INTESA SANPAOLO

Basel 2 Pillar 3 - Disclosure as at 31 March 2009

This is an English translation of the Italian original "Terzo pilastro di Basilea 2 – Informativa al pubblico al 31 marzo 2009" 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 some forward-looking statements and forecasts reflecting the Intesa Sanpaolo management's current views with respect to future events. The Intesa Sanpaolo Group's ability to achieve its projected results is dependent on many factors which are outside management's control. Actual results may differ materially from 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.
The following important factors could cause the Group's actual results to differ materially from those projected or implied in any forward-looking statements:

- *the Group's ability to successfully integrate the employees, products, services and systems of the merger of Banca Intesa S.p.A. and Sanpaolo IMI S.p.A. as well as other recent mergers and acquisitions;*
- *the impact of regulatory decisions and changes in the regulatory environment;*
- *the impact of political and economic developments in Italy and other countries in which the Group operates;*
- *the impact of fluctuations in currency exchange and interest rates;*
- *the Group's ability to achieve the expected return on the investments and capital expenditures it has made in Italy and in foreign countries.*

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which refer only to the date hereof. Accordingly, there can be no assurance that the Group will achieve its projected results.

Basel 2 Pillar 3 – Disclosure as at 31 March 2009

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 "Third pillar of Basel 2" 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 new 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 therefore been prepared in compliance with the provisions of the abovementioned Circular (which incorporates the provisions of annex XII to the EU Directive 2006/48) and the subsequent changes made to the regulatory framework.

This document is broken down, in accordance with the provisions of the abovementioned Circular, into sections called "Tables" and has been drawn up on a consolidated basis with reference to a "prudential" scope of consolidation. The Tables include both a "qualitative section" and a "quantitative section". The "Pillar 3 Basel 2" 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, because Intesa Sanpaolo forms part of the groups that have adopted IRB and/or AMA approaches for credit and operational risk;
- figures as at 31 March/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 2008 for a more comprehensive examination of the qualitative and quantitative aspects. In addition, please note that the scope of consolidation for the figures as at 31 March 2009 does not differ significantly from the scope as at 31 December 2008.

For the sake of completeness please also note that the information relating to regulatory capital and capital adequacy are also published in the Interim statement as at 31 March 2009.

All amounts, unless otherwise indicated, are expressed in millions of euro.

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

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 2009 is summarised in the table below:

(in millions of euro)

Information	31.3.2009	31.12.2008
A. Tier 1 capital before the application of prudential filters	**29,660**	**29,352**
B. Tier 1 capital prudential filters	**-1,762**	**-1,639**
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-1,762	-1,639
C. Tier 1 before items to be deducted (A+B)	**27,898**	**27,713**
D. Items to be deducted from Tier 1	**702**	**639**
E. Total Tier 1 capital (C-D)	**27,196**	**27,074**
F. Tier 2 capital before the application of prudential filters	**15,740**	**15,387**
G. Tier 2 capital prudential filters	**-**	**-**
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-	-
H. Tier 2 before items to be deducted (F+G)	**15,740**	**15,387**
I. Items to be deducted from Tier 2	**702**	**639**
L. Total Tier 2 capital (H-I)	**15,038**	**14,748**
M. Items to be deducted from total Tier 1 and Tier 2 capital	**2,791**	**2,774**
N. Regulatory capital (E+L-M)	**39,443**	**39,048**
O. Tier 3 capital	**276**	**30**
P. Regulatory capital including Tier 3 (N+O)	**39,719**	**39,078**

Please note that the Regulatory Capital includes 100% of the net income for the period, amounting to 1,075 million euro. In fact, after only three months in a year forecast to be difficult, it seems premature to envisage a potential allocation of net income for the period, though the intention to return to a distribution of cash dividends on ordinary shares, as regards the 2009 economic result, is confirmed.

More details of the breakdown of the individual components of the regulatory capital are provided below.

Tier 1 capital

(in millions of euro)

Information	31.3.2009	31.12.2008
TOTAL TIER 1 CAPITAL(*)		
Breakdown of positive items		
- Share capital	7,082	7,091
- Share premium reserve	33,234	33,229
- Reserves and net income	12,055	10,997
- Non-innovative equity instruments	-	-
- Innovative equity instruments	3,000	2,998
- Positive prudential IAS / IFRS filters (+)		
Fair value option: changes in bank's own creditworthiness	-	-
Reimbursable shares	-	-
Capital resources forming the object of forward purchase commitments included in tier 1 capital	-	-
Other positive prudential filters	-	-
TOTAL POSITIVE ITEMS	**55,371**	**54,315**
Breakdown of negative items		
- Own shares or quotas	-7	-2
- Goodwill	-19,876	-20,027
- Other intangible assets	-5,828	-4,934
- Loss for the period	-	-
- Adjustments to loans	-	-
- Adjustments calculated on the regulatory trading book	-	-
- Other	-	-
- Negative prudential IAS / IFRS filters (-)		
Fair value option: changes in bank's own creditworthiness	-76	-110
Negative reserves on equities and quotas of UCITS available for sale	-235	-120
Negative reserves on debt securities available for sale	-915	-855
Net accumulated capital gain on tangible assets	-	-
Capital resources forming the object of forward purchase commitments included in tier 1 capital	-	-
Other negative prudential filters	-536	-554
TOTAL NEGATIVE ITEMS	**-27,473**	**-26,602**
TOTAL TIER 1 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**27,898**	**27,713**
TOTAL ITEMS TO BE DEDUCTED	**-702**	**-639**
TOTAL TIER 1 NET OF ITEMS TO BE DEDUCTED	**27,196**	**27,074**

(*) Each item includes Group and minority interests in sahareholdr's equity

The Total of the elements to be deducted includes 126 million euro for the excess expected losses with respect to total adjustments (50% of total excess of 252 million euro), as required by the regulations when the IRB models are adopted.

Tier 2 capital

(in millions of euro)

Information	31.3.2009	31.12.2008
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 UCITS	-	-
Debt securities	-	-
- Non-innovative equity instruments not included in tier 1 capital	-	-
- Innovative equity instruments not included in tier 1 capital	-	-
- Hybrid capital instruments	1,742	1,734
- Tier 2 subordinated liabilities	13,949	13,415
- Positive prudential IAS / IFRS filters (+)		
Excess total adjustments with respect to expected losses	-	-
Net capital gains on equity investments	-	-
Other positive items	-	-
TOTAL POSITIVE ITEMS	**16,043**	**15,501**
- Net capital losses on equity investments	-52	-45
- Loans	-	-
- Other negative items	-251	-69
- Negative prudential IAS / IFRS 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 and quotas of UCITS	-	-
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 1 capital	-	-
Other negative filters	-	-
TOTAL NEGATIVE ITEMS	**-303**	**-114**
TOTAL TIER 2 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**15,740**	**15,387**
TOTAL ITEMS TO BE DEDUCTED	**-702**	**-639**
TOTAL TIER 2 CAPITAL NET OF ITEMS TO BE DEDUCTED	**15,038**	**14,748**

(*) Each item includes Group and minority interests in sahareholdr's equity

The Total of the elements to be deducted includes 126 million euro for the excess expected losses with respect to total adjustments (50% of total excess of 252 million euro), as required by the regulations when the IRB models are adopted.

Tier 3 capital

(in millions of euro)

Information	31.3.2009	31.12.2008
TIER 3 CAPITAL	**276**	**30**
TOTAL POSITIVE ITEMS	**276**	**30**
- Tier 2 subordinated liabilities not included in tier 2 capital	246	-
- Tier 3 subordinated liabilities	30	30
TOTAL NEGATIVE ITEMS	-	-
- Prudential filters: deductions from tier 3 capital		
- Tier 2 and 3 subordinated liabilities forming the object of forward purchase commitments not included in tier 3 capital	-	-
- Other deductions	-	-

Table 4 – Capital adequacy

Quantitative disclosure

Capital requirements and capital ratios of the Intesa Sanpaolo Group

(in millions of euro)

	31.3.2009			31.12.2008		
	Assets	RWA	Capital requirement	Assets	RWA	Capital requirement
A. CAPITAL REQUIREMENTS						
A.1 Credit and counterparty risks	**577,859**	**331,482**	**26,519**	**582,919**	**335,556**	**26,844**
1. Standard methodology	380,083	186,589	14,927	387,507	194,458	15,557
2. Internal models (IRB)	190,717	142,545	11,404	187,208	138,199	11,055
3. Securitised exposures	7,059	2,348	188	8,204	2,899	232
A.2 Market risk			**1,400**			**1,444**
1. Standard methodology			1,167			1,243
2. Internal models			180			198
3. concentration risk			53			3
A.3 Operational risk			**2,339**			**2,327**
1. Basic indicator approach			82			70
2. Standardised approach			2,257			2,257
3. Advanced approach			-			-
A.4 Other risks			**36**			**31**
A.5 Total capital requirements			**30,294**			**30,646**
B. CAPITAL RATIOS (%)						
B.1 Core Tier 1			**6.4**			**6.3**
B.2 Tier 1 ratio			**7.2**			**7.1**
B.3 Total capital ratio			**10.5**			**10.2**

The tables below provide details of the Group's different capital requirements as at 31 March 2009.

Capital requirement for Credit and Counterparty Risk (Standardised Approach)

(in millions of euro)

Regulatory portfolio	Capital requirement	
	31.3.2009	**31.12.2008**
Exposures to or secured by governments and central banks	83	77
Exposures to or secured by local authorities	252	246
Exposures to or secured by not for profit and public sector organisations	190	201
Exposures to or secured by multilateral development banks	-	-
Exposures to or secured by international organisations	-	-
Exposures to or secured by supervised institutions	1,235	1,465
Exposures to or secured by corporates	5,535	5,795
Retail exposures	3,475	3,581
Exposures secured by real estate property	2,326	2,355
Past due exposures	638	577
High-risk exposures	31	71
Exposures in the form of guaranteed bank bonds (covered bonds)	-	-
Short-term exposures to corporates	133	133
Exposures to UCITS	94	94
Other exposures	935	962
Total Capital requirement for Credit Risk (Standardised Approach)	**14,927**	**15,557**

Capital requirement for Credit and Counterparty Risk (Foundation IRB Approach)

(in millions of euro)

Regulatory portfolio	Capital requirement	
	31.3.2009	**31.12.2008**
Exposures to or secured by corporates	**11,345**	**11,003**
Specialised lending	292	253
Specialised lending - slotting criteria	121	120
SMEs	3,503	3,457
Other corporates	7,429	7,173
Equities (simple risk weight approach)	**59**	**52**
Exchange-traded exposures	7	7
Private equity exposures	16	14
Other	36	31
Exposures subject to supervisory transition regarding capital requirements	**-**	**-**
Total Capital requirement for Credit Risk (IRB Approach)	**11,404**	**11,055**

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 155 million euro (181 million euro as at 31 December 2008).

Capital requirement for Market Risk

(in millions of euro)

	Capital requirement	
	31.3.2009	**31.12.2008**
Assets included in the regulatory trading book	**1,255**	**1,350**
Position risk	1,198	1,347
Settlement risk for DVP transactions (Delvery Versus Payment)	4	-
Concentration risk	53	3
Other assets	**145**	**94**
Foreign exchange risk	64	48
Commodity risk	81	46
Total Capital requirement for Market Risk	**1,400**	**1,444**

The capital requirement for "counterparty risk" for the regulatory trading book is 706 million euro (535 million euro as at 31 December 2008). 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

(in millions of euro)

	Capital requirement	
	31.3.2009	**31.12.2008**
Operational risk capital requirement		
Basic indicator approach	82	70
Standardised approach	2,257	2,257
Total Operational risk capital requirement	**2,339**	**2,327**

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 corresponds to the corporate records, books and accounts.

14 May 2009

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

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Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present.
This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates.
This is the reason the illustrations chosen for this report have been inspired by the rich cultural wealth of our cities. They show the major fountains of each regional capital and of the head office cities of the Banche dei Territori. It is a tribute to Italian tradition and history. But it is also emblematic of the willingness to communicate and establish relationships that typifies the people of Intesa Sanpaolo and of the banks in the group.

1. Padova
Fountain, Piazza delle Erbe

2. Roma
Fontana delle Tartarughe, Piazza Mattei

3. Firenze
Courtyard fountain, Palazzo Vecchio

4. Venezia
Fountain, Excelsior Palace Hotel

5. Campobasso
Fountain, Piazza Vittorio Emanuele

6. Torino
Fontana angelica delle Quattro Stagioni, Piazza Solferino

7. Genova
Fontana di Nettuno, Palazzo Doria Pamphilj

8. Forlì
Fountain, Piazza Ordelaffi

9. Napoli
Fountain, Capodimonte Gardens

10. Bologna
Fontana del Nettuno, Piazza Maggiore

11. Milano
Fountain, Piazza Fontana

12. Perugia
Fontana Maggiore, Piazza IV Novembre

13. Palermo
Fontana del Tritone, Archaeological Museum

14. Pesaro
Fountain, Piazza Maggiore

15. Bari
Fountain, Piazza Aldo Moro

16. Cagliari
Fontana della passeggiata, Via Roma

17. L'Aquila
Detail of the Fontana delle 99 Cannelle, Piazza San Vito

18. Aosta
Fountain, Via Croce di Città

19. Trieste
Fontana dei Tritoni, Piazza Vittorio Veneto

20. Catanzaro
Fountain, Piazza Santa Caterina

21. Trento
Fontana di Nettuno, Piazza del Duomo

22. Potenza
Fountain, Montereale Park

23. Ancona
Fontana dei Cavalli, Piazza Roma

24. Gorizia
Fountain, Piazza della Vittoria

Credits
1 Photo by Ioannis Schinezos - Padova
2 Fratelli Alinari History of Photography Museum - Malandrini collection, Firenze
3-4-7-9-14-17-21 Archivi Alinari - Alinari archive, Firenze
5 Photo by Giuseppe Terrigno - Campobasso
6 Archivi Alinari - Anderson archive, Firenze
8 Photo by Giorgio Sabatini - Forlì
10 Archivi Alinari, Firenze
11 Touring Club Italiano/Archivi Alinari, Milano
12 Fratelli Alinari History of Photography Museum - Pasta archive, Firenze
13 Fratelli Alinari History of Photography Museum - Blatt collection, Firenze
15 Photo by Umberto Corcelli - Bari
16 Photo by Elisabetta Messina - Cagliari
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19 Photo by Franco Debernardi - Trieste
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23 Archivi Alinari - Brogi archive, Firenze
24 Fratelli Alinari History of Photography Museum, Firenze