
Report of the Management Board

Ordinary Part - Item 1 on the agenda

Proposal for allocation of net income for financial year ended 31 December 2010 and for dividend distribution

Distinguished Shareholders,

Pursuant to article 2364 bis of the Italian Civil Code and articles 7.3 and 28.3 of the Company's Articles of Association, we submit to Your approval the proposal for the allocation of Intesa Sanpaolo net income for financial year 1 January – 31 December 2010. Therefore we propose distribution of dividends in respect of currently outstanding shares as follows: 0.091 euro per non-convertible savings share and 0.08 euro per ordinary share outstanding. As a result, the net income of 2,326,859,031.51 euro would be allocated as follows:

	(euro)
Net income for the period	2,326,859,031.51
Assignment of a dividend of 0.091 euro (determined pursuant to Art. 28 of the Articles of Association) for each of the 932,490,561 savings shares, for a total disbursement of	84,856,641.05
Assignment of a dividend of 0.08 euro for each of the 11,849,332,367 ordinary shares, for a total disbursement of	947,946,589.36
for a total disbursement for dividends of	1,032,803,230.41
Assignment to the Allowance for charitable, social and cultural contributions	10,000,000.00
Assignment to the Extraordinary reserve of the residual net income ^(*)	1,284,055,801.10

The proposed allocation of net income makes it possible to remunerate shareholders consistently with sustainable profitability and with the strengthening of the Group's capital structure (if this proposal is approved, the Core Tier 1 would be 7.9%, Tier 1 would be 9.4% and total capital ratio would come to 13.2%), in line with the guidelines issued by the International Organisations and the Supervisory Authority. We propose that the dividend be made payable, in compliance with legal provisions, as of 26 May 2011, with detachment of the coupon on 23 May 2011.

Pursuant to art. 6, paragraph 1, letter a) of Legislative Decree no. 38/2005, a portion of net income corresponding to capital gains recognised in the income statement, net of the related tax charge, arising from application of the fair value criterion, must be recorded in an unavailable reserve. As at 31 December 2010 such amount was 22,865,428.83 euro.

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

(*) Please remind (see Notes to the financial statements – Part I), that on 14 November 2005, the Board of Directors of Sanpaolo IMI launched a new stock option plan, acting on the mandate given to it by the Shareholders' Meeting of 30 April 2002, in favour of 48 Group executives. This plan, as redefined after the merger following the resolution of the Shareholders' Meeting of 1 December 2006, provides for the assignment of a total of 30,059,750 options for the subscription of ordinary shares, exercisable after approval of the 2008 financial statements and not later than 30 April 2012 at a strike price of 3.9511 euro.

Although highly unlikely given the current stock market prices of the ordinary share, if one or more of the option holders were to exercise their option rights by 11 April 2011 by subscribing ordinary shares carrying regular rights, the subscriber(s) would be entitled to receive the dividend for 2010, payable at 0.08 euro per share; in this case, the total dividend disbursement would need to be recalculated and raised by the Shareholders' Meeting, with the assignment to the extraordinary reserve lowered by the same amount.

N.B.: as no option holder exercised its right to subscribe new shares within the aforementioned date, no changes were made to the Proposals to the Shareholders' Meeting. (Note added after approval of the Annual Report 2010 by the Supervisory Board on 5 April 2011).

Shareholders' equity	Annual report 2010	Change due to the allocation of 2010 net income	Share capital and reserves after the allocation of 2010 net income
(millions of euro)			
Share capital			
- <i>ordinary</i>	6,162	-	6,162
- <i>savings</i>	485	-	485
Total share capital	6,647	-	6,647
Share premium reserve	33,271	-	33,271
Reserves	5,709	1,284	6,993
Valuation reserves	896	-	896
Treasury shares	-	-	-
Total reserves	39,876	1,284	41,160
TOTAL	46,523	1,284	47,807

Milano, 15 March 2011

For the Management Board
The Chairman – Andrea Beltratti