 2.2. Bank regulatory capital

### A. Qualitative information

Regulatory capital is calculated as the sum of positive components, with certain limits, and negative components, on the basis of their capital quality; positive components, in order to be eligible for the calculation of capital absorptions, must be fully available for the Bank.
Regulatory capital is made up of Tier 1 capital and Tier 2 capital, adjusted by specific "prudential filters" and net of certain deductions. In particular:
- Tier 1 capital includes ordinary paid-in share capital, reserves, innovative and non-innovative capital instruments, grandfathered capital instruments, and retained net income for the period; plus positive "prudential filters" of Tier 1 capital; the total of these elements, net of treasury shares or quotas, intangible assets, losses recorded in previous years and in the current year, "other negative components", as well as negative Tier 1 "prudential filters", makes up "Tier 1 capital before items to be deducted".
  Tier 1 capital is made up of the difference between "Tier 1 capital before items to be deducted" and 50% of "items to be deducted";
- 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 up to the limit of 0.6% of assets weighted for credit and/or counterparty risk, 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% of "items to be deducted".

Each caption of Tier 1 and Tier 2 capital includes minority interests pertaining to the Banking group and to third parties.
The most significant prudential filters for the Intesa Sanpaolo Group are calculated applying the following provisions:
- for financial assets available for sale, relatively to equities, quotas of UCI and debt securities, unrealised profits and losses are offset: the balance, if negative, reduces Tier 1 capital; if positive it contributes for 50% to Tier 2 capital. Furthermore, any unrealised profits and losses on loans classified among assets available for sale are excluded. It should be noted that the Group has decided to apply the Regulation issued by the Bank of Italy on 18 May 2010 which allows for the effect of valuation reserves for available-for-sale (AFS) securities issued by the central governments of EU countries on regulatory capital to be neutralised;
- for hedges, unrealised profits and losses on cash flow hedges, recorded in a specific reserve, are sterilised.

Deductions are made, in the manner described above, 50% from "Tier 1 capital before items to be deducted" and 50% from "Tier 2 capital before items to be deducted" on equity investments and – if eligible for inclusion in the issuers' regulatory capital – on innovative and non-innovative capital instruments, hybrid capital instruments and subordinated instruments in banks, financial companies and insurance companies.
With respect to the amount by which expected losses exceed total impairment provisions made on portfolios subject to internal models and expected losses on capital instruments, the amounts of those expected losses are compared with the total impairment provisions for each class of assets in the regulatory portfolio.
50% of the sum of the amounts by which the expected losses exceed total impairment provisions for each class of assets is deducted from Tier 1 capital and the other 50% from Tier 2 capital.
Conversely, the sum of the amounts by which total impairment provisions exceed the expected losses for each class of assets is added to Tier 2 capital up to the limit of 0.6% of assets weighted for credit and/or counterparty risk.
Concerning equity investments and subordinated instruments held in insurance companies, until 31 December 2012 they are deducted from Total capital, instead of 50% each from Tier 1 and Tier 2, if acquired before 20 July 2006.

The main contractual characteristics of innovative and non-innovative instruments which, together with share capital and reserves, are included in the calculation of Tier 1 and Tier 2 capital, are summarised below. Prior to this summary, however, we highlight that the Group carried out three purchases of subordinated securities during 2012. In these transactions, announced respectively on 6 February, 27 July and 25 October 2012, Intesa Sanpaolo made specific offers to purchase its own subordinated securities.

The first offer regarded the purchase of Tier 1 subordinated notes issued by the Parent Company and included in Tier 1 Capital but excluded from Core Tier 1 Capital. It should be noted that such instruments – pursuant to the Capital Requirements Directive

(CRD IV) published by the European Commission – will be subject to grandfathering regime and, thus, progressively derecognised as Additional Tier 1 Capital.

| Descrizione dei Titoli | Purchase Price (% of nominal value) | Nominal value issued | Nominal value accepted for purchase | Nominal value after settlement date (a) |
|---|---|---|---|---|
| 9.5% Fixed Rate Resettable Perpetual Subordinated Notes | 90.00% | € 1,000,000,000 | € 277,900,000 | € 722,100,000 |
| 8.375% Fixed to Floating Rate Perpetual Subordinated Notes | 91.00% | € 1,500,000,000 | € 493,750,000 | € 1,006,250,000 |
| 8.047% Fixed to Floating Rate Perpetual Subordinated Notes | 88.00% | € 1,250,000,000 | € 454,200,000 | € 795,800,000 |

(a) For each security, this represents the nominal value as at the issue date, net of the aggregate nominal value of the securities accepted for purchase pursuant to the purchase solicitation. Any securities already held by the purchaser and its subsidiaries have not been excluded.

The second offer included both Tier 1 notes and other types of subordinated notes, as well as 507 million in senior notes (at a purchase price of approximately 500 million, not included in the following table inasmuch as they are not included in regulatory capital).

| | Purchase Price (% of nominal value) | Nominal value issued | Nominal value accepted for purchase | Nominal value after settlement date (a) |
|---|---|---|---|---|
| **Tier 1** | | | | |
| 9.5% Fixed Rate Resettable Perpetual Subordinated Notes | 90.00% | € 722,100,000 | € 243,950,000 | € 478,150,000 |
| 8.375% Fixed to Floating Rate Perpetual Subordinated Notes | 84.00% | € 1,006,250,000 | € 264,400,000 | € 741,850,000 |
| 8.047% Fixed to Floating Rate Perpetual Subordinated Notes | 82.00% | € 795,800,000 | € 215,800,000 | € 580,000,000 |
| **Upper Tier 2** | | | | |
| 6.625% Subordinated Notes 2018 | 98.50% | € 1,250,000,000 | € 122,900,000 | € 1,127,100,000 |
| **Lower Tier 2** | | | | |
| Fixed/Floating Rate Callable Subordinated Notes 2020 | 80.00% | € 497,750,000 | € 22,000,000 | € 475,750,000 |
| Fixed Floater Callable Subordinated Notes 2024 | 84.00% | £165,000,000 | £140,099,000 | £24,901,000 |
| 5.00% Subordinated Notes 2019 | 93.00% | € 1,500,000,000 | € 52,900,000 | € 1,447,100,000 |
| 5.15% Subordinated Notes 2020 | 92.50% | € 1,250,000,000 | € 46,850,000 | € 1,203,150,000 |

(a) For each security, this represents the nominal value as at the issue date, net of the aggregate nominal value of the securities accepted for purchase pursuant to the purchase solicitation. Any securities already held by the purchaser and its subsidiaries have not been excluded.

The third offer regarded the exchange of circulating subordinated Lower Tier 2 notes with newly issued senior notes.

| | Exhange price (% of value) | Pro-ration factor (%) | Nominal value issued | Nominal value accepted in exchange (a) | Nominal value of newly issued security |
|---|---|---|---|---|---|
| **Lower Tier 2** | | | | | |
| Fixed to Floating Rate Subordinated Notes due 2017 | 98.50% | n.a | £250,000,000 | £244,650,000 | € 300,625,000 |
| Floating Subordinated Notes due 2018 | 93.75% | 82.56% | € 750,000,000 | € 529,800,000 | € 496,710,000 |
| Fixed to Floating Rate Subordinated Notes due 2018 | 94.50% | 82.40% | € 1,000,000,000 | € 637,950,000 | € 602,875,000 |
| Fixed/Floating Rate Callable Subordinated Notes 2018 | 93.50% | 82.40% | € 500,000,000 | € 332,250,000 | € 310,696,000 |

(a) After the application of the Pro-ration factor.

Following these transactions, the breakdown of innovative and non-innovative instruments that contribute to Tier 1, Tier 2 and Tier 3 capital was as follows.

## *1. Tier 1 capital*

| Issuer | Interest rate | Step-up | Issue date | Expiry date | Early redemption as of | Currency | Original amount in currency | Contribution to regulatory capital (millions of euro) |
|---|---|---|---|---|---|---|---|---|
| Intesa Sanpaolo | 9.5% fixed rate | NO | 01-Oct-2010 | perpetual | 01-Jun-2016 | Eur | 1,000,000,000 | 478 |
| Intesa Sanpaolo (*) | up to 20/6/2018 (excluded): 8.047%; thereafter 3-month Euribor + 4.10% | YES | 20-Jun-2008 | perpetual | 20-Jun-2018 | Eur | 1,250,000,000 | 580 |
| Intesa Sanpaolo (*) | up to 24/9/2018 (excluded): 8.698%; thereafter 3-month Euribor + 5.05% | YES | 24-Sep-2008 | perpetual | 24-Sep-2018 | Eur | 250,000,000 | 250 |
| Intesa Sanpaolo (*) | 8.375% fixed rate up to 14/10/2019; thereafter 3-month Euribor + 6.87% | YES | 14-Oct-2009 | perpetual | 14-Oct-2019 | Eur | 1,500,000,000 | 741 |
| **Total preference shares and innovative and non-innovative equity instruments (Tier I)** | | | | | | | | **2,049** |

(*) 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 – 11th update of 31 January 2012, "New regulations for the prudential supervision of banks".

## *2. Tier 2 capital*

| Issuer | Interest rate | Step-up | Issue date | Expiry date | Early redemption as of | Currency | Original amount in currency | Contribution to regulatory capital (millions of euro) |
|---|---|---|---|---|---|---|---|---|
| Intesa Sanpaolo | 6.625% fixed rate | NO | 08-May-2008 | 08-May-2018 | NO | Eur | 1,250,000,000 | 1,095 |
| Intesa Sanpaolo | 6.16% fixed rate | NO | 27-Jun-2008 | 27-Jun-2018 | NO | Eur | 120,000,000 | 120 |
| Banca CR Firenze | 6-month Euribor + 0.95% | NO | 05-Dec-2003 | 05-Dec-2013 | NO | Eur | 200,000,000 | 148 |
| Centro Leasing Banca | 3-month Euribor + 0.85% | NO | 17-Jul-2007 | 17-Jul-2017 | NO | Eur | 30,000,000 | 26 |
| **Total hybrid instruments (Upper Tier II)** | | | | | | | | **1,389** |
| Banca CR Firenze | 6-month Euribor + 0.15% | NO | 22-May-2006 | 22-May-2013 | NO | Eur | 85,000,000 | 17 |
| Intesa Sanpaolo | 8% for 1st coupon, 6.375% for 2nd and 3rd coupons, 13.8% thereafter less 2 times the 12-month Libor (max 5.3%-min 4.5%) | NO | 16-Jun-1998 | 17-Jun-2013 | NO | Lit | 500,000,000,000 | 36 |
| Intesa Sanpaolo | 8% for 1st coupon, 6.375% for 2nd and 3rd coupons, 13.8% thereafter less 2 times the 12-month Libor (max 5.3%-min 4.5%) | NO | 30-Jun-1998 | 01-Jul-2013 | NO | Lit | 200,000,000,000 | 15 |
| Intesa Sanpaolo | 8% for 1st coupon, 5% for 2nd coupon, 4% for 3rd coupon, thereafter 70% of 10-year swap rate | NO | 09-Mar-1999 | 09-Mar-2014 | NO | Lit | 480,000,000,000 | 84 |
| Intesa Sanpaolo | 8% 1st coupon, 5.5% 2nd coupon, 4% 3rd coupon, thereafter 65% of 10-year swap rate with minimum 4% | NO | 15-Jul-1999 | 15-Jul-2014 | NO | Eur | 250,000,000 | 87 |
| Intesa Sanpaolo | 6.11% fixed rate; as of 23/02/2005 97% of 30-year euro swap mid rate | NO | 23-Feb-2000 | 23-Feb-2015 | NO | Eur | 65,000,000 | 39 |
| Intesa Sanpaolo | 92% of 30-year Euro Swap mid rate: never less than that of previous coupon | NO | 12-Mar-2001 | 23-Feb-2015 | NO | Eur | 50,000,000 | 30 |
| Intesa Sanpaolo | 6.375% fixed rate; as of 12/11/2012 3-month GBP Libor | YES | 12-Oct-2007 | 12-Nov-2017 | NO | Gpb | 250,000,000 | 7 |
| Intesa Sanpaolo | up to 20/2/2013 (excluded): 3-month Euribor + 0.25% p.a.; thereafter 3-month Euribor + 0.85% p.a. | YES | 20-Feb-2006 | 20-Feb-2018 | NO | Eur | 750,000,000 | 206 |
| Intesa Sanpaolo | up to 18/03/2019 (excluded): 5.625% p.a.; thereafter: 3-month Sterling LIBOR + 1.125% p.a. | YES | 18-Mar-2004 | 18-Mar-2024 | 18-Mar-2019 | Gbp | 165,000,000 | 30 |
| Intesa Sanpaolo | up to 02/03/2015 (excluded): 3.75% p.a.; thereafter: 3-month Euribor +0.89% p.a. | YES | 02-Mar-2005 | 02-Mar-2020 | 02-Mar-2015 | Eur | 500,000,000 | 472 |
| Intesa Sanpaolo | up to 26/6/2013 (excluded): 4.375% p.a.; thereafter: 3-month Euribor + 1.00% p.a. | YES | 26-Jun-2006 | 26-Jun-2018 | NO | Eur | 500,000,000 | 162 |

| Issuer | Interest rate | Step-up | Issue date | Expiry date | Early redemption as of | Currency | Original amount in currency | Contribution to regulatory capital (millions of euro) |
|---|---|---|---|---|---|---|---|---|
| Intesa Sanpaolo | 5.87% fixed rate | NO | 26-Nov-2008 | 26-Nov-2015 | NO | Eur | 415,000,000 | 242 |
| Intesa Sanpaolo | 6.25% fixed rate | NO | 12-Nov-2008 | 12-Nov-2015 | NO | Eur | 544,546,000 | 320 |
| Intesa Sanpaolo | 6.16% fixed rate | NO | 29-Oct-2008 | 29-Oct-2015 | NO | Eur | 382,401,000 | 222 |
| Intesa Sanpaolo | 4.80% fixed rate | NO | 28-Mar-2008 | 28-Mar-2015 | NO | Eur | 800,000,000 | 477 |
| Intesa Sanpaolo | 4.00% fixed rate | NO | 30-Sep-2008 | 30-Sep-2015 | NO | Eur | 1,096,979 | 640 |
| Intesa Sanpaolo | 5.75% fixed rate; as of 28/5/2013 3-month Euribor + 1.98% | YES | 28-May-2008 | 28-May-2018 | NO | Eur | 1,000,000,000 | 351 |
| Intesa Sanpaolo | (3-month Euribor +4%)/4 | NO | 24-Feb-2009 | 24-Feb-2016 | NO | Eur | 635,350,000 | 499 |
| Intesa Sanpaolo | (3-month Euribor +4%)/4 | NO | 12-Mar-2009 | 12-Mar-2016 | NO | Eur | 165,050,000 | 123 |
| Intesa Sanpaolo | 5% fixed rate | NO | 23-Sep-2009 | 23-Sep-2019 | NO | Eur | 1,500,000,000 | 1,411 |
| Intesa Sanpaolo | quarterly interests according to the formula (3-month Euribor + 1.6%)/4 | NO | 30-Sep-2010 | 30-Sep-2017 | NO | Eur | 805,400,000 | 776 |
| Intesa Sanpaolo | 5.15% fixed rate | NO | 16-Jul-2010 | 16-Jul-2020 | NO | Eur | 1,250,000,000 | 1,200 |
| Intesa Sanpaolo | quarterly interests according to the formula: (3-month Euribor + 1.60%)/4 | NO | 10-Nov-2010 | 10-Nov-2017 | NO | Eur | 479,050,000 | 466 |
| Intesa Sanpaolo | quarterly interests according to the formula: (3-month Euribor + 2%)/4 | NO | 31-Mar-2011 | 31-Mar-2018 | NO | Eur | 373,400,000 | 364 |
| Pravex Bank | 6,032% (Libor + 5%) | NO | other issues placed as of 12/09/2000 | other issues with final expiry at 31/07/2016 | NO | Usd | 14,100,000 | 7 |
| Banca Monte Parma | 3.80% fixed rate | NO | 20-Feb-2008 | 20-Feb-2013 | NO | Eur | 10,000,000 | 2 |
| Banca Monte Parma | 4.30% fixed rate | NO | 27-May-2008 | 27-May-2013 | NO | Eur | 9,905,000 | 2 |
| Banca Monte Parma | 4.60% fixed rate | NO | 25-Jun-2008 | 25-Jun-2013 | NO | Eur | 10,000,000 | 2 |
| Banca Monte Parma | 4.60% fixed rate | NO | 26-Aug-2008 | 26-Aug-2013 | NO | Eur | 20,000,000 | 4 |
| Banca Monte Parma | 3.25% fixed rate | NO | 04-Feb-2009 | 04-Feb-2014 | NO | Eur | 11,500,000 | 5 |
| Banca Monte Parma | 4.50% fixed rate | NO | 05-Feb-2009 | 05-Feb-2014 | NO | Eur | 5,000,000 | 2 |
| Banca Monte Parma | 2.80% fixed rate | NO | 22-Apr-2009 | 22-Apr-2014 | NO | Eur | 10,000,000 | 4 |
| Banca Monte Parma | 3.10% fixed rate | NO | 09-Jul-2009 | 09-Jul-2014 | NO | Eur | 9,000,000 | 4 |
| Banca Monte Parma | 3.50% fixed rate | NO | 11-Aug-2009 | 11-Aug-2016 | NO | Eur | 5,000,000 | 4 |
| Banca Monte Parma | 3.20% fixed rate | NO | 25-Sep-2009 | 25-Sep-2016 | NO | Eur | 5,000,000 | 4 |
| Banca Monte Parma | 3.00% fixed rate | NO | 30-Jul-2010 | 30-Oct-2015 | NO | Eur | 20,000,000 | 12 |
| **Total eligible subordinated liabilities (Lower Tier II)** | | | | | | | | **8,328** |
| **TOTAL** | | | | | | | | **9,717** |

### *3. Tier 3 capital*

No subordinated debts have been issued which are eligible to be considered in Tier 3 Capital, net of intragroup operations, to "hedge" market risks.

### B. Quantitative information

(millions of euro)

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **A. Tier 1 capital before the application of prudential filters** | **38,342** | **39,442** |
| **B. Tier 1 capital prudential filters** | **-387** | **-669** |
| *B.1 Positive IAS/IFRS prudential filters (+)* | - | - |
| *B.2 Negative IAS/IFRS prudential filters (-)* | *-387* | *-669* |
| **C. Tier 1 before items to be deducted (A+B)** | **37,955** | **38,773** |
| **D. Items to be deducted from Tier 1** | **1,942** | **1,478** |
| **E. Total Tier 1 capital (C-D)** | **36,013** | **37,295** |
| **F. Tier 2 capital before the application of prudential filters** | **10,175** | **13,737** |
| **G. Tier 2 capital prudential filters** | **-92** | **-58** |
| *G.1 Positive IAS/IFRS prudential filters (+)* | - | - |
| *G.2 Negative IAS/IFRS prudential filters (-)* | *-92* | *-58* |
| **H. Tier 2 before items to be deducted (F+G)** | **10,083** | **13,679** |
| **I. Items to be deducted from Tier 2** | **1,942** | **1,478** |
| **L. Total Tier 2 capital (H-I)** | **8,141** | **12,201** |
| **M. Items to be deducted from total Tier 1 and Tier 2 capital** | **3,410** | **3,144** |
| **N. Regulatory capital (E+L-M)** | **40,744** | **46,352** |
| **O. Tier 3 capital** | **-** | **-** |
| **P. Regulatory capital including Tier 3 (N+O)** | **40,744** | **46,352** |

## 2.3. Capital adequacy

### A. Qualitative information

According to the "New regulations for the prudential supervision of banks" (Bank of Italy Circular 263 of 27 December 2006 and subsequent amendments), 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.
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 and counterparty 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 measures implemented 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, effective 31 December 2010, preferred savings and ordinary shares) and risk-weighted assets.

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 (AIRB) and the foundation IRB approach for the Corporate segment and the IRB approach[11] for the Retail Mortgage segment (Residential mortgages for private individuals) and SME retail segment (retail exposures). In particular:

– for the Corporate segment, authorisation has been obtained from the Supervisory Authority to use the AIRB approach on a scope that extends to the Parent Company, the network banks, Mediocredito Italiano and the foreign company Intesa Sanpaolo Bank Ireland Plc; VUB Banka has been authorised to use the IRB approach starting from December 2010. With effect from June 2012, permission was obtained to extend the AIRB approach to the subsidiary Banca IMI and for the adoption of rating models for the hedging of Specialised Lending exposures at Group Level, together with the use of internal LGD estimates for the Corporate segment in relation to the product companies Leasing and Mediofactoring (the FIRB approach had been in use since December 2008);
– for the Retail Mortgage segment, permission was granted for the use of the IRB approach effective June 2010, extended to the former Casse del Centro network banks effective the report as at 31 December 2011 and to VUB Banka with effect from the report as at 30 June 2012.
– authorisation for transition to the IRB approach was granted for the SME Retail segment effective the December 2012 report for the Parent Company, the network banks and Mediocredito Italiano.

[11] 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 table below shows the scope of companies for which the Group, as at 31 December 2012, uses the IRB approaches in calculating the capital requirements for credit and counterparty risk for the "Corporate" (Foundation and Advanced IRB), "Residential mortgages to private individuals" (IRB) and "SME retail" (IRB) regulatory segments.

### Scope of companies for application of the IRB approaches

| Company | Regulatory segment | | | |
|---|---|---|---|---|
| | Corporate | | SME retail | Residential mortgages to private individuals |
| | Foundation | Advanced | | |
| Intesa Sanpaolo S.p.A. | | x | x | x |
| Banca CR Firenze S.p.A. | | x | x | x |
| Banca dell'Adriatico S.p.A. | | x | x | x |
| Banca di Credito Sardo S.p.A. | | x | x | x |
| Banca di Trento e Bolzano S.p.A. | | x | x | x |
| Banca IMI S.p.A. | | x | | |
| Banco di Napoli S.p.A. | | x | x | x |
| Cassa di Risparmio del Friuli Venezia Giulia S.p.A. | | x | x | x |
| Cassa di Risparmio del Veneto S.p.A. | | x | x | x |
| Cassa di Risparmio della Provincia di Viterbo S.p.A. | | x | x | x |
| Cassa di Risparmio di Ascoli Piceno S.p.A. | | x | x | x |
| Cassa di Risparmio dell'Umbria S.p.A. | | x | x | x |
| Cassa di Risparmio di Civitavecchia S.p.A. | | x | x | x |
| Cassa dei Risparmio di Forlì e della Romagna S.p.A. | | x | x | x |
| Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. | | x | x | x |
| Cassa di Risparmio di Rieti S.p.A. | | x | x | x |
| Cassa di Risparmio di Venezia S.p.A. | | x | x | x |
| Cassa di Risparmio in Bologna S.p.A. | | x | x | x |
| Intesa Sanpaolo Bank Ireland P.l.c. | | x | | |
| Leasint S.p.A. | | x | | |
| Mediocredito Italiano S.p.A. | | x | x | |
| Mediofactoring S.p.A. | | x | | |
| Vseobecna Uverova Banka A.S. | x | | | x |

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 plan presented to the Supervisory Authority.

Banks must also comply with capital requirements for market risks calculated on the whole trading book separately for the various types of risk: position risk on debt securities and equities and concentration risk. Moreover, with reference to the entire financial statements, foreign exchange risk, settlement 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. Effective the report as at 30 September 2012, Intesa Sanpaolo and Banca IMI have received authorisation from the Supervisory Authority to extend the scope of the model also to specific risk on debt securities. The model was extended on the basis of the current methodological framework (a historical simulation in full evaluation), and required the integration of the incremental risk charge into the calculation of the capital requirement for market risks; for Banca IMI, position risk in quotas of UCIs is also included in the internal model (with regard to the Constant Proportion Portfolio Insurance – CPPI component). The scope of validated risks has subsequently been extended to position risk on dividend derivatives and position risk on commodities for Banca IMI, which is the only legal entity in the Group authorised to hold open positions in commodities. In addition, Banca IMI and Intesa Sanpaolo have been using Stressed VaR to calculate the requirement for market risks, since December 2011. Standardised approaches are used for the other types of risk. Counterparty risk is calculated independently of the portfolio of allocation.

With respect to Operational Risks, the Group has adopted the Advanced Measurement Approaches (AMA – internal model) to determine the associated capital requirements for regulatory purposes:
– effective from 31 December 2009, for an initial set including the Organisational Units, 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 from 31 December 2010, for 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;

– effective from 31 December 2011, a third set including Banca Infrastrutture Innovazione e Sviluppo (incorporated into the Parent Company at the end of 2012).

In December 2012, an application was submitted to the Bank of Italy for a fourth scope including several companies of the Banca Fideuram group (Banca Fideuram, Fideuram Investimenti, Fideuram Gestions, Fideuram Asset Management Ireland and Sanpaolo Invest) and two international subsidiaries of VUB Banka (VUB Leasing and Consumer Finance Holding). The remaining companies, currently using the Standardised approach (TSA), will migrate progressively to the Advanced approaches starting from the end of 2013, based on the roll-out plan presented to the Management and Supervisory Authorities.

## B. Quantitative information

(millions of euro)

| | Unweighted amounts | | Weighted amounts/ requirements | |
|---|---|---|---|---|
| | 31.12.2012 | 31.12.2011 | 31.12.2012 | 31.12.2011 |
| **A. RISK ASSETS** | | | | |
| **A.1 Credit and counterparty risk** | **569,162** | **563,946** | **253,309** | **277,498** |
| 1. Standard methodology | 256,202 | 274,917 | 105,908 | 132,167 |
| 2. Methodology based on internal ratings | 309,425 | 284,785 | 141,156 | 139,272 |
| *2.1 Base* | *4,254* | *29,885* | *4,308* | *22,907* |
| *2.2 Advanced* | *305,171* | *254,900* | *136,848* | *116,365* |
| 3. Securitisations | 3,535 | 4,244 | 6,245 | 6,059 |
| **B. CAPITAL REQUIREMENTS** | | | | |
| **B.1 Credit and counterparty risks** | | | **20,265** | **22,200** |
| **B.2 Market risk** | | | **1,474** | **1,399** |
| 1. Standard methodology | | | 504 | 979 |
| 2. Internal models | | | 954 | 420 |
| 3. Concentration risk | | | 16 | - |
| **B.3 Operational risk** | | | **2,059** | **1,986** |
| 1. Base methodology | | | 83 | 87 |
| 2. Standard methodology | | | 347 | 326 |
| 3. Advanced methodology | | | 1,629 | 1,573 |
| **B.4 Other capital requirements** | | | **-** | **-** |
| **B.5 Other calculation elements** | | | **91** | **432** |
| **B.6 Total capital requirements** | | | **23,889** | **26,017** |
| **C. RISK-WEIGHTED ASSETS AND CAPITAL RATIOS** | | | | |
| **C.1 Risk-weighted assets** | | | **298,619** | **325,206** |
| **C.2 Tier 1 capital / Risk-weighted assets** (Tier 1 capital ratio) | | | **12.1%** | **11.5%** |
| **C.3 Total capital / Risk-weighted assets** (Total capital ratio) | | | **13.6%** | **14.3%** |

For the standard methodology, in compliance with regulatory provisions, “unweighted amounts" equal the value of the exposure which takes into account prudential filters, techniques for the mitigation of risk and credit conversion factors. For base methodology based on internal ratings, "unweighted amounts” equal "exposure at default" (EAD). For guarantees given and commitments to disburse funds, credit conversion factors also contribute to determining the EAD.

## SECTION 3 – INSURANCE REGULATORY CAPITAL AND CAPITAL RATIOS

The insurance companies controlled solely by Intesa Sanpaolo Group and subject to insurance supervision are:
– Intesa Sanpaolo Vita;
– Intesa Sanpaolo Life;
– Intesa Sanpaolo Assicura;
– Bentos Assicurazioni;
– Fideuram Vita.

As insurance parent company, Intesa Sanpaolo Vita calculates the aggregate solvency situation for insurance companies. Under ISVAP (now IVASS) Regulation 18 of 12 March 2008 (the insurers' code), Intesa Sanpaolo Vita is required to prepare a "consolidated aggregate". Intesa Sanpaolo Assicura, Intesa Sanpaolo Life and Bentos Assicurazioni fall within the scope of this aggregate, inasmuch as they are 100% subsidiaries, as does Fideuram Vita, inasmuch as it is subject to unitary management in accordance with the insurers' code.
The elements that constitute the solvency margin are therefore calculated separately from the figures in the consolidated/aggregate financial statements due to unitary management prepared by Intesa Sanpaolo Vita. Corrections represented by the "prudential filters" are then applied to these figures. The application of these filters, which involves an asymmetrical approach, aims to eliminate only the effects of the application of IAS/IFRS deemed inconsistent with the objective of a calculation for prudential purposes. Prudential filter provisions refer to:
– the re-measurement of technical reserves;
– unrealised capital gains;
– other filters.
For the purposes of the adjusted solvency situation, the elements that make up the available solvency margin are compared with the associated capital use, represented by the required solvency margin. The latter, which is computed according to the provisions of ISVAP (now IVASS) Regulation 28 of 17 February 2009, consists of the sum of the parent insurance company's minimum solvency margin and the proportional share of the minimum solvency margin of the subsidiary or associate insurance companies of the parent insurance company or insurance companies subject to unitary management.
As at 31 December 2012, Intesa Sanpaolo Vita showed a solvency ratio in terms of adjusted solvency, defined as the ratio of available margin to required margin, of approximately 189%. Following the performance recorded during the year and the improvement in Intesa Sanpaolo Vita's capital base, on 28 February 2013 the Company's Board of Directors examined a proposal to return part of the payments amounting to 200 million euro towards a future capital increase by Parent Company Intesa Sanpaolo, for a total of 275 million euro. Intesa Sanpaolo Vita's adjusted solvency exposure took into account this reduction in the elements comprising the available solvency margin.
The Group has an equity investment of a marginal amount in an insurance company located in Slovakia, subject to joint control and held through subsidiary Vseobecna Uverova Banka (VUB).

## SECTION 4 – THE CAPITAL ADEQUACY OF THE FINANCIAL CONGLOMERATE

(millions of euro)

| | Amounts |
|---|---|
| A. Financial conglomerate amount | 46,822 |
| B. Capital requirements for banking elements | 23,889 |
| C. Solvency margins for insurance elements | 2,440 |
| **D. Total capital requirements of the financial conglomerate (B+C)** | **26,329** |
| **E. Financial conglomerate surplus (defincit) (A-D)** | **20,493** |

The Intesa Sanpaolo Group operates as a financial conglomerate that engages in universal banking activity and insurance services.
The capital adequacy of the Intesa Sanpaolo financial conglomerate was calculated in accordance with the supplementary supervisory provisions issued by the Bank of Italy.
As at 31 December 2012 the capital of the Intesa Sanpaolo financial conglomerate exceeded its capital requirements, defined as the conglomerate's capital needs, by approximately 20,493 million euro.