

Sustainability Report 2014



Boards, Management, Auditors

SUPERVISORY BOARD

Chairman	Giovanni Bazoli
Deputy Chairpersons	Mario Bertolissi Gianfranco Carbonato
Board Members	Gianluigi Baccolini Francesco Bianchi Rosalba Casiraghi Carlo Corradini Franco Dalla Sega Piergiuseppe Dolcini Jean-Paul Fitoussi Edoardo Gaffeo Pietro Garibaldi Rossella Locatelli Giulio Stefano Lubatti Marco Mangiagalli Iacopo Mazzei Beatrice Ramasco Marcella Sarale Monica Schiraldi

MANAGEMENT BOARD

Chairman	Gian Maria Gros-Pietro
Senior Deputy Chairperson Deputy Chairperson	Marcello Sala Giovanni Costa
Managing Director and Chief Executive Officer	Carlo Messina*
Board Members	Stefano Del Punta Carla Patrizia Ferrari Piera Filippi Gaetano Micciché* Giuseppe Morbidelli** Bruno Picca

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

Ernesto Riva

INDEPENDENT AUDITORS

KPMG S.p.A.

* General Managers

** Giuseppe Morbidelli resigned with effect from 16/3/2015

Legend

page **xx**

Links to pages
Sustainability Report 2014

[i]

Links to Internet



Keyboard short cut

Back



Contents

Letter to the stakeholders	8	Management of business risks	57
Introduction by the CSR Manager	10	Control of social and environmental risks in the governance processes	59
Key factors in the value creation process	11	Reputational risk assessment and management	60
INTESA SANPAOLO GROUP PROFILE	13	Value of the Brand	60
The Intesa Sanpaolo Group	14	Management of social and environmental risks in loans: the Equator Principles	61
Key indicators	15	Management of social and environmental risks in loans: environmental crimes	64
Vision and values	18	Controversial sectors	64
Business model	20	Health and safety risk management	64
Effectiveness of the governance system	21	Financial inclusion and economic empowerment	66
Materiality analysis	26	Households and payment solutions for home mortgages	66
Protection of solidity and profitability	30	Looking to the future: young people	67
Business risk management	32	Seniors: the value of relations with the Bank	68
Integrity and rigour in corporate conduct	34	A bridge connecting the world: remittance management	68
Human resource development and management	36	Microfinance solutions for vulnerable social groups	69
Offering a valued service to customers	38	Third sector and local area	70
Access to credit and savings management	40	Growing with our stakeholders: financial culture for informed choices	73
Climate Change	42	Support to the business system	74
Adoption of international standards and commitments	44	Agreements and solutions for business growth	74
Global Compact: the 10 principles of the United Nations	45	Innovation as a driving force for competitiveness	76
Awards and inclusion in indices	47	Businesses: networking to be more competitive	77
THE OPERATING CONTEXT	49	Offering investments based on sustainability criteria	78
Economic and social scenario	50	Social and relational capital	80
Competitive positioning	51	Relations with stakeholders: involvement and listening	81
PERFORMANCE	53	Stakeholder map	81
Financial capital	54	Engagement initiatives and the issues discussed	82
Economic and financial performance	55	Summary of issues emerging from the stakeholder engagement process	83
Intesa Sanpaolo stock performance	55		
Remuneration of shareholders	55		
Calculation and distribution of economic value	55		

Integrity and rigour in corporate conduct	84	Employee enhancement	106
Prevention of corruption	84	Professional enhancement and development	106
Prevention of money laundering	84	Performance assessment system	107
Compliance with tax regulations	85	Incentive system	108
Protection of privacy	85	The value of diversity	109
Protection of free competition	85	Training	109
Fraud prevention	86	Intellectual and infrastructural capital	113
Litigation	86	Service model development	114
Offering valued service to customers	86	Multi-channel bank	116
Business model	86	Innovation for growth	118
Proximity to the customer	87	Natural capital	120
Accessibility	91	Climate Change	121
Customer satisfaction and complaint handling activities	91	Management of potential environmental risks and impacts	121
Relations with Consumer Associations	93	Loans and services for the green economy	122
The quality of life in the Company	94	Reduction of atmospheric emissions	125
Communication and listening	94	Energy consumption and efficiency	126
Corporate welfare	94	Paper, waste and water	130
Work-life balance	96	Improvement objectives	133
Relations with the supply chain	98	INDICATORS	135
Equality and transparency in relations with suppliers	98	GRI - General standard disclosure	175
Assessing the social and environmental responsibility of suppliers	99	GRI - Specific standard disclosure	178
Health and safety of suppliers operating on our premises	101	GRI - Impact boundaries	186
Initiatives in the international subsidiary Banks	101	Note on methods	187
Relations with the community	102	Auditors' Report	188
Support to culture	102	Contacts	190
Donations	102		
Commercial initiatives with community benefit	103		
2014 Contribution and breakdown	103		
Assessment of the benefits and impact	104		
Human capital	105		
Job protection	106		

Letter to the stakeholders

2014 was an important year for Intesa Sanpaolo, with the presentation of a business plan designed to reinforce our mission of serving households and businesses and changing our way of banking in order to seize new growth opportunities in a continuously changing environment. The Sustainability Report aims to present to stakeholders our commitment to supporting the real economy, with a view to creating value over the long-term for the Bank and its people, for the community and for the environment. This is the concept of sustainability that Intesa Sanpaolo has adopted.

Today, Intesa Sanpaolo is profoundly different from the Bank created in 2007 from the merger of Intesa and Sanpaolo IMI, and it is one of the leading European banks in terms of capitalisation and total assets. It is in the top position in all market segments in which it operates in Italy; it has a select global presence on the international markets, where increasing investments in its shares by foreign institutional investors have been witnessed.

The economic scenario faced by the Bank in 2014 was still characterised by difficulties at international and domestic levels.

The slight deceleration of emerging countries was offset by the limited recovery of advanced ones, thanks to the United States and to the Eurozone, where GDP resumed growth after two years of recession. The global growth rate remained at a modest 3.3% according to estimates by the International Monetary Fund. This scenario is still suffering from fragility and lack of uniformity on a prospective basis as well.

The spectre of recession and the geopolitical tensions in nearby areas have also weighed on Italy. Real GDP decreased for the third year running, although to a lesser extent than in the two previous years, reaching -0.4% in 2014. While consumption by households began to stabilise during the year, gross fixed investments remained negative, weakening the prospects for recovery of industrial production. At the end of 2014, the climate of trust, production orders, the trend in the exchange rate and oil prices and the adoption of extraordinary expansive policies by the ECB supported expectations of a cyclical inversion and the easing of deflationary pressures. These forecasts were strengthened at the beginning of 2015.

Despite the expansive monetary policy and the innovative instruments defined by the ECB, such as the Ltro and T-Ltro, the continued high default rates last year, especially among the SMEs, kept the doubtful loan ratio and relative provisions at record levels, preventing monetary policy from fully impacting interest rates in the private sector. Credit volumes remained limited, also due to lack of demand for profit-making investments; households have resumed saving but without investing, due to the continued uncertainty with regard to the future.

Intesa Sanpaolo has committed to changing this scenario, providing a solid boost to the real economy with 34 billion euro in new medium and long-term loans to households and businesses, of which 28 to Italian customers. Our Bank has been the main provider of credit to the Italian economy, well beyond its market share. At the same time, the profit objective of the 2014-2017 business plan has been exceeded, thanks to the results of core business, which made a significant contribution to forming a net income of approximately 1.7 billion euro, gross of the retroactive increase in taxation of the capital gain on the stakes in the Bank of Italy.

The ongoing crisis has increased the risk level of loans, which Intesa Sanpaolo has handled through organisational measures as well as through recourse to external vehicles, in collaboration with other private entities.

The shift to single supervision represented an opportunity to take on a new organisational and operational challenge, confirming Intesa Sanpaolo's role as top European player. The Bank successfully completed the Comprehensive Assessment, an exercise conducted by the ECB and EBA to evaluate credit quality and resilience to extreme shocks.

The approaching expiry of term for the current Boards has led to the establishment of a Committee to assess the Bank's Governance. Its objective is to propose amendments that could further improve the efficiency of our decision-making process, the effectiveness of risk control and the breadth of our strategic vision, optimising on the best experiences at international level.

Attention to people, which is an integral part of the Business Plan, resulted in the reassignment of approximately 2,600 employees to priority initiatives, maintenance of the employment levels, activation of the widespread share ownership plan (with participation by over 79% of those entitled) and substantial investments in innovation. Moreover, Intesa Sanpaolo has been working for several months now as Official Global Sponsor of Expo 2015, an event that will be officially inaugurated in just a few days and which is expected to serve as a driving force for our country's economic growth, with positive repercussions for the entire company in the immediate future.

We are a responsible financial intermediary that generates collective value, with the awareness that innovation, development of new products and services and responsibility of companies may contribute to reducing the impacts on society of phenomena such as climatic change and the dramatic growth of social inequality.

This understanding has led to the commitments we have undertaken with major international organisations such as the Global Compact, an initiative launched by the United Nations to promote environmental protection, respect for human rights and the fight against corruption, as well as the Equator Principles, guidelines based on the World Bank standards to assess and manage impacts on the environment and communities in project financing. These guidelines, as well as the broadest social promotion objectives pursued by the United Nations, inspired the choices made by Intesa Sanpaolo, which fully participates in the community of businesses bearing witness to the concrete possibility of combining social development and economic growth.

Today, Intesa Sanpaolo is a highly competitive Group, among the best at European level in terms of solidity and management of risk and playing a leading role in its segment. This result is due to a change in pace, also made possible through the involvement and perseverance of the people working in the Group with passion and professionalism, to whom we extend our deepest gratitude.

Giovanni Bazoli



Gian Maria Gros-Pietro



Carlo Messina



Introduction by the CSR Manager

What do Responsibility and Sustainability mean for a company during the longest and most serious global crisis since the 1930s? Responsibility and Sustainability have to be redefined according to the real situation and to the awareness that a business does not live in an ivory tower, nor does it answer to a single stakeholder or measure its success based solely on profit and financial indicators.

The aim of the Sustainability Report is to provide an increasingly more extensive representation of all the components of a company in terms of relations with stakeholders, through assessment of the use of available capital, increase in wealth that such use generates, and consequences of its contingent actions as well as of its medium/long-term measures through agreed metrics and comparable results. A test of reality that also draws upon the extent of debate on indicators that are complementary (not replacement or alternative) to changes in the Gross Domestic Product, such as indicators of the solidity, dynamic nature and fairness of a country or local area.

For this reason, the Intesa Sanpaolo Group has strongly innovated its reporting of business activities in the past year. We began with the European Directive of April 2014, which, as from 2017, requires that - in their Parent Company Financial Statements - companies with over 500 employees fully explain their policies, risks and results in relation to environmental and social issues, relations with employees, human rights, anti-corruption practices and the management of corporate board diversity. We have closely followed the debate promoted by the International Integrated Reporting Council (IIRC), and which is still in progress, on the issue of integrated reporting. In the governance disclosure we have adopted the new aspects introduced by the latest version of the Global Reporting Initiative (GRI G4), centred on materiality analysis, explaining the policies adopted to manage social and environmental impacts in the value chain. In particular, the Business Plan launched by Intesa Sanpaolo a year ago demonstrated the increasing integration of social and environmental issues into those related to business. A gradual integration that supports the underlying assumptions of the Plan: the Bank as a growth driver both in terms of creating value and of support for the real economy; the Bank with a clear business model that takes into account the needs of all types of customer, simplifying and innovating; the Bank that sees human resources as a strategic asset to be enhanced through training and career development; the Bank that operates in the community and local areas to create shared value.

The results we illustrate in this Report highlight the serious and consistent nature of this commitment. The financial capital is strengthened in terms of performance, business risk management and financial inclusion (particular due to the role played by Banca Prossima for the Third Sector). The human capital is strengthened by slowing the drop in turnover as a result of job protection and increased investments in training. The social and relational capital shows increasingly closer relations with stakeholders, initiatives to consolidate integrity and rigour, the offering of valued services to customers (also by facilitating accessibility for disabled persons), the quality of life in the company (with the setup of a universal corporate welfare system and employee share ownership), the adoption of supplier sustainability screening, transparency and the mutual benefits from dealings with the community, with contributions of over 60 million euro. Lastly, the natural capital shows the serious nature of the commitment to combating the threats of climate change, through the dissemination of a culture and practical action based on the concept of reducing the environmental footprint.

Through this opening process and the disclosure of information, the Sustainability Report seeks to trigger two forms of awareness: that of the Bank which demonstrates its complete openness to the outside world and is also ready to receive criticism and suggestions from all its stakeholders so that it might constantly improve and play an increasingly harmonised, shared and incisive role in solving the problems that the crisis still presents; and that of the Bank which has the courage to look inwards and - through improvement objectives renewed from year to year - call upon the contribution of everyone involved within the Bank who would like to feel proud of their efforts and be protagonists. This path began several years ago, and it is in this knowledge and in these difficult times that we find the energy to improve, which, of course, is the only type of energy we do not want to save.

Valter Serrentino



Key factors in the value creation process

THE 2014-2017 BUSINESS PLAN

With the new Business Plan approved last March, the Intesa Sanpaolo Group introduced the 2014-2017 objective of pursuing a new growth phase based on an innovative strategy which, focusing on employees and adopting a clear and effective business model, aims at increasing profitability in a sustainable manner, optimising capital and liquidity.

The new strategy is based on certain priorities in the genetic make-up of Intesa Sanpaolo, which aims to consolidate its reputation as a real-economy bank, supporting households and businesses, leveraging a sound balance sheet and leadership, satisfying a robust credit demand and responsibly managing the financial wealth of customers. Intesa Sanpaolo wishes to be a Bank with sustainable profitability, in which the operating results, productivity, risk profile, liquidity and solidity/leverage are carefully balanced.

The Plan defines actions in the following areas:

- **New Growth Bank**, to develop revenues with innovative growth drivers capable of identifying new market opportunities;
- **Core Growth Bank**, to capture the untapped revenue potential of existing business, in terms of revenue development, reduction in operating costs, and credit and risk governance;
- **Capital-Light Bank**, to optimise the use of capital and liquidity, deleveraging the bank's non-core assets;
- **People and Investments**, as key enablers to maximise the contribution of each of the three Banks to the Group's result.

A number of initiatives were implemented from both the organisational standpoint as well as with regard to product innovation, improvement of customer service and development of Intesa Sanpaolo's human capital (see Parent Company's 2014 Financial Statements, p. 34).

Over its duration period, the Business Plan proposes the generation of a return higher than the cost of capital both at overall Group level and at individual Business Unit level. Achieving these objectives will allow the creation of shared value for all stakeholders.

These were our objectives for stakeholders and the progress made in 2014 since the launch of the Business Plan:

Stakeholders	Benefits	2014 results [€ bn]	2017 objectives [€ bn]
Shareholders	Dividends	1.2	~10
Households and businesses	New medium/long-term credit granted to the real economy	34	~170
Third sector	New medium/long-term credit granted to social businesses	0.20	~1.2
Employees	Personnel expenses	5.1	~21
Suppliers	Procurement and investments	2.6	~10
Public sector	Direct and indirect taxes	2.7	~10

Intesa Sanpaolo Group profile

The Intesa Sanpaolo Group

The Intesa Sanpaolo Group, with 11.1 million customers and approximately 4,500 branches in Italy, is the country's leading banking group. It is also one of the top banking groups in Europe.

The Intesa Sanpaolo Group is the leading provider of financial products and services to both households and businesses in Italy. This includes banking intermediation, life insurance premiums, asset management, pension funds, and factoring.

The Group also has strategic operations in central and eastern Europe and in middle eastern and north African countries. It is among the top players in several countries with 8.4 million customers and a network of approximately 1,400 branches. Through its local subsidiary banks, the Intesa Sanpaolo Group ranks first in Serbia, second in Croatia and Slovakia, third in Albania, fifth in Egypt, sixth in Hungary, seventh in Bosnia and Herzegovina and Slovenia.

Moreover, an international network of specialists in support of corporate customers spreads across 29 countries, in particular in the Middle East and North Africa and in those areas where Italian companies are most active, such as the United States, Russia, China and India.

As at December 31st 2014, the Intesa Sanpaolo Group had total assets of 646,427 million euro, customer loans of 339,105 million euro, direct deposits from banking business of 359,629 million euro and direct deposits from insurance business and technical reserves of 118,612 million euro.

The Group operates through seven business units (The Banca dei Territori division, the Corporate and Investment Banking division, the International Subsidiary Banks division, the Private Banking division, the Asset Management division, the Insurance division and the Capital Light Bank) which serve different types of customers. In addition there are the Governance Centres comprising: Chief Governance Officer, Chief Innovation Officer, Chief Financial Officer, Chief Operating Officer, Chief Lending Officer e Chief Risk Officer for guidance, coordination and control of the whole Group.

The detail of Intesa Sanpaolo's organisational structure is available on the Group's Internet site [\[i\]](#).

ITALY

4,473 Branches

OTHER EUROPEAN COUNTRIES

1,217 Branches 5 Representative Offices

AMERICA

2 Branches 2 Representative Offices

ASIA

5 Branches 6 Representative Offices

AFRICA

170 Branches 3 Representative Offices

OCEANIA

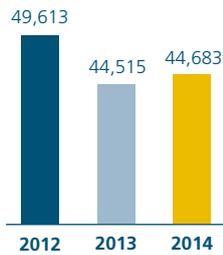
1 Representative Office



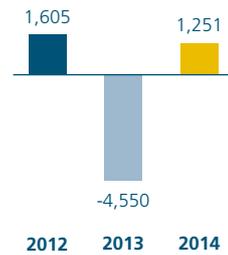
Key indicators

FINANCIAL INDICATORS¹

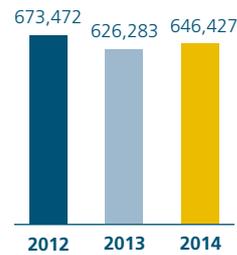
Group shareholders' equity
[millions of euro]



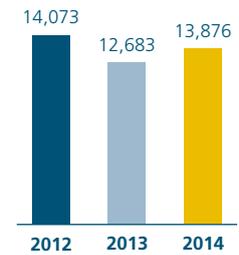
Group net income
[millions of euro]



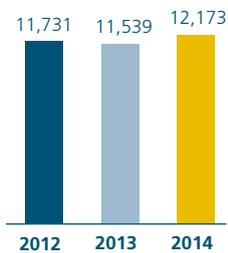
Total assets
[millions of euro]



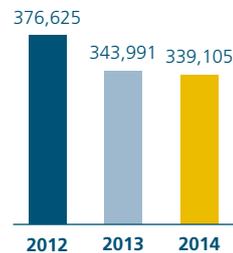
Economic value generated
[millions of euro]²



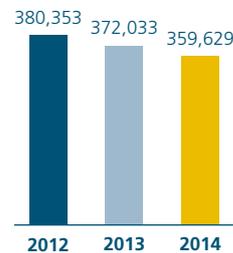
Economic value distributed
[millions of euro]³



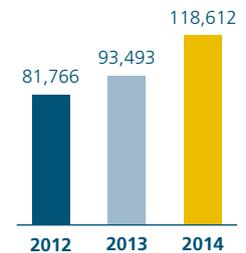
Loans to customers
[millions of euro]



Direct deposits from banking business
[millions of euro]



Direct deposits from insurance business and technical reserves
[millions of euro]



1. Economic indicators refer to the scope of consolidation for the Consolidated Financial Statements.

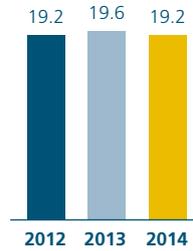
2. The economic value generated expresses the value of the wealth produced in the year as required by the Global Reporting Initiative, GRI G4. For more details, see the Chapter "Protection of solidity and profitability".

3. The distributed economic value is the share of generated economic value attributed to the different stakeholders. For more details, see the Chapter "Protection of solidity and profitability".

NON-FINANCIAL INDICATORS¹

CUSTOMERS

Customers [millions]

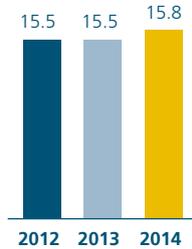


Average duration of relations [years]

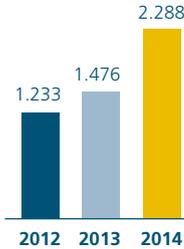


SHAREHOLDERS

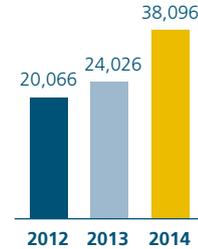
No. of ordinary shares [billions]



Average listed price for the period – ordinary share [euro]

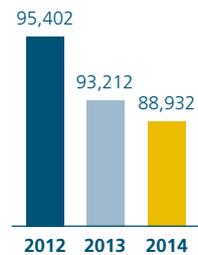


Stock Exchange mid-cap [millions]

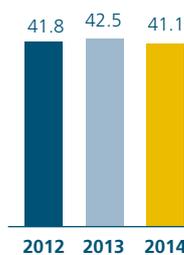


EMPLOYEES

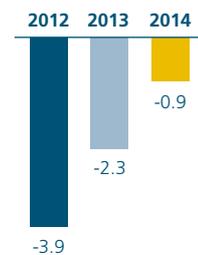
Employees [no.]



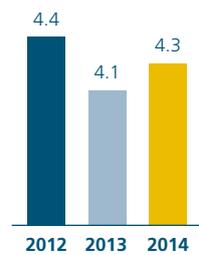
Graduate employees [%]



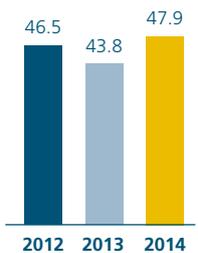
Staff turnover rate [%]



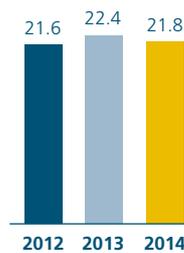
Training hours provided (classroom + distance)² [millions]



Training hours per employee



Female management/total management ratio [%]

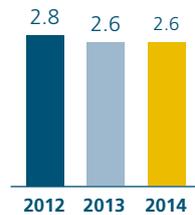


1. Non-economic indicators were based on the Sustainability Report boundary which includes operating companies with an impact on sustainability reporting.

2. Does not include Web TV training.

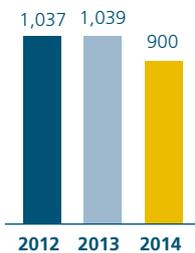
SUPPLIERS

Purchasing expenses [billions of euro]

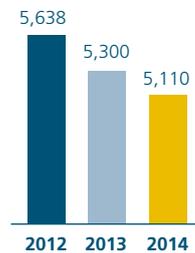


ENVIRONMENT

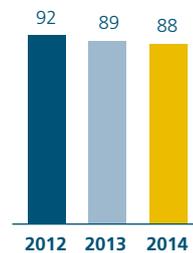
CO₂ emissions per employee - excluding company fleet [Kg]



Electricity consumption per employee [KWh]

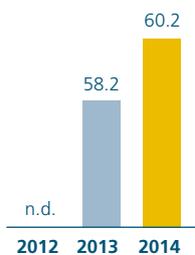


Paper consumption per employee [Kg]

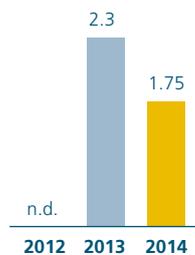


COMMUNITY

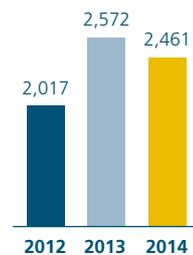
Contributions to the community [millions of euro]³



Contributions to the community: % of income before tax from continuing operations⁴



Tax contribution - current direct and indirect taxes [millions of euro]



3. Indicator introduced in 2013 after becoming a member of the London Benchmarking Group. It includes cash contributions, in-kind contributions, time contributions and management costs.

4. Income before tax from continuing operations, totalling 3,435 million euro, presented in the reclassified income statement in the 2014 Financial Statements of Intesa Sanpaolo.

Vision and values

Conscious of the value of our activities in Italy and abroad, we promote a style of growth that focuses on sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.

Our growth strategy aims at creating solid and sustainable values from economic and financial, social and environmental standpoints, built on the trust of all our stakeholders and based on our values.

(from the Code of Ethics [i])

Integrity, excellence, transparency, respect for specific qualities, equality, values of the individual and responsibility in the use of resources: these are the values, stated in the Code of Ethics, on which the Intesa Sanpaolo Group bases its banking methods and its relations with stakeholders.

The Group is also committed to complying with sustainable development principles and has adopted important international initiatives that promote dialogue between companies, international organisations and civil society and pursue respect for the environment and human rights.

CSR IN CORPORATE ACTIVITIES

In its implementation methods, the Code of Ethics sets out the management model which is centred around the concept of direct responsibility: every company function is called upon to guarantee its commitment to ensuring that business activities remain consistent with the values stated and that the improvement objectives expressed in the Sustainability Report are gradually achieved.

Corporate Social Responsibility provides support to Top Management in defining sustainability strategies and policies designed to generate value for stakeholders. Through the Chief Governance Officer, CSR reports to the Managing Director and CEO, the Chairman of the Management Board and the Chairman of the Supervisory Board.



The CSR Delegates network is made up of more than 70 employees working in the various departments in Italy and abroad, who cooperate with the CSR Unit to manage the relations with the reference stakeholders, implement projects and define the improvement objectives, manage non-compliance with the Code of Ethics, and monitor and report on the activities undertaken.

CSR IN CORPORATE GOVERNANCE

The values and principles of the Code of Ethics are referred to in the Code of Conduct. In addition, the CSR Unit takes action to ensure that the social responsibility criteria become a characteristic element of the entire regulatory framework and that specific policies are issued when business activities could have a significant impact on society and the environment.

The Bank's governance bodies are periodically informed by the Corporate Social Responsibility Unit on significant issues and their integration into business activities (see Chapter "Control of social and environmental risks in the governance processes" p. 59).

DIALOGUE WITH STAKEHOLDERS

For the Intesa Sanpaolo Group, the stakeholder engagement is a key listening and dialogue activity in order to understand the stakeholder level of satisfaction in relation to the work carried out by the Bank. Structured dialogue is arranged every year, using different engagement approaches: multi-stakeholder forums, focus groups and online questionnaires for employees and the Trade Unions, interviews with shareholders, customers and Non-Government Organisations, customer satisfaction surveys and surveys with suppliers. Stakeholder expectations, within the corporate business strategies, allow Intesa Sanpaolo to identify the improvement objectives.

ACTIVITY MONITORING

Monitoring of the effectiveness of the Bank's social responsibility commitment is conducted through two integrating processes: on the one hand, there is a process originating from dialogue with the most significant stakeholders, leads to the definition of improvement objectives followed by monitoring through KPIs of the implementation status of commitments and, lastly, by reporting in the Sustainability Report; on the other hand, based on the ISO 26000 Guidelines, there is a process which leads to assessment of the level of integration of Code of Ethics values into the business activities, through a self-assessment performed by the structures, followed by an independent third-party verification where the self-assessment brings to light potential aspects of reputational risk.

Business model



Effectiveness of the governance system

Intesa Sanpaolo adopts the dual management and control model, consisting of a Supervisory Board and a Management Board.

Detailed information on the corporate governance system is provided in the “Report on Corporate Governance and Ownership Structures – Remuneration Report” [i].

THE SUPERVISORY BOARD

In addition to the supervisory duties – which under the traditional management and control model are the responsibility of the Board of Statutory Auditors – the Supervisory Board also performs tasks that traditionally lie with the Shareholders' Meeting, such as the appointment and removal of members of the Management Board, taking responsibility-related action with regard to members of the Management Board and approval of the Parent Company financial statements.

As regards strategic supervision, the Supervisory Board is entrusted with other functions that strengthen its steering duties and recognise the joint involvement of its members in the main governance decisions of the Bank and the Group. Reports are submitted, at least on a quarterly basis, to the Supervisory Board on operations during the period and comparison with the system, on significant balance sheet, income statement and financial transactions, and on transactions with related parties.

THE MANAGEMENT BOARD

This Board has sole responsibility for corporate management. It ensures the implementation of strategic guidelines and risk governance policies defined and approved by the Supervisory Board, with which it cooperates, to the extent of its own duties, in performing the strategic supervisory role. For this purpose, the Management Board resolves on all transactions considered useful or appropriate in achieving the corporate purpose, relating to both ordinary and extraordinary administration. The Management Board is responsible for certain matters of greater importance, beyond those strictly envisaged in the regulations. On such matters, joint decision-making makes it possible to actively involve Board Members who therefore participate with independent judgement in the Bank's key operational governance issues.

INTERNAL COMMITTEES OF THE SUPERVISORY BOARD

Up to 31 December 2014, the Supervisory Board had set up six Committees: Remuneration Committee, Nominations Committee, Control Committee, Strategy Committee, Financial Statements Committee and Committee for Transactions with Related Parties.

In application of the new Supervisory regulations framework, from 1 January 2015 the Supervisory Board began a comprehensive review of the Committees system which envisages the setup of two new Committees: the Risks Committee and the Internal Control Committee, with dissolution of the Control Committee, the Financial Statements Committee and the Strategy Committee, whose duties are mainly taken over by the Risks Committee. The Nominations Committee, the Remuneration Committee and the Committee for Transactions with Related Parties of Intesa Sanpaolo S.p.A. and Associated Entities of the Group are instead reconfirmed.

Characteristics of the Supervisory Board and its Committees (2014 figures)

Body	Body N° of members	Independent*	% of women	Age <=30	Age 30-50	Age >50	N° of meetings	Attendance
Supervisory Board	19	16	26%	0	3	16	15	99%
Control Committee	5	5	40%				51	99%
Remuneration Committee	3	3	33%				14	100%
Nominations Committee	5	3	0%				2	100%
Strategy Committee	5	3	0%				5	92%
Financial Statements Committee	5	4	60%				20	99%
Committee for Transactions with Related Parties	4 (1 alternate)	4	0%				18	97%

* Independence requirements met according to the Corporate Governance Code.

The Chairman of the Supervisory Board is non-executive and is independent pursuant to criteria established in the Consolidated Law on Finance, and is non-independent pursuant to the Corporate Governance Code. All the Supervisory Board members are non-executive. The Supervisory Board remains in office for three financial years.

Characteristics of the Management Board (2014 figures)

Body	Body N° of members	Executive	% of women	Age <=30	Age 30-50	Age >50	N° of meetings	Attendance
Management Board	10	6*	20%	0	1	9	26	98.8%

* Includes the Managing Director as Chief Executive Officer and in relation to his/her role as head of operational management of the Bank and the Group, three Executive Members from the Group's Management and two "external" Deputy Chairpersons, whose executive status derives from their participation, with voting rights, in the Group's managerial committees and from assignment to specific duties.

The Chairman of the Management Board – independent according to Consolidated Law on Finance criteria – qualifies as a non-executive member. In fact, he/she has no operating powers and the current organisational structure of the Bank separates his/her duties from those of the Managing Director.

LEADERSHIP AND MEMBER DUTIES

High quality leadership is Intesa Sanpaolo's trump card. Our Group is governed by a team of top level Members whose quality and expertise are a source of inspiration for top management and the other managers.

As regards the **Supervisory Board**, four Members are entered in the auditors' register and have exercised auditor activities for at least three years. In general terms, the duties of the Board – relating to banking and/or insurance and/or financial business, the structure of the economic and financial system, regulation of financial activities and markets, risk management and control methods, accounting and financial issues and remuneration policies, internal control and corporate

organisation – are all complementary and ensure adequate resources for the size and complexity of the Bank and the Group. In reference to risk management, the Supervisory Board approves the definition of the maximum acceptable risk level for the Group (its "risk appetite") and the correlated system of limits at the level of overall risk and specific risks (the "Risk Appetite Framework"). For this activity, the Board receives support from in-depth studies performed by the Committees, each to the extent of their duties. In terms of the professional experience of Members, five of these have held this office since 2007, three have gained experience since 2010 and one member joined the Board in June 2012.

As regards the **Management Board**, all Members have overall experience of at least three years in qualified professional activities suitable for such office. The Chairman has more than five years' experience (he held other offices in leading listed Italian companies), whilst the Managing Director has specific managerial experience having held management roles in various departments of the Bank (Head of the Planning and Control Department, Head of the Risk Management Department, Head of the Value Governance Area, Chief Financial Officer, etc.). In addition, the presence of executive Members from the Group's management has contributed to increasing Board professionalism, with particular regard to banking business, the structure of the economic and financial system, banking and finance regulations and risk management and control methods.

TRAINING AND UPDATING OF MEMBERS

Once again in 2014, members' attendance at Board and Committee meetings was high and constant, ensuring a systematic contribution to all activities and an increased business and corporate awareness of the Bank and the Group, as well as the main new legal and regulatory aspects.

For this purpose, at the initiative of the Chairmen of the Supervisory and Management Boards, specific in-depth induction seminars were held in relation to: control system gap analysis; performing the self-assessment process; supervisory regulations on corporate governance and on the control system in order to ensure full updating of the Articles of Association to the new regulatory structure; presentation and analysis of the results of the comprehensive assessment conducted by the European Central Bank.

GOVERNANCE BODY SELF-ASSESSMENT

With regard to the periodic verification of their adequacy in terms of powers, size, composition and operations, until 2013 the Members performed an annual self-assessment using internal tools only. In 2014, the Boards decided to make use of a specialist external advisor appointed to provide support to the governance Bodies in reviewing the self-assessment processes used thus far and their formalisation into specific internal Regulations which were later adopted. The Self-Assessment Regulations were prepared in application of the Supervisory regulations and in compliance with European Banking Association "Guidelines on Internal Governance" and "Guidelines on the Assessment of the Suitability of Members of the Management Body and Key Function Holders", issued in September 2011 and November 2012 respectively, which also take into account national and international best practices on this matter.

The self-assessment process is divided into a preparatory stage (information gathering, issue of questionnaires, interviews with individual members) to survey the

operating, efficiency and effectiveness profiles of the Body and opportunities for improvement.

The information gathered at the preparatory stage is then processed and consolidated into a document showing the qualitative and quantitative results of the self-assessment, the compliance and performance levels and the areas of excellence and for improvement indicated by Members. This document is then submitted to the Boards for examination and joint discussion. Details of the successful outcome of the 2014 assessment can be found in the "Report on Corporate Governance and Ownership Structures – Remuneration Report" [i].

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control system has been designed to achieve constant identification, governance and control of the risks involved in our activities. It is structured on three levels:

- the first is represented by the line controls which are carried out by the operational structures, are built into our procedures and are part of back-office activities;
- the second is entrusted to the Chief Risk Officer and, in addition to the legal area, includes controls on risk management, compliance with standards, anti-money laundering risk, credit granting process, and internal validation;
- the third is the internal audit, carried out by the Internal Auditing Department, which operates independently and separately from the operational structures, to identify anomalous trends, violations of procedures and regulations, and to assess the good order of the overall internal control system.

Also taking into account the Management Board's proposals and making use of the support of specific Committees, the Supervisory Board defines and approves the risk governance policies at Group level and the guidelines for the internal control system, including those relating to values and principles of the Code of Ethics, whilst both Boards make use of the Chief Risk Officer's action, reporting directly to the Chief Executive Officer.

The Supervisory Board and the Management Board also approve the Sustainability Report, which reports to stakeholders on activities carried out during the year and demonstrates the Bank's ability to pursue its objectives in line with stated values and with corporate development plans. The Report illustrates the results of stakeholder engagement activities and the materiality matrix, which represents the "significant" areas of operations resulting from the integration into corporate strategic plans of considerations of an economic, social and environmental impact.

REMUNERATION

All members of the Supervisory Board and the non-executive Management Board Members receive remuneration which is fixed for the entire period of office and not based on financial instruments, nor on incentives related to economic results, in order to guarantee independence in the performance of their activities, which must not depend on expectations of higher remuneration based on the results achieved by the Bank.

The remuneration policies for Management Board Members, approved by the Shareholders' Meeting on recommendation of the Supervisory Board, are aimed at increasing the Bank and Group's competitiveness, attracting qualified professionals suited to the management requirements, aligning the interests of Members to achieve the objective of creating value for shareholders in the medium/long-term with a view to prudent risk management and responsibility towards all stakeholders and, finally, at promoting sustainability of the remuneration policies over time.

Remuneration of the executive Management Board Members – including the Managing Director – and of top management consists of a fixed portion and a variable portion. Limitations are based on a fair balance of fixed and variable components and, for the latter, weighting systems for the risks are applied, as well as evaluation mechanisms designed to ensure a connection to effective, long-term performance.

OPERATIONAL STRUCTURE

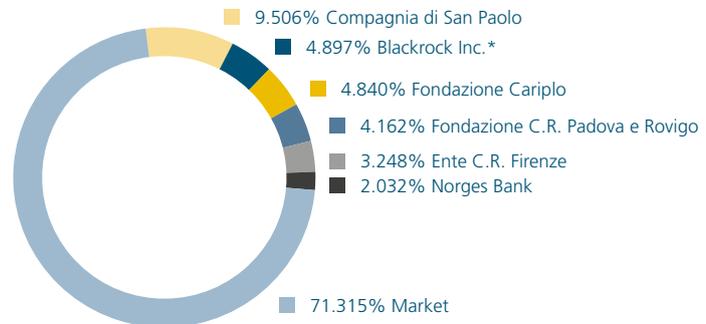
Divisions and Business Units, Governance Areas and Head Office Departments

In terms of organisational logic and to ensure that Group governance has the necessary coherence, the Parent Company is divided into seven Business Units, comprising the aggregation of business lines with similar characteristics in terms of products and services provided and in terms of the regulatory framework, six Governance Areas, Head Office Departments and Staff Units under the direct responsibility of the Managing Director and CEO that carry out steering, coordination, control, support and service duties at Group level [i].

SHAREHOLDER BASE

Share capital subscribed and paid-in totals 8,724,861,778.88 euro, divided into 16,778,580,344 shares of a nominal value of 0.52 euro each, of which 15,846,089,783 ordinary shares (equal to 94.44% of share capital) and 932,490,561 non-convertible savings shares (equal to 5.56% of share capital).

As of 31 December 2014, Intesa Sanpaolo's shareholder base is composed as follows (holders of shares exceeding 2%)



* For asset management.

RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY

In its relations with the market, Intesa Sanpaolo adopts a specifically transparent form of conduct, especially with regard to annual and interim financial results and to Group strategies. This also takes place via meetings with the national and international financial community, in a framework of constant dialogue with the market based on correct and timely communication.

During 2014, in a still very difficult economic scenario, communications with the financial community continued to focus on sustainable profitability and the Group's solidity as a safe point of reference for stakeholders. To guarantee access to all, again in 2014 this information was made available quickly, easily and economically through a number of channels: Internet, conference calls via a toll-free number and the free distribution of financial statements on request. The Investor Relations section of the website [\[i\]](#) has a well-organised content and theme updates, always providing stakeholders with extensive, systematic information.

In order to contribute to the creation of sustainable value over time, regular and frequent meetings were held with the financial community that consolidated long-term relations based on mutual trust.

SHAREHOLDERS' MEETING

For Intesa Sanpaolo the Shareholders' Meetings are one of the main opportunities for contact and dialogue with its shareholders, as well as an occasion for the disclosure of news, in accordance with the principles of non-selective disclosure and rules on price sensitive information.

The Meeting is called by the Management Board or upon request by the shareholders in accordance with the law, through a notice published on Intesa Sanpaolo's website and, in abridged form, in at least one national newspaper (generally "Il Sole 24 Ore" and other national and international newspapers).

Right to attend and vote:

Each ordinary share confers the right to cast one vote. Savings shares, which may be in bearer form, do not confer the right to vote in ordinary and extraordinary shareholders' meetings but entitle the holder only to attend and vote at the Special Meeting of savings shareholders.

Materiality analysis

The 2014 Sustainability Report concentrates on the issues that are of greatest relevance to our core business and the Group's stakeholders. Issue identification was conducted through a structured process in accordance with GRI G4 guidelines. The materiality analysis led to the identification and summary of our priorities and those of our stakeholders. The material aspects are those that reflect the significant economic, social and environmental impacts of the organisation or which have substantial influence over stakeholders' assessments and decisions. The process recommended by the GRI involves three steps:



IDENTIFICATION OF MATERIAL ISSUES AND STAKEHOLDERS

In 2014 we implemented a stakeholder map validation process defined in recent years according to AA1000SES principles. The identification of economic, environmental and social sustainability issues significant to the financial sector and significant to Group business and our stakeholders was carried out by analysing:

- sustainability aspects and topics identified by the Global Reporting Initiative reporting standard;
- document sources within the Group including, for example, top management communications, Shareholders' Meeting minutes, communications to shareholders, Sustainability Reports for the last three years, policies adopted by the Group and complaints to the Code of Ethics;
- external document sources, including the reference standards for reporting sustainability performance (G4, SASB), the questionnaires of ESG rating agencies, the Sustainability Reports of other national and international financial groups;
- press reviews and planning documents of Italian public entities and multilateral organisations.

The assessments of the results deriving from these document sources and from the stakeholder engagement path (see p. 81), bear in mind the GRI principles of stakeholder inclusiveness and the sustainability context.

The issues identified were organised into a tree arranged into three increasing levels of detail: these issues were the subject of listening and dialogue with our key stakeholders.

PRIORITISATION AND DEFINITION OF THE MATERIALITY MATRIX

To prioritise the issues identified, for each issue we first assessed its significance compared to corporate strategies and commitments defined in the Business Plan, and then the degree to which it represents the interests and expectations of stakeholders (thus evaluating the principles of stakeholder materiality and inclusiveness). These two aspects are indicated by the two axes of the materiality matrix, illustrated below.

THE 2014 MATERIALITY MATRIX



Of all the issues identified, those in the quadrant of high significance on both axes are recognised as priorities for 2014. Therefore, the Sustainability Report comments on the related issues in detail, their management methods, significant indicators and the status of issues compared to progress in the Business Plan. These issues are covered by the following seven macro-areas:

- Protection of solidity and profitability
- Business risk management
- Integrity and rigour in corporate conduct
- Human resource development and management
- Offering a valued service to customers
- Access to credit and savings management
- Climate change

Relations with suppliers and the community do not qualify as material issues, but Intesa Sanpaolo recognises their high social and environmental value and therefore provides detailed disclosures on the website [i] and in single-issue notebooks [ii] [ii]. A summary disclosure is in any event provided in the Sustainability Report.

The main differences compared to the 2013 materiality matrix refer to issues of strong significance in the 2014-2017 Business Plan: support to the business system becomes an even more strategic success factor for the Bank and fundamental leverage for Italy's growth. Innovation, both from a Service Model viewpoint and from that of new business on which the Bank will focus its efforts, has made the issue of offering value to customers crucial.

MATRIX VALIDATION

The final step recommended by the GRI is validation. To define the scope of the issues identified, all impacts – positive and negative – the issue might have on stakeholders or in the reference context of its value chain were considered. In particular, the risks and opportunities arising from the issue and its potential influence over long-term Group strategy were considered with a view to assessing the wider context of sustainability.

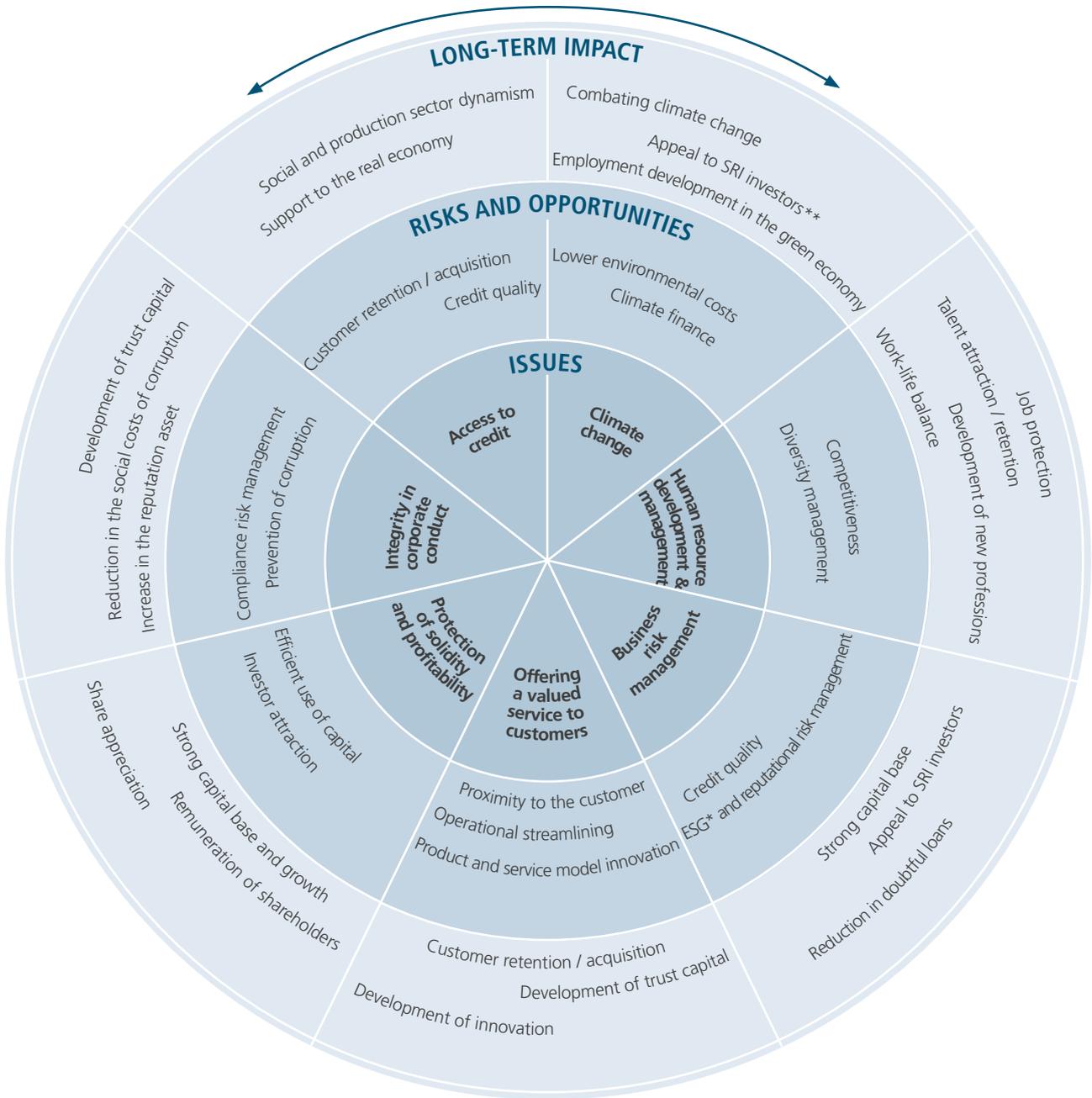
The application of GRI principles of completeness and inclusiveness for stakeholders has allowed us to evaluate for each material subject the boundaries within which relative impacts arise (both within the Bank and externally), with the aim of offering stakeholders a complete view of our performance (see GRI – Impact boundaries on p. 186).

The assessments were discussed with Delegates from the Chief Risk Officer, Chief Financial Officer and Chief Operating Officer Governance Areas, identifying the reporting structure and management disclosures associated with each issue.

ANALYSIS OF MATERIAL ISSUES IN THE WIDER CONTEXT OF SUSTAINABILITY

This Report illustrates the Bank's performance in the wider context of sustainability. In other words, in the presentation of the Report's contents, Intesa Sanpaolo aims to show how business activities help to improve or deteriorate social, economic and environmental conditions in a local, regional or global framework.

To clarify these concepts, a concentric chart is provided below (Figure 2) that shows the seven issues proved to be the most significant (as per the materiality matrix), the risks and opportunities associated with each issue and the agreed long-term value intended as the outcome, i.e. positive impacts for the Bank, the environment and for society in general.



* ESG refers to Environmental Social and Governance Risks.

** SRI (Social Responsible Investments) investors: investors that not only assess the financial performance of businesses, but also their commitment to society and the environment.

Protection of solidity and profitability

WHY THIS ISSUE IS SIGNIFICANT

One of the Group's priority objectives is to preserve the sustainability of results in a macroeconomic scenario still unstable due to the continuing crisis. Considerable attention - in addition to profitability targets - is given to actions aimed at further strengthening the strong capital base and improving the risk and liquidity profiles. The capital base remains high, whilst the risk profile remains relatively low. The results of the assessment conducted in 2014 by the European Central Bank and the European Banking Authority on asset quality and on the impact simulation of a negative macroeconomic scenario on capital base were well above the minimum thresholds set by the Comprehensive Assessment. Being a solid bank with growing profitability means that we can make a positive contribution to the interests of shareholders and all stakeholders. With the new 2014-2017 Business Plan, quarter by quarter we have begun to achieve important results that demonstrate our capacity to hold true to commitments made to the markets. In 2014 the revenues generated allowed us to resolve to distribute dividends amounting to 1.2 billion euro, maintain the commitment to protect jobs for employees and to operate alongside our customers, including those in potential difficulty, implementing processes and internal structures to avoid the deterioration of our credit fundamentals.

RELATED TOPICS

Economic and financial performance	page 55
Business risk management	page 57
Relations with the community	page 102

RESULTS ACHIEVED IN 2014

The consolidated results as at 31 December 2014 recorded strong profitability growth, above the 2014-2017 Business Plan targets, proposed cash dividends amounting to 1.2 billion euro to be distributed to shareholders, strong capital base, net income of 1,251 million euro, with a positive trend in net interest income and strong growth in net fee and commission income, strong asset management performance and reduction in provisions reflecting an improving credit trend.

DEPARTMENTS/FUNCTIONS IN CHARGE

The Supervisory Board is responsible for guidance, strategic supervision and control of the Bank and, taking Management Board proposals into account, decides on the general planning and strategic guidelines of the Bank and the Group, approves the business and/or financial plans and the budget of the Bank and the Group, along with any amendments, authorises strategic transactions and approves the strategic guidelines and policies on risk management.

HOW IT IS MANAGED

All the company departments are involved in implementing business solidity and profitability protection policies. Among other things, the Management Board of the Parent Company is responsible for: formulating proposals on general planning and strategic guidelines of the Bank and the Group to be submitted to the Supervisory Board for approval; preparing business and/or financial plans and the budget of the Bank and the Group to be submitted to the Supervisory Board for approval; periodically monitoring the implementation of strategic, business and/or financial plans of the Bank and the Group; proposing risk management guidelines and policies to be submitted to the Supervisory Board for approval.

The corporate policies take into consideration the analysis and economic debate of Italy's main structural problems and of issues relating to the international economy important to the Group. The aim is to continue being a reference Bank for the country's real economy, with the reciprocal benefit of long-term growth.

PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 progress status	Expected 2017 result
Growth in Revenues	+4% vs. 2013	+4% (2013-2017 average)
Percentage of Net fee and commission income/Total revenues	40% (+2 pp vs. 2013)	43%
Cost/Income	50.6% (-50 bps vs. 2013)	46.1%
Cost of credit	134 bps (-73 bps vs. 2013)	80 bps
CET1 – Fully Loaded	13.3% (+1 pp vs. 2013)	12.2%
LCR and NSFR	>100%	>100%
Financial Leverage*	17 approx.	17 approx.

* Total Tangible Assets/Total Return on Tangible Equity, including Net Income, net of dividends paid or payable and excluding Goodwill and other intangible items.

Business risk management

WHY THIS ISSUE IS SIGNIFICANT

The Intesa Sanpaolo Group attaches great importance to risk management and control as conditions to ensure reliable and sustainable value creation in a context of controlled risk.

Intesa Sanpaolo has a moderate risk profile in which capital adequacy, earnings stability, liquidity and a strong reputation are the key factors to protecting its current and prospective profitability.

The risk management strategy aims to achieve a complete and consistent overview of risks, given both the macroeconomic scenario and the Group's risk profile, by fostering a culture of risk-awareness and enhancing the transparent and accurate representation of the risk level of the Group's activities. Such management also includes measurement of the social and environmental variables in lending activities, particularly when our customers' business projects are implemented in developing countries, for which local regulations do not offer suitable safeguarding clauses, and in "sensitive" sectors, i.e. those for which the external output generated has a greater probability of negative social and environmental impact on the community.

RELATED TOPICS

Control of social and environmental risks in the governance processes	page 59
Reputational risk assessment and management	page 60
Value of the Brand	page 60
Management of social and environmental risks in loans	page 61
Health and safety risk management	page 64
Climate change: management of potential environmental risks and impact	page 121

RESULTS ACHIEVED IN 2014

Intesa Sanpaolo has reached a strong capital base and is in a leadership position among the strongest European competitors.

Ready for a change in the economic scenario, the Bank has taken steps to implement latest generation rating models, dedicated to Italian businesses, to measure the sector and competitive variables.

In particular, in order to immediately seize the opportunities arising from potential new economic prospects, a strategic analysis module was implemented to measure the income and financial performance of the business and its competitive position, used by the Group's sales Networks to support the rating assessment for loan disbursement purposes.

As part of the environmental and social risk monitoring in project financing, from 1 January 2014 the application of the Equator Principles was extended beyond the scope of Project Finance activities to include also project-related corporate loans. Later during the year the new Operating Guidelines were drafted and published as corporate policy. To ensure correct use by all the parties involved in the lending processes, a training plan – well-articulated in terms of teaching methods and in the choice of participating departments – was launched.

DEPARTMENTS/FUNCTIONS IN CHARGE

The definition of the Risk Appetite Framework and the resulting operating limits for the main specific risks, the use of risk measurement instruments in loan management and operational risk control processes, and the assessment of capital adequacy within the Group represent fundamental milestones in the risk strategy, defined by the Supervisory Board and the Management Board along the Group's entire decision-making chain, down to the single business units and single desks. The Supervisory Board carries out its activities through specific internal committees, among which there are the Internal Control Committee and the Risks Committee. The Management Board relies on the action of managerial Committees, including the Group Risk Governance Committee. Both Corporate Bodies receive support from the Chief Risk Officer, who is a member of the Management Board and reports directly to the Chief Executive Officer. The Corporate Social Responsibility Unit participates in the social and environmental risk assessment processes for loans covered by the scope of application of the Equator Principles.

HOW IT IS MANAGED

The Group has implemented specific processes and responsibilities to understand and manage risks in such a way as to ensure long-term solidity and going concern assumptions, extending the benefits to its employees, customers and investors.

The Group sets out these general principles in policies, limits and criteria applied to the various risk categories and business areas with specific risk tolerance sub-thresholds, in a comprehensive framework of governance and control procedures.

The main risk-acceptance strategies are summarised in the Group's Risk Appetite Framework (RAF), approved by the Management Board and Supervisory Board. The RAF, introduced in 2011 to ensure that risk-acceptance activities remain in line with shareholders' expectations, is established by taking account of the Intesa Sanpaolo Group's risk position and the economic situation.

PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicators	2014 progress status
Definition of systematic monitoring to manage Significant Transactions (STs), i.e. transactions with a potentially significant impact on the Group risk profile.	<ul style="list-style-type: none"> ▪ A dedicated structure has been established to provide prior opinions on the coherence of each proposed transaction with the desired risk profile defined in the RAF. ▪ Guidelines issued for Group ST governance.
Breakdown of Group RAF limits on subsidiaries with a high contribution to risks and/or specific local features.	RAF limits defined as specific to Banca IMI, Intesa Sanpaolo Vita and the International Subsidiary Banks.
Overall value of loans granted for projects subjected to Equator Principles screening and percentage of total project finance loans	830 million euro (7.7%)
Number of projects under the Equator Principles screening	19
Number of specialists trained in Equator Principles and number of training hours	30 specialists 450 training hours
Definition of systematic monitoring of reputational risk management and mitigation	<ul style="list-style-type: none"> ▪ Dedicated structure established ▪ Guidelines issued on reputational risk governance ▪ A Reputational Risk Management process defined
Extension of the scope of application of the Equator Principles to project-related corporate loans	<ul style="list-style-type: none"> ▪ Guidelines issued on the implementation of Equator Principles according to the new scope

Integrity and rigour in corporate conduct

WHY THIS ISSUE IS SIGNIFICANT

The Intesa Sanpaolo Group recognises the strategic importance of activities to ensure compliance with internal and external regulations and codes of conduct, in the belief that respecting standards and fairness in business are essential elements in carrying out banking operations, which by nature are based on trust. We believe that compliance with standards encourages the creation and maintenance of a soundly competitive economic context, in which merit can be measured and shared value can be created, contributing to the area and community development. Intesa Sanpaolo aims to be a reliable, qualified contact for the regulators, relating with these in a transparent manner and helping to develop the regulatory context through the identification of common objectives for banks and stakeholders. The Group actively supports the United Nations' Global Compact principles that envisage the development of activities to combat corruption and to protect rights in the global context.

RELATED TOPICS

Prevention of corruption	page 84
Prevention of money laundering	page 84
Compliance with tax regulations	page 85
Protection of privacy	page 85
Protection of free competition	page 85
Fraud prevention	page 86
Litigation	page 86

RESULTS ACHIEVED IN 2014

Anti-money laundering has been further enhanced, aligning company regulations with the control and conduct principles envisaged by the 231 Model, now even stricter as a result of the provisions of Italian Law (Law 190/2012). New monitoring aspects have been introduced for money laundering and tax risk to which the Group is exposed on entering new markets, and new tax risk management and monitoring rules have been defined in relation to transactions executed with customers resident for tax purposes in other countries.

DEPARTMENTS/FUNCTIONS IN CHARGE

The Parent Company Corporate Bodies are responsible, each to the extent of their own duties and prerogatives, for ensuring suitable monitoring of compliance risk to which the Group is or could be exposed. In Intesa Sanpaolo the duties assigned by Regulators to the compliance function are handled by the Compliance Head Office Department, a permanent and independent department with its own resources and duties that reports directly to the Corporate Bodies. For specific regulatory areas the risk monitoring activities are assigned to Specialised Functions, required to adopt the methods envisaged in the Compliance Guidelines. The Antitrust Affairs and Strategic Support Service, the Safety and Protection Unit, the Anti-money Laundering Service, the Administration and Tax Department and the Employment Policy Department operate to guarantee the correct application of antitrust, privacy, occupational safety, anti-money laundering, tax and employment regulations. For all areas, the Internal Auditing Department performs controls on the regular nature of operations and on monitoring adequacy and efficiency, proposing any corrective action required.

HOW IT IS MANAGED

We pursue the respect for rules through synergic operations between all company departments. The operating and business units are required to abide by company processes and procedures, verifying their application with suitable controls, with a view to full compliance with applicable regulations and standards of conduct. We promote a corporate culture founded on integrity (honesty, fairness and responsibility) and substantial compliance with regulations, and we disseminate a management culture aware of the risks and individual responsibilities, also through numerous employee training initiatives. The Compliance Guidelines provide a detailed description of the compliance risk management processes. Rules to prevent corruption form an integral part of the internal regulatory sources: Code of Ethics, Internal Code of Conduct, Organisational and Control Model pursuant to Italian Legislative Decree 231/01; company processes potentially instrumental to committing corruption-related crimes are identified and specifically regulated. The Compliance and Audit departments constantly verify the consistency between the control and conduct principles stated in the 231 Model, including those relating to corruption, and the internal regulations in force, and guarantee compliance with these.

PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicators

Specialist training to prevent corruption and money laundering

2014 progress status

- 53,504 employees trained (Italy 43,495; abroad 10,009)
- 60.2% of employees trained (Italy 67.2; abroad 41.4)

Associated risks

- the process and procedural changes to adapt to regulatory requirements could cause discontinuity that has a potential impact on service to customers;
- the impact of regulatory changes can force an increase in operating costs
- cases of non-compliance and failure to adapt can result in fines and penalties

Opportunities

- thorough advocacy activity, by interacting with authorities and regulators, helps to identify common objectives for the Group and for stakeholders
- adaptation to all consumer protection requirements guarantees that our processes are designed to deal with our customers honestly and fairly, supporting our ability to acquire and retain them.

Human resource development and management

WHY THIS ISSUE IS SIGNIFICANT

Our Business Plan has identified that enhancement, people motivation and a stronger sense of belonging represent essential leverage in achieving the Group's strategic objectives. Through a new and more balanced internal cohesion, the managers are required to create an environment that is motivating, facilitating, based on trust and encouraging individual engagement. Without losing sight of enhancement of diversity, training accessible to all – focusing on listening and discussion among individuals – plays a crucial role in supporting development, company reorganisation and improved customer service.

Within a context of persisting economic crisis, the Intesa Sanpaolo Group continues to be a workplace that attracts talents and provides permanent jobs to over 86,000 people in Italy and in other countries – including more than 6,800 young people. Important among the Business Plan objectives is the reallocation of 4,500 human resources in order to achieve the strategic plan, without cutting jobs.

RELATED TOPICS

The quality of life in the Company	page 94
Job protection	page 106
Employee enhancement	page 106
Training	page 109

RESULTS ACHIEVED IN 2014

In 2014 Intesa Sanpaolo laid the foundations and began the implementation of development and reorganisation programmes to strengthen its market competitiveness, also through service and product innovation. Approximately 60% of surplus human resources were already absorbed during the first year of the Plan through priority initiatives based on job protection and the new Plan objectives. For employee enhancement, the new Banca dei Territori incentive system was launched in compliance with the new service model adopted at the beginning of 2015.

The Training activity updated the skills necessary for the continuous consolidation of corporate professionalism and provided specific support for change through projects fostering banking sector and customer need developments without disregarding the expectations of all Stakeholders.

Welfare was confirmed as another priority area on which action should focus in order to support human resource motivation and involvement in terms of flexibility, efficiency and productivity.

DEPARTMENTS/FUNCTIONS IN CHARGE

The Chief Operating Officer is responsible for defining Group Human Resources guidelines and policies. The structures in charge of specific duties are the "Planning and Development" and "Employment Policy" units of the Human Resources Head Office Department, which make use of the relevant structures of Intesa Sanpaolo Group Services, including those in charge of Training. The Personnel units of the Business Units and Group companies not included in the business divisions report to the Human Resources Head Office Department. With support from the Remuneration Committee, the Supervisory Board approves the remuneration and incentive policies for Group Human Resources.

HOW IT IS MANAGED

Through an integrated system of transparent internal regulations, widely-distributed multichannel communications and effective training at all levels of knowledge and awareness, human resources are supported through their current and future career paths. The constant dialogue that characterises industrial relations has led to the set-up of company-trade union bodies with the aim of arranging joint solutions: the Welfare, Safety and Sustainable Development Committee and the Inclusion and Equal Opportunities Committee. The projects and initiatives developed with the aim to continue creating value in terms of social sustainability and equal treatment are constantly monitored in order to measure and disclose the progress made.

PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 progress status	2017 objectives
Personnel expenses	5.1 billion euro	Approx. 21 billion euro
Human resources reabsorbed in the professional reallocation	2,600, of which 120 already involved in training activities	4,500
Technical and management training for professional development	1,169,569 training days	5 million training days
Employee share ownership contributing to the share capital increase	No. employees subscribed: 50,298 % subscribed: 79% Value: 150,112,726	
Development: growth strategies for employees to be assigned to coordination duties: <ul style="list-style-type: none"> ▪ OnAir: no. assessments and development plans activated ▪ Feedback 180: no. employees involved 	OnAir: 2,466 assessments. 574 individual development plans then activated on the Consequence Management Platform Direct Job Offering: 1760 contacts for 170 positions Master Class: 40 Risk Management Department employees involved Feedback 180: 37 managers involved	Enhancement of talent potential and adoption of systems that reward professionalism and leadership
Investments for the Safety Management System and number of accidents	Accidents 775 (812 in 2013 in Italy) Investments in Health and Safety training for 689,000 euro	

Offering a valued service to customers

WHY THIS ISSUE IS SIGNIFICANT

Offering an excellent and reliable service, guaranteeing differentiated support to the various customer types allows us to achieve our greatest aim: to contribute to the well-being and progress of the communities in which we operate. Enhancing relations with our customers, through in-depth and systematic listening, customer satisfaction surveys and effective complaint handling is fundamental in achieving our overall growth strategy and in responding to the needs of trust and proximity expressed by our customers.

The service models adopted by the Business Units aim to guarantee a high degree of customer protection and excellent quality of the products and services offered, and allow us to remain close to customers when and where they wish. The commercial model based on advisory services allows us to tailor the product mix according to the needs of customers, raising purchase awareness. Special attention is given to disabled persons in order to facilitate access to our proposed services.

We operate according to a multichannel approach so that banking services become increasingly accessible, simple, efficient, flexible and less expensive. This allows us to guarantee multiple points of virtual contact and assure our customers of greater access to services.

We promote innovation, seek and analyse innovative solutions available on the domestic and international markets to identify Group development opportunities, also through partnerships with universities and research centres.

RELATED TOPICS

Business model	page 86
Proximity to the customer	page 87
Accessibility	page 91
Customer satisfaction and complaint handling activities	page 91
Relations with the Consumer Associations	page 93
Service model development	page 114
Multi-channel bank	page 116
Innovation for growth	page 118

RESULTS ACHIEVED IN 2014

In 2014 we implemented customer proximity projects and launched new initiatives dedicated to welcoming and improving customer relations. These initiatives referred both to employee conduct and the space given to the products and services offered. By ensuring fair relations with customers, we contributed to reducing operational, reputational and legal risks. There were strong developments in the integrated multichannel platforms and the number of customers actively using Internet and mobile banking services increased. Physical access was expanded for persons with sight impairment, also through agreements with specialist entities. We continued to monitor customer satisfaction in all segments and the various Business Units, and the results of the surveys fostered the review of service models and the creation of new products, also in co-production with customers. In Italy complaints increased, but by a limited extent, also as a result of effective management to quickly identify reasons for customers' inconvenience in order to take suitable corrective action, and projects were launched to reduce response times.

DEPARTMENTS/FUNCTIONS IN CHARGE

The marketing functions of the Business Units define the commercial model for customer relations and the methods for analysing satisfaction, complaint handling and the development of new initiatives. The Head Office Department Services provide support to the Business Units' activities to the extent of their responsibilities.

The Savings Committee is the Intesa Sanpaolo Group technical body that plays a reporting and decision-making role, focused on issues of asset management for retail customers.

HOW IT IS MANAGED

Through internal rules and operating guidelines, which also comply with current regulations, dedicated processes and service models, we supervise and manage customer relations, customer satisfaction, complaints and multichannel platforms, monitoring the results over time.

Innovation is monitored by the structuring and coordination of the Innovation Portfolio and is developed through the Innovation Monitor, the Experience Design Lab for product prototyping, a dedicated training mix for employees as well as products and services for businesses.

PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 progress status	2017 objectives
Maintenance of the average response times to customer complaints and claims (Parent Company) in line with reference regulations	<p>45 days for service and investment-related complaints vs. 90 days envisaged in reference regulations</p> <p>20 days for ordinary complaints (banking and financial products and services) vs. 30 days envisaged in reference regulations</p> <p>22 days for customer claims vs. 30 days envisaged in internal regulations</p>	
Customer Experience systematic surveys	<p>E-mail surveys on Branch sales (cards, accounts, mortgages, loans and small business loans) and Advisory Services to Retail Customers.</p> <ul style="list-style-type: none"> ▪ 656,000 target customers ▪ 83,000 opinions expressed ▪ 6,400 customers contacted by Contact Unit ▪ Net satisfaction index: 38 	
Corporate simplification	<ul style="list-style-type: none"> ▪ Already achieved from 2014: 7 product companies combined into 1, Mediocredito ▪ From 17 to 14 banks: merger of Banca di Credito Sardo and Cassa di Risparmio di Venezia; merger of Banca di Trento e Bolzano approved 	<ul style="list-style-type: none"> ▪ 1 product company ▪ 6 banks
Integrated multichannel development	4.923 million multichannel customers (approx. +500,000)	7.879 million multichannel customers
Creation of the Chief Innovation Officer Governance Area	Established with the role of identifying, analysing and developing national and international innovation activities, guaranteeing monitoring, coordination and coherence at Group level	

Access to credit and savings management

WHY THIS ISSUE IS SIGNIFICANT

The products and services mix that can facilitate access to credit and the financial inclusion of individuals, businesses, entities and public administrations is essential leverage in guaranteeing profitable business for our Bank that is sustainable in the long term. The correct allocation of resources and the ability to identify local players with whom agreements and synergies can be developed to facilitate inclusion also for vulnerable people, preferring counterparties that meet requirements in terms of repayment capacity, guarantee the correct flow of resources to the real economy and allow our Bank and the community in which we operate to develop and grow.

Asset management activities also expect to see great innovation in the development of customer services, both with a view to the investments offered and in the forms of protection and welfare, becoming an increasingly determining factor in the long-term well-being of households. The portfolio of solutions makes available funds that apply SRI (Socially Responsible Investment) selection criteria in compliance with the principles of our Code of Ethics, also with a view to triggering sustainability trends in the businesses and in the decisions of our customers.

RELATED TOPICS

Financial inclusion and economic empowerment	page 66
Support to the business system	page 74
Loans and services for the green economy	page 122

RESULTS ACHIEVED IN 2014

Intesa Sanpaolo has never stopped believing in Italy and provides support to those wishing to relaunch their business. In 2014 a total of 34 billion euro was granted to households and businesses. In a still difficult economic context, the initiatives that confirm the traditional vocation of being a Bank in the real economy have continued: real responses to households for home purchases, loans and agreements to support the vulnerable social groups and the launch of initiatives designed to create subsidised loans to the Third Sector, an industry with a great capacity to set positive trends in the areas in which we operate. To encourage production we have developed new agreements to facilitate access to credit through support to employment for young people, innovation and business growth.

DEPARTMENTS/FUNCTIONS IN CHARGE

A fundamental role in managing and controlling credit risk is played by the Corporate Bodies, which, to the extent of their responsibilities, ensure adequate monitoring by setting strategic guidelines and risk management policies, verifying that they remain constantly efficient and effective and defining the tasks and responsibilities of the company functions and departments involved in the processes.

The monitoring and governance is reflected in the current organisational structure which, in addition to the Business Units, identifies important central responsibility areas. These areas – suitably segregated – guarantee that the management duties are carried out and the risk control activities are implemented.

HOW IT IS MANAGED

As the Parent Company, Intesa Sanpaolo has set out codes of conduct in relation to credit risk acceptance, in order to prevent excessive concentrations, limit potential losses and ensure credit quality, thereby guaranteeing risk monitoring and constant monitoring of trends in these variables.

In the credit granting phase, coordination mechanisms have been introduced – from the Granting and Management Powers and Rules to the detailed Operating Guides – with which Intesa Sanpaolo exercises its direction, governance and support of the Group.

With regard to Third Sector customers, a version of the rating model has been developed that is better suited to the characteristics of this type of clientele.

PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 progress status	2017 objectives
Households and businesses: New medium/long-term credit granted to the real economy	34 billion euro granted	Approx. 170 billion euro
Third sector: New medium/long-term credit granted to social businesses	0.20 billion euro granted	Approx. 1.2 billion euro
Financial inclusion: Credit granted to the vulnerable social groups in 2014	More than 3.6 billion euro: 12.9% of the total loans granted by the Intesa Sanpaolo Group	

Climate Change

WHY THIS ISSUE IS SIGNIFICANT

The impact of climate change goes well beyond the environmental issue and involves different aspects, from the economy to technology, from safety to respect for human rights, with potentially significant repercussions on customers, the community and consequently on our operations.

Intesa Sanpaolo is fully aware of the importance of pursuing a clear and effective strategy to combat climate change and set precise qualitative and quantitative objectives in order to prevent and firmly restrict the impact that this phenomenon can generate.

Through climate finance activities and the development of innovative products and services we help our customers to reduce their environmental footprint and to respond effectively to the pressure of environmental challenges. The development of new products means that we can transform climate change challenges into profit generation opportunities.

Environmental catastrophes can cause damage to the premises in which we work, generate business discontinuity and consequently increase operating costs. Careful planning and more sustainable management of these buildings allows us to reduce our risks and at the same time to reduce the impact on the environment, achieving consistent energy and paper consumption savings and decreasing climate-altering gas emissions.

RELATED TOPICS

Management of potential environmental risks and impact page 121

Loans and services for the green economy page 122

Reduction of atmospheric emissions page 125

Energy consumption and efficiency page 126

Paper, waste and water page 130

RESULTS ACHIEVED IN 2014

In 2014 Intesa Sanpaolo continued action to reduce its environmental footprint and that of its customers. Despite the reduction in incentives, the offer of loans targeting the SME's, small business and retail customer segments wishing to invest in energy savings and renewable sources continued throughout the year and totalled 643 million euro. Energy efficiency action and the management optimisation of properties instrumental to the Group in Italy led to a further drop in electricity consumption (-6.8%) and in related emissions (approx. -10,000 metric tons of CO₂).

DEPARTMENTS/FUNCTIONS IN CHARGE

The Chief Governance Officer is responsible for the strategy on combating climate change, reporting to the Chief Executive Officer of Intesa Sanpaolo, the Management Board and the Supervisory Board. He/she receives support in this duty from the Corporate Social Responsibility Unit, which acts as the coordination centre at Group level on this issue.

HOW IT IS MANAGED

Environmental protection and the focus on climate change are key areas of our CSR commitment, as set out in the Rules on environmental and energy policy and in the specific sub-policies. The declared commitments refer to direct and indirect impacts, with the aim of assessing the risks and opportunities associated with environmental issues, thus reducing our environmental footprint and that of our customers and suppliers. Through monitoring and management processes for the Code of Ethics and the Sustainability Report we assess risks associated with climate change and identify objectives and guidelines that aim to implement specific management and mitigation action plans. The risks and opportunities associated with climate change are regularly monitored also through specific stakeholder engagement activities.

We actively promote product and service innovation to facilitate the reduction in emissions of our retail and SME customers, also through periodic meetings of an interdepartmental workgroup that discusses current topics on such matters and offers a forum for sharing new regulations and best practices in the sector. We thoroughly assess loans in sectors with a considerable environmental impact by applying the Equator Principles, which we adopted in 2007.

With the aim of responsibly managing the environmental and energy impacts related to its business, the Intesa Sanpaolo Group has for some time had an Energy Manager and a Mobility Manager, and has launched a monitoring process for its own environmental and energy impacts. Specific objectives were published in the SEAP (Sustainable Energy Action Plan).

PERFORMANCE INDICATORS AND OBJECTIVES ACHIEVED

Indicator	2014 results	2016 objectives*
Reduction in electricity consumption in Italy compared to 2012	15% reduction in electricity consumption	17% reduction in electricity consumption
Purchase of paper in Italy	Environment-friendly or recycled paper accounts for 93% of purchases	Environment-friendly or recycled paper to account for 98% of purchases
Reduction in potentially generated "indirect emissions" in Italy - Scope 2	Potentially generated indirect emissions (Scope 2) reduced by 13%	Reduction in potentially generated "indirect emissions" (Scope 2) by 13% (aligned to reduction in electricity consumption)
Extension of "other indirect emissions" reporting (Scope 3)	Scope 3 reporting includes emissions relating to waste and office equipment	Progressive widening of boundary and improvement in reporting
Environmental certifications	UNI EN ISO 14001, UNI CEI EN ISO 50001 e UNI EN ISO 14064 already carried out for several years on a significant sample of sites	Maintain environmental certifications on a significant sample of sites, adopting all the required updates in regulations
Environmental loans: Loans granted in 2014 to finance the renewable energies, agriculture and environmental protection sectors	643 million euro: more than 2.3% of the total loans granted by the Intesa Sanpaolo Group	Continue to support the renewable energy and energy efficiency sector through dedicated loans

* The SEAP (multi-year Sustainable Energy Action Plan) was prepared for the period 2012-2016.

Adoption of international standards and commitments



Global Compact [i]

A UN initiative that aims to promote corporate social responsibility through the adoption of ten fundamental principles relating to human rights, labour rights, environmental protection and the fight against corruption.



Equator Principles [i]

Guidelines for social and environmental risk assessment and management in project financing, based on criteria recommended by the International Finance Corporation, a World Bank organisation.



UNEP Finance Initiative [i]

The UN Environmental Programme that promotes dialogue among financial institutions on economic performance, environmental protection and sustainable development.



Global Reporting Initiative [i]

An independent non-profit organisation that holds and manages the most extensive database worldwide of information on climate change in the corporate sector. Membership of the Carbon Disclosure Project requires commitment to making public the emissions of greenhouse gases and corporate strategies implemented to manage the issues regarding climate change.



CDP [i]

An independent non-profit organisation that holds and manages the most extensive database worldwide of information on climate change in the corporate sector. Membership of the Carbon Disclosure Project requires commitment to making public the emissions of greenhouse gases and corporate strategies implemented to manage the issues regarding climate change.



London Benchmarking Group [i]

An international recognised reporting standard on the investments in the community by businesses.

Global Compact: the 10 principles of the United Nations

Intesa Sanpaolo participates in the Global Compact Advanced Programme and reports on actions taken in compliance with its commitments in the “Advanced Level” disclosure available on the Global Compact website.

	The 10 Principles	Performance Indicators
Human Rights [i] [i]	1. Promote and respect the protection of internationally proclaimed human rights within their spheres of influence	Human Rights: G4-HR2 (Investment), G4-HR8 (Indigenous Rights), G4-HR9 (Assessment), G4-HR12 (Human Rights Grievance Mechanisms) Social: G4-SO1, G4-SO2 (Local Communities)
	2. Ensure that they are not complicit, albeit indirectly, in human rights abuse	Human Rights: G4-HR1 (Investment)
Job protection [i] [i]	3. Uphold the freedom of association and the effective recognition of the right to collective bargaining	Organisational profile: G4-11 (Employees covered by collective bargaining agreements) Human Rights: G4-HR4 (Freedom of Association and Collective Bargaining) Labour: G4-LA4 (Labour/Management Relations)
	4. Eliminate all forms of forced or compulsory labour	Human Rights: G4-HR6 (Forced or Compulsory Labour)
	5. Ensure the effective abolition of child labour	Human Rights: G4-HR5 (Child Labour)
	6. Eliminate all forms of discrimination in employment and occupation	Organisational profile: G4-10 (Employees by type) Economic: G4-EC5, G4-EC6 (Market Presence) Labour practices and decent work: G4-LA1, G4-LA3 (Employment); G4-LA9, G4-LA11 (Training and Education); G4-LA12 (Diversity and Equal Opportunities); G4-LA13 (Equal Remuneration for Women and Men) Human Rights: G4-HR3 (Non-discrimination)
Environmental [i] [i]	7. Support a precautionary approach to environmental challenges	Economic: G4-EC2 (Economic Performance) Environmental: G4-EN1 (Materials); G4-EN3 (Energy) G4-EN8 (Water); G4-EN15, G4-EN16, G4-EN17, G4-EN21 (Emissions); G4-EN27 (Products and Services) G4-EN31 (Overall)
	8. Undertake initiatives to promote greater environmental responsibility	Environmental: G4-EN1, G4-EN2 (Materials); G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7 (Energy); G4-EN8 (Water); G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN21 (Emissions); G4-EN23 (Effluents and Waste); G4-EN27 (Products and Services); G4-EN29 (Compliance); G4-EN30 (Transport); G4-EN31 (Overall); G4-EN34 (Environmental Grievance Mechanisms)
	9. Encourage the development and diffusion of environmentally friendly technologies	Environmental: G4-EN6, G4-EN7 (Energy); G4-EN19 (Emissions); G4-EN27 (Products and Services); G4-EN31 (Overall)
Corruption [i] [i]	10. Promote initiatives to work against corruption in all its forms, including extortion and bribery	Ethics and Integrity: G4-56, G4-57, G4-58 Society: G4-SO3, G4-SO4, G4-SO5 (Anti-corruption); G4-SO6 (Public Policy)

PROMOTING HUMAN RIGHTS

Intesa Sanpaolo supports Human Rights at local and international level through targeted initiatives in areas particularly in need and through action in support of communities in its areas of operation.

In countries where the Group has international subsidiaries, numerous actions have continued and been developed in partnership with foundations, NGOs, UN agencies, municipal authorities and cooperatives, which in certain cases have seen the direct involvement of Group employees as voluntary workers.

On **the issue of personal safety**, in Croatia Privredna Banka Zagreb has continued to finance anti-personnel mine removal in 2014, concentrated in the regions of Sisak and Moslavina.

As regards **the right to a lifestyle guaranteeing personal health and well-being**, in Egypt Alexbank supported the "Water for Life" projects in partnership with UNICEF, which provided drinking water to numerous homes in the village of Bani Korra in the Asyut Governorate, "Building a better future" through which several poor families in Minya, Upper Egypt, have had access to improved housing, and the "School Feeding Programme" in partnership with the World Food Programme, which involved numerous elementary schools in Upper Egypt in the fight against hunger, stimulating schools' participation and increasing the awareness of teachers and children of health, hygiene and nutrition. Again with regard to food, Intesa Sanpaolo Bank Albania helped to distribute food parcels to people in need on World Hunger Day. In Hungary, for the fourth consecutive year CIB Bank supported the national food collection for families in difficulty, with the active participation of its employees.

The Group contributed to implementing **labour rights** through the continuing support guaranteed by VUB Banka to protected workshops in Slovakia whose operations involve the access to the job market by disabled people. The subsidiary fulfilled significant orders for advertising material, graphics services and catering from these cooperatives. Banca Intesa Beograd in Serbia acted in favour of marginalised social groups to which it made the bank's premises available for the sale of street newspapers, also inviting its employees to buy them.

On the **issue of social security rights**, the Albanian subsidiary guaranteed support to a centre for socially vulnerable people where socio-psychological services, physiotherapy and nutritional support are provided. Intesa Sanpaolo Bank Romania supported one of the best medical centres in Central and Eastern Europe for the care of advanced cancer patients and children with congenital malformations. Alexbank in Egypt supported various actions in favour of street children: the participation of the Egyptian football team in the Street Child World Cup in Brazil, which aimed to create new protection and care possibilities for abandoned children and the organisation of an educational summer camp focused on developing talent and personal interests.

With regard to **the right to education**, the Serbian subsidiary supported the educational path of children with no parental support and personal enhancement programmes.

There was a special focus on the issue of **disabilities**, with action in favour of autistic children in Serbia (awareness-raising initiatives also via the Internet, and education and recreational activities dedicated to children) and in Romania; disabled children (animal-assisted therapy) and seriously ill children (recreational camps at different times of year in environments renovated and modernised by the bank's employees) in Hungary; visually impaired or blind people in Albania (the development of software to facilitate PC-aided reading) and in Bosnia (education, care and rehabilitation).

Awards and inclusion in indices

Intesa Sanpaolo is present in some of the major sustainability indices, where the selection of securities is based not only on financial performance but also on conduct marked by corporate social and environmental responsibility. The analysis carried out for admission to these indices therefore relates to environmental, social, governance and business ethics issues (ESG analysis - Environment, Social, Governance).

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

DJSI World and DJSI Europe [i]

Selection is dependent on an annual assessment carried out by Robeco SAM, with a best-in-class criterion based on three aspects: economic and governance, social and environmental.



FTSE4Good Global and FTSE4Good Europe [i]

The analysis conducted uses only publicly available information on the three ESG areas, with assessment in 14 sectors and the use of approximately 350 indicators.



"The A list: The CDP Climate Performance Leadership Index 2014" [i]

Includes 187 listed companies selected for their advanced approach to climate change mitigation.



Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120 [i]

Inclusion is based on an assessment conducted on the three ESG areas and also includes analysis of any disputes.



Ethibel Excellence Investment Register (Ethibel Excellence Index Global e Europe) [i]

The assessment is conducted by Vigeo on the three ESG areas and also includes analysis of any disputes.



UN Global Compact 100 stock index [i]

Covers the 100 businesses that have adopted the UN Global Compact's ten principles and are distinguished at global level for their attention to sustainability issues and for their financial performance.



Standard Ethics Italian Banks [i], with assessment based solely on corporate governance.
Standard Ethics Italian [i] on corporate social responsibility and corporate governance



MSCI Global Sustainability [i], with assessment based on the three ESG areas
MSCI Low Carbon [i], for which carbon emissions are assessed.



ECPI Indices [i]

The assessment is based on an analysis of public information on the three ESG areas and also assesses risks and any disputes.

In 2014 Intesa Sanpaolo gained numerous awards. For its environmental initiatives, the Bank was included among the top twenty "green" banks in Bloomberg's "World's Greenest Banks" classification, and among the top hundred companies worldwide in Newsweek's "World's Greenest Companies 2014".

From Osservatorio HR Innovation Practice the Bank received the best company award for the innovation of human resource management and development processes for the Training Department's Capusability project, designed to increase company training effectiveness. On the issue of inclusion, an important recognition came from the "Diversity & Inclusion Award Diversitalavoro".

"INNOV@RETAIL", the award for innovation of customer data management services, promoted by Accenture and Il Sole 24 Ore, was granted for the ABC analytics project, a new system of indicators made available to managers to improve their customer-related activities.

The operating context

Economic and social scenario

THE ECONOMY AND THE FINANCIAL AND CURRENCY MARKETS

2014 saw moderate growth in economic activity and international trade. In the United States the recovery strengthened and the unemployment rate fell. The Eurozone emerged from the recession of 2012-13, but recovery weakened during the second and third quarters, also as a result of the Russia-Ukraine crisis. The inflation trend slowed everywhere due to the collapse of oil prices. Throughout the Eurozone, inflation was close to zero, well below forecasts.

Italy is the European country where the recovery is struggling the most to regain momentum. Industrial production recorded a gradual deterioration. From the middle of the year onwards many of the signs of recovery seen in previous months disappeared. Confidence has again diminished, exports slowed and the investment trend was negative. Consumption was positive, which benefited from an increase in real household disposable income. At the annual average level, GDP contracted by 0.4%. Despite the disappointing macroeconomic scenario, the public deficit remained under 3%; however, the progress that should have led to stabilisation of the debt came to a halt. Implementation of the ambitious programme of reforms announced at the beginning of the year also proved complex. The negative trend in economic activity highlighted weakness in the job market, though in recent months some signs of improvement were seen, among which the stabilisation of the number of employed people. The unemployment rate reached an all-time peak in 2014, over 13% in the final quarter, also due to the effect of the increase in the labour force. The difficult job market situation was confirmed by the generational dualism, high long-term unemployment and underuse of the labour force. New jobs were almost all of a temporary nature.

Monetary policies started to move in opposite directions. In the United States, the Federal Reserve completed its planned reduction in securities acquisitions and initiated the internal discussion on the programme that will lead to an increase in official rates in 2015. Going in the opposite direction, the European Central Bank cut official interest rates, bringing the rate on main refinancing operations to 0.05% and the rate on the deposit facility to -0.20%. In addition, new unconventional instruments were adopted, launching the targeted long-term refinancing operation (TLTRO) programme and a new purchase programme of covered bonds and securitisations. The ECB's expansionary monetary policy was the driver behind the decline in rates expectations on all maturities. The downwards pressure was intensified by signs that the ECB might introduce government security purchasing programmes, an expectation that became a reality after year-end. The ten-year yield spreads between Italy and Germany

bonds opened the year at 214 bps and reached a low of 119 bps at the beginning of December, benefiting from increasing expectations of new extraordinary ECB measures. The second half of the year saw a considerable appreciation of the US dollar. The USD-EUR exchange rate, which at the end of June was close to 1.37, dropped to 1.21 by year-end.

THE CREDIT MARKET

Italian bank loans to the private sector declined for the third consecutive year in 2014. The decline slowed during the year, most clearly in the second half of the year. The persistence of the recession had a significant impact on the performance of loans to businesses, especially medium-/long-term loans, which were affected by the drop in investments. On the other hand, in the second half of the year short-term loans to businesses showed signs of improvement, with the rate of change climbing to just above zero from the highly negative values previously recorded. Loans to households remained more resilient, showing a very modest and slowing decline. In 2014 there were signs of a recovery in disbursements of residential mortgage loans, which, however, did not translate into an increase in the stock of loans.

Loan performance continued to be affected by weak demand, which, however, confirmed signs of improvement. In particular, during the year the rate of decline in demand from businesses first slowed, and then remained unchanged in the final months of the year. Demand appeared stronger from households, which throughout 2014 submitted increased applications for mortgage loans for house purchases, whereas consumer credit demand also recovered near the end of the year. Competitive pressure began to moderately encourage the easing of credit access conditions, whereas the restrictive impact of the perceived risk associated with the expectations for the economy in general and for particular sectors and businesses eased. The growth in gross doubtful loans slowed further, though confirming a strong growth rate of around 15% at year end. As a ratio to total loans, the stock of gross doubtful loans rose to 9.6% from 8.1% at the end of 2013. Therefore,

the bank lending market maintained a prudent attitude, although recording an improvement in the impressions of businesses with respect to credit access conditions. The decline in market and monetary policy benchmark rates was gradually reflected in rates on loans. In the second half of the year, the average rate on new loans to non-financial companies decreased to a four-year low. There was a considerable decline in the rate on new loans of amounts up to 1 million euro to non-financial companies, indicating the easing of credit terms for smaller businesses. The easing of Italian rates is also significant when compared to the rest of Europe. In 2014 spreads between Italian rates on new loans to businesses and the average for the Eurozone narrowed. In the last part of the year, these spreads hit their lowest figures since October 2011 when, following the sovereign debt crisis, the increase in spreads began to be reflected significantly in bank rates. The decline in the average rate on new mortgage loans to households for house purchases also continued, standing at well below 3%.

SAVINGS AND BANK DEPOSITS

Italian households' appetite for savings increased in 2014 as a result of higher real disposable income. Along with the positive contribution of the financial markets, flows of savings therefore bolstered an increase in financial assets. In terms of investment approaches, in 2014 the trends intensified on the basis of an ongoing asset restructuring of investors' portfolios. Household investments tended towards demand components – particularly bank current accounts – and towards asset management instruments. Conversely, also as a result of banks' reduced funding needs, the collapse of bonds continued and, as expected, time deposits began a downturn after the strong development recorded in past years. Investments in government securities also reduced, penalised by low returns. Therefore, the context supported a lively trend in asset management instruments. In particular, in 2014 the Italian open-end mutual funds market achieved highly positive net deposits, reaching a new all-time record, and life insurance also saw a considerable acceleration in premiums collected, confirming the positive trend of the previous year.

Competitive positioning

Intesa Sanpaolo is an Italian leader with a European scale: its strength is based on long-term relationships with customers.

Ranking in Italy

1°	Loans		15.0%
1°	Deposits ¹		15.2%
1°	Life Premiums Collected		21.5%
1°	Asset Management ²		21.5%
1°	Pension Funds		22.0%
1°	Factoring		30.1%

1. Include bonds

2. Mutual funds.

Figures as at 31 December 2014.

Performance

Financial capital



This capital includes funds made available from deposits and investments, net interest income, fee and commission income, income from trading and profit generated from our business activities. Financial capital is used to implement our services to customers.

SHARED VALUE GENERATED BY INTESA SANPAOLO

- Capital solidity and growth
- ESG¹ and reputational risk management
- Share appreciation
- Social and production sector dynamism
- Reduction in doubtful loans

CONTENTS:

Economic and financial performance	page 55
Business risk management	page 57
Financial inclusion and economic empowerment	page 66
Support to the business system	page 74

1. ESG: Environmental, Social and Governance.

ECONOMIC AND FINANCIAL PERFORMANCE¹

In a still difficult economic context, in 2014 the Intesa Sanpaolo Group achieved positive economic results. The consolidated income statement closed with a net income of 1,251 million euro, against the loss of 4,550 million euro recorded in 2013, which was due to the considerable goodwill impairment. In detail, operating income rose and improved in qualitative terms. In fact, the contribution from interest and fee and commission income increased, added to which are the positive contributions from the companies consolidated at equity and that from the insurance segment. These positive trends have completely offset the lower contribution from trading, a component structurally subject to volatility. The increase in personnel expenses, entirely attributable to the variable component, was then partly offset by lower administrative expenses. Consequently the operating margin rose by 5%. Income before tax from continuing operations benefited from the much-reduced need for adjustments to loans. Growth in income, associated with cost control and lower adjustments, allowed a pre-tax income up by approximately 37% compared to 2013, which had even included the significant positive effect of the fair value measurement of the new stake in the Bank of Italy.

The persisting headwinds in the macroeconomic environment and the financial markets' volatility require constant control of the factors enabling the Group to pursue sustainable profitability: high liquidity, funding capacity, low leverage, adequate capital base and prudent asset valuations.

Group liquidity remained high: as at 31 December 2014 both regulatory indicators envisaged by Basel 3 (LCR and NSFR), adopted from this year also as the internal liquidity risk measurement metrics, reached a level above fully phased-in requirements. As at the end of 2014 the liquidity reserves allocatable with the various Central Banks came to 97 billion euro. In September 2014 and again in December, recourse was made to the ECB's TLTRO programme for a total of 4 billion euro and 8.5 billion euro, respectively. With regard to funding, the extensive branch network continued to be a stable and reliable source: in fact, 75% of direct deposits from banking business came from retail operations. Furthermore, approximately 20 billion euro bonds were placed during the year.

The leverage of the Group remained among the best levels in the sector and the capital base remained high. The total capital ratio stood at 17.2%, Tier 1 ratio at 14.2% and Common Equity Tier 1 at 13.5%.

As to balance sheet aggregates, loans to customers totalled 339 billion euro (-1.4% compared to the end

of 2013). With regard to funding, direct deposits from banking business recorded a slight decrease to 360 billion euro (-3.3% compared to the end of 2013), whilst direct deposits from insurance business, which include technical reserves, increased significantly (+27% approximately to almost 119 billion euro). Indirect deposits stood at a little under 466 billion euro, up 8.2% on the end of the previous year, and were attributable to asset management (+43 billion euro; 16.7%), which benefited from the positive net inflows and the revaluation of assets under management.

INTESA SANPAOLO STOCK PERFORMANCE

In 2014, the performance of Intesa Sanpaolo ordinary shares followed the trend shown by the banking sector indices, with a strong uptrend in the first quarter, fluctuation in April, a downtrend in the first half of May, a recovery in the first ten days of June, when the peak was reached, and then a decline until mid-August, followed by a recovery until the end of September, a further decline in the first half of October and lastly a recovery which - after being broken by a downturn in the first half of November - brought the shares to close the year up by 35% compared to the end of 2013. The price of Intesa Sanpaolo savings shares increased by 40.8% at the end of 2014, compared to the end of 2013. The discount with respect to ordinary shares decreased to approximately 15% at the end of 2014 from around 18% at the end of 2013.

Intesa Sanpaolo's capitalisation rose to 40.3 billion euro at the end of 2014, from 29.2 billion euro at the end of 2013.

REMUNERATION OF SHAREHOLDERS

The Management Board will propose to the Shareholders' Meeting to allocate a unit amount of 0.07 euros on ordinary shares and 0.081 euros on savings shares, totalling approximately 1.2 billion euro.

CALCULATION AND DISTRIBUTION OF ECONOMIC VALUE

In 2014 the economic value generated by the Intesa Sanpaolo Group² was 13.9 billion euro. This amount expresses the value of the wealth produced, most of which distributed among the stakeholders with which the Group interacts in various ways on a day-to-day basis. In particular:

- employees and other staff benefited from around 42% of the economic value generated, for a total of 5.8 billion euro. The caption includes 105 million euro (before tax) relating to personnel exit incentives, 85 million euro of which relating to manager exits in accordance with the agreement signed with the trade unions. In addition to staff pay, the total also includes payments to the network of financial advisors;

1. The figures and comments refer to the reclassified consolidated income statement published in the 2014 Financial Statements of Intesa Sanpaolo; annual percent changes were calculated based on restated 2013 figures, where necessary, in order to take into account changes in the scope of consolidation. Amounts are in millions of euros. For additional details or information, see the 2014 Consolidated Financial Statements of Intesa Sanpaolo.

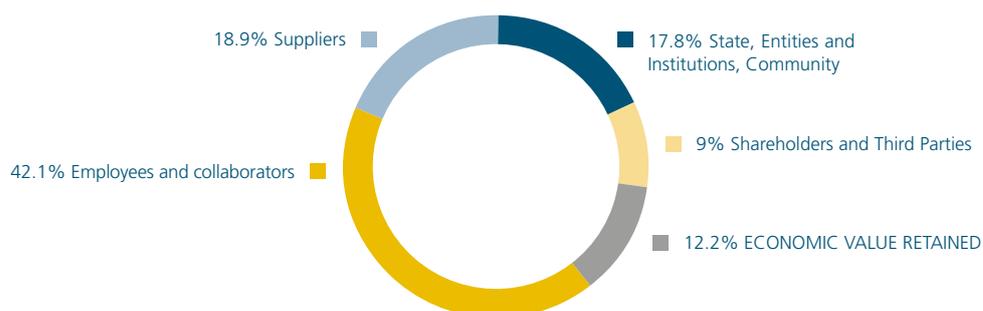
2. The economic value generated was calculated according to instructions issued by the Italian Banking Association (ABI - Associazione Bancaria Italiana) in keeping with international reference standards. The calculation is carried out by reclassifying the captions of the consolidated Profit and Loss Account included in the accounting statements regulated by Circular no. 262 issued by the Bank of Italy.

- suppliers received approximately 19% of the economic value generated, for a total of around 2.6 billion euro in payment for goods and services;
- the State, Organisations and Institutions recorded a total flow of funds of approximately 2.5 billion euro, equal to around 18% of the economic value generated and for the most part referring to current income taxes. In addition to the specific allocation by the Parent Company and certain Group companies of profits to Charity Funds, donations and gifts (a total of 13 million euro), there were numerous social and cultural initiatives, in addition to initiatives for charities and social and cultural gifts by the Parent Company established in prior years;
- approximately 9% of the economic value generated was allocated to Shareholders and minority interests, largely in terms of the proposed dividend, for a total of 1.2 billion euro;
- the remaining 1.7 billion euro, approximately, was withheld by the corporate system. This refers to prepaid and deferred taxes, amortisation, and provisions for risks and charges. Self-financing is considered an investment that other stakeholder categories make each year to maintain efficiency and allow development of the Bank as a whole.

ECONOMIC VALUE	MILLION EURO	[%]
ECONOMIC VALUE GENERATED	13,876	100
ECONOMIC VALUE DISTRIBUTED	- 12,173	87.8
Employees and collaborators*	- 5,836	42.1
Suppliers	- 2,619	18.9
State, Entities and Institutions, Community	- 2,474	17.8
Shareholders and Third Parties	- 1,244	9.0
ECONOMIC VALUE RETAINED	1,703	12.2

*Includes exit incentive charges of 105 million.

Economic value generated in 2014



MANAGEMENT OF BUSINESS RISKS

The Intesa Sanpaolo Group attaches great importance to risk management and control as conditions to ensure reliable and sustainable value creation in a context of controlled risk. This is the map of the main risks monitored.

TYPE OF RISK	DEFINITION	MONITORING METHOD
Credit risk	<p>The strategies, powers and rules for credit granting and management are aimed at:</p> <ul style="list-style-type: none"> ▪ sustainable growth of lending operations consistent with the risk appetite and value creation; ▪ diversifying the portfolio, limiting the concentration of exposures to individual borrowers/groups, economic sectors or geographical areas; ▪ efficiently selecting economic groups and individual borrowers through a thorough analysis of their creditworthiness aimed at limiting the insolvency risk; ▪ given the current economic climate, favouring lending business aimed at supporting the real economy and production system; ▪ constantly monitoring relationships, through the use of both IT procedures and systematic surveillance of positions, with the aim of promptly detecting any symptoms of imbalance and promoting corrective measures geared towards preventing possible deterioration of the relationship. Constant monitoring of the quality of the loan portfolio is also pursued through specific operating checks for all the phases of loan management. 	<p>A set of instruments which ensure analytical control over the quality of the loans to customers and financial institutions, and of exposures subject to country risk.</p> <p>Risk measurement is performed by means of different rating models according to the borrower segment (Corporate, Retail SME, Retail Mortgage, Other Retail, Sovereigns, Public Sector Entities, Financial institutions). These models offer a summary of the borrower's creditworthiness into a single measurement, the rating.</p>
Market risk (trading book)	<p>The quantification of trading risks is based on daily and periodic VaR of the trading portfolios of Intesa Sanpaolo and Banca IMI, which represent the main portion of the Group's market risks, to adverse market movements of the following risk factors: interest rates, shares and indices; investment funds; exchange rates; intrinsic volatility; credit default swap (CDS) spreads; bond issue spreads; correlation instruments; dividend derivatives; asset-backed securities (ABSs); commodities.</p>	<p>For some of the risk factors indicated, the Supervisory Authority has validated the internal models for the reporting of the capital absorption of both Intesa Sanpaolo and Banca IMI.</p>
Financial risk (banking book)	<p>This largely refers to the exposure accepted by the Parent Company and the main Group companies involved in retail and corporate banking.</p> <p>The banking book also includes exposure to market risks deriving from the equity investments in listed companies not fully consolidated, mostly held by the Parent Company and by Equiter, IMI Investimenti and Private Equity International.</p>	<p>The following methods are used to measure financial risks of the Group's banking book:</p> <ul style="list-style-type: none"> ▪ Value at Risk (VaR); ▪ Sensitivity Analysis.
Operational risk	<p>This is defined as the risk of incurring losses due to inadequacy or failures of processes, human resources and internal systems, or as a result of external events. Operational risk includes legal risk, that is, the risk of losses deriving from breach of laws or regulations, contractual, tortious liability or other disputes, ICT risk and model risk. Strategic and reputational risks are not included.</p>	<p>For some time the overall operational risk governance framework has been defined by setting up rules and organisational processes for measuring, managing and controlling operational risk.</p>

TYPE OF RISK	DEFINITION	MONITORING METHOD
Strategic risk	This is the risk associated with a potential decline in profits or capital due to changes in the operating context, misguided Company decisions, inadequate implementation of decisions, or an inability to react to changes in the competitive scenario.	The response to this risk is first and foremost in the form of policies and procedures that call for the most important decisions to be deferred to the Management Board and the Supervisory Board, supported by a current and forward-looking assessment of risks and capital adequacy.
Reputational risk	We attach great importance to the reputational risk, namely the current and prospective risk of a decline in profits or capital due to a negative perception of the Bank's image by customers, stakeholders, shareholders, investors and Supervisory Authorities.	We actively manage the Group's image with all stakeholders and aim to prevent and contain any negative effects on this image, including through robust, sustainable growth capable of creating value for all stakeholders, minimising possible adverse events through rigorous, stringent governance, control and guidance of the activity performed at the various service and function levels.
Risk on owned real-estate assets	It is the risk associated with the possibility of suffering financial losses due to an unfavourable change in the value of such assets.	The degree of risk of the owned real-estate portfolio is represented by using a VaR-type model.
Insurance risk	The typical risks of the life insurance portfolio (managed by Intesa Sanpaolo Vita, Intesa Sanpaolo Life and Fideuram Vita) may be divided into three main categories: premium risks, actuarial and demographic risks and reserve risks.	Continuous risk monitoring.
Liquidity risk	The risk that the Bank may not be able to meet its payment obligations due to the inability to obtain funds on the market (funding liquidity risk) or liquidate its assets (market liquidity risk).	A suitable governance and management system has a fundamental role in stability, not only at the level of each individual bank, but also of the market, given that imbalances within a single financial institution may have systemic repercussions. The Group Liquidity Risk Governance Guidelines define a suitable management and monitoring system, defining the corporate duties and responsibilities, as well as the metrics and operating limits systems, in compliance with the RAF and with Supervisory regulations.

CONTROL OF SOCIAL AND ENVIRONMENTAL RISKS IN THE GOVERNANCE PROCESSES

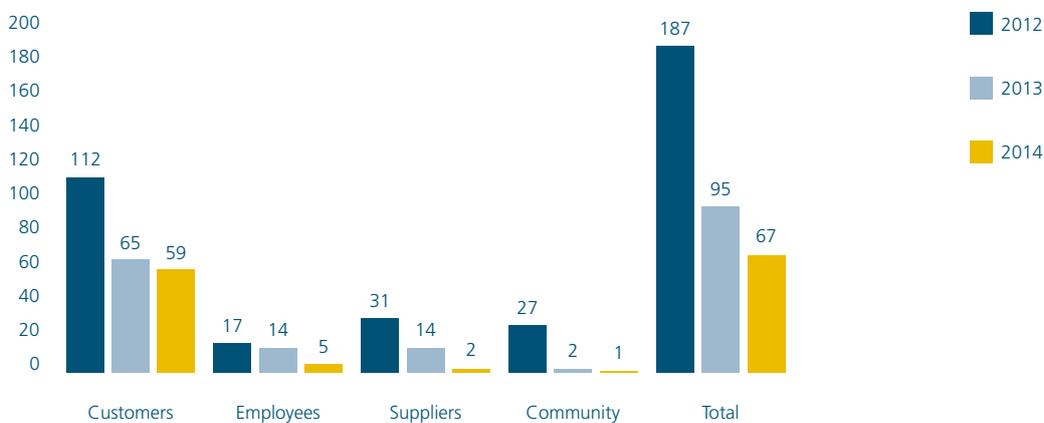
The Internal Control Committee monitors the implementation of the Code of Ethics – the broader regulatory reference due to the integration of social and environmental considerations in the corporate processes, practices and decisions – and reports to the Supervisory Board. The Committee receives periodic reports from the Corporate Social Responsibility (CSR) Unit on the outcome of control activities performed in line with provisions of the Group Compliance Guidelines and in reference to the UNI ISO 26000 standard. The control process of the Code of Ethics – integrated with the management processes underlying the Sustainability Report (stakeholder engagement and listening, definition of improvement objectives, monitoring implementation via KPIs and, lastly, reporting) – envisages a self-assessment by the department heads and a subsequent third-party assessment which, following onsite verification of the self-assessment results, issues a **statement on the CSR governance level** in the Intesa Sanpaolo Group that provides a transparent illustration of the method applied and the results, with separate assessment of respect for human rights. Following the controls, CSR also reports on the corrective measures implemented by the departments

and on any serious non-compliance and anomalies, where necessary in agreement with the Compliance and Internal Auditing Head Office Departments.

The process for managing non-compliance with the Code of Ethics is encoded in corporate policy, protects those who make the reports in good faith from any form of retaliation, discrimination or penalisation, ensuring the utmost confidentiality without prejudice to legal obligations. The CSR Unit receives and processes the reports, which can be submitted by any stakeholder and, after assessing them, takes action in collaboration with the departments affected by the reports, always under the supervision of the Internal Control Committee.

The control process for the application of Italian Legislative Decree 231/2001 also envisages that the reporting of the crimes referred to in the Decree – including corruption, money laundering, terrorism-related crimes – must (by employees) or can (by external staff: advisors, suppliers, trade partners) be sent, also in anonymous format, directly to the e-mail address of the Supervisory Authority or via the Internal Auditing Department, both independent control bodies, thus setting up a complementary whistleblowing procedure to that described above for the Code of Ethics.

Reports of non-compliance with the Code of Ethics



60 refer to Italy and 7 abroad. The absolute number has declined compared to the previous year, confirming the trend over the past three years that has seen this evidence category decrease. The majority of these reports (59) was from customers and the highest frequency of issues was associated with branch and service accessibility and with the expected responsible conduct in the credit granting, management and recovery in subjective and fragile situations. Every report was assessed in cooperation with the departments responsible to verify their accuracy and a response was provided to each one. All the formal complaints from employees received during 2014 were managed before the end of the year. Generally speaking, non-discrimination issues are constantly and carefully monitored. In 2014 the Code of Ethics mailbox received 2 reports complaining of discrimination, as such attributable to the issue of human rights – one complaining of nationality-related discrimination in access to credit, and the other of alleged discrimination in the workplace. In both cases, in-depth study was conducted that excluded discriminatory intent, with both situations reaching a satisfactory conclusion for the interested parties. One area of potential

discrimination, arising in relation to non-recognition of paid leave, also for same-sex marriages, was avoided by the issue of rules targeting an inclusive approach. Through a message sent to the Code of Ethics mailbox, a request was received to take a responsible approach in assessing loans to companies adopting business plans with a heavy social impact on workers and the local area. In relation to environmental issues, no formal reports were received by the Code of Ethics mailbox.

REPUTATIONAL RISK ASSESSMENT AND MANAGEMENT

Intesa Sanpaolo considers its relationship of trust with customers and with the market to be a key asset to the sustainability of its business activities. Considering the increased awareness on business ethics and the growing interest of investors in the measurement of intangible assets, the Group has developed a model to actively manage its reputation with all stakeholders with a view to preventing and minimising potential negative effects. In this context the corporate values and the principles of conduct to adopt with stakeholders, expressed in the Group Code of Ethics, are an important reference for all personnel.

The corporate bodies and functions of Intesa Sanpaolo directly involved in the reputational risk management process, with separate roles and responsibilities, perform strategic supervision and control duties.

Intesa Sanpaolo's reputational risk governance model envisages that reputational risk management and mitigation are pursued through systematic and independent monitoring by the corporate structures with the specific duty of protecting reputation and through transversal monitoring across the various departments using a Reputational Risk Management process.

As regards the transversal monitoring implemented by the Reputational Risk Management process, the main issues raised by the various company functions involved in the process of safeguarding the corporate reputation allow the Risk Management Head Office Department - in agreement with the Compliance Head Office Department in relation to compliance risks - to identify and define the main risk scenarios to which the Group is exposed and submit these for company management assessment with a view to identifying, where necessary, suitable communication strategies and specific mitigation measures.

The identification stage of the main critical areas uses the results of the corporate processes that assess the reputational component of compliance risk

management, internal and external communication activities, monitoring of antitrust regulations, communications with investors and rating agencies, and the Corporate Social Responsibility function.

In particular, the CSR Unit makes available the results of two processes, the Sustainability Report management activities with stakeholder engagement and materiality analysis, and the activities associated with monitoring application of the Code of Ethics (see chapters: "Relations with stakeholders: engagement and listening" and "Control of social and environmental risks in the governance processes").

Reputational risk mitigation and management activities are performed to guarantee consistency between the Group's risk appetite and business developments, and the prioritisation of action on the various critical issues and related proposals.

VALUE OF THE BRAND

Aware of the fact that the brand is a major strategic asset, capable of generating value for stakeholders, Intesa Sanpaolo is always focused on the measurement, enhancement and protection of the image and reputation of its brand.

In the banking sector, where products and services are intangible, the image and reputation have a certain impact, and even greater importance in influencing decisions and awareness of consumers. For this reason, Intesa Sanpaolo has for some time adopted a Group brand image monitor to assess developments over time among all targets (the population, small business, SMEs, corporate and opinion leaders), also considering the social, political and economic scenario and the reference sector.

The brand is a corporate asset with a quantifiable economic value which each year is measured by the Bank's internal bodies by using an average of three important international estimation models: Brand Finance, Hirose and Royalty Relief. This value

VALUE OF THE INTESA SANPAOLO BRAND

Taking into account the Brand Finance assessments and applying other internal models based on the Hirose and Royalty Relief approaches, values attributable to the Intesa Sanpaolo Group brand fall between 4.0 billion euro and 4.4 billion euro. These values, given the scenarios assumed and the correlation with observable stock market prices, are in any event indicative and represent a prudential measurement of the intangible asset in question.

is also compared with synthetic brand equity indices calculated by leading research institutions based on: visibility, image and ability to attract new customers. 2014 saw a strong improvement in the image, both with customers and non-customers, greater than the growth recorded by the entire banking system. The increase in image values of Intesa Sanpaolo can be largely attributed to factors such as prestige, the Bank's solidity, support to household and business projects and the good level of service offered, also through online channels.

The image improvement is also echoed in the improved reputation, which is monitored annually through multi-client analysis in the reference competitive context.

Intesa Sanpaolo's reputation is higher than the banking system average in the retail segment and, to an even greater extent, among the opinion makers and non-customers. The considerable gap in the reputation index between Intesa Sanpaolo and the system average in the non-customer segment - having no direct experience with the Bank - is mainly attributable to the positive impact of communication activities undertaken by Intesa Sanpaolo in recent years.

The Bank's communication activities are also constantly measured through ad hoc research to monitor memory, correct brand association, impact on image and call-to-action.

The Bank pays special attention to image and reputation monitoring also via web. Web listening platforms monitor participation in online discussions, the main discussion sources, the buzz share in the sector and the issues and mood of these conversations. This monthly monitoring complements qualitative analysis for an accurate, non-automatic assessment of true sentiment on the web about the Bank, its management and its products and services. Specific units of the Bank are responsible for managing online conversations generated on its proprietary social platforms, designed mainly as a form of customer support. The high response rate and reduced average response time on our social media pages rank us among the leaders in terms of social caring.

Every opportunity for contact with the brand helps to form a corporate image, both with customers and with non-customers, and for this reason Intesa Sanpaolo also monitors the effects of sponsorships and cultural activities on its image and reputation. In particular, in 2014 monitoring of 2015 Milan Expo was implemented. This important event should relaunch the city and Italy and will see Intesa Sanpaolo's participation as Official Global Banking Partner. During the year the impact on reputation and image of this partnership, as seen by customers and non-customers, will be assessed.

MANAGEMENT OF SOCIAL AND ENVIRONMENTAL RISKS IN LOANS: THE EQUATOR PRINCIPLES

Protecting financial capital means adopting an approach also designed to manage social and environmental risks deriving from loans for industrial and infrastructural projects.

In this area, the Bank also operates in countries where human rights are often not guaranteed and local communities do not have suitable means to protect their rights, and where the use and consumption of natural resources call for careful, forward-looking assessment.

Monitoring this risk also means guaranteeing that the Bank's operations and its reputation are protected.

To control this risk, Intesa Sanpaolo has adopted the Equator Principles (EP or Principles), a set of voluntary international guidelines to support financial institutions adopting them in managing the social and environmental risk resulting from certain types of financing. Applying these in a structured, integrated manner in a bank's operations also allows emerging risks to be managed in countries that are vulnerable from a social and environmental viewpoint and in sensitive sectors. Being ready to face these unquestionably offers a competitive advantage, including in the long term.

The Principles, based on criteria of the World Bank's International Finance Corporation - the Performance Standards -, refer to the protection of natural resources, health, human and labour rights, cultural heritage and biodiversity as well as the fight against climate change and specifically refer also to respect for local communities and indigenous rights. They envisage the assignment of a risk category (A, B, or C, where C indicates a low risk level) to projects to be financed, based on variables such as the socio-environmental characteristics of the country, the industrial sector and the characteristics of the project in question.

THE PROJECTS TO BE SCREENED

June 2013 saw the official launch of the third version of the Principles, or EPIII, which Intesa Sanpaolo has applied since January 2014. The changes introduced mainly regard the scope of application, which was expanded.

In fact, the Principles now apply - in all countries and for all business sectors - to all new Project Finance transactions when the total project cost is 10 million USD or higher; to corporate financing and bridge loans for project development if the total aggregate loan is at least 100 million USD, if the individual commitment of the Bank is at least 50 million USD and if the duration of the loan is at least 2 years. The EPs also apply to all advisory services on project financing.

OTHER NEW ASPECTS OF THE EQUATOR PRINCIPLES III

The updates introduced by the new Principles also concern other areas that call for an increasing focus by civil society. Firstly, they introduce additional requirements compared to previous versions, both for the financial institutions and customers, in relation to the fight against climate change. They place a stronger focus on assessing the impact on human rights and, lastly, drive members and project sponsors to increase the level of transparency in their various forms of communication.

Given the launch of the new EPIII and with a view to updating internal regulations, also in order to improve effectiveness at the same time, in 2013 the Corporate Social Responsibility Unit set up a work group which, beginning with existing internal rules, established new Operating Guidelines that were published in corporate policy in 2014. The work group was made up of representatives from all departments, who are or will be involved in different ways in the application of the Principles.

Compared to the previous version, the Operating Guidelines are more integrated into the Group's credit policies. In fact, given the expansion of the scope of application of the Principles, reference to the new Guidelines is now present in all other lending procedures in order to detect, right from the application phase, all loans included in the scope of application of the Equator Principles.

This integration ensures that the assessment process adopted by the Credit Department evaluates the loan based on financial as well as social and environmental considerations. In addition, a business committee – the Engagement Committee – was set up in 2014 to assess consistency between certain “Significant” transactions and the business strategy defined for Corporate and Investment Banking Division customers. The committee, which does not replace the normal lending process, preliminarily ensures that – in addition to legal, compliance and risk management aspects – for the transaction in question, aspects relating to the assessment of reputational risk and the Equator Principles are also covered (see also “Business risk management” in the chapter “Materiality analysis” p. 32).

Operating Guidelines for implementation of Equator Principles

The Operating Guidelines for implementation of Equator Principles is an instrument which, through a process that includes the activities indicated in the Equator Principles, provides support to the Bank in identifying environmental and social risks associated with the customer's ability to manage them and with the sector related to the project, in addition to the characteristics of the project itself.

The Guidelines require higher-risk projects, and medium-risk projects if necessary, to be assessed by an independent advisor who identifies the main social and environmental impacts and the appropriate mitigation measures. The results of this independent due diligence provide suggestions and recommendations in the event that the work performed has to be integrated with in-depth studies or mitigation measures to ensure that the project meets the requirements of international standards.

Information emerging from the due diligence is integrated into the contractual obligations and monitored with a frequency based on the level of risk identified.

Customers are required to submit regular reports demonstrating implementation of the mitigation measures required by the Bank and which may be verified also via on-site inspections. In the event of non-compliance with the agreed conditions, the Bank reserves the right to exercise the appropriate measures for assessment on a case-by-case basis.

Part of the assessment process also envisages involvement of the local communities, in order to identify the possible social impacts and identify further mitigation measures. In fact, the Equator Principles imply an ongoing relationship with stakeholders, from the design phase and throughout

the entire project, via a structured and culturally suitable stakeholder engagement and complaints handling process.

In 2014, the amount agreed for projects following the Equator Principles assessment process, as outlined in the Operating Guidelines, represented approximately 7.7% of the total amount agreed for loans in the reference scope. In order to guarantee accessibility of the Guidelines and all support documentation to all the Bank's departments, in Italy and abroad, the full set of documents is available in Italian and English.

Consolidation of the Parent Company's internal regulations is a fundamental prerequisite to the continued involvement of the International Subsidiary Banks. The foundations were laid in 2014 for the new Rules that will be based on the Intesa Sanpaolo Operating Guidelines and adapted to individual local needs. This will allow those Banks which, according to their operations, have to apply the new Equator Principles, to implement them effectively and consistently with the Parent Company, also as a result of a specific, customised training programme.

The training programme

The launch of the third version of the Equator Principles (EPIII) and the entry into force of the new obligations from January 2014 made it necessary to re-programme a new training plan, this time much more extensive and structured than that completed in 2012. In fact, the new broader application of the Equator Principles have driven us to add additional staff and Bank departments among the course participants, as well as the project finance specialists.

The creation of training sessions as varied as possible in terms of business and local origin was successful in that the discussion fuelled by the topics involved added value and increased the awareness of risk management

in its broader sense. In addition, it is important that all the Bank's departments and staff involved in the Equator Principles implementation process adopt a standard approach. For this reason, the classroom presence of the credit and risk management functions was fundamental.

As regards the contents of the training sessions, these were based on application of the new Operating Guidelines in actual cases, making great use of documents produced by the Equator Principles Association and made available to its members. In 2014 the first two days of a five-session training package were held.

Participation in the international debate

Adoption of the Equator Principles also means participation in the association activities and the international debate conducted by the EP Association. Once again in 2014 Intesa Sanpaolo participated in annual events dedicated to members and to conferences with other member banks, and also in meetings with our stakeholders mainly the IFC, NGOs and the industry business associations. Lastly, the Bank continued to make its contribution to discussions on the issue of biodiversity, as part of the specific Work Group created in 2013 (Cross Sector Biodiversity Initiative).

Projects completed in 2014

There have been 282 loan applications since 2007, which also underwent the Equator Principles screening. The reference area regards all Intesa Sanpaolo departments involved in project finance covered by the scope of application of the Principles, in Italy and abroad, and two International Subsidiary Banks: VÚB Banka and Alexbank.

The table below shows the number of projects that were financially closed in 2014, with breakdown by category:

	Total	Category a	Category b	Category c
Project finance	18	4	8	6
Business loans associated with projects	1	1		
Project finance advisory services	1			

MANAGEMENT OF SOCIAL AND ENVIRONMENTAL RISKS IN LOANS: ENVIRONMENTAL CRIMES

The assessment of environmental risk in the granting of loans regards not only big projects but also loans granted to all types of Bank customers. A careful assessment of these potential risks also mitigates the risk of involvement in environmental crimes. Intesa Sanpaolo's 231/2001 Model has included environmental crimes as a sensitive area, acknowledging that the illegal acts governed by criminal law to protect the environment implies administrative liability of the relative entities and, consequently, indirect liability of the Bank with regard to the activities of its customers.

With the objective of identifying the most effective methods to assess any environmental risks connected to the activities of corporate customers as well as the most significant indicators to measure them, a work group comprising all bank departments involved was promoted. The work group prepared an analytical questionnaire with the aim of verifying potential environmental risks associated with our customers' activities and a pilot project is under way to test validity on a sample of significant companies. An analysis was also developed of the product sectors into which the Bank's loans portfolio is divided, to assign an environmental risk rating – low, medium or high – according to their potential negative impact on the environment. This rating allows an initial assessment of businesses in each sector and implementation of a suitable risk analysis process.

CONTROVERSIAL SECTORS

With a view to responsible management, the banks are called upon from multiple parties to be answerable for the decisions they make when granting loans to controversial sectors such as arms, nuclear energy, fossil fuel extraction, etc. In particular, pressure campaigns and public opinion and customer awareness campaigns are becoming more frequent, aiming to steer bank's decisions.

Intesa Sanpaolo is aware of the importance of correctly and responsibly allocating credit, and focuses specifically on the in-depth study of issues associated with the most sensitive sectors.

In recent years in-depth studies of the coal, waste-to-energy and water industries have been conducted and circulated within the Group (the water study was also made publicly available).

Among the sensitive sectors monitored by the Bank on an ongoing basis, production and trade of military weapons hold particular importance. In fact, this is a complex and controversial area that since 2007 Intesa Sanpaolo has decided to manage through a restrictive internal policy.

In accordance with the values and principles in the Code of Ethics, the Bank has decided to take on its responsibility as financial intermediary, sharply limiting its participation in activities that involve the production and trade of military weapons. In particular, specific

operating methods to limit and control the granting of loans and other financial services to companies in this sector were defined, and all transactions relating to import/export of military weapons was suspended, despite being authorised by Italian Law 185/90.

Intesa Sanpaolo has also specified in its policy certain particularly controversial sectors with which it intends to refuse business: arms banned by international treaties, such as nuclear, biological and chemical weapons, cluster and scatter munitions, weapons containing depleted uranium and anti-personnel mines.

Concrete application of the policy includes a number of exceptions that consider the interests of national defence, also in light of an integrated European defence. The Bank has therefore decided to support Inter-governmental Programmes between countries that respect democratic principles and to authorise imports and domestic activities in favour of the national armed forces and relative designated entities.

Our commitment of consistently standing by our decisions has always been recognised and appreciated by the associations responsible for monitoring the arms sector and the related financial flows. In fact, authorised transactions progressively decreased over the years to reach zero in 2012. In 2013, the last year in which Italian Law 185/90 granted authorisations, the amount was less than 1 million euro (see the "Controversial Sectors", p. 148).

In 2014, support continued with regard to the International Subsidiary Banks, for which a specific internal policy was issued in 2010. Each Bank, through an appropriately trained delegate, monitors and reports to the Corporate Social Responsibility Unit on a quarterly basis regarding all information on operations during the period, in accordance with the principles of the policy.

HEALTH AND SAFETY RISK MANAGEMENT

Intesa Sanpaolo takes great care in assessing the health and safety risks for employees through a special management system in compliance with the most important national standards. Monitoring of over 1,000 organisational units was constant, with in-depth site inspections allowing the "Risk Assessment Document" to be kept up to date and available to all employees. The management process for risks at Group offices has been finalised, in close cooperation with the relevant company functions, achieving a reduction in greater risk factors of more than 78% compared to 2013. Furthermore, the preliminary assessment of the work-related stress risk was updated, taking into consideration new homogeneous groups based on analysis of branches operating with extended working hours. In particular, an in-depth analysis of the risk for switchboard operators, security guards, IT system technicians and contact unit operators was performed, using a method developed in partnership with the Occupational Health Clinic of the University of Milan. Analysis of indicators shows no significant

presence of work-related stress. In quality terms, the result is consistent with the outcomes of health monitoring examinations on employees apparently in good health, with a greater percentage of employees judged to be in good/excellent general health (91%) and with a disorder/illness frequency lower than that of the general population. In 2014 the video terminal operators classification was updated (subject to specific health supervision) through the Work Sampling activity, with a particular focus on branches operating extended opening hours and through the involvement of head office organisational units heads.

Once again in 2014 Intesa Sanpaolo was actively committed to protecting employees and customers by taking action to prevent branch robberies and to manage its staff in emergency situations. Personal protection is the key principle behind all initiatives undertaken to protect branches from the risk of robbery: training, enhancement of safety technology measures and consolidation of security services. The training, designed to make employees aware of the correct conduct for their own and others' safety, is based on the sound experience of Intesa Sanpaolo's physical safety experts. The training is provided by high-level interaction in the classroom to encourage active participation and mentoring by personnel operating locally in such a way that the learning process continues, even after the training activities, in everyday relations.

The safety technologies aim to reduce the appeal of branches to robbers by reducing the amount of cash at counters, separation into multiple vaults fitted with delayed opening devices and custody in high-security areas. Another deterrent is the ability to recognise the perpetrators of crimes through the use of advanced video surveillance compliant with guaranteed protection of privacy provisions. In addition, access to areas where valuables are held has been reduced through the set-up of high-security areas. The replacement continued of armed guards with GSS (Global Security System) "virtual guards", a system offering remote surveillance of premises using bidirectional video instruments.

Furthermore, the focus on personal protection is a constant factor in distribution model development projects that allow the creation of synergic opportunities among the needs for physical safety, commercial growth objectives and the need for personal protection at the same time. An example is the organisation of branches with extended opening hours where, despite the increased time for banking service provision, no criminal situations have been recorded during the extended hours as a result of the behavioural and technology cautions established.

In 2014 further innovation was introduced in the distribution models, which take personal protection into consideration, particularly through the specialisation of retail branches into hubs, branches and advisory points.

RISK MANAGEMENT IN THE RETAIL BRANCH SPECIALISATION PROJECT

To meet customer needs, in 2014 the retail branches were divided into three segments with different management models for cash-based services and resulting opportunities for personal safety:

- hubs: cash-based services throughout opening hours
- branches: cash-based services only in the morning
- advisory points: no cash-based services

To maximise personal protection benefits for those affected by this segmentation, different additional solutions were adopted. These include:

- installation of emergency health alert systems for the smaller branches
- installation of cash in-cash out devices for the smaller branches
- time-lock development for the safes
- increased installation of vaults with timers
- increased installation of security cabinets
- display of safety messages

Also in 2014, this constant focus on safety aspects allowed the Group to achieve significant results in terms of reducing the number of robberies committed and, more importantly, of offering more effective protection to individuals at branches. Since 2007, the year in which 451 robberies at Group branches were recorded, the number has decreased drastically to 60 in 2014 (-43% compared to 2013).

Post-robbery support activities continued through help from specialists at Milan University, arranged with the voluntary prior consent of interested parties, provided by the company doctor and – in cases considered more critical (given the dynamics of the event) – also by psychologists. A special assessment was performed for workers seconded abroad, by means of a specific homogeneous group and taking into account the following aspects: environmental, health and hygiene, logistics and personal safety. With regard to assessment of the risk scenarios, a specific checklist was prepared containing a series of standard items to identify the presence of any risks. Particular subjective health conditions of personnel seconded abroad were assessed by the Qualified Physician, at the request of the interested party, both prior to departure and on return to Italy. The seismic risk assessment was finalised - implemented both as a preventive measure in relation to local risk and building vulnerability and following a seismic or other external event - in relation to the maintenance of the static solidity requirements of buildings. Based on the maximum safety principle, to protect the health of workers exposed to substances that could be inhaled after vaporisation, in 2014 the ban on smoking was extended to include e-cigarettes. With regard to food and beverage distribution, a control plan was prepared for the levels of services contracted out, assigning this activity to a company specialising in the food sector. This plan involves verifications which assess compliance with health and hygiene requirements of the vending machines and the areas in which they are installed, also through microbiological analysis. The focus on health and safety issues was also constantly backed by specific training and education activities which in 2014 focused in particular on specific training for Organisational Unit Heads. All other existing training initiatives continued, for a total of more than 53,000 training hours on health and safety during the year.

Furthermore, the constant strengthening of crisis management procedures, solutions and mechanisms again in 2014 allowed the relevant company department to profitably ensure service continuity and the safeguarding and protection of employees and customers during particular environmental and social crises. In particular:

- emergencies caused by very bad weather and by seismic events in areas of certain local offices in Italy (Liguria, Marche, Tuscany) and abroad (New York, Serbia);
- persisting international crises in Egypt, Ukraine and Hong Kong;

- repeated social protests in Italy in the vicinity of Group offices in the major Italian cities;
- power blackouts at the Branch in Amsterdam, the Headquarters in Torino Lingotto and the Finance campus in Piazza Scala, Milan;
- prolonged data and phone line breaks at the headquarters in Via Langhirano, Parma, due to flooding of the Telecom main exchange in Parma.

FINANCIAL INCLUSION AND ECONOMIC EMPOWERMENT

Credit management has a direct impact on financial capital, the use of which allows us to remain faithful to our traditional vocation, being a real economy bank, for households and businesses. For a bank, encouraging financial inclusion and business idea growth means supporting recovery. This is the key factor for economic, environmental and social sustainability of the community and, at the same time, represents growth opportunities and corporate development.

Intesa Sanpaolo meets the different needs of consumers with a marketing focus and different approaches according to the customer segment, with the aim of accompanying customers through their personal lifecycle, developing a new way of banking and of looking to the future.

HOUSEHOLDS AND PAYMENT SOLUTIONS FOR HOME MORTGAGES

For some time the Bank has envisaged means of renegotiating mortgage terms in order to meet the needs of households asking to adapt instalments to their changed income-generation capacity. Over 5,000 renegotiations were completed in 2014, for a corresponding residual debt amount of more than 540 million euro.

In 2014 new solutions were created to help households in difficulty: "**Rata Leggera**" allows customers who have contracted mortgage loans for which the repayment period has begun at least twelve months prior and who are up to three months behind with their payments to suspend the principal portion for a maximum period of twelve months. Conceived as a means of "rewarding" selected customers with a sound credit profile, Rata Leggera was expanded with a view to making it available to customers also as a solution for overcoming temporary economic difficulties. Suspension of the principle portion of the instalments is therefore a renegotiation tool that can be used to meet unexpected expenses, overcoming temporary economic difficulties rather than freeing up household budget resources set aside for consumption and investments intended to improve their lifestyles. There were almost 2,000 renegotiations in 2014 for a total residual debt of more than 167 million euro.

In the first half of the year, Intesa Sanpaolo also

launched "**Casa Insieme**", an initiative aimed at revitalising the real-estate market that enhances the saleability of newly built properties financed by the Bank by bringing together buyers and sellers of new homes through measures focusing on financial services and communication.

Through specific contractual arrangements, the Bank provides the construction companies amongst its customers with access to communication initiatives aimed at increasing the visibility of their work sites, commercially supporting them through its branches - also with periodic site visits by a branch manager - and providing subsidised financial terms for those purchasing homes at participating work sites.

Thanks to "Casa Insieme", builders can cut the amount of time needed to sell their properties, reduce their entrepreneurial risk and free up lines of credit to be used for new real-estate initiatives, while retail customers can benefit from more favourable conditions than standard list prices, simplified criteria for access to credit and, in some cases, contributions from the builders (lower instalments and exemption from administrative expenses).

Since the launch of the initiatives over 100 construction companies have become members of Casa Insieme.

As part of the memorandum of understanding with ABI, in partnership with the Government and Consumer Associations, once again in 2014 more than 1,700 suspension applications from households in temporary economic difficulty were accepted. Total suspensions, at the end of 2014, included more than 3,100 mortgages for a total residual debt value of over 266 million euro.

In order to support laid-off employees, Intesa Sanpaolo has made use of the "Anticipazione Sociale" product since 2005. Italian companies continue to make recourse to extraordinary lay-off payments and employees often receive the indemnity from INPS, the Italian Social Security Authority, after 7/8 months following the request.

Anticipazione Sociale offers the opportunity to open a time-release credit facility with particularly favourable terms. It can be used until INPS credits the worker's current account with the salary integration. Through agreements signed with the Authorities and local institutions in Lombardy, Piedmont, Emilia Romagna, Tuscany and Veneto, the worker does not bear any charges as these are covered by the project partners. In 2014, 4,600 households were given access to a total of 21.7 million euro.

With regard to initiatives of the International Subsidiary Banks to encourage first home purchases by young people and newlyweds, Intesa Sanpaolo Bank Albania has created a line of loans which, in cases of difficulty, offers the option of missing an instalment payment three times during the life of the loan. More than 4.8 million euro was granted in 2014. The Slovakian VUB Banka has also continued to grant subsidised loans for home purchases to young people (maximum 35 years of age)

with limited income. The "fleximortgage young" line offers discounts on the instalment interest rate borne by the Bank and the Slovakian Government, payment suspension options or restructuring of instalments. More than 222.4 million euro was granted in 2014.

Already since 2013 Banca Intesa Beograd in Serbia has been making loans available with insurance against job loss or disability. The loan offers the option of delaying payment of the instalment five times during the repayment period. 53.1 million euro was granted in 2014.

VÚB Banka in Slovakia has created a loan for small construction companies which, in partnership with municipal authorities, envisages the construction of apartments for rent with support from a state housing fund set up for social housing initiatives. In 2014, the Bank granted over 1.8 million euro.

LOOKING TO THE FUTURE: YOUNG PEOPLE

In socio-demographic terms, the situation for young people shows personal and professional instability as well as financial dependence, often still significant on their families, uncertainty about the future and a rise in the provisional nature of living conditions even after the age of 30. Nevertheless, Intesa Sanpaolo continues to focus on those representing our leverage of the future.

The Superflash product is an "umbrella" brand characterising not only products, services and solutions for young people between the ages of 18 and 35, but also a new communication language at Branches and online, with a dedicated section of the Bank's website and with the activation of social networks.

Superflash is made up of a dedicated product line with extremely limited costs, designed to meet the main needs of young people: prepaid cards, current accounts, loans, mortgages and savings. In 2014 the Superflash Loan allowed the granting of almost 303 million euro to more than 27,000 young customers (250 million euro to 24,000 customers in 2013). With regard to mortgages, the amounts granted remained significant, almost 840 million euro to 8,700 young people, though recording a decrease compared to 2013 (1.1 billion euro granted to 10,800 young people).

As regards welfare, the Group considered it important to offer specific subsidised terms to young people. The two solutions launched at the end of 2012 – an open-ended pension fund, "Il Mio Domani", and an individual welfare plan, "Il Mio Futuro" – offer under-25s a discount on the annual management fee. In 2014 more than 38,400 subscriptions were recorded.

Bridge Loan, on the other hand, was designed to give university students an opportunity to fund their studies under particularly favourable conditions. It is targeted at students enrolled in one of the partner Universities and its eligibility requirements do not take into account household income, but are solely based on university attendance and merit, without the need for any personal guarantees. In 2014 alone, 289 new loans were granted for a total of 3.1 million euro.

The Slovakian VÚB Banka dedicated a current account (without fees for students) to young people aged 15 to 24, which includes various banking services and a form of insurance free of charge in the event of document, mobile phone and baggage loss or theft. 17,000 accounts were opened in 2014. The Bank also continued to grant loans to young couples with limited income and consumer credit to young people and university students, granting a total of almost 6.5 million euro in 2014.

The Croatian PBZ also provides support to students, granting loans at subsidised terms to young people to cover university fees and board and lodging costs. Again for students, the Bank created a product line that includes a current account, a credit and debit card, and Internet banking. The package offers limited costs for basic banking services and no-fee current accounts. In 2014 more than 7,500 subscriptions were recorded.

"Tu Dopo di noi" is an insurance product designed to protect a disabled beneficiary on the death of the insured. A lifelong product giving priority to the value of capital invested, as a result of prudential separate management, mainly in bonds.

"Tu Dopo di noi" targets those with a disabled family member and wishing to protect their future by guaranteeing protected capital that continues to provide them with real, secure protection.

106 new policies have been under written in 2014. Previously our portfolio contained a similar product with the same characteristics, "Alfa Dopo di Noi", and therefore up to 31 December 2014 a total of 783 contracts had been signed.

SENIORS: THE VALUE OF RELATIONS WITH THE BANK

The products and services dedicated to this type of customer take into consideration the specific needs of simplicity and enhancement of relations with the Bank that have consolidated over time. Intesa Sanpaolo has consolidated its marketed product mix in the last two years with three dedicated product lines: "Carta Pensione" (Pension Card), "Libretto Pensione per te" (Pension Book for you) and "Conto Facile" (Easy Current Account) that can be customised according to customers' personal needs, without account opening and closing costs, to which all the Bank's services can be linked. In 2014 the account was offered with a discount on the annual fee. As at 31 December 2014 there were:

3,400 Pension Cards, 20,800 Pension Books and 90,000 Current Accounts.

The range dedicated to Senior customers is completed by the **Basic Account**, created to comply with regulations introduced in 2012 for financial inclusion purposes.

The account is dedicated to customers with limited banking needs and envisages low management costs, particularly for socially disadvantaged customers.

Given the aims of this product, Intesa Sanpaolo chose to make its Basic Account product even more convenient, guaranteeing more transactions free of charge than the limits established in regulations.

As at 31 December 2014, over 8,500 Basic Accounts had been opened, of which: 912 to socially disadvantaged customers, 3,269 to holders of pensions of up to 18,000 euro per year and 4,368 to customers not belonging to these categories.

The standard banking product component, with services enhancing simplicity and transparency and meeting protection needs, is backed by a non-banking component relating to health, welfare and recreation, for example including: protection against unforeseen events, access to medical and healthcare services under preferential terms, social, welfare and tax assistance services at subsidised rates or even free of charge, and opportunities to purchase recreational products and services at preferential prices. In a scenario of rising health costs borne by households, 2014 saw the consolidation of its "Riconoscimento Senior" health service, with greater monitoring by Intesa Sanpaolo of the local coverage and network quality. More than 508,000 customers over the age of 65 accessed this programme.

The International Subsidiary Banks also developed several initiatives in favour of senior customers: specific products for pensioners are offered in Serbia with loans for almost 41.5 million euro, in Slovenia over 269 thousand euro was granted, and in Bosnia and Herzegovina loans for 12.5 million euro.

The Croatian bank PBZ and the Slovakian VÚB Banka created current accounts for pensioners with subsidised terms and which offer other banking services. In 2014 there were more than 7,300 subscriptions to these PBZ services, whilst subscribers to the VÚB Banka service numbered 9,200.

A BRIDGE CONNECTING THE WORLD: REMITTANCE MANAGEMENT

In 2014, Intesa Sanpaolo continued its focus on immigrant customers, recording over 942 thousand customers (+4.32% compared to 2013). The money transfer services offered include three complementary services which, in terms of characteristics and costs, make the product range complete and competitive: Getmoney to Family, which enables the sending of money to the migrants' main countries of origin thanks to agreements entered into with local banks; Express to

Family, designed to transfer money to Intesa Sanpaolo Group banks located in Albania, Egypt, Romania, Serbia and Ukraine and Money Transfer Western Union which, thanks to its widespread agent network, enables the receipt of money worldwide.

In 2014 a total of almost 110,000 remittances were executed through the three services amounting to over 57 million euro, up on the figure for 2013. The increase mainly refers to the Western Union service which in 2014 was used by just under 14,000 customers.

MICROFINANCE SOLUTIONS FOR VULNERABLE SOCIAL GROUPS

Our willingness to play a part in the social growth of the communities where we operate has resulted in numerous microfinance projects and initiatives aimed at the prevention of usury, involving us as partners of local players, shareholders' foundations and local Onlus associations.

Il Prestito della Speranza

In 2010 the Italian Episcopal Conference (CEI) launched the first national microfinance project targeting households, offering income support, as well as targeting companies for the start-up or relaunch of business. The initiative was promoted by the Italian Banking Association and involved 54 banks. The CEI assigned Banca Prossima the task of managing the 30 million euro guarantee fund. At the request of the CEI we managed development of the project by training 127 dedicated branches and the setup of a voluntary workers' association - VOBIS - operating at national level and made up of 250 retired colleagues. This association examines the loan applications, interviews households and reduces the workload for the branches. The banking groups committed to 2 forms of credit: Social Microfinance targeting households that are particularly economically or socially vulnerable, and Business Microfinance for individuals, partnerships or cooperatives wishing to start up or performance freelance or microbusiness activities.

Intesa Sanpaolo is now the initiative's leading bank and has managed 46% of the applications originating from desks of the diocese. In 2014 Intesa Sanpaolo granted almost 2.4 million euro to 315 applicants.

Other significant initiatives include Intesa Sanpaolo's participation as partner to Fondazione Lombarda Antiusura and Fondazione Welfare Ambrosiano.

Fondazione Lombarda Antiusura has been operating since 1997 to defend individuals or small businesses in dire financial straits or at risk of usury. The Foundation, set up by Cariplo S.p.A. in collaboration with Fondazione Cariplo and Caritas, has provided free of charge the guarantees required to cover the credit granted. The selection of the applications takes place through sector experts, employees or retired members of the Group, who act as a listening and guidance centre in identifying the financing solutions required to remedy critical situations. Thanks to

the work of the Foundation – acting as guarantor or to cover interest – 580 entities have been able to gain access to Intesa Sanpaolo loans for a total of almost 9.2 million euro since it was set up.

Fondazione Welfare Ambrosiano, an entity financed by the Municipality of Milan, which also involves the participation of Fondazione Lombarda Antiusura, envisages microfinance initiatives both of a "social" nature to provide income support to households in temporary difficulties and of a business nature, for the creation of micro and small enterprises. The catchment area is essentially the Milan area. Intesa Sanpaolo is one of the four financial partners involved: since the initiative was launched approximately 1.2 million euro has been granted to 215 applicants.

Other two projects, launched in 2011, cover the Piedmont and Lombardy areas in particular:

- the "Microcredito per il lavoro", in collaboration with Fondazione Lombarda Antiusura Onlus, is aimed at Italian and foreign individual and family businesses located in the Lombardy Region; the loans are backed by the guarantee of a fund set up by the Foundation which accounts for 90% of the loan granted;
- the "Finanziamento a valere sul Fondo Regionale di garanzia per il Microcredito – Regione Piemonte assistito da garanzia FINPIEMONTE", dedicated to newly set-up small businesses and self-employed workers with operational headquarters in Piedmont, for the business start-up phase. The loans are backed by a guarantee of 80% of the capital issued; this guarantee is released by the regional investment company.

Major initiatives were launched during the year:

- the agreement with **Fondazione San Patrignano**, launched in May 2013, which entails microfinance activities for the integration of the San Patrignano Community youth in the job market. Thanks to a guarantee fund of 250,000 euro established by Fondazione San Patrignano and assigned to Banca Prossima, Intesa Sanpaolo has allocated a maximum of 750,000 euro to grant loans in favour of residents of the Community who wish to start up businesses. The project entails a training stage with the support of Bocconi University and guidance through the first business experience with the 250 "Credit Angels" of the Vobis association.
- **Fondo Famiglia Lavoro** of the Archdiocese of Milan envisages the start-up of microfinancing activities that increase existing opportunities to provide support to business activities through action by Fondazione San Bernardino and based on specific agreements with the participating banks. The activities envisaged by the Fondo Famiglia Lavoro also include a special focus on households that have lost their main source of employment income (due to dismissal or redundancy) or self-employment income (due to business closure or suspension), but which still have a form of

income, albeit modest, from at least one of the other household members. Fondazione San Bernardino, the guarantee fund manager on behalf of the Diocese, arranges assessment of the applications and grants them access to the guarantee fund, allowing Intesa Sanpaolo to issue loans at favourable terms.

Numerous projects were also launched by our International Subsidiary Banks.

In Egypt, microfinance activities have been developed since 2008, both for loans to individuals with no access to banks and for the development of small businesses. In 2014 a total of 31.6 million euro was granted (25 million euro in 2013).

Already since 2013, Alexbank’s commitment has been included within the scope of a dedicated project - “Bank the Unbanked” – with a view to increasing penetration and diversifying the offer in terms of products (introduction of savings methods, cards, insurance products) and channels (mobile banking).

In 2014, Banka Koper in Slovenia also launched a microfinance initiative, signing an agreement with the European Investment Fund offering arrangements to provide guarantees under the “European Progress

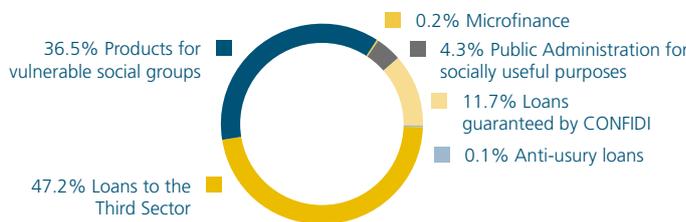
Microfinance Facility Programme”. The aim of the loan is to facilitate access to credit for individuals who would otherwise have no access to banking (start-ups, young self-employed, social enterprises, women business owners, etc.) to combat social exclusion. Over 975.000 euro was granted in 2014.

Overall, the numerous microfinance and anti-usury initiatives in Italy and abroad resulted in the granting of more than 40.4 million euro.

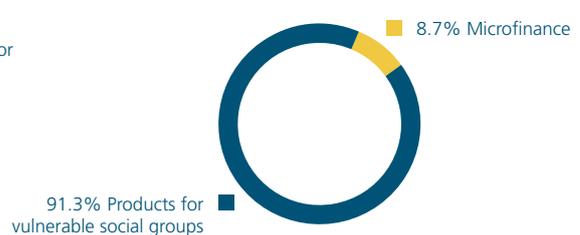
In 2014, the Intesa Sanpaolo Group issued loans for high social impact activities amounting to over 3.6 billion euro (12.9% of the total loans granted), helping to create business and employment opportunities as well as to assist people in difficult situations in several ways: microfinance; anti-usury loans; loans to the Public Administration to develop socially useful services and activities; credit facilities granted to small and medium enterprises belonging to CONFIDI (consortia or cooperatives for collective credit guarantee); products and services addressed to Third Sector associations and entities; products dedicated to the most vulnerable social groups to support their financial inclusion.

Initiatives with high social impact [%]

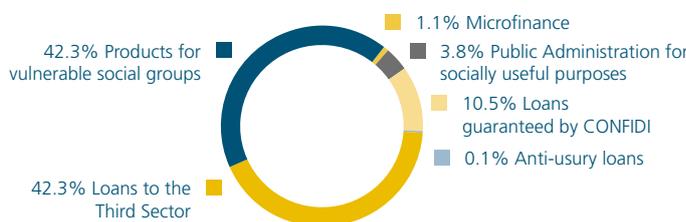
Italy (15.2% of loans granted in Italy)



Abroad (5.6% of loans granted abroad)



Total (12.9% of the total loans granted by the Group)



THIRD SECTOR AND LOCAL AREA

Intesa Sanpaolo attributes a great deal of importance to the Third Sector, which represents a significant part of the economy and of Italian companies. These customers are assisted by Banca Prossima, which creates positive social impact through its lending activities. Its greater and more targeted credit with lower costs once again

in 2014 supported the Third Sector in terms of inflows-outflows balancing, job creation and capacity to reach the ultimate beneficiaries. The Bank has achieved significant results in recent years. At the end of 2014 it had over 51,800 customers, with approximately 6.7 billion euro in deposits (of which 2.5 billion euro direct) and around 1.5 billion euro in loans. In 2014 the company reported revenues of 53 million euro

(+16.7% on 2013). These are major milestones that demonstrate the ability to monitor a socially important segment, above all in the current context where Public Administration has partially withdrawn from its involvement in welfare matters.

In many of the initiatives launched, the collaboration with VoBIS (Volontari Bancari per le Iniziative Sociali), a national non-profit association comprising former bank employees who offer their expertise to citizens and non-profit organisations, providing applicants with mentoring and tutoring activities, proved to be particularly valuable.

For Banca Prossima, operating close to the community has also translated into promotion, in partnership with certain shareholders' foundations and Third Sector entities, of the "Fiducia e nuove risorse per il Terzo Settore" Manifesto (Confidence and new resources for the growth of the Third Sector), which aims to build a network of operators providing financing sources at a moderate cost in order to support non-profit investments [1].

In 2014, in agreement with the signatories and with assistance from Euricse (European Research Institute on Cooperative and Social Enterprises), nine stops of a roadshow were organised that allowed local development of the most important non-profit issues, promoting the sharing of the best ideas and access to all available support tools.

Subsidised loans to the Third Sector

Banca Prossima has gradually launched a series of initiatives to grant subsidised loans to the Third Sector. These loans are sustainable for the Bank through a number of low-cost deposit methods. The benefit for the Bank of lower cost of deposits fully translates into lower lending rates.

Essentially, this mechanism operates in three areas: the use of European Investment Bank loans, in 2014 a total of more than 35 million euro was granted for 14 loans; the collection of funds on the Terzo Valore crowdfunding portal and issue of the "Serie Speciale Banca Prossima" bonds.

Terzo Valore [1] is a crowdfunding portal which allows anyone to lend money or to directly fund non-profit organisation projects, without intermediaries and with principal repayment guaranteed by the Bank. Terzo Valore has so far financed 17 projects with loans granted by external subscribers for 2.1 million euro, plus approximately 218 thousand euro donations.

With regard to the "**Serie Speciale Banca Prossima**", bonds, two issues were performed - one in October 2013 and one in June 2014. The Bonds are issued at lower rates than those normally adopted for securities with the same characteristics in terms of rate type and maturity. The total funding was used as loans to the Third Sector: amounting to approximately 45 million euro, divided among 218 projects of various types of organisation, primarily social cooperatives, associations and religious organisations.

In order to sustain the implementation of social enterprise ideas by encouraging access to employment for deserving university students, also through self-financing methods, Fondazione San Patrignano - in partnership with Banca Prossima - set up the Social Start-Up project "Giovani idee per il social business" (Young ideas for social business), an ideas competition addressed to university students and designed to award the best three social enterprise projects with a dedicated loan.

Through this initiative, Fondazione San Patrignano and Banca Prossima aim to activate business culture operating in the social field, assisting emarginated or excluded people and making itself known on the market to guarantee - in addition to transparency, responsibility and environmental protection - real economic sustainability.

The most significant partnerships with the Third Sector include: **Consorzio SPIN-Sport Insieme**, a non-profit entity deriving from the collaboration with the leading sports Promoting Entities at national level (ACSI, AICS, ASI, CSI, ENDAS, LIBERTAS, UISP, USACLI) to build new sports facilities, renovate or adapt the existing ones to promote sports activities in Italy. The SPIN credit access model is innovative: association takes on the risk by investing its own capital (minimum 20% of the amount) and undertakes a project study and analysis process together with the Consorzio. Banca Prossima's credit decisions are supported by SPIN's certification, which investigates some aspects, such as the investment's economic and financial sustainability, the cost adequacy and the necessary authorisation process, which are key factors for the success of the project. 19 projects were financed in 2014, for a total amount of about 18 million euro.

ASSESSMENT OF BANCA PROSSIMA SOCIAL IMPACT

At the end of 2013 an assessment process of Banca Prossima social impact was launched and was conducted in 2014 with a view both to conceptualisation and actual measurement. It can be assumed that the Bank's impact can be divided into various lines:

- the service to existing non-profit organisations. Most of this impact is assumed to be associated with the credit, granted to a greater extent than other banks, priced at a level more suited to the "real" level of risk and therefore less expensive, "better" in other terms (more suitable types, sharing of the business plan, acceptable timing and guarantees);
- the effect generated at the end of the process by said organisations and involving two beneficiary categories: their workers (job creation) and the organisations' end users;
- the "structural" effect that improves the capacity of non-profit organisations to obtain funding ("investment readiness").

The results were mainly obtained by sending a questionnaire to borrowing customers and asking them questions in order to assess the extent of this effect, bearing in mind the conceptualisation described above. One segment of the questionnaire was dedicated to recording customer satisfaction, which is used to measure both the impact and the commercial success. 546 valid responses were collected out of approximately 4,400 borrower customers to whom the questionnaire was sent.

To summarise, the results were as follows:

With regard to the economic impact on customers, an increase in business volume of customer organisations was recorded. This is associated primarily with medium/long-term credit and amounts to 26.8 million euro, which – as a ratio to the total Banca Prossima customers – means additional business for approximately 312 million euro. As regards the creation of new jobs, 811 were identified in the sample (over 10,000 if taken as a ratio to total customers). Lastly, with regard to the ultimate beneficiaries, the involved organisations estimated that these increased by around 65,600 in the sample, which corresponds to no less than 1,400,000 individuals if taken as a ratio to total customers.

The section of the questionnaire on customer satisfaction showed very high levels of satisfaction, both in terms of quality of relations and the opinion on financial terms. Relations were described according to four categories: communication effectiveness, deadlines met, support, ease of contact and completeness of responses. The percentages of "good" or "excellent" responses were always over 80%. The financial terms included financial restrictions, capital requirement conditions and the interest rate applied. The "fair" response category was the most frequent (29%-44%). The sum of "favourable" and "highly favourable" varies between 46% and 51%. The sum of the three classes is normally around 95%.

This process was not only useful for the initial quantification of the bank's social impact. Among the most significant figures obtained we should mention the importance of Public Administration payment delays in generating dependence of non-profit organisations on short-term credit; the partial use of short-term funding also to finance additional projects; the great differences among the types of social impact mentioned by the organisations, which probably preclude the use of highly-standardised impact analysis methods; and the importance of detailed information on credit to document the bank's commitment.

For all the impact categories it is important to distinguish between the short-term credit and medium/long-term credit effects. Medium/long-term credit usually finances the acquisition of certain assets and it is therefore possible to understand the additional operations made by the organisation as a result of the asset acquired and its final effects. Conversely, short-term credit finances current business, not additional operations, and it is difficult to apply the same logic.

Nevertheless, the responses show that short-term credit availability is necessary to support entire business lines or even the basic operations of the organisations in question, and that such availability is often not increased through banking relations other than those with Banca Prossima.

The process is not finished and Banca Prossima intends to improve and extend it in 2015 and in the future, both with regard to its activities and - if possible - to assessment of the impact of the applicant organisations.

GROWING WITH OUR STAKEHOLDERS: FINANCIAL CULTURE FOR INFORMED CHOICES

Intesa Sanpaolo Group is particularly involved in the dissemination of knowledge related to economic and financial issues, to make people more aware (especially the younger generations) of their choices. The Bank undertook numerous initiatives by providing, without marketing purposes, its experience and advice on asset management and family budget issues through meetings with customers at Branches, with support from employees and specialists.

With regard to young people, the Bank - also with expert participation - continues to support the “**Financial Education Week**”, a series of meetings proposed to students attending the last two years of high school on the basic concepts of “Enterprise and Business Plans: how a business is born”. The programme sees participation in the national competition “Sviluppa la tua idea imprenditoriale” (Develop your business idea), which proposes that the classes design a business plan for creating a socially useful business in their local area. Since 2008, in partnership with Osservatorio Permanente Giovani-Editori, Intesa Sanpaolo has promoted the project “**Cultura finanziaria a scuola: per prepararsi a scegliere**” (Financial culture at school: get ready to make choices), which aims to provide useful knowledge on how to make reasoned decisions about the future. Dedicated to high school students, in 2014 the project involved 317,278 students and 12,203 classes. The “**Young Factor**” project was launched in 2014. Involving Intesa Sanpaolo, Unicredit and Monte dei Paschi di Siena, in the next five years this project will include initiatives to encourage the highest level of economic and financial education in Italian students.

In partnership with the Consumer Associations, the project “**Mettere in comune competenze**” (Skills pooling) was launched in 2011, with the aim of improving the mutual knowledge and collaboration skills to the benefit of customers and consumers. The project is divided into four annual steps: training of Consumer Associations’ middle managers; development of a training plan targeted at all Intesa Sanpaolo employees; local expansion; meetings with Intesa Sanpaolo Group top management and middle and junior managers of the Associations to combine skills and proposals in the main operating areas. 2014 was characterised by the local customisation of the initiative. In Piedmont, Intesa Sanpaolo organised four seminars and nine training days targeting managers and representatives of the regional consumer associations.

In 2012 Intesa Sanpaolo opened the **Museo del Risparmio** (Savings Museum) in Turin: the first interactive multimedia museum dedicated to the economy and savings, with the aim of encouraging thoughts about savings and teaching the basic concepts about investments. In 2013 the Bank founded the International Federation of Finance Museums together with the

Museum of Global Finance in Beijing, the Museum of American Finance in New York, and the Global Financial Literacy Excellence Center in Washington. In 2014 it consolidated relations with organisations which, at national and international levels, operate in the financial education field. In Italy this translated into a partnership with Fondazione Rosselli, as part of Progetto Cittadinanza Economica (development of pilot financial education courses for schools), into the participation in tenders for the dissemination of financial education in partnership with CeRP - Collegio Carlo Alberto and the University of Turin, and into the development of new content on food savings with the University of Bologna. At international level, bilateral cooperation agreements were established with the Museo Interactivo de Economía in Mexico City and with the British Museum in London. In addition, it organised the annual meeting of the International Federation of Finance Museums at its own offices, attended by the main organisations that have created or are creating museums dedicated to the economy (for example the Central Banks of the United Kingdom, France, Canada and Turkey, ISBANK, ERSTE Group, Allianz Asset Management, BBVA, and the British Museum). The Museum is an active member of the GreenBack 2.0 project (managed by the World Bank in partnership with the City of Turin) aimed at educating and raising awareness of migrants on the topic of remittances and financial education. Lastly, 10 video clips have been made with Fondazione per l’Educazione Finanziaria e il Risparmio. Through amusing infographics they explain the keywords of finance [i].

In Serbia, as a member of the local network of the United Nations Global Compact, Banca Intesa Beograd has for many years been actively involved in financial education programmes for secondary school students. Among its many activities, in 2014 it cooperated with the NGO Trag Foundation, USAID and TACSO (the European programme for technical aid to civil society organisations) to provide financial education and support in the financial management, marketing and budget planning for NGOs. In Hungary, CIB participates in the “Finance Compass” programme launched by the Hungarian Bank to raise awareness among citizens as to the financial issues associated with day-to-day life through the publication of press articles. In addition, to improve the financial awareness of microbusiness customers, a “Start-up Guide” is provided with updated information on topics of interest (business plans, what financing means, state subsidies, business activities - tax and accounting issues, insurance, legal aspects, etc.).

SUPPORT TO THE BUSINESS SYSTEM

Even in recent years, Intesa Sanpaolo has never stopped believing in Italy and provides support to those wishing to relaunch. In 2014 it allocated 34 billion euro to businesses and households. Access to credit is an issue of such importance that it has become one of the Business Plan objectives, envisaging the allocation of funds totalling 140 billion euro between 2014 and 2017.

Mortgage renegotiation is another highly important issue to production: for this reason since 2013 we have adopted specific processes and procedures that offer mortgage renegotiation to SMEs in temporary financial difficulty, facilitating the sustainability of the loan by extending the duration of the repayment plan for the residual debt in order to adjust the commitment to the actual available cash flows of the customer. This tool allows prompt and proactive monitoring of the positions which, despite being affected by temporary financial difficulties, show solid prospects of positive development.

During 2014 mortgages with payment arrears were renegotiated for 656 Corporate customers and 911 Small Business customers. In addition, 791 lease agreements were reviewed for Corporate customers and 427 for Small Business customers.

Proactive credit management

The Group's 2014-2017 Business Plan provides for initiatives for dynamic management of credit risk. These include the development and complete operational start-up of the Proactive Credit Management Processes through full activation of the dedicated chain and the creation of new support tools.

Proactive Credit Management is the new model dedicated to managing customers in potential difficulty, with the aim of recognising the first signs of problems and acting promptly with the most appropriate and effective management initiatives, avoiding deterioration of the basic credit fundamentals of the borrower. The approach adopted is differentiated by customer type:

- "prevention" for potentially recoverable customers with a view to growth and development through targeted action to renegotiate and/or grant new financing that allows the temporary difficulty to be overcome;
- "care" for customers with weak fundamentals by restructuring credit facilities using the most strongly controlled types, but at the same time guaranteeing the sustainability of the financial commitment by the customer.

In this first phase, in operation since July 2014, the project was activated for the Banca dei Territori and Corporate and Investment Banking Divisions with the involvement of the Chief Lending Officer's department.

AGREEMENTS AND SOLUTIONS FOR BUSINESS GROWTH

Again in 2014 the Intesa Sanpaolo Group finalised important agreements with trade associations for the sustainable growth of businesses. Amongst others, of particular importance is the fifth cooperation agreement between the Intesa Sanpaolo Group and Piccola Industria Confindustria, "**Una crescita possibile**" (Possible Growth). The partnership envisages the allocation of a further 10 billion euro, in addition to 35 billion euro allocated under the previous agreements, as well as a programme focusing on measures targeting growth, innovation and start-ups, exports and internationalisation, supported by the services and business opportunities that Intesa Sanpaolo, as Official Global Banking Partner to Expo 2015, can offer corporate customers for the entire duration of the event.

Among the tools developed to encourage dialogue between corporate customers and the Bank, the "Modello diagnostico di autovalutazione finanziaria" (Financial Self-Assessment Diagnostics Model) is being kept available. It is an online tool available to all Confindustria members, which provides companies with a personal risk profile to identify the best growth strategies. Since its launch in October 2010 more than 7,600 users have accessed the diagnostics model, with 428 new users in 2014.

The ABI Credit Agreement, which aims to guarantee the availability of sufficient funds to SMEs which, despite reporting liquidity tensions, in any event indicate positive prospects for development or going concern assumptions, was extended to 31 December 2014. This agreement allowed access to certain benefits with loan suspension and extension measures and two targeted credit lines: "Italy Investment Projects" dedicated to SMEs which, despite the economic crisis, have continued to make new investments and "Public Administration Receivables", whereby participating banks made special credit lines available for the provision of advance or discounting transactions.

In 2014, the transactions subject to suspension numbered almost 8,000 for a total residual debt amount of over 2.5 billion euro and around 338 million euro of extended debt. For the extensions, the accepted applications were more than 1,000 for a total residual/deferred debt of over 360 million, while recapitalisation loans were 28 for a total amount of approximately 7 million euro. Intesa Sanpaolo disbursed over 4,000 loans in 2014 through the "Italy Investments Project" for a total of more than 1,200 million euro.

Support to the public administration and solutions to guarantee liquidity to credit companies

The factoring of receivables to the Public Administration is a rather complex and at the same time highly relevant issue, especially in view of the large volume of receivables that companies claim against central and local public Entities and the major payment delays accumulated in that regard. Again as part of the ABI Credit Agreement, as at 31 December 2014, 222 SME applications were

received relating to the factoring of Public Administration receivables for a total of 6 million euro.

Youth employment and innovative start-ups

The EIB and Intesa Sanpaolo have signed the first joint loan in Italy dedicated to creating new jobs for young people in small and medium enterprises, mid-caps and innovative start-ups.

Making available a total of 240 million euro, the transaction responds to the request in June 2013 from the European Council in Brussels to activate “without delay” all possible means to combat the growing phenomenon of unemployment, especially among

young people. The transaction includes a credit line of 120 million euro for the creation of new jobs for young people aged 15 to 29 in SMEs and mid-caps and in support of the creation and development of innovative start-ups. In this area, 5 million euro was granted in 2014. Another 120 million euro credit line was allocated to finance investments by small and medium enterprises in the social sector (healthcare, education and urban renewal). 14 loans totalling 37.5 million euro were granted in 2014 (see the chapter “Financial inclusion and economic empowerment”, page 66).

ADOTTUP

With regard to the promotion of new high quality enterprises, the AdottUP project, created in 2013, continued to operate also in 2014.

This is the Piccola Industria Confindustria programme for the adoption of start-ups, of which Intesa Sanpaolo is a strategic partner. AdottUp turns the best entrepreneurial ideas into sustainable businesses thanks to the training provided by established companies which become their “tutors” and guide them through their development.

Intesa Sanpaolo gathers business idea applications, submits them to a joint Committee (Intesa Sanpaolo and Confindustria) which evaluates them, selects them and provides high level training and work areas, and creates the “Vetrina delle migliori idee” (Showcase of the best ideas) [i]. This is a dedicated area on Confindustria’s website which provides members with an overview of the best projects, thus enabling them to review the selected ideas and apply to become their “tutors”. In 2014, 69 new start-ups were assessed, 15 contacted for further studies, 8 selected for training and 12 included in the showcase. 8 training days were held.

219 start-ups have been assessed so far, around 80 have been contacted for further study, approximately 45 have been selected to attend training, 3 courses for a total of 32 days have been held, and 54 start-ups have been included in the showcase.

With the 2014-2015 Intesa Sanpaolo-Confindustria agreement, AdottUp was relaunched with a view to expansion envisaging action not only on supplying innovation but also on the demand side, facilitating matching between innovative SMEs (not just start-ups) and the SMEs that need such innovation to increase their competitive levels. Among the lending tools in support of new enterprises, Intesa Sanpaolo also makes the “NeolImpresa Loan” available, specifically for medium/long-term financing to start-ups.

Agreements with Confidi and Trade Associations to aid credit access

Intesa Sanpaolo cooperates with the major Confidi organisations that issue guarantees (with 50% coverage on average) in favour of the Bank, facilitating businesses’ access to short-term and medium/long-term financing to business and production activities.

In 2014, 21,995 loans guaranteed by Confidi were granted for a total of over 1.6 billion euro. The stock of loans guaranteed by the guarantee consortia as at 31 December 2014 was over 3.8 billion euro (for a total of 71,420 positions guaranteed).

The role of Confidi with regard to the use of the Guarantee Fund pursuant to Italian Law 662/96 is important. The acquisition in the form of counter-guarantee of a State guarantee of last resort allows a reduction in capital absorption for Banks and Confidi, with a positive impact in terms of price and/or greater volume of credit granted.

The Intesa Sanpaolo Group’s International Subsidiary Banks are also very active in subsidised lending to small

business and SME customers. For example, in 2014 Banka Koper in Slovenia developed a series of loans guaranteed by the Slovenian Fund for businesses. The initiative aims to support investments to ensure the growth of businesses and the development of high value added activities. In 2014, the Bank contributed with loans for 7.5 million euro.

Employment for women

Intesa Sanpaolo has also adopted another important memorandum of understanding signed by ABI, the Equal Opportunities Department of the Prime Minister’s Office, the Ministry of Economic Development and the major industrial and trade associations (Confindustria, Confapi, Rete Imprese Italia, Alleanza delle Cooperative Italiane) which offers a framework of action to facilitate access to credit for businesses operated by women in the various phases of a company’s lifecycle or the working life of freelance professionals. In adopting this agreement, with a range of services known as “Business Gemma”, Intesa Sanpaolo has made available 600 million euro until 31 December 2015 for businesses

run by women and for female freelancers. In 2014 the first 16 loans were granted amounting to 365,800 euro. This new loan also offers the chance to benefit, once during the repayment period, from the special segment guarantee of the "SME Guarantee Fund" dedicated to businesses operated by women, from up to twelve months' suspension of the principal portion of instalments on the loan for maternity leave, for serious illnesses also of the spouse or children or for a disabling illness of a parent, blood relative or relative by marriage up to the third degree, provided that the person lives with the applicant. The Business Gemma services also include an insurance policy that offers insurance cover and welfare services aimed at addressing the problems of balancing private and professional life. The areas of action envisaged are maternity, assistance, aid and legal protection in times of difficulty and illness. At the end of 2014 there were more than 1,400 existing policies with 37 new contracts signed during the year.

Banca Intesa Beograd in Serbia provides subsidised financing for enterprises run by women in the province of Vojvodina. The facilities include loans to purchase equipment for setting up small businesses and for the development of start-ups created by unemployed women. Approximately 216,000 euro was granted in 2014.

In Croatia, the collaboration continued between PBZ and Adria Women Association [1] for the development of female enterprises through dedicated training initiatives, online magazines and weekly newsletters. PBZ sponsors events, participates in training sessions and contributes to the preparation of e-learning materials.

In Slovakia, VÚB Banka entered the fifth consecutive year of the project launched with the women's magazine "Emma" aimed at training future female entrepreneurs, including new graduates, women on maternity leave and unemployed women. The courses, held by bank managers as well, were attended by 17 women.

INNOVATION AS A DRIVING FORCE FOR COMPETITIVENESS

In 2014, on the issue of innovation Intesa Sanpaolo dedicated a structure reporting directly to the Managing Director, Chief Innovation Officer, who has the task of researching and analysing innovative solutions available on the national and international markets to identify development opportunities for the Group and its customers, leveraging the departments already present in the Bank (see chapter "Innovation for growth" - page 118). Fully aware of the high social value that innovation is able to express in terms of creating progress and shared value, the structure's objective is to develop the technological innovation mix in favour of businesses in synergy with the relevant Group departments. Proposing the use of digital matchmaking platforms, it acts as the link between companies, bringing together the "innovation creators" and the potential users. In 2014 the Technological Opportunity Proposal initiative continued with the aim of identifying technologies

for Group's corporate customers and involved 100 customers.

Included among the activities to disseminate innovation are:

- offer of advisory services on sectors and technologies of excellence,
- support for development projects in the local areas and the local economy,
- support for start-ups with high growth potential and contribution for the Group and for the business system in general.

With regard to commercial offering, the **Nova+** financing programme continued to support Italian companies investing in innovation and research. As known, Nova+ supplements the traditional creditworthiness analysis with a technical and business assessment of the investment plans, conducted by a team of engineers specialised in the various product sectors and with in-depth knowledge of technology trends. In this regard, Mediocredito Italiano continues to make use of partnerships with a number of reputable Italian universities which offer their technical and scientific support to assess the technological risk of the more complex and ambitious projects.

Nova+ loans

Year	Projects financed	Grants [€/000]
2011	244	467,618
2012	291	369,140
2013	333	360,091
2014	90	108,337

In 2014, R&D lending from the Bank's funds continued, albeit to a lesser extent than in previous years due to the negative economic situation. In addition, during the year - as envisaged in the agreements - the two loan facilities "Nova+ FNI Disegni" and "Nova+ FNI Brevetti" terminated. These facilities had supported SME model, design and patent industrialisation projects through loans included in a portfolio of transactions backed by public guarantee drawing on the Ministry of Economic Development's National Innovation Fund.

In 2014, over 108 million euro in loans was granted for 90 initiatives, of which 20 loans totalling 5.4 million euro referring to the Disegni and Brevetti facilities. Overall, 958 projects were financed in the period 2011-2014 for a total of more than 1,300 million euro.

From 2015 a recovery in R&D investments is expected from companies that can also benefit from a significant tax credit that combines effectively with the Nova+ financing.

New sustainable enterprise

Among the initiatives worthy of mention is the “Intesa Sanpaolo StartUp Initiative”, the accelerated path for growing businesses that maps out a structured and continuous process of research, training, selection and presentation to investors of high-tech start-ups. 84 start-ups were presented to investors in the 11 events planned during the year.

Strengthening the Group’s commitment to sustainable development and innovation, in 2014 the coaching activities offered by the department involved start-ups operating in high social and environmental value sectors such as:

- **Foodtech**, characterised by enabling technologies for the sustainable development of the agro-food chain: 34 beneficiary start-ups, of which 15 presented to investors;
- **Cleantech**, the meta-sector characterised by a series of technologies designed to reduce intensive use of natural resources and to make the use of energy sources for civil and industrial purposes more efficient and sustainable: 22 beneficiary start-ups, of which 10 presented to investors;
- **Biotech**, characterised by technological applications enabling solutions in the pharmaceutical and chemical industries through the use of substances originating from living organisms: 10 beneficiary start-ups, of which 7 presented to investors. Among these is **CellPly**, founded in 2013 by a research team from the University of Bologna which aims to develop a technological platform capable of prediction analysis of the conduct of certain target cells of specific molecules or substances with a view to testing their efficacy prior to clinical administration. This start-up received direct investment in February 2014 from the ISP Group through Atlante Seed.
- **Healthcare**, a sector dedicated to looking for solutions to improve personal wellness: 10 beneficiary start-ups, of which 7 presented to investors.

Customer satisfaction of the initiative was regularly monitored to assess the perceived quality and areas for improvement, through printed questionnaires distributed to investors, observers and participating customers. For 2014, the Net Promoter Score out of 235 responses was 60%.

New social enterprise

With a view to promoting new enterprise with strong social and/or environmental significance, support was again given in 2014 to the Italian version of the Global Social Venture Competition, the international competition designed and promoted by the Berkeley-Haas School of Business and organised by Altis, the High School of Business and Society of University Cattolica del Sacro Cuore in Milan.

A particular focus was placed on the quantitative assessment of social impact generated by the candidate enterprise initiatives, based on three fundamental criteria:

- clarity of the statement of social and/or environmental value of the social venture and identification of the three key social/environmental impact indicators;
- consistency and accuracy of the Social Returns on Investment (SROI) and related value assessment;
- innovative nature of the social venture’s approach in reference to the context it will affect.

The department’s contribution essentially involved the following activities:

- training on business plan preparation and on assessment of the social and environmental impact of the business idea in question;
- coaching on drafting the Business Plan;
- networking to facilitate access to a network of players from the universities, businesses and venture capital companies.

2014 saw the admission of 20 start-ups to the training phase, of which 9 presented to investors. The winner was Swiss Leg, the Swiss Start UP which, based in Syria, Jordan and Iraq, offers prosthetic limb solutions to victims of armed conflicts.

To develop start-up investment activities, in April 2014 an agreement was reached between the Intesa Sanpaolo Group’s **Atlante Funds system and Como Venture**, an investment company that promotes enterprise initiatives with a high innovation and technology content.

Atlante Ventures and Atlante Seed, the Intesa Sanpaolo Group funds dedicated to Venture Capital, invest in the venture capital of innovative businesses which, albeit still small in size, present a high growth potential, with a particular focus on activities in high-technology sectors. The agreement with Como Venture represented a major step in the Intesa Sanpaolo strategy that aims to build a strong partnership network with leading Italian and international venture incubators and accelerators. The distribution of skills and information for selecting the best start-ups, in fact, is a fundamental basis for growing successful enterprises that are sustainable in the long term.

Between Como Venture and the Atlante Ventures Funds system of Intesa Sanpaolo an initial partnership had already been finalised in February 2014. Together with New Enterprises Associates (NEA) – one of the largest and most active Venture Capital companies in the world – 1.2 million dollar was invested in the development of Hyperfair, a start-up that began in Lecco and is based in San Francisco which reinvented the way to organise web-based virtual trade fairs.

BUSINESSES: NETWORKING TO BE MORE COMPETITIVE

The relaunch of business competition can make use of the synergies offered by innovative business combination tools. Mediocredito Italiano – the SME finance hub into which all the Group’s advisory, targeted financing and leasing activities are concentrated – plays a central role in

managing the products dedicated to business networks and the activities designed to stimulate network culture, develop partnerships already in progress and facilitate new business combinations. During the year this activity led to the establishment of 16 Business Networks, 11 of which in the agribusiness and food management sector. The service model, which envisages a desk dedicated to the development of business networks, also makes use of a "**Osservatorio nazionale**" by the Research Department in partnership with Mediocredito Italiano and the Business Marketing Department, with the aim of assessing the positive effects of the network system on business performance and, in more general terms, on the competitiveness of the Italian production system. The studies conducted extend to other areas through the setup of Regional Laboratories involving local Associations and Institutions.

Osservatorio Nazionale, now in its fifth edition, describes the acceleration of the network tool in Italian production system in the two-year period 2013-2014. At the end of 2014, 1,927 network contracts involving 9,662 companies had been registered with the Chamber of Commerce. Most of the networks are made of businesses operating in different provinces. Furthermore, the percentage of green contracts, i.e. associated with environmental sustainability, is particularly high (approximately 14% of the total).

Among the most recent business networks set up in 2014 was the "**RIUSO-Rete Imprese Umido-Sostanza Organica**", a network to individually and collectively increase the innovation capacity of the companies involved and make them more competitive on the Piedmont organic waste disposal market. Another network recently established was "**Rete Politecnica Restauro**", which brings together a group of entrepreneurs that express the country's excellence in the field of restoring works of art, architecture and monuments, as well as in the private and public building industry.

Business clusters: knowing the local area to support sectors in difficulty

Intesa Sanpaolo's Research Department has continued to study business clusters as part of its publications ("Monitor dei Distretti" and the annual report "Economia e Finanza dei Distretti") and through participation in a series of meetings with local associations, institutions and business owners.

It concentrated in particular on certain business clusters suffering a structural crisis for some years but with good development potential, for which the analysis conducted on the main strengths and weaknesses offered active support to local institutions in preparing a production relaunch and local production job plan for submission to the Ministry for Economic Development.

OFFERING INVESTMENTS BASED ON SUSTAINABILITY CRITERIA

The Intesa Sanpaolo Group's product offering is completed by the ethical funds made available by Eurizon Capital SGR, the company specialising in asset management for retail and institutional customers, and by Banca Fideuram whose operations target high profile customers.

The ethical funds are mutual funds which invest in the financial instruments of issuers (companies, supranational organisations and governments) with a high social and environmental profile.

The "ethics system" of Eurizon Capital

From 1997 Eurizon Capital SGR has been the leading operator in Italy offering ethical funds that envisage clear, well-defined positive and negative selection criteria of the securities to be included in its portfolio (listed in the Prospectus and the Fund Management Regulations), a Sustainability Committee (external to and independent from the SGR) and the devolution of revenues. The experience gained in managing these products has over the years led to managers fine-tuning the selection criteria and, in 2002, adopting ethical benchmarks in order to provide objective financial measurement of the results.

Eurizon Capital's range of ethical funds is now made up of an equity fund and two bond funds, all Italian. These products have the aim of gradually increasing the value of capital subscribed by implementing an investment policy based on strict ethical principles. All the products form part of the "Ethics System" and envisage that revenues are devolved.

Investments in ethical funds are selected on the basis of positive criteria (inclusive principle) to identify the presence of good social and environmental governance in companies or institutions under analysis and negative (exclusive principle) for those areas of activity that are considered to be in contrast with the ethical principles asserted by the funds. The "best in class" principle is also used to identify companies that, in certain markets at risk, stand out for their social-environmental initiatives. Environmental screening is entirely subject to the "best in class" principle given that all major listed companies have a notable impact on the environment, and this principle facilitates the selection of the most "virtuous" securities.

During 2014, the application of these criteria led to a variation in the investable universe, and consequently the inclusion or exclusion of certain issuing bodies from the fund portfolio. The reasons for inclusion include programmes to reduce greenhouse gases, the protection of biodiversity, the use of clean technologies, the involvement of suppliers and protection of minorities in the workforce. The reasons for exclusion include involvement in the arms sector, the breach of anti-trust rules, accounting fraud and discrimination in the granting of loans. The exclusions for 2014 were

related to 6 companies for environmental issues, labour law disputes on fair conduct in market competition, product safety or exposure to controversial sectors.

Institutional customers

Eurizon Capital supports its own institutional customers through the management of assets with environmental, social and governance (ESG) criteria, providing assistance in choosing among the available solutions and according to the expectations, needs and awareness of these issues of each customer. In 2014, Eurizon managed 5 institutional mandates with various ESG approaches.

Fonditalia Ethical Investment

Fonditalia Ethical Investment is the new socially responsible investment solution of the Fideuram Group which integrates income objectives with financial sustainability and social value aspects. The sub-fund invests in the bonds of those States that stand out for the special focus on social and environmental issues, in bonds issued by Supranational Bodies in favour of developing economies and in funds specialised in microfinance, fair trade funds, equity funds and shares with a positive impact at social and/or environmental level.

An Ethics Committee composed of managerial and other professionals with proven experience in social, economic, environmental and financial sustainability, including qualified academic professionals, is tasked with verifying consistency between the actual fund portfolio composition and the ethical principles characterising the same, thereby formulating, where applicable, its own opinions on the ethics of investments.

A further element characterising the ethics behind the sub-fund is given by its commitment to supporting

scientific research, through the placement of share units and through the donation in favour of the AISM and its Foundation (FISM), the amount of which is proportional to the fund fees. The sub-fund assets as at 31 December 2014 amounted to 24.9 million euro.

Share ownership

Share ownership targets large institutional investors that request them. This activity translates mainly into engagement practices involving direct communication with the management boards of investee companies, posing questions and notes on topics of particular interest to customers on social, environmental and corporate governance issues.

The Intesa Sanpaolo Group Pension Fund - one of the primary pension funds of Intesa Sanpaolo personnel - is the first in Italy to adopt a share ownership strategy, interacting directly with a number of large companies included in the portfolio. The dialogue focused on the chain of suppliers and allowed assessment of the companies' conduct and recommendations of improvement measures. For a more effective action, the Intesa Sanpaolo Group Pension Fund has also joined the Principles for Responsible Investments Initiative (PRI is an international network of institutional investors and managers, promoted by the United Nations, based on which the signatories cooperate to put the Principles for Responsible Investments into practice) and has become a member of the CDP, the international non-profit organisation that promotes the reduction of greenhouse gases and the improved management of water resources.

The FAPA's equity and corporate portfolio in 2014 included 432 companies. 11 engagement initiatives were undertaken (2.55% of the total).

Social and relational capital



This chapter includes the value of relations with key stakeholders; the trust that Intesa Sanpaolo has developed and intends to protect, enhancing its image and reputation.

SHARED VALUE GENERATED BY INTESA SANPAOLO

- Increase in the reputation asset
- Reduction in the social costs of corruption
- Development of trust capital
- New customer retention/acquisition
- Quality of relations with stakeholders
- Attraction of new investors
- Development of innovation
- Work-life balance

CONTENTS

Relations with stakeholders: engagement and listening	page 81
Integrity and rigour in corporate conduct	page 84
Offering a valued service to customers	page 86
The quality of life in the Company	page 94
Relations with the supply chain	page 98
Relations with the community	page 102

RELATIONS WITH STAKEHOLDERS: INVOLVEMENT AND LISTENING

To identify areas of interest and the expectations of stakeholders, the Group has developed a structured stakeholder engagement process which actively engages all Bank Departments that manage relations with stakeholders. Synergies have been consolidated to define areas of collaboration and identify listening and dialogue activities that will lead to interesting results for all the stakeholders.

These results come from the requests and expectations of stakeholders and contribute to defining the improvement objectives for each department, in line with the strategies of the Business Plan¹.

STAKEHOLDER MAP

The stakeholder map represents the Bank's relations, and the summary results of engagement activities in 2014 are presented in order to highlight the most urgent topics that emerged, with a view to materiality analysis.



1. For greater detail on the results of engagement activities, see the publication "Stakeholder Engagement and Improvement Objectives. The results of dialogue initiatives with our stakeholders in 2014".

ENGAGEMENT INITIATIVES AND THE ISSUES DISCUSSED

Stakeholders	Sub-category	Listening method	Issues discussed
EMPLOYEES			
	Network employees of the pilot regional areas of "Insieme per la crescita" (Together for growth)	<ul style="list-style-type: none"> 4 Focus Groups with branch employees and 1 Focus Group with branch Managers 	<ul style="list-style-type: none"> Enhancement of employees (training, incentive policies, diversity) Quality of life in the Company (welfare, work-life balance, health and safety)
	Trade unions	<ul style="list-style-type: none"> 1 Focus Group 	<ul style="list-style-type: none"> Service Model development
	Market coordinators	<ul style="list-style-type: none"> 4 face-to-face interviews 	<ul style="list-style-type: none"> Employee satisfaction level
	Employees and Managers	<ul style="list-style-type: none"> Climate survey 	<ul style="list-style-type: none"> Perception of one's role in the Bank Manager-employee relationship
CUSTOMERS			
	Professional associations	<ul style="list-style-type: none"> 6 telephone interviews to the major Italian professional associations 	<ul style="list-style-type: none"> Strengthening of companies' competition Assistance to companies in accessing financing channels Support to strategic business projects Support to the green economy
	Household, Personal and Senior customers	<ul style="list-style-type: none"> 2 workshops, 10 focus groups, 1500 CATI interviews 	<ul style="list-style-type: none"> Expectations and perceptions with regard to new business to be developed in the Banca Estesa branches
	Household customers	<ul style="list-style-type: none"> 12 focus groups 24 ethnographic interviews 120 experiential homework assignments 	<ul style="list-style-type: none"> Needs and expectations of households in relations with the Bank Development of new products and services
	New entrepreneurs	<ul style="list-style-type: none"> Desk survey and CATI survey involving 1,400 young businesses 	<ul style="list-style-type: none"> Expectations of young and/or highly technological entrepreneurs on specific banking and non-banking support services with respect to their requirements
	Corporate Customers	<ul style="list-style-type: none"> 5 focus groups 2,100 CATI interviews 210 CAWI interviews 21 face-to-face interviews 	<ul style="list-style-type: none"> Support from the Bank, particularly on the issues of innovation and business internationalisation
SHAREHOLDERS			
	Small shareholders' associations	<ul style="list-style-type: none"> Telephone interviews with A.D.B.I., E.d.I.V.A., Associazione Azione Intesa Sanpaolo 	<ul style="list-style-type: none"> Social and environmental issues impacting all stakeholders
	SRI investors	<ul style="list-style-type: none"> Telephone interviews with OEKOM, Sustainalytics, Banque Postale and J. Safra Sarasin 	<ul style="list-style-type: none"> Analysis methods of rating companies and SRI investors Strengths and areas of improvement for the Intesa Sanpaolo Group
SUPPLIERS			
	Suppliers	<ul style="list-style-type: none"> Online questionnaire to a sample of 300 suppliers 	<ul style="list-style-type: none"> Quality of relations with suppliers Development of sustainability elements in the supply chain <p>Results published in the report "Stakeholder engagement activities 2014" on the website [i]</p>
COMMUNITY AND ENVIRONMENT			
	Civil society associations	<ul style="list-style-type: none"> Banktrack Fondazione Housing Sociale interview Caritas interview 	<ul style="list-style-type: none"> Areas of research and analysis by the associations Ideas for improvement for the Intesa Sanpaolo Group Social housing demand Areas for development and possible role of the Bank in meeting the demand for social housing Social exclusion and needs of people in difficult conditions Areas for development and possible role of the Bank in supporting people in difficult situations

Mapping of the stakeholder engagement activities carried out by the International Subsidiary Banks was also conducted in 2014. The goal was to identify shared points but also specific characteristics of their approach as well as to identify the most involved stakeholders and the methods used in the various companies. Stakeholders with respect to which the majority of engagement activities were carried out were Customers and Employees (see "Stakeholder Engagement Activities 2014" on the website [\[i\]](#) for details on the results).

SUMMARY OF ISSUES EMERGING FROM THE STAKEHOLDER ENGAGEMENT PROCESS

The issues emerging from engagement are summarised below transversally, and the various stakeholders interviewed provided input on some of the seven issues identified as material.

Protection of solidity and profitability

Among those interviewed, the issue of protection of solidity and profitability was mentioned many times as being at the basis of operations. In particular, there is a strong awareness, for example among the Group's market coordinators, SRI investors and small shareholders' associations, that the Group is solid and able to face the challenges of the future. Employees, sustainability analysts and small shareholders' associations underlined the Group's commitment in protecting employment during the restructuring phases. Therefore, the Business Plan has been widely welcomed as it clearly aims to protect employees and reassign resources to other areas of activity after completing a training process.

Business risk management

Stakeholders interviewed focused their attention on the social and environmental risks in financing decisions: SRI (Social Responsible Investment) analysts assess the Group's participation in the Equator Principles, but NGOs would like banks to adopt stricter guidelines and standards to include social and environmental criteria in the financing decisions. SRI investors would like specific investment policies to be defined for certain particularly critical sectors.

Integrity and rigour in corporate conduct

Employees seek more effective training on these issues. Investors and SRI analysts pay growing attention to the anti-corruption and anti-money laundering processes, in order to fully assess the risks arising from business relations with customers and with Public Administration. These risks may arise mainly in the area of infrastructure loans and tenders.

Development, management and enhancement of human resources

The central issue that emerged from the focus groups and from the climate surveys was the enhancement of merit in both the assessment systems as well as the individual development plans.

Even the value of diversity is not yet perceived as an integral part of corporate culture. The issue is not about gender equality but intergenerationality.

Lastly, employees consider welfare as one of Intesa Sanpaolo's strengths and highlight a change with regard to the initiatives aimed at anti-robbery security, particularly thanks to the technologies used.

Offering a valued service to customers

Research on the needs of households identified the expectation that the Bank should accept the changing, flexible and interdependent nature of today's family and should develop an offer that will ensure advantageous banking conditions for all household members.

A significant portion of companies expect the Bank to develop specific sector expertise in order to support companies and development projects better, also by creating new consulting tools (analysis of environmental costs, definition of business plans, etc.). Also in demand are services identifying possible partners in production, logistics and distribution, especially innovation partners for research and development activities. In terms of new entrepreneurs, namely young people and/or entrepreneurs with a high level of "innovation", the main difficulties when creating business plans are linked to internal processes that should be streamlined. Young companies have demonstrated greater propensity towards internationalisation and would therefore like greater support from the Banks in this respect.

Access to credit and savings management

The economic crisis and difficulty in accessing credit are the most limiting factors in the growth of companies.

In terms of households, the most vulnerable stakeholders, such as the elderly, youth or immigrants, require greater support from the Bank in terms of more accessible products and services geared towards their needs. Those with the greatest propensity for saving are the elderly, who expect the Bank to develop investment products that protect capital (to support the plans of households, handle future retirement, invest the employee severance indemnity). They seek targeted consulting on investments (even long-term), also covering the tax, insurance, real estate and inheritance areas.

Climate Change

Non-government organisations and SRI rating agencies criticise the Group's involvement in the coal sector (extraction and use for energy production). The group is admired by Sustainalytics for its environmental policy and its environmental management systems. According to OEKOM, the environmental policy does not refer to the Group's investments portfolio and asset management activities and, therefore, it is considered to be partial. In terms of reduction in emissions, the Group has identified a number of targets with regard to the impacts of its activities but not with regard to the impacts of the activities it finances. An area for improvement is the necessity for the Group to motivate the sale of "green" products in order to contribute to sustainable development of the planet.

INTEGRITY AND RIGOUR IN CORPORATE CONDUCT

The Intesa Sanpaolo Group adopts an approach that recognises the strategic importance of activities to ensure compliance with internal and external regulations and codes of conduct, in the belief that respecting standards and fairness in business are essential elements in carrying out banking operations, which by nature are based on trust. Moreover, we are aware that we hold specific responsibility in the fight against corruption, money laundering and financial crime, to prevent the banking system from being used for illegal purposes.

We apply the Code of Ethics and Code of Conduct that envisage high standards for all personnel.

To monitor the various regulatory areas, there are procedures in place; their application is verified through risk-assessment valuations and an internal control system whereby respect of the rules is achieved by all corporate components working together.

PREVENTION OF CORRUPTION

The Bank has adopted strict internal procedures over time to prevent the risk of corruption and extortion. In addition to what is specifically envisaged by the Code of Ethics, the Group's Internal Code of Conduct and by the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 on the administrative liability of entities, there is a detailed set of internal regulations – which all personnel must know and comply with – which outline the corporate processes potentially leading to the committing of this type of crime. The Compliance, Audit and Internal Control Departments must ensure ongoing consistency between the control and conduct principles set out by the 231 Model in terms of corruption and the internal regulations in force, also ensuring compliance with said principles.

Attention to the prevention of corruption risks is very high across all Group companies, both in Italy and at the International Subsidiary Banks, particularly those operating in countries that have specific “anti-corruption” laws. In countries without such regulations, the subsidiaries are in any event expected to apply the Parent Company guidelines and perform controls in areas of greater risk.

Lastly, with regard to Legislative Decree 231/01, the new crime of “self-laundering” was introduced into Italian law in December 2014. This new crime was included within the scope of “assumed” crimes the perpetration of which by an employee results in administrative liability for the employee's company as well. Therefore, the

necessity to adapt the 231/01 Model will be assessed in 2015, identifying any processes “at risk” and envisaging, if applicable, specific control and conduct principles valid for all employees.

Moreover, the Group's policies do not allow sponsorships or donations to political parties and movements and their organisations.

PREVENTION OF MONEY LAUNDERING

The Group's governance system to combat money laundering and the financing of terrorism is based on Guidelines that constitute a systematic and functional reference framework, with active collaboration by the Group in preventing said illegal activities. Specific and appropriate processes and procedures have been drawn up and are in place in terms of obligations of adequate verification of customers, reporting of suspicious transactions, recording of relations and transactions, storage of documents, assessment and management of risk, internal control and guarantee of compliance with all of the relevant provisions to prevent and impede the completion of transactions connected to money laundering or financing of terrorism. The global approach to money laundering risk at Group level, which is at the basis of its assessment and subsequent mitigation, involves the setting of general standards and principles by the parent company for identification of and information on customers, which must be adopted and implemented by the individual companies in proportion to the characteristics and complexity of the activity carried out, size and organisational structure. Therefore, without prejudice to specific provisions of the host countries, the individual Group companies (secondary offices and branches) must respect the set standards, ensuring that information is shared at the consolidated level, with the sole limitation of any existing privacy restrictions and banking confidentiality at the local level.

Moreover, procedures that provide automatic checks on the Group's register and transactions have been active for some time now, in order to mitigate the risk of having among its customers individuals or identities included in the list of parties (black list) subject to restrictions or freezing of assets. Lastly, the Group has envisaged broader policies of a general and overall nature, beyond mere compliance with the regulations, envisaging more detailed assessments under the credit and reputational aspects that prevent the Group's involvement, in any capacity, in transactions with counterparties or countries under embargo, even if the transaction is among those permitted by the restrictive provisions issued by the international authorities.

Specialised training to prevent Corruption and Money Laundering in 2014

	Italy	Abroad	Group
No. of employees trained	43,495	10,009	53,504
% of employees trained	67.2	41.4	60.2

COMPLIANCE WITH TAX REGULATIONS

The Intesa Sanpaolo Group complies with tax regulations in the belief that compliance is a fundamental contribution of citizenry supporting the community in which it operates. Intesa Sanpaolo's positive impact in this respect is confirmed by the disclosed forecast in the Business Plan of a total contribution from 2014 to 2017 of approximately 10 billion euro, an amount comparable to a budgetary stability law.

During 2014, the Group, in addition to indirect taxes of 952 million euro, recorded accrued direct taxes of 1,781 million euro, for the most part in Italy, where the majority of operating income was earned, as per the table below.

	Italy	Europe	Rest of the world
Tax contribution	1,382	374	25
Operating income	13,366	2,915	617

The appropriate initiatives aimed at strengthening the commitment to combat assets in tax havens are also under implementation, envisaging the introduction of specific supervisory measures upon entry of the Group into new markets, with the assessment of the money laundering and tax risks connected to operations in legal systems with little transparency and/or through particularly complex corporate structures with limited transparency in terms of ownership structures. Moreover, new rules for the management and monitoring of tax risks connected to the transactions of customers established in Italy are under definition. Lastly, with regard to the Group's international subsidiary banks established in countries near Italy and operating in the private banking sector, policies dedicated to tax controls on deposits in banks of the Group by customers with a foreign tax residence were implemented in 2013. These policies were updated in 2014.

PROTECTION OF PRIVACY

The Company Safety – Privacy Unit ensures that personal data are collected and processed in accordance with the legal provisions and the principles expressed in the Code of Ethics. All Group personnel participate in training and updates on this issue, through mandatory initiatives online, as well as through classroom meetings and activities focused on specific areas.

The ongoing efforts to increase employee awareness on the issues of security and privacy, which have always been a key component of banking activities and represent the core of personal data protection, were accompanied by additional attention introduced by the Provision of the Italian Data Protection Authority of 12 May 2011 (effective from 30 September 2014), disclosed to all employees: Based on said provision, any IT activity within the Group's IT system is stored in electronic logs, subject to processing, in order to automatically identify potential irregularities in the processing of customer data – even if only due to improper or anomalous access to said data – and to perform the relevant verifications. Data subjects may access the Group companies' websites for updated information on the processing of personal data and the privacy policies with regard to internet use. In 2014, following 10 requests/reports forwarded by the Data Protection Authority for the protection of personal data, the necessary feedback was provided to companies in the banking group.

PROTECTION OF FREE COMPETITION

The Antitrust Affairs & Strategic Support Unit of the International and Regulatory Affairs Department constantly monitors and promotes free competition, working to ensure that the international, community and local rules and procedures on competition are effectively applied and complied with. Furthermore, it is committed to disseminating a culture of compliance with the antitrust regulations at all levels of the Group and with third-party stakeholders, trade partners, suppliers and customers. With a view to further strengthening monitoring activities, a partial review was launched with regard to the Policy of Compliance with European Union Competition Law – adopted in 2009 – in order to incorporate some regulatory innovations and new legislative and case law guidelines regarding: promotion and acknowledgement by the Supervisory Authorities of antitrust compliance programmes, merger rules, corporate governance, state aids and unfair commercial practices. Consequently, the Unit expanded its scope of activities by monitoring compliance not only with regard to the most traditional antitrust forms (mergers, abuses of dominant positions and agreements), but also regarding EU regulations on state aids and the recent Italian regulations in support of Italy's competitiveness. The choice to adopt an actual Antitrust Compliance Programme, which goes beyond regulations, involves the adoption of higher standards of conduct. To comply with these standards, during 2014 the Unit continued carrying out a series of information and training

activities involving its main stakeholders, internal and external, in the belief that protection and development of competition benefits all.

In September 2014 the Italian Competition Authority resolved to eliminate a number of measures imposed on the Group in the insurance sector, upon the merger between Banca Intesa and Sanpaolo IMI.

The Unit is committed to monitoring the antitrust processes in which the Group companies participate. Currently, there are 3 pending proceedings before the relevant Authorities, 1 in Italy and 2 in Hungary.

The International and Regulatory Affairs Department is constantly committed to managing relations with institutions and organisations, by monitoring existing regulations and by conducting attentive advocacy on any bills that could impact the activities of the Group and of its stakeholders at national, European and international levels, with a view to limiting legal, economic and reputational risk and developing new opportunities.

FRAUD PREVENTION

For the Group's Italian banks and for some of its International Subsidiary Banks, Intesa Sanpaolo has activated an anti-fraud system that analyses all transactions carried out via Internet Banking in real time and identifies those considered to be questionable. Such transactions are then centrally verified by a specialised unit. Suspicious instructions are promptly verified to ascertain their truthfulness and accuracy, through direct contact with the customer and – when possible – those not recognised and not yet completed are revoked.

If the customer cannot be contacted by telephone, the branch is notified immediately in order to find another contact method. In the event of ascertainable fraud or fraud attempt, the customer is also assisted in filing a report with the relevant authorities.

All customers are informed on the rules of conduct for the proper and safe use of online tools (e.g., updated antivirus software, detection of phishing emails, correct use of personal codes, etc.).

Constant monitoring of fraud resulted in the blocking of over 2.5 million euro in fraudulent transactions in 2014 for retail customers and nearly 12.5 million euro for corporate customers.

LITIGATION

In terms of legal disputes, there were a total of 19,415 disputes pending as at 31 December, for a total of 10,352 million euro. The main types of lawsuits include: bankruptcy revocatory actions (662 million), lawsuits concerning financial services (507 million), lawsuits concerning terms applied to customers (1,073 million), lawsuits for operational errors (311 million) and labour-related lawsuits (151 million).

The issues with the greatest social impact are:

- anatocism;
- investment services;
- class action suits by Altroconsumo.

With regard to compliance with environmental regulations, for damage caused to the environment following the bank's operations over the last three years, no sanctions of over 3,000 euro were imposed. Even with regard to compliance with regulations on health and safety, no reports or significant sanctions were received or imposed.

For details on disputes in 2014 and a detailed description of the most significant civil and fiscal lawsuits, see the Consolidated Financial Statements (pages 400-407) [i].

OFFERING VALUED SERVICE TO CUSTOMERS

In-depth and systematic listening to customers, through dedicated and innovative tools, and their proactive involvement allow understanding and anticipation of their requirements and expectations and the development of a customised commercial offering. The service models adopted and the enhancement and expansion of multi-channel operations ensure support to customers when and where they are more appropriate. Protection of customers in the product creation process and in the innovation of offering remains a key aspect.

BUSINESS MODEL

To ensure an excellent quality of products sold and a high degree of customer protection, Intesa Sanpaolo has promoted a **consultancy-based model** focusing on customers' needs, making the business proposal easier and more effective, and fostering purchase awareness. This model is also recognised by the European Directive on markets and financial instruments (MiFID) as that having the highest level of protection for customers.

In terms of current accounts, an innovative modular sales process based on simplicity and customisation was implemented: upon opening **Conto Facile** (modular current account dedicated to retail customers), the manager follows the various phases through the commercial platform, from the initial interview – which provides an understanding of the customer's specific needs – to identification of the most suitable offering. The proposal that is delivered to the customer at the end of this process is characterised by maximum customisation and also ensures cost transparency, inasmuch as each selected product has a specific monthly price. Even the contracts drawn up during the purchase stage are easier to understand thanks to the use of a brochure listing all the regulations and a customised service subscription form.

In terms of investments, the Bank proposes customised consultancy based on knowledge of the customer in terms of investment needs, risk appetite and financial

knowledge and experience. The offering is made starting from an initial investment that aims to define the asset management methods by the customer in terms of current expenditure, reserve, medium or long-term investment and pension over different time frames. The Bank then provides assistance in allocating financial resources, draws up a customised proposal and ensures constant monitoring and adaptation of the portfolio to market conditions and to the needs of customers. Tools at the disposal of managers are the **Recommended Portfolios**, investment solutions diversified by market and financial instrument that select and combine products and services of asset management and assets under administration in accordance with the market scenario and the risk appetite of customers (conservative, moderate, dynamic and active).

For supplementary pensions, Intesa Sanpaolo offers products designed to build an additional pension to the one paid by the mandatory pension system, in an easy and customised manner. **Il Mio Domani** and **Il Mio Futuro** are flexible: customers may choose the amount and frequency of the investment plan, adapting it to their requirements and, if necessary, may suspend the payment plan and freely resume it in the future; customers have the possibility of choosing the "Life Cycle Plan" – in which the line of investment to which the contributions are paid vary depending on the number of years to retirement, with a decreasing risk profile as the remaining time decreases – or selecting and autonomously modifying the investment line over time; lastly, customers may request, upon reaching retirement age, pension annuity or settlement of capital up to 50% of the amount accumulated and may define the most suitable type of life annuity (immediate, reversible or with supplemental insurance). The pension products offered by the Bank also ensure accessibility: in fact, a supplementary pension can be built by contributing even small amounts.

PROXIMITY TO THE CUSTOMER

Best meeting the new needs of customers, offering a better experience in line with what has been tested in other areas of consumption, building a solid and lasting relationship through a higher level of expertise and quality consulting are the distinctive elements of Intesa Sanpaolo's strategy to become the reference bank and preferred commercial partner of current and potential customers.

Retail and corporate customers

In 2014, Intesa Sanpaolo continued the **Banca Estesa** project, to make its customer services and consultancy available to customers during extended branch business hours as well as on direct channels.

With the new "Filiali Estese" (Extended Branches) activated during the year, there are now 551 Group branches open in the early evenings, on Saturdays or during the lunch break, adapting the business hours to modern lifestyles. The new proposed model revolutionises the methods to access banking services, allowing customers to go to the bank during times more compatible with their personal and professional commitments.

Intesa Sanpaolo also wanted to focus on the physical reception of customers by designing a **new retail branch layout** with more spacious and illuminated areas, a dedicated desk for the reception employee who assists customers in using the automated service points, the web queue monitor (device that manages customer wait times in an intelligent manner) and the Internet Banking points for customers to log on to their accounts within the branch.

INSIEME PER LA CRESCITA

In mid-2014, the "**Insieme per la Crescita**" (Together for Growth) project was launched, which envisages initiatives for management change and new methods of employee engagement. The project aims to focus on commercial conduct in order to improve network performance through greater attention to relations, increasing the satisfaction level of customers and employees and thereby generating widespread and permanent change. The areas that include the main conduct aspects identified are reception, transactionality, development and relations, management and coordination: assisting customers upon entering the branch, directing them to the most rapid and appropriate service based on their needs, planning regular meetings by contacting customers in advance, and offering 360-degree consulting to consolidate the relationship are some of the many activities envisaged. The project was launched in June 2014, involving 16 branches and approximately 400 employees, and grew to 1,400 branches and 65% of the Division employees in December 2014. In 2015, it will be activated across all areas according to the various segmentations (Retail, Personal and Corporate). The pilot phase recorded significant results across all key areas: customer and employee satisfaction, increase in contacts, increase in meetings planned and held, and daily meetings per employee, concluded with the sale of a product or service. The project is periodically monitored under the commercial aspect as well as in relation to customer satisfaction, also through anonymous visits to participating branches (mystery shopping) and feedback provided by area managers.

Another initiative aimed at meeting customer requirements more effectively is the "**Offerta Fuori Sede**" (out-of-branch offering) project, which envisages extension of the consulting services and sales development at customers' homes or workplaces. This new method continued in 2014 with the addition of new products: the purchase and management of prepaid debit and credit cards and investment products, aiming to expand the offering to the insurance and pensions sector in 2015. The pool of operators was also expanded: at the end of 2014, there were 849 personal managers and 1,283 retail branch managers which, after a training programme, were certified to operate as financial advisors.

In the second half of 2014, with a continued focus on proximity to customers, a new section called "Il Mio Gestore" (My manager) was added to the Internet banking home page, through which customers may communicate with the branch easily and immediately, setting and changing appointments or contacting the reference manager directly through the site, using the so-called "**Prossimità**" (Proximity) functions.

Starting from the second half of 2014, thanks to the gradual integration of the physical and digital channel, all Intesa Sanpaolo customers enabled to use the multi-channel services may purchase various services offered by the Bank online, through the appropriate applications, fully autonomously (Self mode) or with telephone or internet support by the reference manager or a consultant ("**Offerta a Distanza**" - Remote Offering). Both methods speed up the procedures and provide access to services based on specific needs. In particular, the Remote Offering envisages contact with the branch or via telephone between the customer and manager or consultant, followed by the preparation of an ad hoc offer by the Bank, with the possibility to subscribe directly via Internet. The service is active for debit cards, prepaid cards and some investment services: at the end of 2014, 1,500 offers had been made on paper, of which 87% signed and subscribed remotely. The offering will gradually be extended to credit cards, loans, life insurance policies, asset management and pensions.

New methods of enquiry into products and services were also developed in 2014, involving customers directly and taking advantage of the potential of new technologies (e.g., questionnaire on Mini-Ipad to be filled out immediately). Analysis of the Banca Estesa project, new business, the expectations of corporate customers and the needs of households was conducted through creative workshops, focus groups, telephone interviews and online assisted interviews, Real Time Experience Tracking (method that tracks the customer experience during interaction with the bank's contact points), sector studies, and personal interviews to customers and non-customers. With regard to Banca Estesa, the expectations and perceptions on the new jobs that could be created in the branches with extended business hours were examined, with a focus on the

home issue and on savings consulting. In terms of new business, the structure and needs of Young Businesses¹, New Businesses² and New Young Businesses in Italy were examined, with particular focus on "Crowdfunding"³ and "Match Up"⁴. With regard to corporate customers, their perception of the current market situation and competitive scenario was analysed, along with their growth expectations and, above all, their needs for support by the banking system, with particular regard to growth and internationalisation. Lastly, families were involved in order to collect information on modern households, define the current and emerging requirements, understand the relationship with the bank and identify challenges and opportunities.

Through agreements with major national partners, in 2014, customers were also offered opportunities for savings on the purchase of goods: by using the Group's payment cards, customers benefited from immediate discounts, special promotions and exclusive advantages. A particular initiative in this area is Bonus Credit, which ended in September 2014. With over 52,000 customers of the Group's banks registered, this initiative offered bonuses such as discounts and coupons based on credits accumulated through in-branch transactions carried out during extended hours, through home banking, with the Mobile App or at the Group ATM points.

SElok quality management system

For five years now, the SElok portal (Sistema di Eccellenza Intesa Sanpaolo), a consolidated quality monitoring tool, collects within a focused point of entry the recommendations and complaints of customers, examining the reports in order to improve the quality of service and customer satisfaction.

During 2014, a review was conducted on the indicators that resulted in elimination of the KPIs not strictly linked to the concept of quality and to identification of the 24 Core KPIs, which more expressly measure customer satisfaction, and the 11 Non-Core KPIs, predominantly commercial. The selected indicators contribute to forming the Branch Quality Index which, in its new format, highlights the increasing attention paid to customer satisfaction.

Communication and listening through Internet and the Social Networks

The official **Facebook** page of the Intesa Sanpaolo Group [i] joins the communication channels already active – branch, Internet, telephone, emails, chats and video calls – and is an area designed for any information or notices on products and services of the Bank. The page is open to all customers and non-customers, who with a single post can publish on the wall their questions, comments and suggestions, and in turn comment on

1. Individual businesses with owners younger than 36 years; partnerships mainly comprising partners younger than 36 years; joint-stock companies where over two-thirds of the Boards of Directors comprise members younger than 36 years.

2. Less than three years old (established starting from 1 January 2011).

3. Collective financing: micro-financing from the bottom based on the collaboration of a group of individuals who use their money to support the efforts of people and organisations.

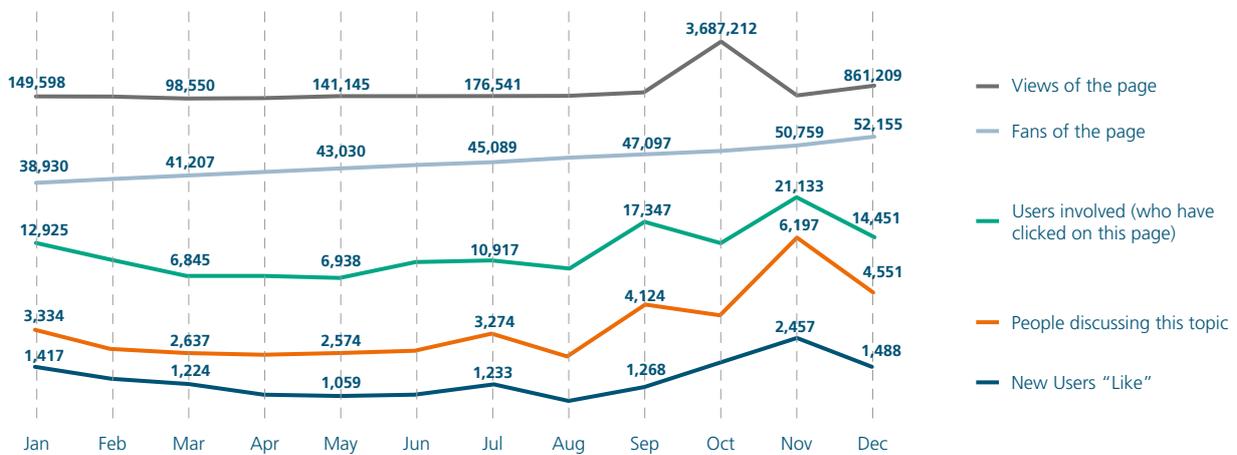
4. Temporary or ongoing partnership among innovation-based companies.

and share the posts of other users on their profiles. The page "Intesa Sanpaolo Servizio Clienti" is monitored and periodically updated by a dedicated team.

Intesa Sanpaolo's new **Twitter** account (@IntesaSP_Help) was activated in mid-2014, a further multi-channel tool to facilitate relations with customers who have many points of contact and interaction with the Bank. The structure that manages the account responds to all customer requests for assistance and to information requests by non-customers.

A specific interaction method was developed for young people, a customer type particularly active on the Internet and in the social networks. The **Superflash** offering dedicated to them is in fact promoted through a Facebook page (Superflash.it) and a Twitter account (@Superflash). These communication tools allow customers to request information and details and to receive support on products and dedicated initiatives.

Facebook Customer Service



Large corporate businesses

To strengthen the trust between the Bank and Corporate customers, during 2014 Intesa Sanpaolo adopted a service model highly focused on the complexity of customers and their specific sectors and supply chains. The key role is held by relationship managers in charge of overall coordination of the offering. They are specialised by sector and by sub-supply chain, offering a high quality consulting service. The objective is proximity to customers not only as a financial partner, but also as an industrial partner, sharing challenges and opportunities along a common growth path.

To support this change, sector training sessions were developed during the year for employees in order to reinforce job skills and their capacity to identify business opportunities. For companies, events were organised in collaboration with specialised partners and with the media in the areas of brand industry, distribution, consumption, food and fashion.

Intesa Sanpaolo promotes sustainable development

paths on a large number of foreign markets (over 40) which attract our companies and support growth of the key Italian sectors. For large companies, teams of specialists in Italy and abroad work alongside the relationship managers, offering qualified consulting service in the cross-border growth processes. A dedicated team supporting the internationalisation of companies analyses the foreign potential markets, opportunities for growth and partnerships in the new area in order to assist companies right from the beginning of their development and investment process.

International subsidiary banks

In 2014, approximately half of the Group's International Subsidiary Banks launched extended business hours for a limited number of branches. In Serbia, 38% of active customers viewed this opportunity positively. In some Banks, the queue management system is currently under development in order to improve customers' experience and satisfaction.

In Hungary, a pilot mobile banker project similar to the Italian Out-of-Branch Offering was launched for a limited number of products. CIB Bank is the first bank in the country to offer this type of service.

The range of products and services available through mobile banking and Internet banking expanded in 2014: electronic platforms are already widely operational in the majority of Banks (for further details, see the chapter "Multi-channel Bank", page 116). The use of social media (Facebook, Twitter, YouTube) to manage customer relations has also been launched or strengthened.

Various banks have organised meetings, conferences and lessons with retail customers, small professionals, small businesses, enterprises and start-ups to illustrate the performance of the local market and specific products with the participation of internal and external experts (Academia workshop in Serbia, Business breakfast in Slovenia, Hungary and Croatia, seminars and round tables in Russia and Romania). These initiatives were important occasions to strengthen relationships with customers and to share best practices.

In 2014, VÚB Banka won the Hermes Communicator of the Year award for the banks category, held by local PR and research agencies in collaboration with the University of Bratislava, for the best customer communication.

EXPO

Intesa Sanpaolo is Official Global Partner of the 2015 Universal Exhibition. The Group seeks to invest in the potential of Expo Milano 2015 as a driving force to boost the country's economy and as a global showcase of Italian business excellences and of the artistic and cultural heritage of which Italy can be proud.

In terms of services, Intesa Sanpaolo provides the organisers, Milan, Italy, the participating countries and the tens of millions of visitors from around the world with innovative electronic payment instruments, thereby making a real contribution to the Smart City experience. In particular, prepaid card EXPO Flash Card has been created, which will allow to load the EXPO ticket and will provide access to a series of cultural and tourism offers, discounts and reductions for shows, exhibitions and museums in Milan and in the major Italian cities. Moreover, the Group provides Expo Milano 2015 with the ticketing platform and a distribution network consisting of the physical network and direct channels. In mid-September 2014, ticket sales were launched through the branches, Internet banking and ATM channels.

The Bank's commitment takes shape within EXPO with a multi-functional exhibition area. A daily schedule of events and initiatives for families will enliven the Bank's Pavilion with educational activities for the youth, entertainment for children, shows and laboratories, as well as a series of meetings dedicated to social, art and cultural aspects, and numerous artistic performances organised with Bank partners. Last but not least, there will be business events with a particular theme, debates and analyses. The area will host over 200 corporate customers that are leaders in quality and "Made in Italy" products, expressing the Italian excellence in the various regions.

Support to businesses seeking to grow abroad

In June 2014, Intesa Sanpaolo participated in the initiative promoted by the Lombardy Region and known as "Lombardia Concreta", aimed at supporting the system of Lombardy-based micro, small and medium-sized enterprises operating in the sector of tourist reception, commercial business and food trade, in preparation for Expo 2015. The initiative is important in terms of the sectors involved in the area and of the extent of interest rate subsidies that result in a lowering of the rates charged by banks on business loans.

Intesa Sanpaolo has also launched Created in Italia (www.createdinitalia.com), the Group's first e-commerce portal dedicated to Italian excellence in the Catering, Tourism, Design and Fashion sectors. It is a virtual marketplace, created to facilitate access by companies to the new digital markets, where the Italian brand is highlighted in order to promote commercial development between companies and with potential customers, even international, thanks to a selected and customised offering.

ACCESSIBILITY

To allow visually-impaired or blind people to withdraw cash, know their account balance or top up their mobile phone at ATMs, Intesa Sanpaolo has partnered with Unione Italiana Ciechi (Italian Association for the Blind) and developed an initiative that allows them to operate autonomously and safely. All Group ATMs in Italy (approximately 6,600) have been fitted with a high-visibility display. ATMs can be used autonomously by the visually-impaired, via high-visibility graphics available on all ATMs, as well as by the blind, via a vocal guide that can be heard on about 5,500 machines using normal headphones. Online banking services are also accessible via the mobile banking platform. In Serbia and Slovenia, local banks have developed online applications adapted to the needs of the visually impaired and the blind.

With the goal of increasingly expanding accessibility of the documents published on the Internet site as well as on the company's intranet, Intesa Sanpaolo also collaborates with the LIA Foundation (Libri Italiani Accessibili or Accessible Italian Books), which has been working with Associazione Italiana Editori and with the Unione Italiana Ciechi e Ipovedenti (Italian Association for the Blind and Visually Impaired) for several years. The initial documents made available in the LIA certified format were the main documents of social responsibility: Code of Ethics and Sustainability Report. The collaboration is continuing, in order to transform, also through training initiatives, the orientation towards accessibility into a distinctive element of the Group's corporate culture.

In terms of physical accessibility, the 2014 layout project for Intesa Sanpaolo branches was recognised by the FIABA [i] (Fondo Italiano Abbattimento Barriere Architettoniche or Italian Fund to Eliminate Architectural Barriers), which recognises its total compliance with the requirements for accessibility and use by the physically challenged. Within the foreign scope, approximately 25% of Banca Intesa Beograd network is accessible by the disabled and 70% has work stations suitable to assisting these types of customers; accessible branches will be identified on the bank's new corporate website. At Banka Koper (Slovenia) and CIB Bank (Hungary), all branches are without barriers and accessible by the disabled. For details on the accessibility of banking services through the new channels, see "Multi-channel Bank", page 116.

CUSTOMER SATISFACTION AND COMPLAINT HANDLING ACTIVITIES

To use and efficiently manage the large quantity of information collected from customers via the various channels, "**Voice of Customer**" was launched at the end of 2013 with the objective of collecting the suggestions and assessments received from customers within a single device. In 2014, three types of interviews were integrated into the system: telephone interviews

to measure the satisfaction of retail customers (75,600 interviews), e-mail interviews on the customer experience with regard to products and services (656,000 customers involved) and interviews on satisfaction with the in-branch service received, conducted on the Internet banking points available to customers of all branches (25,000 questionnaires filled out).

During 2014, Intesa Sanpaolo also launched a programme for the development of the model for measurement and management of customer satisfaction. One of the principles driving this change was the focus on call-to-action, that is the ability to generate and recommend targeted improvement measures. For this purpose, **Customer Experience surveys** on various services were carried out, involving retail and small business customers: customers were sent an email where they expressed a rating from 1 to 10, followed by an online survey through which they provided their considerations with regard to the process of purchase/subscribe to the service. Customers who provided a negative rating were contacted in order to understand the reason for their dissatisfaction. The objective was to demonstrate proximity to the customer and monitor the sales processes.

Analysis of the feedback collected from customers resulted in the establishment of working groups in 2014 in order to improve processes and services with regard to payment cards, loans and mortgages, and to the implementation of dedicated projects to improve in-branch services (see "Insieme per la Crescita" - Together for growth - page 87). The request for faster and more streamlined processes resulted in an increase in the products and services offered via internet banking (see "Multi-channel Bank", page 116).

Retail and Small Business customers in Italy

The Intesa Sanpaolo Group carried out surveys on customer satisfaction and on Branch Customer Satisfaction in 2014 as well, via 75,600 telephone interviews with Retail and Small Business customers. Positive satisfaction levels were again recorded across all segments (household, personal and small business), recording a Net Satisfaction Index (NSI¹) of 13.

For approximately ten years now, a survey of the population with access to banking services in Italy (Benchmark survey) has also been conducted, in order to assess the positioning of Intesa Sanpaolo with respect to the competition in the Bank-Customer relationship. Between July and September 2014, nearly 14,000 households and Italian independent workers were interviewed, of which over 2,600 of the Group and over 11,000 of other Banks or Banco Posta. Customers of the Group declared an Instinctive satisfaction and Rational satisfaction lower than the competitors (respectively NSI of 9 versus 16 and 23 versus 30); the opinions of the customers of Intesa Sanpaolo are positive regarding the various access points examined, but lower than the market.

1 NSI: Net Satisfaction Index, equal to the percentage satisfied (rating of 9-10) less the percentage unsatisfied (rating 1-6).

Corporate customers in Italy

Each quarter, the Intesa Sanpaolo Group conducts a survey on economic performance, on the demand for credit and on the satisfaction with one's bank, through telephone interviews with approximately 8,000 representative cases of Italian companies (excluding agricultural companies, financial companies and public administration). The data are analysed for the Small Business¹ and Corporate customers².

The Customer Satisfaction index³ is recorded solely with regard to the "main bank" declared. The results were not positive in 2014, but they indicated improvement and were higher than market values for both segments.

Large Corporate Customers⁴

Intesa Sanpaolo promotes listening and communication initiatives to understand the needs of large corporate customers within the relationship with the bank, making the customer's opinion an integrated part of the decision-making and strategic processes.

In particular, a telephone-based qualitative-quantitative survey was organised in 2014, with the aim of collecting the opinions of certain selected customers (193 Italian and foreign corporate companies) on the current economic scenario and on key issues, including internationalisation and innovation. The response rate was 61%; the CSI (Customer Satisfaction Index) was 77 out of 100⁵.

Surveys to assess the quality perceived and the areas for improvement with regard to Start Up Initiatives continued through paper questionnaires distributed to participating investors, observers and customers. For 2014, the Net Promoter Score⁶ involving 235 respondents was 60%.

International Subsidiary Banks Customers

2014 also saw the continuation of "Listening 100%", the International Subsidiary Banks listening programme aimed at systematically measuring the level of customer satisfaction and identifying any causes of dissatisfaction in order to improve the level of service offered.

The monitoring system is adopted by 9 out of 10 banks and in 2014 a total of nearly 90,000 telephone interviews were conducted on representative samples of retail and SME customers abroad, involving both internal customers (over 60,000 via 3 surveys) and external ones (nearly 30,000 via 3 benchmark surveys). The data collected in September 2014 show general stability in the satisfaction level across the different banks involved in the survey, with some positive signs compared to the 2013 findings. Overall leadership in satisfying customers in the majority of countries

in which the Group's International Subsidiary Banks operate was confirmed.

The third edition of the "Customer Satisfaction University Award" project concluded in 2014, involving 5 of the Group's International Subsidiary Banks. The initiative, which aims to recognise and reward project excellence on Customer Care issues, was implemented in partnership with the main universities in the countries involved.

Complaint handling

The Intesa Sanpaolo Group ensures ongoing monitoring and rapid response to complaints, aware that such action encourages customer retention and improves its reputation. In March 2014, the Parent Company's Complaints Office launched the project "Evolvere la gestione reclami" (Developing complaint handling), to be completed in the first half of 2015, in order to improve the handling of complaints in accordance with regulatory deadlines, increasing the structure productivity and the quality of responses to customers.

In 2014 the complaints received in Italy⁷, were up by approximately 9% over the prior year.

- **Investments.** The sharp decline in complaints on Investment Services continued in 2014 (-13.4%), largely due to the absence of particularly major issues and to the reduction in complaints on bonds in default.
- **Financing (loans, mortgages and special loans).** The cases in this category recorded a sharp increase, particularly for the products "Home mortgages" and "Assignment of One-Fifth of Salary", for repayments due in cases of early redemption of loans granted before November 2009 (problem resolved with the recent provisions of the Banking and Financial Ombudsman). Complaints regarding so-called usurious interest rates also increased considerably, but were rejected following a judgement by the Court of Cassation in favour of financial institutions.
- **Payment cards.** A significant decline in cases (-33.4%) was recorded in 2014, especially for fraud and loss (e.g., identity theft on the internet).
- **Bank transfers.** Complaints regarding bank transfers were essentially unchanged in 2014, due to the slowdown in computer fraud through "phishing".
- **Insurance products.** Complaints on insurance products decreased in 2014 (-8.1%). The majority of cases regard the timing or non-payment of claims (especially in the case of death of the contracting party). Specific improvement measures in this regard have already been envisaged.
- **Institutional Relations.** Claims submitted by customers for assessment by the Banking and Financial Ombudsman (Arbitro Bancario Finanziario) increased on 2013 by approximately 16%, amounting to 778, while those submitted for assessment by the Banking Ombudsman (Ombudsman - Giurì Bancario) were 84, down by approximately 24% compared to 2013. Complaints from the Bank of Italy were unchanged

1. Small Business customers: companies with a turnover of up to 2.5 million euro.

2. Corporate customers: companies with a turnover of between 2.5 million euro and 150 million euro

3. Index calculated as the difference between the 9-10 rating percentage and the 0-6 rating percentage.

4. With turnover of over 350 million euro.

5. The index was calculated using a structural equation model with latent variables, specifically the "Partial Least Squares - Path modelling" (in literature, PLS-PM). The outputs of the model include the measurement, through a synthetic index, of the overall satisfaction level (CSI - Customer Satisfaction Index).

6. Percentage of promoters (9-10 rating) less percentage of detractors (1-6 rating).

7. The numerical analysis refers to the Group's Italian operations, excluding the International Subsidiary Banks.

compared to 2013 and amounted to 1,110 while those from Consob and from the Italian Competition Authority were not significant, as in prior years.

RELATIONS WITH CONSUMER ASSOCIATIONS

Intesa Sanpaolo has an open and constructive dialogue with Consumer Associations, encouraging standing conciliation in order to strengthen the relationship of trust with customers over time and offer an additional opportunity to ensure and protect customer's full satisfaction with the quality of the products and services used. The procedure, which concerns products offered to retail customers (current accounts and linked payment cards, mortgages and personal loans), is simple, free and fast, with maximum case resolution times of 60 days. Customers may decide to participate, at no cost and without compromising any other procedures they may wish to take subsequently, in order to protect their own interests. A total of 314 claims were received as at 31 December 2014.

Intesa Sanpaolo organises annual plenary sessions with the Consumer Associations to provide updates on the activities underway and planned within the overall framework in which the Bank operates. For several years now, the Group has also been an active member of the Consumer's Forum, an important opportunity to discuss new ideas and virtuous conduct in terms of consumer culture.

THE QUALITY OF LIFE IN THE COMPANY

COMMUNICATION AND LISTENING

Listening and engagement activities involving employees were subject of ongoing attention. A sophisticated climate analysis was conducted on 63,071 professional staff and middle managers, with 51.3% participation rate, and 968 senior managers, with 88.5% participation rate; added to these were 22,731 employees of the International Subsidiary Banks, with a participation rate of 51%. 31 local sessions were held – “Life and work in Intesa Sanpaolo” – attended by more than 300 employees from all company departments involved in the life of the Bank. In addition to numerous ad hoc listening activities for the companies/departments, constant disclosure of information was ensured for all employees of the Group, in Italy and abroad, with regard to the Business Plan and the new Service Model of Banca dei Territori Division, with 70 in-depth interviews conducted with the Regional, Sales and Area Managers of Banca dei Territori Division.

CORPORATE WELFARE

The corporate welfare system operates within an integrated model that includes – in addition to supplementary welfare benefits and integrated health services – the People Care services, Mobility Management and the new cultural, recreation and sports association for Intesa Sanpaolo Group employees, operational since January 2014.

Starting from constant and structured listening to employee needs, it proposes to act on the main elements of better balancing home life and working life of employees and their families, also with a view to diversity management, with the aim of promoting sustainable solutions and projects consistent with their expectations.

The application of a welfare policy therefore represents a component of value, strategically important in the adoption of this model of conduct. The corporate welfare action was further integrated with a regulatory system envisaged in collective and Group labour agreements, which on the one hand offers all employees flexible solutions and practices, such as permits, leave, flexible working hours both in the morning and afternoon, part-time options, etc., and on the other hand subsidies and economic contributions, such as benefits for families with disabled children, out of the workplace accident policies, loans, mortgages, meal vouchers and, last but not least, the company social Bonus.

Moreover, thanks to a modern system of industrial relations and agreements reached with the Trade Unions, it was possible to operate in accordance with the pillars identified by the Business Plan. The fundamental bases to achieve the Group's strategic objectives were therefore identified as enhancement and motivation of individuals and strengthening of their sense of belonging. Dialogue between parties was developed through new comparison methods, seeking solutions for consolidation and development of corporate welfare, support for employment, identification of new solutions, including economic ones, involvement in the company project and experimentation of innovative working conditions, motivated to construct an environment based on trust and mutual responsibility. The Labour/Management Relations Protocol was renewed along these lines, envisaging the establishment of a mixed company-trade union entity, the Welfare, Safety and Sustainable Development Committee, with the objective of drawing up solutions to reconcile the requirements connected to families, welfare, assistance and a better time balance.

EMPLOYEE SHARE OWNERSHIP PLAN

With the agreement dated 6 May 2014, the Company and Trade Unions shared an important initiative for the free allocation of Intesa Sanpaolo shares to employees, with the option for them to participate in investment plans (LECOIP) that provide, at the end of the Plan, higher capital than the initial investment amount, regardless of any negative performance by the stock, and the possibility for additional earnings in the event of positive performance. The initiative aims to compensate for the greater organisational and productive commitment requested in advance, offering everyone the opportunity to participate in the expected growth in value through an individual and voluntary decision that recognises teamwork and the pursuit of sustainable growth.

As the difficult overall economic and social scenario and performance in 2013 prevented the disbursement of the company bonus, application of the bonus formula that allowed employees to make use of this remuneration in the form of reimbursement of children's school fees, integrated health services and/or supplementary welfare benefits, also in favour of family members, was confirmed for 2014 as well. The decision to limit this solely to

employees with an annual remuneration of under 65,000 euro had a specific social significance, as this solution reconciled sustainability of costs and company welfare, without prejudice to the possibility for recipients to receive the disbursement even in the traditional form, namely in their salary.

In accordance with the Business Plan, the processes for corporate simplification and organisation and cost

rationalisation continued in 2014 as well. In all cases, trade union agreements were able to handle cases of excess resources, with sustainable measures that limited the social impact.

The company's strong commitment to rationalising the pre-existing welfare plans continued, with agreements in place for the merging of 11 defined benefit pension funds and 3 defined contribution pension funds, aimed at reducing risk (operational, financial and actuarial) and ensuring greater investment opportunities to those enrolled. In terms of Pension Funds, the Group's history has a deep-rooted sensibility to the issue of supplementary pensions: the first funds date back to the 1800s, at the dawn of welfare intended as a social need. The activity regards approximately 100,000 people in Italy with a portfolio of over 9.8 billion euro and an annual flow of contributions of about 500 million euro/year. For currently employed staff, supplementary pensions also offer the advantage of the contribution by the company, the possibility to obtain advances and the deductible nature of contributions, with savings on the marginal tax rate.

Group health services

An agreement was signed in 2013 to strengthen the medium-term sustainability of the Group Health Fund, particularly with regard to management of retired members, with regard to which significant deficits had been recorded in previous years. The solidarity contribution transferred from the management of working members to pensioners was therefore increased from 4 to 6%, sharply offsetting the deficit in management of retired members in 2014. In the wake

of such positive performance, and exercising the right envisaged by the Articles of Association, the Fund's Board of Directors allocated a capital reserve of 2 million euro for an initiative to protect against cardiovascular risk, to be implemented in 2015. The initiative is intended for members and their families who are beneficiaries of the Fund's benefits, within the age range of 40-69 (over 100,000 people), and will start from May 2015. The prevention campaign envisages an initial enquiry phase with regard to the presence of cardiovascular risk among members, by filling out an online questionnaire, focusing on the risk factors identified by the National Institute of Health as part of its Heart Project. The Fund provides a diagnostic package consisting of blood tests, electrocardiogram stress test and heart exam. From the campaign launch date up until 31 March 2016, members who, according to the online questionnaire, are at high cardiovascular risk may benefit from this diagnostic package, entirely free of charge through the approved network or with reimbursement of costs at facilities of the National Health Service. The initiative will be supported by a communications campaign on the proper lifestyle for all Intesa Sanpaolo Group personnel and all members of the Health Fund. It is estimated that in 2014, some 135 million euro were paid in benefits, a figure to be verified in the financial statements.

ALI - ASSOCIAZIONE LAVORATORI INTESA SANPAOLO (INTESA SANPAOLO EMPLOYEES ASSOCIATION)

As part of the integrated company welfare system, the ALI, the new cultural, recreational and sports association for Intesa Sanpaolo Group employees established through a trade union agreement in February 2013, has been operative since January 2014.

The Group's only association, bringing together the pre-existing ones, optimised the operating synergies and expanded its operations to the offer of socially useful services for individuals. The Association represents a new form of corporate welfare which aims to meet the different needs of employees, retired personnel and their families, with the aim of encouraging aggregation among employees, proposing affordable tourism options, supporting the dissemination of cultural initiatives, promoting sports events - also as a way to involve younger employees - and, through the Local Area Councils, guaranteeing the value of personal relationships with its members and their voluntary participation in activities.

In 2014, more than 100,000 members were registered, of which 61,604 ordinary members (in service and retired) and 17,998 households, with over 600 initiatives promoted at the national and regional level and 100% territorial coverage of the offerings promoted.

The various innovative balancing initiatives currently assigned to and managed directly by the ALI includes:

- the Welcare Family project implemented in April 2012 by the Bank, in collaboration with the Christian Associations of Italian Workers (ACLI). This multi-channel service can also be accessed from home and provides information and domestic care and treatment services, and management of bureaucratic and administrative, welfare and tax paperwork at preferential rates or free of charge;
- the "Educare i bimbi alla felicità" (Teaching children happiness) initiatives, implemented in collaboration with the Palo Alto school, are aimed at parents in order to promote the importance of positive education and disseminate a learning model based on the existing synergy between positive emotions and learning.

BABY SECURITY

After the past years' success in Turin, Milan, Florence, Rome and Naples, the "Baby Security" meetings continued in 2014, held by the ALI in Venice and Bologna, and in early 2015 in Padua as well. The goal is to disseminate a culture of prevention and correct information on accidents in which children might choke from swallowing food or foreign bodies.

The workshops were held by a doctor having expertise in basic resuscitation techniques, with theoretical and practical demonstrations on paediatric block-removal manoeuvres. Various Instructors participated in this activity, also providing information on advanced courses, thereby disseminating their experience and information. All participants received a Baby Security poster to disclose the proper information through images on airway opening techniques in children.

In October, the Insurance Division's insurance companies launched an "Orto Urbano" (Urban Garden) plan on the terrace of the Viale Stelvio office in Milan. This project, created as a result of employees' request, consists of the establishment of a didactic garden, involving people in a process of training and awareness on the issues of local fruit and vegetable production, environmental sustainability and responsible consumption. Launched in partnership with the Slow Food Association and in line with the goals outlined by Expo 2015, the initiative has become widely popular and involves:

- the creation and maintenance of an agri-ecological garden in containers, inspired by the values of "good clean and fair" that guide the Slow Food philosophy;
- a series of learning sessions for the group of employees who will share the space and activities in the garden.

In fact, a "slow" garden aims to be respectfully productive, visually pleasing and functional, malleable and able to adapt within city and metropolitan contexts and, finally, to be an opportunity for meeting, education and social inclusion. Design of the garden area has already seen direct involvement by employees in the analysis of areas and crops, in accordance with the aforementioned principles. The "Gusti Giusti" (Right Tastes) project, launched in 2008 in collaboration with the Slow Food Association and currently active in all ten of the Group's canteens, is an important initiative aimed at improving the well-being of employees, fostering awareness of healthy and tasty nutrition and launching a process of qualification of the service in company canteens, with regard to environmental sustainability and enhancement of the territory's products. At its seventh year of activity, the Bank has launched an initial assessment phase to proceed with re-launching of the "Gusti Giusti" project as an important welfare initiative aimed at promoting the well-being of employees and in view of the inauguration of EXPO.

Mobility

Intesa Sanpaolo confirmed its commitment to the issue of sustainable mobility in 2014 as well, seeking and proposing solutions for people's mobility needs. Commitment continues with regard to implementation of the Home-Work Commuting Plans, which, apart from the regulatory requirements, represent a significant opportunity for organisational improvement and management of the personnel mobility. For details on this activity, see the chapter "Natural capital - Mobility" page 130).

WORK-LIFE BALANCE

A series of platforms - some of which are managed directly by the ALI - offer services and initiatives for work-life balance, measures aimed at achieving sustainable balancing of work and home life, given the extent of the area covered, the organisational complexity and the different needs of the corporate workforce.

Families and childcare

As regards services to support families, 4 company crèches are in operation - our "baby nurseries" - in Milan, Florence, Naples and Torino Moncalieri, and a new crèche will be added in September 2015 at the new Turin Headquarters. Quality is a fundamental element that accompanied the set-up of crèches: in fact, they meet the requirements of the PAN Consortium's Quality Manual, prepared by a Scientific Committee, which covers all aspects of educational and organisational management. High education standards are accompanied by the construction of facilities in line with environmental sustainability principles that make preferential use of FSC (Forest Stewardship Council) and PFEC (Programme for the Endorsement of Forest Certification) certified materials. To integrate the service, a number of agreements are in place with the national PAN Consortium and, with a view to enhancing the options offered under intercompany agreements, the pilot project for a corporate crèche shared with Telecom Italia continued in Milan for Intesa Vita staff.

For families with children of school age, the ALI promotes initiatives for the organisation of summer holidays for children of between 6 and 17 years of age, with campuses proposed throughout Italy and abroad, accessible at preferential rates thanks to a direct contribution from the

Association. The Bank also promotes the possibility of embarking upon inter-cultural experiences abroad with one-year and six-month stays, thanks to the allocation of scholarships for employees' children, offered by the partnership with Fondazione Intercultura.

JUNIOR CAMPUS - THE EMPLOYEE SATISFACTION SURVEY

The summer camps in the city, in Italy and abroad, that have special agreements in place with the ALI, received a highly positive rating from the majority of members who used this service for their children during the summer months.

The redemption percentage of the survey was 65.5%, and 2014 recorded a unanimous approval in the choice of campuses in the city as well as abroad. 93% of employees were particularly satisfied and would recommend their children's experience to others.

At year end, as part of the trade union discussions, the foundations were laid for the beginning of an experimentation period on Flexible Work within the Group. It is a new working method that differs from telecommuting, where the work is performed in a place other than that in which it is assigned and which, taking advantage of the potential aspects offered by IT technology and work organisation developments, combines the company's productivity needs with personal/family needs, for a better life balance. Flexible work may be conducted from home, from another company location or at the customer's premises. This project is based on the relationship of trust and collaboration between employee and manager, which is an essential component. The initiative is part of the attempt to combine management of the private life of employees with the company's organisational requirements in an innovative manner. An experimentation period will be carried out during 2015, involving specifically identified Group departments/companies, accompanied by information/training initiatives, also for the purpose of adequately supporting change. Intesa Sanpaolo's flexible work proposal is a working method other than telecommuting that allows employees to carry out their work even outside of the assigned location, without changing the existing work relationship. Flexible work may be carried out:

- from home, meaning the employee's place of residence or domicile, or another private place agreed upon in advance with the Manager, with the exception of any public areas or areas open to the public;
- from a company location other than the assigned one (company hubs), namely from an office/premises of the Intesa Sanpaolo Group, specifically identified and reserved through the appropriate application;
- from the customer's premises, for the specific activity of sales proposals and reports in relation to the professional role held by the employee.

Alongside this flexible work trial, Intesa Sanpaolo participated in the "Giornata del Lavoro Agile" (Flexible Work Day) initiative by the Municipality of Milan.

The initiative is aimed at private companies and public authorities so that they try alternative working methods. The objective is to improve flexibility of the organisation and productivity, as well as reduce the time spent on commuting from home to work, thereby contributing to improving individuals' quality of life and reducing environmental pollution.

Approximately 70 employees participated (with a potential pool of about 700 employees in the 2015 edition).

As regards International Subsidiary Banks, Privredna Banka Zagreb is one of the Banks that showed the most commitment in finding "family-friendly" solutions and, thanks to the various practices for home work balance, was one of the first Croatian companies to obtain the "Mamforce Company Standard", a local recognition for companies that strive to implement socially responsible practices. The initiatives include the company crèche, the possibility for part-time work and flexible working hours, medical and psychological care for employees, and the possibility to request paid leave to take care of relatives who are sick or non-self sufficient.

RELATIONS WITH THE SUPPLY CHAIN

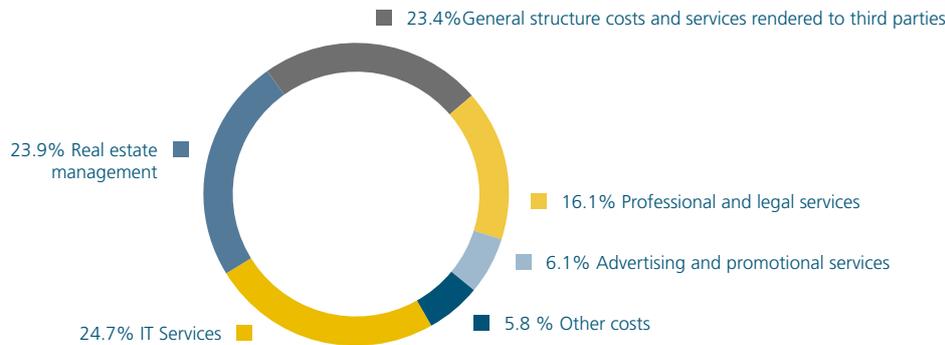
Intesa Sanpaolo is aware that the quality of supplier relations and the procurement policies adopted can also create the necessary conditions to increase the Bank's social and relational capital, optimising the promotion of an approach focusing on the protection of the environment and respect for human rights and workers, and ensuring that suppliers achieve said goal.

The project for the centralisation of Group Procurement, created in 2012 mainly to standardise the procurement rules and processes and to apply a standard model within the Intesa Sanpaolo companies, continued throughout 2014 as well, with centralisation of other Italian Banks/Companies and International Subsidiary Banks of the Group.

Extension of the scope of the project, to be continued in 2015, will increase the number of participants that follow not only the standard sourcing process, but also the guidelines on social and environmental responsibility to be adopted in the procurement area. Thus, in this context the Group Procurement Guidelines and the related Implementing Rules were issued in 2013, transversally integrating social and environmental responsibility criteria.

In 2014, the overall expenses incurred by the Intesa Sanpaolo Group totalled over 2.6 billion euro, broken down as follows:

Breakdown of administrative expenses by category (2014) [%]



EQUALITY AND TRANSPARENCY IN RELATIONS WITH SUPPLIERS

The relations held by the Parent Company with its suppliers were inspired by principles of transparency and equality during 2014 as well. In order to guarantee this, the monitoring of the e-sourcing Portal and the constant upgrade of its functions is of primary importance. The Portal offers an online bidding system: those who apply are required to register online, where, if invited to take part in a tender, suppliers can follow all the stages of the process in a transparent manner. Thus, each supplier, through a special section, can interact with the relative procurement manager and view the documents available or enter bids. There were almost 1,600 online tenders in 2014 compared to 1,400 in 2013 (an increase of about 14%) for a total of around 800 million euro; this constant and significant increase enabled to improve communications and the level of transparency of the relations themselves.

The total number of tenders, or market analyses, recorded a further increase following the launch of the Sourcing Masterplan initiative. Conducted by the ICT Systems Department in collaboration with the IT Procurement Office of the Procurement Department, this activity gradually encouraged market analyses in the ICT sector in all relevant areas.

Initiatives in 2014 more than doubled compared to 2013, involving a total of over 120 suppliers, of which 20% were new. For the future, we expect an essential stabilisation of the market analysis figures as regards the trend and number of suppliers involved.

With regard to the monitoring of payment times, maintenance and monitoring continued on the Portal module for the management of accounting documents, which gives suppliers full visibility of their orders, payments and invoices.

ASSESSING THE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF SUPPLIERS

The e-sourcing Portal is an online platform that involves a registration phase in which candidates are asked to view Intesa Sanpaolo's Organisational, Management and Control Model (Legislative Decree 231/2001), Internal Code of Conduct and Code of Ethics. In the event that they become our suppliers, the contractual clauses to be signed include the commitment to adhere to the principles contained in the abovementioned documents.

The registration phase also requires the supplier to fill out a questionnaire that includes, in addition to the personal

details, a section dedicated to social and environmental responsibility. At the end of 2014, there were 6,400 suppliers registered in the Portal, up by 21% compared to 5,300 in 2013. Of these, approximately 3,500 completed their registration. An in-depth analysis of the answers provided by the latter on social and environmental responsibility showed the following breakdown: 11% declare to publish a social and environmental report, 3% hold SA 8000 certification, 19% have a code of ethics or policies describing their social commitment, 12% hold environmental certifications, and 8% have an environmental policy.

	2014	2013	change [%] 2014/2013
The company publishes a social, environmental or sustainability report	387	288	34.37
Presence of SA8000 certification	108	75	44
The company has a code of ethics or policies describing its social commitment	640	472	35.59
The company holds environmental certifications	411	323	27.24
The company has an environmental policy	267	197	35.53

The statements provided by suppliers are verified through a sample monitoring system which focuses on the product categories most at risk and on cases considered worth studying further. The verification of compliance with the social criteria is conducted by in-house staff and refers to property service specifications (plant and system maintenance) and to persons (cleaning staff), and envisages checks on the expiry of Chamber of Commerce documentation and the Single Register of Contributions Paid.

However, for investigations into compliance with environmental criteria – for example, energy efficiency, the use of cleaning products that meet regulatory standards and contractual clauses relating to compliance with environmental regulations – site inspections are performed by either in-house staff or by external companies. 800 document verifications were conducted in 2014.

Another line of action, which contributes to strengthening the broader activity of supplier monitoring, regards technical assessment of performance in the realm of ICT supplies of the ICT Systems Department. The initiative, based on a survey conducted internally within the ICT

Systems Department, is in its fourth year of operation and extends to a group of suppliers that in 2014 represented approximately 86% of orders by said Department, for a total of approximately 280 suppliers assessed. The employees interviewed, representing specific areas that had the opportunity to evaluate many suppliers, were 148, with 2,200 questionnaires filled out.

Answers to the questionnaires, provided electronically, are assessed according to a scale of 1 to 6; this approach allows for the identification of any improvement measures and a review of the relationship with the supplier at the strategic level.

To make the assessment more objective, it is divided into four categories depending on the type of service/good acquired (application services, infrastructural services, hardware and maintenance, licences and software maintenance).

Similarly, if evidence of non-respect of the agreed service levels is identified, always with respect to the scope of operations managed by the ICT Systems Department, specific notification letters are sent to the suppliers. A total of 47 notifications were sent in 2014.

The EcoVadis platform

The assessment of suppliers who register with the Portal has allowed us to set the basis for an approach increasingly oriented towards mitigation of the risk deriving from management of the supply chain. In fact, in 2014, the Procurement Department began a partnership with EcoVadis, an international company specialised in the assessment of supply chain performance in terms of social and environmental responsibility, triggering a process that starts with the results of the analysis and ends with the identification of risk mitigation measures and any

corrective measures, with a view to ongoing improvement. The pilot project, which started at the end of 2014 and ended at the end of February 2015, involved 57 suppliers belonging to various sectors. The response rate was very good, and none of the suppliers assessed were found to be exposed to “high risk” according to the EcoVadis framework.

For suppliers in the “medium risk” range, the mitigation measures to be undertaken will be determined in 2015. Use of the platform will be fully operational starting from 2015 and on a wider group of suppliers.

CHARACTERISTICS OF ECOVADIS

The platform covers 150 supply categories in 140 countries and envisages a supplier screening that includes 21 criteria regarding environment, society, fair sales practices and supply chain. The assessments are based on globally recognised standards such as the Global Reporting Initiative, the Global Compact of the UN and ISO 26000, and the supplier ratings are determined by combining the following results:

- information provided by the suppliers using the dynamic online questionnaire;
- analysis of documents and verification of the data by expert analysts;
- all-encompassing collection of information from NGOs, trade unions, international organisations;
- verification by third parties for some high-risk suppliers (optional).

EcoVadis rating scale

0-29	High risk
30-49	Medium risk
50-69	Controlled
70-89	Medium opportunity
90-100	Strong opportunity

The risk levels identified by the EcoVadis rating scale permit careful selection of suppliers' development plans and of any measures to be undertaken by the customer.

The final result of the assessment process consists of a Supplier Assessment Form, a very practical and easy to read instrument that contains an overall judgement and a judgement by issue, with a comparison (benchmark) between the supplier's performance and the performance of competitors, in the relative category of activity and in the country in which the supplier operates. Each Assessment Form also contains the strengths and specific areas of improvement by expenditure, as well as actions and improvement plans that can be managed online, with the possibility for updates.

Total procurement expenditure	2.6 billion
Number of suppliers invited to the EcoVadis pilot assessment	57
Total turnover covered by the EcoVadis assessment	668,127,883
% turnover of pilot over total procurement expenditure	25.7

HEALTH AND SAFETY OF SUPPLIERS OPERATING ON OUR PREMISES

The activities of Intesa Sanpaolo's Prevention and Protection Department refer not only to employee protection but also to the protection of suppliers conducting their activities on Bank premises. The activities consist in sharing current Health and Safety rules with them, ensuring that their employees operate according to suitable standards and guaranteeing that no risks arise from interference between the activities of the various suppliers and those of Bank staff. The Bank's commitment to reducing risks for the health and safety of personnel operating on a contract basis continued through the programme for adaptation of work environments and, in particular, with a new campaign of inspections which during the first half of 2015 will involve approximately 400 buildings from non-performing loans, destined to be maintained until their final disposal.

INITIATIVES IN THE INTERNATIONAL SUBSIDIARY BANKS

As mentioned at the beginning of the chapter, the Project for centralisation of Group Procurement extends to the International Subsidiary Banks as well. Upon reaching the pre-established objective, all Banks must have adopted and implemented the "Group Procurement Guidelines" and the related "Implementing Rules".

These guidelines include, within the scope of the "centralised procurement" model, the "local" product categories which draw from local supplies in the case of goods or services for which the procurement market is typically local or closely tied to the specific market. Moreover, they combine social and environmental responsibility criteria in a transversal and well-structured manner and require that all the functions involved take them into due consideration during the sourcing process, from the request for quotation to the request for the offer and supporting information. VÚB Banka has undergone the pilot phase of the centralisation project.

Moreover, VÚB Banka, BiB and PBZ are the three Banks that first set the bases in 2014 to use the same IT platform for sourcing activities by the Parent Company.

Listening and dialogue

Significant initiatives in this area were conducted in 2014 by Intesa Sanpaolo Bank Romania and VÚB Banka. The former organised a series of meetings that, based on issues regarding the contractual aspects, also contributed to identifying the appropriate measures to achieve the pre-established objectives, simultaneously strengthening the relations with suppliers and the mutual collaboration.

At the beginning of the year, VÚB Banka conducted a communication campaign for all its suppliers on the innovations in procurement, presenting the e-sourcing Portal; it then further examined the issue with a smaller group of suppliers via dedicated workshops. The Bank also offers its suppliers the possibility to express doubts or complaints, using a special email address.

Supplier selection transparency

Intesa Sanpaolo Bank Albania, Privredna Banka Zagreb and VÚB Banka have implemented an e-sourcing Portal where the tender processes and relevant information are published.

Screening of suppliers on the basis of social and environmental responsibility criteria

- Banca Intesa Beograd has introduced a CSR questionnaire in the tender invitation letters, divided into 5 areas: governance, customer relations, work environment, environment and community. The scores obtained in CSR practices are of key importance in the supplier selection process
- Banca Intesa Russia uses a preliminary CSR questionnaire whose answers, combined with the other criteria, form the supplier's overall rating
- CIB Bank, during the supplier selection process, in the event of equivalent offers, gives priority to suppliers with better practices from an environmental responsibility point of view. This approach is communicated to the supplier upon invitation to tender.

Monitoring of suppliers with regard to social and environmental responsibility practices

- For some contracts, based on the procurement type, CIB Bank requires suppliers to make their operations transparent in terms of employment and payment practices. For other types of supply, occasional inspections are envisaged, when needed.

RELATIONS WITH THE COMMUNITY

The Intesa Sanpaolo Group takes a responsible and active role in support and collaboration within the local areas and communities in which it operates. It also promotes and implements international projects in areas in difficulty.

The Group's commitment in the community takes on various forms, such as: donations, aimed at handling temporary situations of difficulty in the regions as well as for long-term solidarity interventions; sponsorships supporting various projects; substantial investments in art and culture; volunteer initiatives and programmes involving employees of a number of the Group's international subsidiaries.

SUPPORT TO CULTURE

Attention to arts and culture is a priority element of the strategy that drives the community supporting activities. Progetto Cultura, a strategic reference framework containing the multi-year planning of the Bank's cultural initiatives, has several objectives. On the one hand, it aims to encourage enjoyment by an increasingly large public of its important artistic, architectural, publishing and documentary heritage, coming from the history and tradition of patronage of the financial institutions that have become part of the Group. On the other, it aims to contribute to safeguarding Italian cultural heritage. Promotion of the Bank's artistic heritage is implemented along various lines: study and scientific cataloguing of the works; restoration activity; museum projects creating permanent displays of a part of the collections; planning and organisation of temporary exhibitions; support of scholarships for training and research opportunities for young people, in collaboration with the Universities; loan of works to temporary exhibitions.

Intesa Sanpaolo recognises and promotes the huge educational potential of culture in people's lives. Gallerie d'Italia - a network of museums owned by the Bank, including the Piazza Scala Galleries in Milan, Palazzo Leoni Montanari in Vicenza and Palazzo Zevallos Stigliano in Naples - offered numerous exhibitions to the public, as well as educational tours and laboratories. In addition to the free educational tours for schools, initiatives addressed to families and activities targeted at summer camp students and design and art courses, numerous initiatives were implemented in 2014 as well, to support the most fragile individuals, by offering laboratories and art-therapy sessions for immigrants, the visually impaired and the blind, for senior residents of rest homes, Alzheimer's patients, visitors with cognitive and sensory disabilities and individuals with mental and physical disabilities.

With regard to activities to protect and promote Italy's artistic and cultural heritage, the XVII edition of "Restituzioni" was launched, the decades-long restoration programme for public works of art, organised by Intesa Sanpaolo in partnership with the Italian government departments responsible for architectural, archaeological and historical-artistic heritage. Similar programmes or

initiatives for protection and enhancement of the public artistic and cultural heritage are also adopted by various International Subsidiary Banks of the Group.

Also of significant cultural importance is the activity to increase physical and digital access to the documentation in the Historical Archive, as well as for the protection, acquisition and enhancement of the archives in the communities in which the Bank operates. Equally significant is the work in the publishing and musical field, for dissemination of the book heritage and of the various musical genres, also through targeted initiatives at the educational level.

DONATIONS

In terms of **donations** from the Intesa Sanpaolo Charity Fund, the Plan approved annually by the Group's Supervisory Board defines, both in terms of quality and quantity, the areas of action and the priority donations, whether non-recurring or classified as investments in the community. In particular, the 2014 Plan confirmed the **strategic focus on national and local projects with a significant social impact in favour of more fragile individuals, hit hardest by the economic crisis. This is a priority objective of the Group's strategy at the philanthropic level.** In 2014, net of the international measures in favour of poor countries, 85% of the national central donations were directed towards this objective (up compared to 83% in 2013 and 77% in 2012). The commitment to the community thereby contributes to reducing the social and economic inequalities that are increasingly common in communities where the Group operates, due to the economic and financial crisis. The objective is to reinforce a social cohesion model that is also functional to the long-term results of the Group.

Moreover, there was a strong focus on local donations, managed autonomously by the Regional Governance Centres of the Banca dei Territori Division, which allow the branches of Intesa Sanpaolo and the banks without their own charity fund (or with a fund with insufficient resources) to integrate the traditional role of "territorial bank" with a considerable philanthropic, social and cultural commitment. Even at the local donations level, there is a consolidated focus on supporting the more fragile individuals, which in 2014 benefited from 60% of local contributions.

An additional strategic element is the commitment to major international cooperation projects in countries suffering from extreme poverty or under development (see "Project Malawi" below).

COMMERCIAL INITIATIVES WITH COMMUNITY BENEFIT

Within the scope of the commercial initiatives with community benefit, the Group's interventions in 2014 were mainly aimed at pursuit of the following objectives, in line with previous years:

- safeguarding and enhancing the country's cultural heritage, by promoting and sharing the Group's artistic heritage with the public, supporting the main cultural and musical initiatives and making them accessible to a wide and varied audience;
- promoting training opportunities for young people;
- supporting research to promote new opportunities for economic and social development through partnerships with leading foundations and research institutions;
- promoting sustainability as a value for businesses and a confidence factor for customers through participation in initiatives within the scope of Corporate Ethics and Responsibility;
- promoting the value of sport, mainly among young people, highlighting the importance of universal values like dedication and commitment in exceeding one's limits.

2014 CONTRIBUTION AND BREAKDOWN

In 2014, the Intesa Sanpaolo Group recorded **overall contributions to the community**, measured according to the model of the London Benchmarking Group (LBG), of 60.2 million euro (up 3.6% over the prior year), representing **1.75% of the income before tax from continuing operations**¹.

1. Income before tax from continuing operations, totalling 3,435 million euro, presented in the reclassified income statement of the Intesa Sanpaolo Group.

The majority of the contribution is paid in cash and the 2014 amount was 55.1 million euro (91.5%), while 2.5% consists of time contributions and 6% of management costs (personnel, administrative and communication expenses).

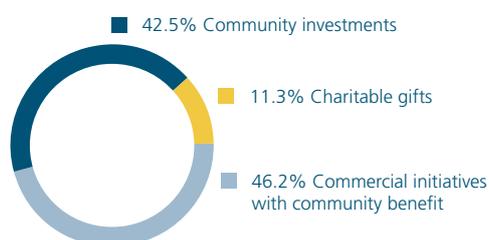
Overall contributions to the Community by type	[thousand euro]
Cash contributions	55,116
In-kind contributions	3
Time contributions	1,522
Management costs	3,603
Total	60,244

Cash contributions are classified by reason and broken down as follows:

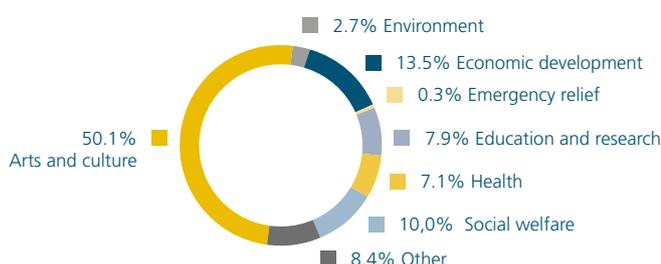
- **46% consists of commercial initiatives** (mainly sponsorships) with community benefit, contributing to social causes while simultaneously promoting the Intesa Sanpaolo brand and business.
- **approximately 43% consists of community investments** – contributions characterised by long-term plans and/or strategic partnerships and/or of significant amounts – **up 7 percentage points compared to 2013** as concrete evidence of the increasingly strategic activity of the Group, oriented toward long-term collaborations that ensure a real benefit and value for the local area.
- the remaining **11% consists of charitable gifts**, of an occasional nature and for small amounts, including match giving initiatives (donations by the Bank during fund collection campaigns, combined with the donations of employees or customers).

Cash contributions to the community

breakdown by reason



breakdown by scope of intervention



With regard to the **scope of intervention**, **50% of total cash contributions in 2014 were designated to Arts and Culture** (up from 46% in 2013), evidence of the priority given to this area in the Group's strategy. The other two predominant areas are Economic Development (13.5% of total cash contributions) and Social Welfare (10%).

Time contributions consist of volunteer initiatives by employees carried out during working hours or paid by the company if carried out outside of working hours, promoted by Banks of the Group. Of particular relevance is the company volunteer programme Intesa from the Heart, launched in 2013 by Banca Intesa Beograd, which combines and coordinates various volunteer projects of the bank. Three projects were brought forward in 2014: the first in favour of disabled children living in orphanages, the second for the elderly in rest homes and, lastly, a project to help individuals impacted by the floods in Belgrade.

ASSESSMENT OF THE BENEFITS AND IMPACT

The Group is increasingly attentive to the evaluation of benefits and the impact of its investments in favour of the community. The non-profit partner organisations benefiting from the donations are asked to indicate the expected benefits of the community projects supported by the Group, with measurable indicators whose results are monitored over time. In 2014 we identified the need to extend the London Benchmarking Group approach from inputs only (contributions to the community) to benefits and to the impact (what was done, results achieved and changes) for a number of select initiatives; for more information, see the 2015 Community Book.

PROJECT MALAWI

After 9 years, the international cooperation project known as Project Malawi came to an end in 2014. Launched in 2005 by Intesa Sanpaolo and Fondazione Cariplo, the main scope of the initiative was to fight AIDS, starting from the prevention of the virus transmission from mother to child and combining healthcare with targeted actions aimed at limiting the impact of the disease on the population and relaunching the country's economy. The integrated approach included the involvement of four partners in various fields: healthcare (Community of Sant'Egidio with the DREAM protocol), local development and micro-finance (CISP), care for orphans and vulnerable children (Save the Children) and education and prevention (Malawi MAGGA and SAM Scouts). Over the last three years, upon strong pressure by the Bank and the Foundation, the associations worked to obtain an even higher level of involvement among communities and local authorities so as to allow the population to take full control of Project Malawi activities and to encourage autonomous continuation of the initiative following the end of the partnership. The main results achieved over these years include: the opening of 4 medical laboratories and 9 specialised care centres, to which 7 maternity wards are linked; over 7,600 healthy babies born from HIV-positive mothers; over 18,000 pregnant women who received a medical check-up and took an HIV test (of which over 8,500 HIV-positive treated at the health centres); approximately 16,600 patients having received assistance at the end of the programme and over 24,700 subject to antiretroviral therapy.

Assessment of the impact of the contribution to Project Malawi in 2014¹

CONTRIBUTION	RESULTS	IMPACTS
2,125,790 euro Donations and management costs	63,067 total beneficiaries 494,593 euro in additional funds (Fondazione Cariplo)	What changes for the beneficiaries? 43% saw a positive change in their behaviour. A total of 26,374 young people received training on the prevention of HIV/AIDS transmission in 158 schools, and 902 youth took the test (MAGGA/SAM). 4% developed new skills. 2,254 beneficiaries involved in activities to support savings and for socio-economic development in villages and training of small entrepreneurs (by CISP). 53% improved their quality of life. 16,683 patients (of which 1,874 pregnant women) were treated at the DREAM centres, 1,280 healthy children born from HIV-positive mothers during the year, 50 laboratory technicians and community operators trained, 3,640 patients found to be HIV-negative after testing (by Community of Sant'Egidio – DREAM protocol); 3,870 children between 3 and 6 years of age attending day care centres, 6,118 children between 7 and 13 years of age attending Children's Corners, 323 operators in the centres and for home care involved in training activities, 1,573 people in support groups for HIV-positive individuals (by Save the Children)
		What changes for the partner organisations? They offered new services : high-quality care and therapy for HIV-positive patients (by Community of Sant'Egidio), assistance to orphaned and vulnerable children (Save the Children), training and assistance services for small entrepreneurs (CISP), information services for young people on the transmission of the virus (MAGGA). They improved their management systems : support for financing of IT software for clinical and administrative management of the Community of Sant'Egidio project. They employed more personnel : 41% of the amount given to partner organisations covers personnel expenses. They trained their own personnel/volunteers : 7% of the amount given covers training expenses.

1. The data refers to a one-year period of Project Malawi, in particular the period between 1 October 2013 and 30 September 2014, end date for the project.

Human capital



This capital includes the expertise, skills and experience of the people that work for Intesa Sanpaolo. The motivation to innovate, the sharing of ethical values and the commitment to improving our processes and customer services are fundamental for our Group.

SHARED VALUE GENERATED BY INTESA SANPAOLO

- Employment stability
- Competitiveness
- Greater productivity
- Talent attraction and retention
- Development of new professions

CONTENTS

Job protection	page 106
Employee enhancement	page 106
Performance assessment system	page 107
Incentive system	page 108
The value of diversity	page 109
Training	page 109

JOB PROTECTION

Employment is one of the priority areas in which we are working to motivate and engage people in terms of flexibility, efficiency and productivity.

In 2014 the Group recruited 2,686 people (477 in Italy and 2,209 abroad). At Group level the number of women reached 53.2% and the investment in the future through the introduction of new resources continued in line with company objectives.

The Group workforce turnover rate of -0.92% is in line with the planned structural action.

The Business Plan identified the development and motivation of people and the strengthening of their sense of belonging as some of the key levers for meeting the Group's strategic objectives. To this end, a project was launched for the requalification of the excess production capacity, numbering around 4,500 people, who can be moved to new initiatives that will generate value. In fact, the recovery of productivity and the attainment of the income and assets goals will be crucial for protecting jobs. With this in mind, the "Banca 5" growth initiative was launched which involved the creation of a commercial chain dedicated to the development of around 5 million customers which, according to forecasts, will employ around 3,000 people from other structures. Family managers and customer assistants, in particular, are involved. A training programme that focuses closely on business methods, the management of customer relations (also remotely) and change management was set up for them.

As regards the research and recruitment of personnel, 2014 saw the continuation of the investments aimed at strengthening the presence of Intesa Sanpaolo on the LinkedIn professional network, the new recruitment and employer branding channel, with the goal of enhancing Intesa Sanpaolo's reputation as an excellent workplace and attracting highly-talented candidates, with benefits deriving from the hiring of expert professionals in Italy and abroad. In the first year it was used, LinkedIn, a tool with no geographical barriers, proved to be an effective channel for quickly and directly accessing a large candidate base, and by the end of the year the company profile reached the milestone of 50,000 followers.

EMPLOYEE ENHANCEMENT

In 2014 the corporate strategy regarding the Bank's people involved:

- seeking innovative ways of motivating and retaining its employees, also through the introduction of widespread share ownership instruments that make it possible to share the value created over time;
- investing in actions and processes to drive the engagement and motivation of people, developing concrete ways of promoting merit, professionalism

and expertise with targeted growth projects and paths for motivated and talented people;

- creating value through an industrial relations system capable of maintaining social cohesion and developing innovative, sustainable solutions focused on the enhancement of the integrated welfare system for employees and their families;
- continuing to invest in ongoing training, focusing on important projects in support of the Bank's strategic decisions.

PROFESSIONAL ENHANCEMENT AND DEVELOPMENT

The "On Air" platform for the professional management and development of the Group has been extended to all employees in the Parent Company and Banca dei Territori Division Head Office Departments. On Air promotes employee motivation through a structured process of self-nomination for assessment procedures, which are followed by personalised enhancement and empowerment plans aimed at stimulating professional growth and development. The platform guarantees a constant monitoring and the enhancement of people as part of a Succession Planning process.

Individual motivation is therefore the distinctive feature of On Air, the basis for identifying merit and launching professional development paths that respect the policy of inclusion and promote diversity. In response to the evolution of the context and the appearance of new roles, and thanks to the mapping of the expertise, skills, motivation and attitudes voluntarily made available by people in On Air, a new process, "Direct Job Offering", was launched during the year, which made it possible to carry out targeted job search campaigns based on the profiles of open positions and the expertise required in the company. According to a "corporate job market" logic, it was possible to create cross-department growth opportunities for interested and motivated employees.

In 2014, the assessment activities involved over 2,400 people, with the launch of 574 development plans. Managerial assessment activities continue in parallel.

In the Corporate and Investment Banking Division, 146 assessments were carried out as part of the "Compass" project, which seeks to map the skills and areas of excellence of professional employees who have performed to an outstanding level. In addition, the "Talents on board" project, involving 12 participants, saw the launch of a multidisciplinary on-the-job learning programme dedicated to high-potential young graduates. Also active was the "Imagine" project, an empowerment and career guidance course for new joiners (under-32s) in the Division, which involved 35 participants (and 350 since it was launched).

In the International Subsidiary Banks Division the "MIpath" project continued. This project aims at creating and implementing international training and development courses dedicated to employees of the

international subsidiaries that work in the Chief Financial Officer, Chief Lending Officer and Risk Management areas. The initiative is designed to strengthen and/or increase skill levels in priority areas for the Group through training activities and periods of on-the-job training. The courses, accessible to employees in Italy and abroad, were specifically developed to more effectively meet the needs of each participant, and involve close collaboration between the International Subsidiary Banks Division, the relevant departments at Parent Company level, and the International Subsidiary Banks involved. Launched in late 2013 with the collection of applications, in 2014 the project led to the implementation of 22 international courses. A project to extend the initiative to other areas is currently under consideration.

December 2014 saw the launch of a Managerial Assessment project, primarily aimed at second line managers of the International Subsidiary Banks, in which Alexbank acted as pilot bank. The aim of the project is to highlight the target population's compliance with the new Group managerial expertise model and define – also at cross-country level in the future – development initiatives in line with the improvement areas underlined by the assessment.

PERFORMANCE ASSESSMENT SYSTEM

The "Performer" assessment system, applied right across the Group, including the international hubs, is based on expected profile logic, appraising employees on the basis of their conduct in relation to the complexity and specific nature of their duties, with objectivity and fairness of assessment also through professional self-assessment and an individual development plan based on strengths and investment areas. Its evolution, Performer 2.0, developed in 2014 and presented to the trade unions, is based on assessment indicators and a matrix of correlation between performance (final summary judgment) and leadership styles dedicated to the managers, with the aim of helping them in their managerial activities. A specific IT platform was set up, adopting all of the developments, and a Group-level communication plan is under examination. Said plan will be consistent with the Business Plan achievements specifically involving the Network.

PROACTIVE ENGAGEMENT IN DEVELOPMENT PATHS

Expanding and diversifying people's knowledge and skills is crucial to achieving our business strategy, enabling us to fully exploit the potential of our talents, generating commercial, social and economic value. The "Master Class" and "Direct Job Offering" projects reflect the innovative dimension of the "corporate job market", responding to the evolution of the context and the emergence of new roles by leveraging on the diversification, integration and enrichment of people's skills through their proactive engagement in development paths. The projects aim to enhance

internal expertise through targeted training and development investments that seek to strengthen specialist skills also with regard to emerging new roles in the banking and finance sector. "**Direct Job Offering**" uses the information made available by On Air on the Group's employees (in terms of technical skills, previous experience, motivation and aspirations) to meet the job search requirements of the Departments as regards both role and specific expertise. Both projects will help to generate new job opportunities, exploiting people's professional backgrounds and motivation to apply for roles/positions that differ from their current one. Internal mobility makes it possible to go beyond the traditional culture of professional silos of origin to support a culture of cross-disciplinary work that enhances the specialist content of the various roles.

Thanks to the Direct Job Offering process, two job search campaigns were carried out in 2014: the first one dedicated to open positions at Banca Prossima (around 1,700 people were contacted for 160 positions with 900 applications), and the second one that is ongoing in the Legal Affairs Department (for 10 positions around 60 people have been contacted). The initial screening of potential candidates – based on the profile being sought – continues with the persons being directly contacted by email to ascertain their interest and motivation in the position. In case of positive reply, the process is completed with the management and line interviews, and the appointment of the person to their new role.

"**Master Class**" is a skills acceleration and development project focused on Risk Management themes and developed in association with SDA Bocconi (School of Management). The project consists of a 6-month accelerated training and development course, structured into a dynamic sequence of technical and on-the-job training with periodic sessions to monitor the level of learning and proficiency demonstrated during the field activities and projects in the Departments. At the end of the course SDA Bocconi awards participants a certificate attesting to the skills they have acquired.

LEADERSHIP STYLES

The aim of the "Feedback 180" project launched in the Banca dei Territori Division is to strengthen leadership styles and to generate widespread long-term involvement by entrusting people with responsibility. This stems from an understanding that, as well as strategic choices, nowadays success is connected to people's ability to change and adapt their behaviour, making decisions based on the customer's needs and accepting challenges and responsibility. The "Feedback 180" project is a development course focused on leadership skills that has made it possible to define and acquire an understanding of the prevalent leadership styles, supporting managers in the evolution of their leadership approaches to make them more consistent and effective with regard to business challenges. The strategies for managing and motivating employees were redefined, focusing on greater flexibility, innovation and engagement

and support for the growth of all members of the team, particularly those that are less expert. In 2014, after an initial pilot phase carried out together with the Internal Auditing Department, the project was extended to the management of the Banca dei Territori Division (Regional Managers and Commercial Managers) with the aim of developing a culture of ongoing and structured dialogue between managers, providing precise indications on possible actions for improving management style and the factors that impact on corporate efficiency. "Feedback 180" involves an initial cross-assessment phase (assessment and self-assessment) relating to the quality of leadership actions and the conditions that impact on corporate efficiency. This is followed by a look at the results and a discussion on the strengths and the areas for improvement that emerged. The course then involves the definition of individual and group development and empowerment plans, and monitors the changes and improvements that occur over time in terms of leadership style and corporate efficiency.

INCENTIVE SYSTEM

Thanks to a specific trade union agreement, an initiative was launched for the free allocation of Intesa Sanpaolo shares to employees who also have the option of participating in investment plans (LECOIP: Leveraged Employee Co-Investment Plan). At the end of these plans they obtain a higher capital sum than the original investment, even if the shares drop in

value, and the chance to earn even more if the shares increased in value. By allocating shares, the Bank plans to reward its employees in advance for their greater level of commitment to meeting the goals of the Business Plan, in both organisational and production terms, offering each one the chance to participate in the expected value growth through an individual and voluntary choice that recognises teamwork and the pursuit of sustainable growth. In summary, under the Lecoip, Group employees, having been assigned, without charge, Intesa Sanpaolo ordinary shares purchased on the market ("Free Shares"), are also allocated additional, newly-issued Intesa Sanpaolo ordinary shares deriving from a free share capital increase ("Matching Shares"). The Lecoip also provides that Group employees subscribe to newly-issued Intesa Sanpaolo ordinary shares deriving from a share capital increase made against payment and reserved for employees, through the issue of shares at a discounted price ("Discounted Shares").

The Certificates are divided into three categories and have different characteristics depending on whether they are intended for employees classed as Risk Takers, Senior Managers or for all other employees. All in all, on the date the offer expired, **50,298** Group employees had subscribed to the investment plan – 79% of entitled employees – for an exchange value of around 150 million euro. In detail:

Category	Number of applicants	Percentage of total number of eligible employees	Value [€]
Risk Takers	218	88%	22,358,994
Senior Managers	654	91%	16,101,070
All other employees	49,426	79%	111,652,662
Total	50,298	79%	150,112,726

The initiative had another benefit for all employees: the possibility, given the difficult economic context, of obtaining a sum of money at advantageous conditions in the form of an unsecured loan with repayment of capital in May 2018 and a minimum duration of a year for a sum equal to 80% of the "protected capital" (with a minimum of 1,500 euro) envisaged by the Lecoip investment plan. The same special rate currently applied to loans for Group employees will be applied to this loan. The possible extension of the plan to the International Subsidiary Banks is currently under examination.

The new Banca dei Territori Division incentive system

Sustainable profitability, method and collaboration: these are the issues that underpin the new Incentive System of the Banca dei Territori Division areas and branches. The incentive system was developed in line with the strategic priorities of the Banca dei Territori Division and the new Service Model, which created the Retail, Personal and Corporate business areas. Seven pillars shape the 2015 incentive plan: profitability,

credit quality, expandability (broadening the customer base); sustainable growth of volumes; service quality (customer experience); co-responsibility among areas; integrated multi-channel approach.

The parameters considered therefore refer both to the typical revenues of the relevant business area, suitably adjusted in order to take account of the application of the business method, and to indicators relating to the quality of credit and sustainable growth, integrated

with customer satisfaction and customer service quality indicators.

To strengthen teamwork between the Commercial Local Areas, a synthetic co-responsibility indicator based on the across-the-board relationships between the areas was introduced with the goal of strengthening the spirit of collaboration among employees at all levels.

THE VALUE OF DIVERSITY

Inclusion and non-discrimination are the values that underpin various corporate projects and instruments developed to improve the company's performance, promote female talent and contribute to the life-work balance of all Intesa Sanpaolo employees. The Bank has adopted an informed approach to the management of diversity in the business place, whether these differences relate to culture, ethnicity, age, gender or different abilities.

The diligence with which the practice of including differently-abled people is managed has gained recognition from Italy's leading national organisations and associations: in March 2014 (confirmed also in 2015) Intesa Sanpaolo was rewarded with the "Diversity & Inclusion Award DiversitaLavoro", which is given to companies that promote policies to provide work for diversely able people, aiming at enhancing talent and skills.

Initiatives and policies aimed at reconciling the work and private lives of employees have also been introduced in some of the International Subsidiary Banks. The most relevant activities include a number of initiatives developed by VÚB Banka in the aftermath of the "Ladies Let's talk together" dialogue and listening project for employees held in 2013.

Even though no particular criticalities emerged from the focus groups and surveys carried out, the bank put together a series of measures for the gradual elimination of the critical issues identified and, in 2014, the "New benefits for employees" initiative was launched. This initiative provides health prevention and support services for employees of over 50 years of age that have worked for the bank for more than 10 years, and the possibility of taking a day off work in order to accompany children on their first day of school.

With the signing in 2014 of the framework agreement on inclusion and equal opportunities, Intesa Sanpaolo confirmed its intention to create value, while striving for sustainability and equality, through a listening, consultation and orientation process involving the stakeholders that not only eliminates discrimination but also promotes measures to exploit diversity. In this context, the "Sexual orientation and identity diversity regulations" were issued which require the relevant Departments to define operating procedures, beginning with unions between people of the same sex, in registered partnership situations or situations regulated by legal systems recognised by the Italian system, to provide them with the benefits foreseen by company regulations

or similar benefits, also offering paid casual leave to employees in same sex unions or registered partnerships. As part of an open and constructive relationship, the bank also sought to increase its dialogue with stakeholders that have specific requests or improvement proposals, also planning and launching joint actions.

Intesa Sanpaolo's commitment to the principle of equality, which has gradually become more tangible in its various activities, is founded on the belief that respect for the personality and dignity of each employee is the basis for the development of a work environment marked by trust and loyalty, and enriched by everybody's various experiences.

The inclusion working group

Taking a constructive approach and experimenting with new forms of collaboration, the CSR Unit promoted an inter-departmental working group designed to share needs, good practices and new solutions. Special attention was paid to disabilities, with a particular focus on visually-impaired and blind people.

As part of this dialogue and collaboration initiative, aimed at further increasing the accessibility of its documents published both externally on the website and internally on the company Intranet, a partnership was launched with Fondazione LIA (Libri Italiani Accessibili - Accessible Italian Books), which has been collaborating with the Italian Publishers' Association and Unione Italiana Ciechi e Ipovedenti (the Italian Union of the Blind and Visually-Impaired) for several years. The first documents made available in the LIA-certified format were the main corporate social responsibility documents: the Code of Ethics and the Sustainability Report. This collaboration, which is still ongoing, aims at turning the emphasis on accessibility, also through training measures, into one of the distinctive features of the Group's business culture. Accessibility and inclusion are also the distinctive features of the Gallerie d'Italia, which already organise tours for the blind and the deaf, and whose access features contributed to them being given National Museum status as of this year.

TRAINING

In accordance with the Business Plan, the 2014 Training activities focused on updating the skills necessary for the ongoing consolidation of the company's expertise, and specific support for change, with projects designed to support the evolution of the banking sector and the needs of customers without neglecting the expectations of all stakeholders. In fact, the Bank continued to invest in the organisation of custom training initiatives dedicated to enhancing the skills of all Group employees, in Italy and abroad, through constant support for the evolution of the roles in the various professional areas and the focus on improving the ability of the people to adapt to continuous change and the new service requirements. Many training initiatives in recent years have supported the development of the skills required to improve the quality

of the service to Household and Corporate customers.

Insieme per la crescita

A training and change management programme for the diffusion of excellent service practices in the Banca dei Territori Division which can improve both customer satisfaction and the satisfaction of the employees directly involved. A team formed of Network personnel identified indispensable, virtuous and ethically responsible behaviour to develop and promote with customers. The practices identified stemmed from a process of definition and sharing with the people affected by the change of the model, through specific focus and exchange workshops. The behaviour

identified takes account of five macro activities that take place in branches: welcoming, transactions, relations, development and management/coordination. As well as classroom training activities, the project is supplemented with the online "Pro" platform dedicated to the Network professionals who, in this initiative, help participants to effectively implement the things that have been shared and learned, and to explain and discuss good practices.

The aim is to improve business results and customer and employee satisfaction, and to this end constant monitoring is carried out using specific indicators.

In 2015 the model will be extended to all remaining branches.

CAPUSABILITY

What don't we know? What would we like to know? Professional role, expertise and training gaps on one hand, the large amount of educational content made available in the Group's training activities on the other. How can we automatically summarise everything in a personalised range of courses? These are the questions that **Capusability**, "smart" computer engine, aims to answer by using algorithms and tags to propose a training path in line with the needs of each employee. The **Capusability** project makes it possible to share professional knowledge through the analysis of content, related comments, the role and the interests expressed by participants. Acknowledged by the "Osservatorio HR Innovation Practice" in 2014, the goal of the project is to improve the effectiveness of online training, leveraging on the personalisation of training courses and capitalising on and exploiting the numerous training resources already present within the Bank. Thanks to the contribution of internal trainers, the project will be fine-tuned in 2015 with the refinement of the automatic recommendation system and the personalisation level.

Integrated Multi-channel project

This training project is designed to meet the changing needs of our customers, by strengthening the integration between branch activities and the digital channels, and transferring the ability to provide the customer with new remote services and products. All the new instruments available were examined through specific online lessons. A social learning platform then made it possible to widely disseminate the training content (making written communication more effective) and, through chats and social instruments, to share successful and widespread "multi-channel" experiences.

Dimensione Impresa is a modular training plan designed to accompany the introduction of the new service model for businesses. The plan is designed to foster a significant growth in technical expertise and "advanced" management behaviour in relations with corporate customers, in order to start a virtuous consultancy and business cycle that benefits all stakeholders.

With the aim to spreading a culture based on the interpretation of **risk** both in advance and in the final analysis, training projects were launched in the Banca dei Territori Division. These projects enable Managers to continuously provide entrepreneurs with partnership services aimed at anticipating both risks and opportunities in complex and dynamic contexts.

The training offer, also strengthened through the introduction of new channels, focused in particular on the Group's International Subsidiary Banks. The main goals included: developing innovative global management skills, fostering the integration of corporate behaviour throughout the Group and breaking down cultural barriers by supporting change management projects. The levers used included: expansion of the initiatives in the catalogue, dissemination within the Group and the activation of the Mylearning platform (49 online courses held in 12 subsidiaries, 18,000 people registered on at least one course). The classroom initiatives were held in 11 locations with both local and cross-country sessions thanks to the use of a number of geographically and logistically functional hubs (Vienna, Bratislava, Zagreb).

"FORMAZIONE RISPONDE"

Through **Formazione Risponde**, for several years Intesa Sanpaolo has been reviewing its processes from a "service offer" perspective with the aim of continuously improving service quality. This authentic customer care tool is perfectly attuned to the number of customers, the volumes of products supplied, and the strong multi-channel nature of the offer. **Formazione Risponde** is a multi-channel contact service for all Group employees that operates in line and synergy with the corporate help desk services. It is instantly accessible from the Intranet page and offers a series of dedicated tools: an email account, FAQ and prompt feedback to the posts published in the MiaFormazione social learning spaces. **Formazione Risponde** has two levels of management according to the complexity of the requests. At the second level the relevant training planners are also always involved as part of the "value chain" for the internal customer. In standard cases a direct answer is supplied in response to the employee's questions, often by phoning them in order to provide immediate support. In 2014, 2,800 requests were processed, 81% of which were resolved within 24 hours.

The creation of new businesses and new organisational models was addressed, in synergy with the newly-created Innovation Centre, in the New Roles Workshop which made it possible to share, across-the-board, ideas and visions on the evolution of banking roles and the formal and "informal" skills required to support it.

Alongside the permanent offer, available through the two "learning gateways", the Management School and MiaFormazione, the employees of the various Bank Departments were involved in over a hundred custom projects. Multiple managerial and behavioural themes were addressed, including: staff management, leadership, teamwork, ageing, managing complexity, wellbeing and resilience.

Spreading the culture of responsibility

The planning of initiatives to transfer knowledge and make the Bank's principles and values part of everyday life continued with a joint project between the CSR Unit and the Training Department. A key role was played by the CSR Delegates in Italy and the Delegates abroad, the latter specifically committed to the extension of the new approach adopted to monitor and control the Code of Ethics. In fact, a targeted training session was held in Budapest to trial the so-called 'self-assessment' of the departments using the guidelines of the ISO 26000 standard. The Delegates were also involved in a 3-day classroom training activity on the adoption of the new Global Reporting Initiative G4 social and environmental reporting guidelines.

Launched in 2013 from interdepartmental activities

between the CSR Unit, the International Subsidiary Banks Division and the Training Department, the CSR Drops training project, dedicated to the Group's International Subsidiary Banks, uses the storytelling method to explain the Intesa Sanpaolo Group CSR model with day-to-day examples and through four pillars of CSR which have been turned into four short films: Our choices, The seven values, Dialogue with stakeholders and The culture of responsibility. In 2014 CSR Drops was made remotely accessible to all employees in the International Subsidiary Banks and the International Subsidiary Banks Division.

For the Italian CSR Delegates appointed in recent months and those that interact with the CSR Unit on an informal basis, 25 employees overall, a specific activity was organised to introduce them to the issues of responsibility and to present the people that work in the CSR Unit. During the annual meeting the entire Delegates community (60 people) took part in a mind-mapping event; the goal was to take stock of the work carried out in recent years and to pass on the baton to the new delegates who will gradually assume the role. The result was a joint effort that led to the creation of a genuine map of possible answers to these questions: How to stimulate the courage and understanding of Intesa Sanpaolo delegates and employees in relation to these themes? How to overcome the indifference and accusations of rhetoric of our internal and external stakeholders? How to foster the commitment and engagement of our managers, employees and our community in general? How to help the business grow by displaying greater levels of awareness with regard to these themes?

Also addressed were the transfer of contents and the awareness raising on environmental issues (“Ambientiamo” with the integration of the 4 Climate Change support tools - see p. 124), the risks and challenges of Project Finance loans (see Equator Principles Training: p. 63), and the methods of reporting Community contributions according to the London Benchmarking Group standard, for which a specific webinar was held.

Intesa Sanpaolo Vita continued with the project called “Towards a shared identity: the future in our stories”, developed together with the Training Service and the Corporate Social Responsibility Unit, whose strategic goal was to strengthen the company’s identity and culture through the sharing of its values and the acquisition of a greater understanding of the value and effectiveness of day-to-day behaviour adopted as part of an “extended responsibility” (multi-stakeholder) approach. The project featured a series of stories that will help to create installations in the company headquarters and turn some spaces into narrative environments that promote corporate culture.

Culture and development of innovation

In the second half of 2014 the new Chief Innovation Officer Governance Area was set up with the goal of identifying, analysing and developing innovation activities together with the Group’s Business Units and Head Office Departments. One of the goals of this Area is to guarantee the dissemination of a “culture of innovation” within the Group through specific training initiatives and events. It also develops innovation solutions through the planning and management of workshops (Experience Design Lab) aimed at conceiving and designing prototype products, services and solutions.

Concerning the dissemination of culture, 20 initiatives were organised involving around 600 people from the various Group companies. Of particular note were the:

- innovation workshops (Service design: service culture and practice; Planning Innovation; Creativity and innovation; Lean thinking and Innovation; Sponsoring Innovation, Being Innovation);
- bespoke workshops for the specific needs of external / internal customers (Business Innovation across industries, with the participation of David Orban – Singularity University; Smart life, Multichannel and Digital Payments convergence workshop; Sharing experience and projects, Banca dei Territori Division and International Subsidiary Banks Division);
- Evening dialogues (“Passion as a drive for growth” - the experience of Enrico Loccioni and Isabella Rebichini; “Dialogue on Bitcoin”; “Creative confidence” with Tom Kelley);
- Getting to know and using the Innovation Centre;
- joint meetings and events (Meetings with Iren, Mastercard, IBM, Confindustria, Turismo Torino).

As regards the “Experience Design Labs”, 25 sessions on projects and unexpected initiatives (e.g. digital signage, the redesign of TARMs) were held, involving 650 participants. Also launched were the setup activities of the “innovation network”, which involves the creation of a network of branches and employees within the Group, and the finalisation of the communication plan and platforms for the Chief Innovation Officer both internally and externally.

New ideas from the International Subsidiary Banks

The initiatives to stimulate the generation of ideas from employees on certain key issues relating to company life continued in various International Subsidiary Banks in 2014. These issues included products and services, approaches to customer relations, internal processes, cost containment, communications, working environment, image, reputation and corporate social responsibility activities. One example was the improvement of the children’s corners, created in 2014 in 38% of Hungarian branches of CIB Bank which, in 2015, will see the development of educational modules on the theme of financial education as well as the creation of simplified forms for Albanian customers in order to facilitate procedures and reduce processing times. Other initiatives regarded sustainability solutions such as parking areas for bicycles and recyclable envelopes. In Slovenia, the “Invite a friend for the good bank” marketing campaign, for example, stemmed from an initiative involving the collection and sharing of experiences and ideas for the acquisition of new customers.

Over time, some of these initiatives have become genuine sources of innovation within the company: for example, since being launched in 2009, “Zapni” has enabled VÚB Banka to implement over 130 of the approximately 1,100 ideas put forward. Two hundred ideas were collected in 2014 alone, 11 of which implemented.

The new initiatives launched in 2014 included:

- “Fresh Ideas” at Intesa Sanpaolo Bank Albania, an initiative designed to collect ideas for improving processes, creating new products, using new technologies and proposing new business partnerships to the various stakeholders;
- “Those who need us” at Alexbank, an initiative designed to identify, thanks to the recommendations of colleagues, CSR and voluntary projects with which to help and assist disadvantaged regions of the country (the project will run till the end of 2015);
- “T- REX quick win” at Banka Koper, an idea-gathering initiative that forms part of a project to improve the productivity of internal processes.

Intellectual and infrastructural capital



This capital includes intellectual assets connected with the value of knowledge and infrastructural assets such as the technology and branch networks that enable Intesa Sanpaolo to be present in all the different local areas and close to its customers. The ability to develop innovation is reflected in internal organisation methods and the ability to identify and support the value of industrial projects that stem from research and development.

SHARED VALUE GENERATED BY INTESA SANPAOLO:

- Customer retention/acquisition
- Competitive advantage
- Development of innovation
- Productivity
- Ability to attract investments
- Credit quality
- Proximity to customers
- Service model innovation

CONTENTS

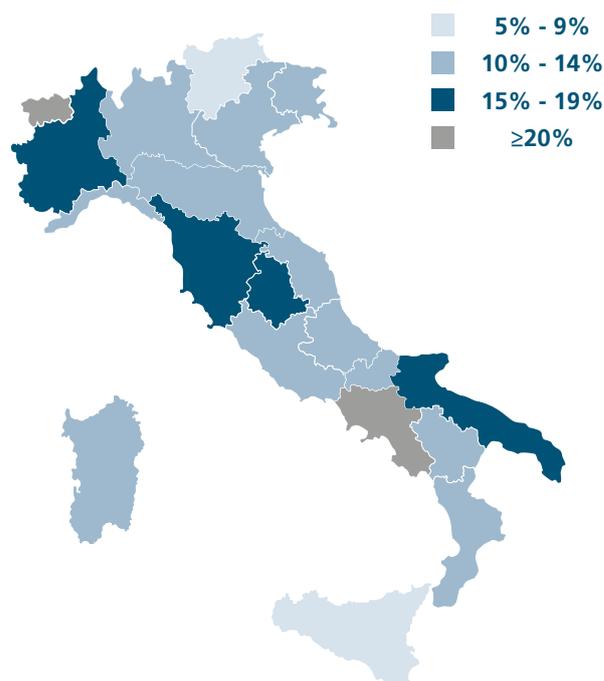
Service model development	page 114
Multi-channel bank	page 116
Innovation for growth	page 118

SERVICE MODEL DEVELOPMENT

In Italy, Intesa Sanpaolo supplies its services via a network of approx. 4,500 branches distributed throughout the country, boasting a market share of at least 13% in most regions.

The Group also has a selective presence in Central-Eastern Europe, the Middle East and North Africa thanks to around 1,400 branches of its international subsidiaries operating in retail and commercial banking in 12 countries. It also has an international network specialised in providing support to corporate customers in 29 countries.

Intesa Sanpaolo is fully aware that the branches remain an important part of the distribution network, a physical place where customers can get personal support and assistance, particularly with regard to more complex transactions. Given the diversification of solutions across the various channels, local branches must provide an increasingly focused, personalised and high value-added service. To this end, a general service model review project was launched in 2014 to combine with the innovations pursued or introduced during the year and described in the "Offering a valued service to customers" chapter.



Figures as at December 2014.

BANCA DEI TERRITORI DIVISION: THE NEW SERVICE MODEL

The Banca dei Territori Division is Italy's biggest banking network, serving families, businesses and non-profit organisations.

The new network service and organisational model is one of the pillars of the Business Plan, described by the Managing Director and CEO of Intesa Sanpaolo as a tool for *"meeting the needs of customers with increasing efficiency, improving the standard of our service and using two distinctive elements as our foundations: our capacity for "good banking" and the importance of local areas which characterises the Intesa Sanpaolo Group"*.

Launched at the end of 2014 and in force since January 2015, the new model is based **on three specialist "commercial areas" – Retail, Personal and Corporate** – to enable greater commercial focus and improved service levels, maximising the specific skills of employees. The Retail area is tasked with meeting the banking needs of core customers, families and small businesses, and of attracting high-potential customers.

The Personal area is highly specialised in managing the advanced savings, investment and pension requirements of Personal and Professional customers¹, also through distinctive advisory services. The Personal branches have a dedicated space in Retail branches, and each one has its own Personal branch manager.

The Corporate area guarantees commercial and credit monitoring for Small Business customers with complex needs and Corporate customers. The goal is to become the reference bank for leading Italian businesses.

The creation of the three areas is reflected in the

organisation of the Regional Governance Centres (7): in each one, there are three commercial managers, one per area, that coordinate 400 commercial areas, reporting directly to the regional manager. Each Commercial Management Centre also includes Product Specialists who are tasked with guaranteeing technical/specialist support to the area structures. It is a simple organisational model with a streamlined hierarchy and specialist expertise that is designed to meet the needs and specific goals of different types of customers.

Alongside greater specialisation, another challenge was that of **simplifying roles**: from 12 to 4 roles in the retail area and from 20 to 9 roles in the corporate area.

A **corporate simplification** strategy has also been implemented in the Banca dei Territori Division, with the gradual reduction of the number of existing legal entities: at the end of 2014 Banca di Credito Sardo and Cassa di Risparmio di Venezia were incorporated in Intesa Sanpaolo and the merger of Banca di Trento e Bolzano was approved. The latter will come into force in 2015.

SPECIALIST HUBS

Diversified specialist hubs were developed in 2014 to offer services and products dedicated to different types of customers.

The **SME Finance Hub** was created following the merger by incorporation of the Group's lease companies (Leasint, Centro Leasing and the lease unit of Neos Finance) in Mediocredito Italiano in January 2014, a process completed in July with the factoring (Mediofactoring) and agribusiness and food management (Agriventure) activities. The Hub is designed as a centre of excellence, innovation and specialisation that supports business

1. Retail customers with financial assets of between 100,000 and 1 million euro

investments as well as growth and change processes, and offers a wide range of consultancy and specialist credit for companies. In fact, the mid- to long-term financing solutions were supplemented with lease operations, with business finance activities dedicated to SMEs, the financing of current assets, and the factoring of receivables. The Hub has attracted and trained business professionals that are able to identify the best solutions for the most complex financial requirements of businesses, and SMEs in particular. A total of over 400 people were hired in 2014 and almost 2,000 days of specialist training provided

The **Social Economy Hub** was expanded through the concentration of the non-profit activities of Intesa Sanpaolo and Banco di Napoli in Banca Prossima. Banca Prossima offers specific products and services for social enterprises and non-profit organisations, also developed in collaboration with Third Sector associations, and operates via a network of professionals chosen not only for their expertise but also for their proximity to the Third Sector (people that carry out activities in this field in their private lives).

The **Private Banking Hub** coordinates the Group companies dedicated to high-end customers² with the aim of improving and expanding the range and the quality of the service for Private customers³ and High Net Worth Individuals. Through private bankers and dedicated branches, it provides across-the-board financial consultancy and a wide range of solutions to satisfy the financial, pension and insurance requirements of the most demanding customers.

The **Asset Management Hub** monitors the Group's asset management structures in Italy and abroad⁴, managing the savings of retail and institutional customers, and offering a wide range of specific products and investment services.

The **Insurance Hub** includes all the Group's bancassurance activities⁵ and is one of the leading insurance hubs in Italy. It proposes products in the areas of investment and savings, physical protection (damage to the person, to vehicles and the home), financial protection (protection of mortgages and loans) and supplementary pensions, as well as marketing hardware and software solutions for security and providing remote assistance services. Relations with customers are developed in the Group branches through the Intesa Sanpaolo Personal Finance network and through advisors present in all regions and in the major Italian cities.

CAPITAL LIGHT BANK

Capital Light Bank was set up at the end of 2014 with the aim of coordinating the optimisation initiatives of the Group's financial resources, such as the strengthening of

the management of doubtful loans and real estate assets in the non-performing loans portfolio, the transfer of non-core equity investments and the proactive management of other non-strategic assets.

A dedicated **Re.O.Co.** (Real Estate Owned Company) unit was set up within the Capital Light Bank with the goal of enhancing the assets that are repossessed and of protecting the Bank's assets. During the year, Re.O.Co participated in a number of auctions, encouraged the participation of other interested parties and assisted other business units in the finalisation of property management actions.

CORPORATE AND INVESTMENT BANKING DIVISION

The Corporate and Investment Banking Division is dedicated to large and medium-sized corporate companies⁶, entities involved in public expenditure and public utility services, and financial institutions in Italy and abroad, via an international network of branches, representative offices and subsidiaries that assist customers in the world's biggest financial hubs. It works with a mid to long-term view through a complete and integrated range of capital market, investment banking and structured finance activities (via Banca IMI), in addition to merchant banking solutions.

Since 2014 the organisational model, previously structured according to the size of the customer, has evolved into a qualitative model firmly centred on the complexity of the customer and with a strong sector imprint through the definition of managers, teams of specialists and diversified portfolios broken down by sector. There are three new areas of action:

- International Network & Global Industries, which manages relations with Italian and international industrial groups with a high level of internationalisation that operate in eight key sectors with high growth potential (Oil & Gas, Power & Utilities, Automotive and Industrials, Infrastructures, Telecom, Media & Technology, Consumer, Retail & Luxury, Healthcare & Chemicals, Basic Resources & Diversified), is responsible for international branches, representative offices and international corporate companies⁷, and provides specialist assistance for exports and for the internationalisation of Italian companies;
- Corporate and Public Finance, which follows large and medium-sized Italian groups and the Italian public sector in specific markets and on the basis of strong sectorial and production chain specialisation (Business Solutions; Automotive, Mechanics & Electronics; Consumer Goods & Services; Large Scale Food & Beverage Retail Distribution; Healthcare; Materials; Services; Public Entities and State-owned Companies; General Contractors & Infrastructures);
- Global Banking & Transaction, which manages relations with Italian and international financial institutions and deals with transnational services relating to payment systems, trade and export finance, and the custody and settlement of Italian securities.

2. Intesa Sanpaolo Private Banking, Banca Fideuram, Fideuram Investimenti, Sirefid and Intesa Sanpaolo Private Banking Suisse.

3. Retail customers with financial assets of over 1 million euro.

4. Eurizon Capital, Fideuram Investimenti and Fideuram Asset Management Ireland.

5. Fideuram Vita and Intesa Sanpaolo Vita. Intesa Sanpaolo Vita has incorporated Intesa Previdenza and controls EurizonVita, Intesa Sanpaolo Life, Intesa Sanpaolo Assicura and Intesa Sanpaolo Smart Care

6. With turnover of over 350 million euro.

7. Société Européenne de Banque and Intesa Sanpaolo Bank Ireland.

MULTI-CHANNEL BANK

Technology is revolutionising banking, calling for increasing levels of flexibility and versatility in a quickly and profoundly changing market. Today, the customer experience is created at all moments and through all points of contact with the bank. A multi-channel model makes it possible to create a continuous bank-customer dialogue to offer an excellent experience thanks to the simplification of processes, more efficient and effective communications, and the integration of all physical and virtual channels. The bank is no longer a physical place the customer enters but a series of services that can be accessed anytime, anywhere. It is the bank that goes to the customer and it is the customer that chooses the type of relationship and the level of service required.

NEW BRANCHES

The new Banca dei Territori Division service model involves the creation of new types of branches with the aim of supporting customers in the best possible way, directing them to the quickest and most suitable channel for their needs. The traditional branch, open until 1 p.m. and equipped with ATMs, still exists (at the end of 2014 around 600 branches had already been converted to this format). In addition to this type of branch there are the Hub Branches, which offer traditional counter services all day, self-service staff-assisted interactive banking and ATMs, and Consultancy Points where employees offer consultancy services to customers who can also carry out transactions using ATMs (at the end of 2014 around 70 branches were already exclusively dedicated to consultancy).

ATM TERMINALS

At the end of 2014 Intesa Sanpaolo had a network of approximately 6,600 ATM terminals in Italy, over 2,350 of which accept cheques and cash deposits.

Customers are provided with a vast range of services from withdrawals using all card types to account and card queries, mobile phone top-ups, payment of the most common utility bills, BEU (Bonifico Europeo Unico – SEPA bank transfer) and the top-up of transport season tickets issued by the main Italian transportation companies (e.g. Mimuovo, ATM Milano, Trenord, GTT Torino).

The "Donations" function is active at all branches, allowing customers to make free donations to the bank's main partner non-profit associations.

MULTI-CHANNEL RETAIL CUSTOMERS

At the end of December 2014, Intesa Sanpaolo had over 5.3¹ million customers with multi-channel contracts (services via the Internet, mobile phone and telephone), 4.2 million of whom are active² and 2.4 million of whom carry out at least one transaction a month, i.e. around 48% of all retail customers. During the year, the

number of customers that had requested the activation of online reporting reached almost 89% (around 4.7 million) of all multi-channel customers, an additional increase compared with last year. In the first half year Internet Banking activities rose by 36% compared with the previous year, with peaks of 51% in online tax payments and 20% in securities trading.

In 2014 Intesa Sanpaolo promoted the "**Integrated Multi-channel Platform**" project, one of the pillars of the Business Plan. The aim is to supplement the skills of branch employees with the potential offered by advanced technology to provide customers with a better service and experience in their relations with the bank. The novelty lies in the fact that both customers and the bank manager can use all of the channels currently available – branches, ATMs, Internet and Contact Unit – in an integrated manner. As such, the innovation does not lie in the tool but in developing an all-around approach for customers. In fact, with the "Integrated Multi-channel Platform" project, customers can decide which channel to use to dialogue with the bank: from their first expression of interest to the analysis of the offer and through to the commercial proposal, the purchase and post-sales activities, operating where and when they want in a comprehensive, simple and convenient way.

The initial development of the project regarded "Proximity", which enables the customer and the bank manager to communicate via the Internet Banking service: the customer can begin a chat or make an appointment with their manager through the Internet Banking service, without having contact by phone.

The project continued with the development of the "Remote Offering system", through which managers can promote products to customers via the Internet. Customers receive the offer and, if they are interested, can accept it using the digital signature service, without having to go to a branch. More specifically, September saw the launch of the remote offer for debit and pre-paid cards, which can also be acquired autonomously via the Internet Banking service. Moreover, December saw the launch of the remote investments offer (primary market bank bonds and certificates, secondary market instruments, government bonds available through subscription and auction and mutual investment funds managed by Eurizon Capital Sgr, Epsilon and Eurizon Capital SA).

MOBILE BANKING

In Italy, banking/insurance applications for smartphones represent 36% of most downloaded apps and are used at least once a week by 68% of users³. Intesa Sanpaolo offers mobile banking services through the "**La tua banca**" app and an optimised mobile site. At the end of 2014, the app totalled 1.9 million downloads and 1.2 million single users had logged in (app and mobile site). The interest in this type of interaction with the bank

1. In Italy, excluding Banca Fideuram.

2. Who have accessed the multi-channel platform at least once

3. Source: "Mobile in my mind, Osservatorio Mobile Banking and ABI Lab, July 2014"

therefore continues to grow and the phenomenon is particularly important if you consider that 32 million Italians have a smartphone, i.e. over 50% of the entire population⁴, and that almost 21 million of them access the Internet from a mobile phone/smartphone (around 48% of the adult population) and 6.8 million from tablets (approx. 16% of the adult population)⁵.

In 2014 the Intesa Sanpaolo App, already available on iPad, iPhone and Android, was upgraded and made available also on Android tablets. The new version includes the functions relating to Proximity and the Remote debit and pre-paid card offer: customers can make appointments and contact their manager with ease (also using the chat function), receive and subscribe to commercial proposals, and block debit cards directly from their smartphone or tablet.

Through the **Move & Pay** service, Intesa Sanpaolo also makes NFC ("Near Field Communication") technology available, making it possible to associate a payment card with a mobile phone and pay for products at the check-out simply by placing the mobile phone close to the contactless POS. This service is integrated in the App "La tua banca" and is currently available to all customers with a Tim Smart Pay Card and Android smartphone. It will soon be extended to all of the Bank's payment cards.

Intesa Sanpaolo also launched **Masterpass** in association with MasterCard. By creating a free account directly via the Internet Banking service, personalised in total security with their payment card data and delivery addresses, customers can make online purchases in just a few clicks using their computer, tablet or smartphone.

MULTI-CHANNEL CORPORATE CUSTOMERS

INBIZ is the name of the tool available to corporate customers for managing their financial, accounting and administrative activities online. Through a single online platform, customers can access the bank's entire range of services, interfacing with the Intesa Sanpaolo Group's national and international network, and, in Italy only, also make use of the interbank Corporate Banking services.

In 2014, the number of documents available through the online reporting service was extended (see the "Paper" chapter in Natural Capital p. 130). A new interbank payment service called CBILL was also launched, which will make it possible to view and make payments to public or private creditors that register with the banks of the CBI (Customer to Business Interaction) consortium⁶.

Since 2014 a new version of the M-site portal is available, designed to offer a set of mobile functions to customers that use the INBIZ service. Completely free of charge, the service makes it possible to manage the authorisation and delivery of flows, to view account transactions and

the results of submitted orders, and provides an overview of liquidity. It also makes it possible to find the nearest branch or ATM.

As part of the initiatives connected with Expo Milano 2015, the "Created in Italia" and "Created in Italia Business" e-commerce portals have been launched. The former is a digital showcase for top Italian businesses featuring the direct offer of non-banking products in the tourism and catering, food, design and fashion sectors to Group retail customers. The latter provides the Bank's corporate customers with a new channel for increasing their visibility and promoting themselves on the domestic and international digital markets, and support when meeting Italian or foreign businesses interested in the sectors of Italian-made excellence.

INTERNATIONAL SUBSIDIARY BANKS

The range of products and services available via the Internet banking and mobile banking services was extended throughout the international subsidiary banks network in 2014: the electronic platforms are already widely used by the majority of the banks but are still being developed in some areas (Egypt, Albania). In Serbia, 15% of retail customers use Internet banking and 5% mobile banking. In 2014 the number of new registered customers that actively use Internet banking services fell, while the number of transactions rose by around 15%. As for mobile banking, the number of new registered customers grew by 21% and the number of transactions almost doubled, whilst the number of customers enabled during the year fell. Almost 19% of businesses use online services. The number of new registered users that activated the service rose by 11% and the number of payment orders made via e-banking grew by 9% in relation to the total number of orders made.

In Russia, retail customers with an e-banking contract represent around 9% of all private customers; this percentage rises considerably with regard to small businesses and corporate customers with around 50% of SMEs and almost 70% of corporate customers under such contracts. In 2014 the number of online transactions carried out by retail customers rose by 46%. Among SMEs and corporate customers this figure was almost 1.5%.

In Slovenia, almost 43,000 customers actively use Internet banking services, around 40% of all customers, while around 7% of all customers actively use mobile banking services.

In Hungary, e-banking services are used by over 230,000 retail customers (55% of the segment) and enabled for almost 48,000 SMEs and corporate customers (73% of the segment).

In Romania, 18% of customers have activated Internet banking services. Having recorded the biggest growth in active customers per quarter, the biggest increase in transactions and the highest average number of transactions per customer during the year, in 2014 the Romanian bank was awarded a prize for its Internet

4. Source: "Mobile in my mind, Osservatorio Mobile Banking and ABI Lab, July 2014".

5. Source: "Audiweb Database, AudiWeb, July 2014".

6. The CBI Consortium defines, in a cooperative way, the rules and technical and regulatory standards of the "CBI Service", the "CBILL Service" and Access Point services, and manages the technical infrastructure linking consortium members so they can connect and speak with customers electronically, with the goal of achieving interoperability at national and international level, for the supply of the same services. The Italian Banking Association (ABI) and the banks, financial intermediaries and other subjects authorised to operate, on the basis of their national law and European regulations, in the payment services area in Italy and the EU can participate in the Consortium.

banking services at the Online Banking Gala organised by local financial magazine FinMedia eFinance.

In Bosnia and Herzegovina, 3% of the bank's active customers use Internet banking and 2% mobile banking. In 2014, the number of e-banking customers grew by over five times and the number of m-banking customers increased by over 35% compared with 2013.

In Croatia, almost 270,000 customers have begun using Internet banking services, over 30,000 of whom in 2014. The local bank has launched new functions, introducing special online offers diversified according to customer segment, and new communication methods (chat/video chat). Mobile banking has been active since 2009 and covers almost all of the Internet banking services; in 2014 an application for mobile phones with the Windows OS was launched. Almost 140,000 customers use this service, over 50,000 of whom since 2014.

In 2014, Privredna Banka Zagreb in Croatia and VÚB Banka in Slovakia and the Czech Republic tested an innovative payment method that makes it possible to make purchases directly from a mobile phone by downloading a special application. In addition, both banks launched another contactless payment method, "Wave 2 Pay Sticker" (a label that contains a chip and an antenna that can be attached to mobile phones), and its application "Wave 2 Pay App" - developed by product company Intesa Sanpaolo Card -, which enable POS terminals to read credit cards just by holding a mobile phone nearby.

INNOVATION FOR GROWTH

The Business Plan seeks to transform the Bank's business model via a significant investment plan that focuses in particular on innovation.

To this end, in the second half of 2014 the new Chief Innovation Officer (CIO) Governance Area was set up; this Area, reporting directly to the CEO, is tasked with identifying, analysing and developing innovation activities together with the other Group functions. The Chief Innovation Officer Area is based in the new Intesa Sanpaolo tower in Turin, which was also conceived as the physical centre of innovation within the Group.

This structure proposes and coordinates the **Innovation Portfolio**, i.e. the main series of initiatives (projects and studies) that the Group plans to support, in relation to the main emerging trends in the area of innovation, identifying the action plan, schedule, dedicated investments and expected returns for each one. The consistency of the initiatives in the Portfolio is guaranteed and the performances and economic and qualitative return for the Group are monitored. New innovation initiatives to add to the Portfolio are periodically verified, together with the competent structures (Business Units, Group Functions, Technology Hub etc.). The Innovation Portfolio for 2015 was confirmed in 2014 and is made up of around 55 initiatives proposed by the business units and 28 proposed directly by the Chief Innovation Officer Area. The monitoring of the Portfolio initiatives is extremely important, not only for checking that the results are achieved in accordance with the schedule, but also for assessing the Group's financial and image return. The details gathered during the monitoring phase are therefore used for the periodic drafting of suitable reports for the company's Top Management.

Another important action area deals with the support and acceleration of the Group's business innovation capacity through the analysis, conception and promotion of initiatives and solutions that can lead to new commercial opportunities and the development of the local areas and economy. Cornerstone of this activity is the **"Innovation Monitor"**, which analyses and carries out research on the main trends and ideas, and assesses the areas of applicability of the innovative solutions. The Monitor carries out its role through collaboration with the other Group structures and through relationships and partnerships with research centres, universities, and start-up and innovation incubators.

The initiatives promoted in 2014 included:

- the projects connected with Expo 2015, which involve collaboration with Expo 2015 in 8 key areas of highly innovative content (e.g. the mass distribution of contactless payment cards and Mobility Proximity Payment solutions). Of particular importance is the "Innovative branch" area, which plans to identify and implement solutions aimed at ensuring that Italian and international visitors' experience of the bank's products at the EXPO is unforgettable.
- The "Created in Italia" e-commerce portal for promoting Italian excellence in the food, fashion, design and tourism sectors all over the world.
- the 3-year Integrated Multi-channel Platform project, launched in 2014, whose goals include improving customer satisfaction thanks to a distinctive and cutting-edge experience when accessing the bank's services.
- the design of a new customer experience concept and branch layouts based on a programme of experience design workshops, with the aim of maximising commercial effectiveness and customer satisfaction.

In addition, the Chief Innovation Officer Area develops **innovation projects** on behalf of businesses, start-ups and new social enterprises. For further details see chapter "Support to the business system" page. [74](#).

Finally, the structure guarantees the spread of a **culture of innovation** and develops innovation solutions through workshops (**Experience Design Lab**) aimed at conceiving and designing prototype products, services and solutions. For further details see chapter "Culture and development of innovation", page [112](#).

In 2015, the Area plans to launch a specific project called "Circular Economy Initiative", which aims to make economic, environmental and social sustainability the competitive lever of a new paradigm of economic development. Planned activities include actions to raise awareness on the issue and dedicated training so that the Intesa Sanpaolo Group, as sponsor of EXPO 2015, is able to lead its business customers towards a new frontier for innovation that will redefine 21st century development.

Natural capital



This chapter includes all processes and environmental resources, both renewable and non-renewable, that enable the Bank to carry out its activities and that contributed, and still contribute, to its past, present and future success as a financial intermediary.

SHARED VALUE GENERATED BY INTESA SANPAOLO

- Combating climate change
- Reducing environmental costs
- Employment development in the green economy

CONTENTS

Management of potential environmental risks and impacts	page 121
Loans and services for the green economy	page 122
Reduction of atmospheric emissions	page 125
Consumption and energy efficiency	page 126
Paper, waste and water	page 130

CLIMATE CHANGE

MANAGEMENT OF POTENTIAL ENVIRONMENTAL RISKS AND IMPACTS

Climate change poses direct and indirect risks to the Bank's business activities. In recent years we have witnessed extreme atmospheric events at global level that have had considerable impact on the Bank's structures and on the activities and daily lives of our corporate and retail customers. Knowing how to assess and manage these risks is therefore increasingly important.

One example is the Intesa Sanpaolo Group's commitment to the environmental emergencies that occurred in Italy during the year: from Veneto to Basilicata, Piedmont, Lombardy, Liguria, Tuscany, the Marche and Lazio, there were many episodes of rivers bursting, torrential rain, blizzards and floods right across the country. The Intesa Sanpaolo Group, through the Banks of the Banca dei Territori Division, reacted quickly to support the businesses and families affected by these exceptional events by granting numerous dedicated credit lines (for a total of 180 million euro) and subsidised loans, and suspending repayments on mortgages and loans. In addition, together with the Province of Treviso, Cassa di Risparmio del Veneto opened a solidarity current account, directly participating with its own contribution, to support the people of the Treviso area affected by the heavy rain that saw the Lierza torrent burst its banks.

Potential risks	Potential impacts	Actions
Introduction of new environmental regulations	<ul style="list-style-type: none"> procedural adjustment costs relating to certification processes in the event of changes to international standards and regulations possible fines in the event of non-compliance with new regulations 	<ul style="list-style-type: none"> constant and precautionary monitoring of possible changes to regulations; participation in training courses and specific workshops
Uncertainty surrounding environmental regulations	<ul style="list-style-type: none"> negative impact on the possibility of implementing new products and services 	<ul style="list-style-type: none"> active collaboration with policy makers to highlight the need for a stable and clear regulation and to be kept up-to-date on ongoing changes (page 122)
Obligation to report emissions	<ul style="list-style-type: none"> voluntary reporting is based on shared standards that may not, however, be considered by legal obligations reporting adjustment costs 	<ul style="list-style-type: none"> investment in the transparency and accuracy of data participation in GRI (Global Reporting Initiative) working groups to contribute to defining guidelines and Italian Banking Association working groups to define sector benchmarks
Management of extreme atmospheric events	<ul style="list-style-type: none"> damage to our infrastructure increase in costs related to the change of the average external temperature interruption of banking activities financial implications related to the default risk of businesses seriously damaged by extreme atmospheric events. 	<ul style="list-style-type: none"> adoption of a business continuity plan adoption of measures to prevent physical damage to our structures (page 66) insurance product range suspension of repayments of loans issued to damaged customers (page 121)
Reputational damage	<ul style="list-style-type: none"> reputational crisis generated by involvement with customers / projects perceived as negative for climate change by the public, the media, shareholders and other stakeholders reputational risk in the event the Bank's environmental performances stop showing a positive trend 	<ul style="list-style-type: none"> monitoring of reputational risks through the management tools for the application of the Code of Ethics and the Sustainability Report process (p. 60) listening to NGOs with particular focus on climate change issues (p. 83) participation in working groups and initiatives related to the climate (UNEP FI, Italian Ministry of Environment etc.)
Instability of socio-economic conditions	<ul style="list-style-type: none"> greater investment due to the new European regulation that requires States and their citizens to pay more attention to the environment reduced financial resources of citizens due to the damage caused by environmental disasters 	<ul style="list-style-type: none"> Intesa Sanpaolo supports families and economic operators in the event of climatic emergencies through specific loans and the suspension of repayments on existing loans (page 121)

Summary table of Group environmental data

	Unit of measurement	2014	2013	2012
Environmental loans	M€	643	1,165	3,037
Electricity	MWh	469,131	506,459	549,676
Heat energy	MWh	229,731	267,894	250,167
Paper	tonnes	8,093	8,485	8,957
Waste	tonnes	3,245	3,045	2,700
Water	m ³	2,140,026	2,480,507	2,419,472

LOANS AND SERVICES FOR THE GREEN ECONOMY

Pursuing sustainable choices in the environmental sphere is an increasingly pressing issue for those companies that are aware of the impact directly or indirectly generated by their business activities. Intesa Sanpaolo considers environmental protection as an integral part of its business strategy and for years it has been committed to promoting responsible resource management in order to reduce its carbon footprint and evaluate – with the utmost care - the consequences of its economic activities on the environment. The responsibility towards the territory and the community implies an integrated approach encompassing all areas of the bank's operations and proves to be all the more significant in consideration of the very role played by the bank as financial intermediary.

In order to boost and support the green economy, over the years Intesa Sanpaolo has developed a wide and diversified range of financing and advisory products dedicated to all types of customers, whether in Italy or abroad.

According to the most recent ABI Report on Banks and the Green Economy, from 2007 to 2013 the banking system financed around 27 billion euro worth of projects related to the production of renewable energy and geared to energy efficiency, to which the Intesa Sanpaolo Group contributed approximately 11 billion euro.

Despite the reduction in incentives, the offer of loans targeting the corporate, small business and retail customer segments wishing to invest in energy savings and renewable sources continued in 2014.

In terms of personal loans to retail customers, in 2014 almost 500 "Prestito Multiplo esigenze ecologiche" loans were disbursed for a total of over 12 million euro. As regards professionals and businesses, the short- and medium/long-term loans continued in support of projects associated with the use of photovoltaic panels, biomass plants, hydroelectric plants and energy efficiency works. In May, measures were taken to simplify and streamline the range of environmental loans for small business customers. In fact, due to the end of the incentives scheme and of the operating method based

on the assignment of credit to the GSE¹, the Energia Business loan was eliminated with the management of photovoltaic business transferred to the existing product in the catalogue, Sostenibilità Business, which also includes the loans that benefit from the incentives through the Conto Termico scheme.

In general, loans for renewable energies are showing a downward trend as a result of both the difficult economic period and the dramatic reduction in state incentives.

In addition, the Energy Desk of Mediocredito Italiano, the Intesa Sanpaolo Group bank that brings together medium/long-term loans, lease, factoring and agribusiness and food management in a single business, continues to focus its attention on energy efficiency, also participating in work groups to discuss the issue with the competent institutional authorities and structuring partnerships on dedicated financial proposals with leading Italian operators. The Mediocredito medium/long-term loans for renewable energies are always preceded by an examination of the project which constitutes consultancy for the customer and support for the bank's credit assessment at the same time. Among other things, this examination forecasts the environmental impact in terms of CO₂ emissions avoided thanks to the project. In the lease area the Leasenergy product has diminished significantly in importance due to the regulatory uncertainty surrounding the photovoltaic sector and in line with the energy sector in Italy, where a clear fall in new contracts has been recorded. There are a total of around 1,700 existing lease contracts, which contribute to the construction of plants for the production of over 2.2 Gigawatts of energy from renewable sources.

As part of the Sustainable Energy and Leasenergy programme, Mediocredito Italiano provides "tailor-made" financial solutions and specialist advisory services dedicated to businesses that invest in plants for the generation of energy from renewable sources or in energy efficiency processes. Since the end of 2012 an operating lease product for financial reasons to support investments in public and private lighting has also been available.

1. GSE is the parent company of "Acquirente Unico" (AU), "Gestore dei Mercati Energetici" (GME) and "Ricerca sul Sistema Energetico" (RSE) - public-interest companies operating in the energy sector.

The development of products related to the current partnerships with the Regional Financial Corporations Finpiemonte, Finlombarda and Veneto Sviluppo, as part of investment programmes developed by SMEs in the Industrial, Energy and Innovation/Environment sectors, has continued. During the year around 40 million euro was granted. The Intesa Sanpaolo Group and Lombardy Energy Cluster, the association that represents a network of over 90 Lombard businesses dedicated to the generation, transmission and distribution of energy, signed an agreement in May 2014 to share technology expertise, scientific skills, specialist consultancy services and financial resources with the aim of fostering the creation of research, innovation and internationalisation projects in the energy sector.

In the area of non-profit organisations, Banca Prossima provides credit support for energy efficiency projects with solutions that help customers optimise the financial flows generated by the investment and thus reduce financing costs. The financial solutions proposed by Banca Prossima offer customers a wide range of customisation options: organisations can choose a loan in which the repayment instalment equals the cost savings obtained thanks to their specific energy investment plan, meaning that that net cash flow for the customer is equal to zero. The loans have a maximum duration of 10 years and enable the customer to obtain up to 80% of the cost of the project to cover fixed investments but also intangible investments. The interest rate immediately reflects the benefits of the improved efficiency levels: indeed, the investment makes the non-profit organisation more sustainable and thus reduces its risk level and credit access cost. In 2014, Intesa Sanpaolo Start Up Initiative also proposed initiatives dedicated to the Cleantech, transport and construction sectors, with specific focus on technologies dedicated to environmental sustainability.

Intesa Sanpaolo renewed its membership of the Desertec Industrial Initiative association, which this year carried out a number of international-scale studies (Desert power: getting started) on development potential in the sector and on measures to be taken to make use of the potential of desert areas, as indicated in the Desertec project vision.

In an especially difficult economic context that is increasingly depleting the resources available to individual States for infrastructure and social measures, the availability of Structural Funds has acquired increasingly strategic importance and their timely and efficient use has become more and more challenging. EQUITER is among the Group companies that have been taking on this challenge for some years now: apart from committing its own venture capital in the environment, infrastructure and utilities sectors, it also manages three closed-end funds, established with a capital base of approximately 190 million euro from the European Regional Development Fund, dedicated to financing urban development and energy retrofit projects. As part

of the Jessica initiative, set up with support from the European Investment Bank and the regional authorities of Sicily, Sardinia and Campania, EQUITER selects projects capable of repaying the capital financed by helping to overcome market inefficiencies and failures that inhibit access to sufficient funding. The projects can include a wide array of measures: urban redevelopment, the revitalisation of disused or deteriorated areas, the upgrade of mobility systems, the creation of urban parks and social gathering centres, or the improvement of energy efficiency. However, it is important that these are implemented in strict compliance with the values that characterise EU measures: social inclusion, sustainable growth, environmental protection, and the dissemination of legal, safety-conscious actions.

All the company departments involved in environmental issues meet regularly at the "Green Table", an interdepartmental work group coordinated by the CSR Unit which discusses current topics and offers the opportunity to share new regulatory measures and internal best practices. The 2014 meetings focused on the Expo and environmental sustainability, with the participation of the Expo Sustainability Manager, on the sustainable bonds market, on energy efficiency measures at public authority level, and on the new energy efficiency legislation, including the obligations deriving from Law Decree 102/2014 and the 2014 national energy efficiency plan.

The Group's International Subsidiary Banks also provide a wide range of products and services in support of the green economy. In 2014, Privredna Banka Zagreb disbursed 28.8 million euro for the purchase or construction of properties with energy class above B and for the improvement of the energy efficiency of existing properties through the insulation of building enclosures and re-roofing, as well as for the installation of solar panels or geothermal plants. Slovak bank VÚB also financed SME energy efficiency measures of a total value of over 7.7 million euro. Several banks entered into agreements with public and private funds specialised in energy efficiency promotion. For example, Banka Koper, always actively engaged in the area of green products, disbursed over 9 million euro to its retail customers in 2014 as part of an agreement with the Slovenian public environmental fund. Banca Intesa Beograd works with KfW Bank, a German development bank, to finance energy efficiency initiatives and in 2014 granted almost 2 million euro to SMEs and over 1.1 million euro to the public sector. Considering that some economies are less focused on the industrial sector, the international subsidiaries are also very active as regards loans to the agricultural sector. Approximately 70 million euro was disbursed in 2014, over 57 million of which by Banca Intesa Beograd.

In 2014, over 2.3% of all Intesa Sanpaolo loans regarded the renewable energy sector, agriculture and environmental protection, for a total of around 643 million euro.

Loans for energy efficiency and renewable energy



ENVIRONMENTAL CULTURE

Raising awareness both inside and outside of the Bank as to the importance of protecting the environment and promoting good practices is one of the primary objectives of Intesa Sanpaolo's Environmental and Energy Policy.

The employee training and awareness-raising actions involved the continued dissemination of the "Ambientiamo" platform, which promotes good practices to be implemented both at home and in the office through educational games, videos, quizzes and multimedia insights into specific topics. In 2014 the platform underwent a complete review and content updating procedure which will result (in 2015) in a new platform and new training modules specifically dedicated to the issue of Climate Change.

An e-learning course is available to employees working in the Head Office Departments and in the operating units involved in the application of the Environmental and Energy Management System. The course provides an insight into the objectives of the System, the requirements of the international reference standards and their application within Intesa Sanpaolo. Almost 1,200 employees were enabled to follow the online course between 2011 and 2014.

Entities operating outside of the Bank who are interested in the application of the System are also made aware of this issue: maintenance and cleaning companies, contractors of works for the outfitting or renovation of operating units, providers of goods and services operating on the Bank's premises. In the 2012-2014 period, meetings were held with the managers of 33 service companies, during which the good practices implemented on the Bank's premises and the regulatory requirements – with which suppliers are not always familiar – were highlighted.

Other awareness-raising actions, targeted at a wider audience, are conducted through the participation in initiatives promoted by entities or organisations both in Italy and abroad. Intesa Sanpaolo takes part each year in "M'illumino di meno", "World Environment Day", and "European Week for Waste Reduction" with customer communication campaigns carried out through ATMs, the website and at the Branches.

The banks belonging to the international network also promoted training and communication initiatives and projects on environmental matters. They all adhered to the "World Environment Day" with original initiatives aimed at raising awareness among customers as well as among employees and their families. To mark the occasion Alexbank promoted a training session with around 70 children of employees, Banca Intesa Russia focused its customers' attention on rising sea levels, while Banka Koper invited its customers to use digital signatures, donating 0.10 euros for every electronic transaction carried out to the "Eco school" project. The Earth Hour campaign promoted by the WWF was also highly popular in terms of participation: one example was the switching off of office lights at CIB Bank, Banca Intesa Beograd and Intesa Sanpaolo Bank Romania. Finally, at local level, Intesa Sanpaolo Bank Albania took part in the "Let's clean the coastline in 1 day" initiatives, which involved some employees on a voluntary basis.

SUSTAINABLE EVENTS

The Rules governing sustainability for the organisation of Group's events envisage the use of invitations and documentation in electronic format, the choice of facilities with high energy efficiency, fit-outs that are reusable or created with recycled or recyclable raw materials, and catering that uses washable tableware and glasses. The 2014 reports submitted by the International Subsidiary Banks and Group departments involved demonstrate a strong commitment to pursuing the requested criteria and improving the results obtained: more specifically, the Group's International Subsidiary Banks stood out for their constant commitment to improving, also a sign of their greater awareness of the issue and constant development of green solutions in the organisation of events.

REDUCTION OF ATMOSPHERIC EMISSIONS

A notable reduction in CO₂ equivalent emissions deriving from electricity and heat consumption was recorded in 2014 as well. This reduction - of around 16.8% - was largely due to management saving and plant efficiency actions carried out during the year, and the favourable climate trend, with milder temperatures at the end of the year, for heat consumption. Part of the reduction in CO₂ equivalent emissions – around 1.2% – can be traced back to the update of processing factors following the evolution of energy production systems which, in addition to greenhouse gases directly traced in CO₂ equivalent (GWP), also take into account the most significant gases involved in an indirect manner: sulphur dioxide (SO₂) and nitrogen oxides (NO_x). The overall net reduction in CO₂ equivalent emissions for electricity and heat consumption is equal to approximately 15.6%.

In 2014 the CO₂ equivalent emissions directly generated by the company (Scope 1: gas and diesel oil for the independent heating system and petrol and diesel oil for the company fleet) fell significantly, by around 23.3%, due to the particularly favourable climate for heat consumption and, above all, the reduction in the use of the company fleet, with the consequent streamlining of the number of vehicles in favour of more sustainable means of transport and communication in terms of emissions. Indirect emissions (SCOPE 2: natural gas and diesel oil

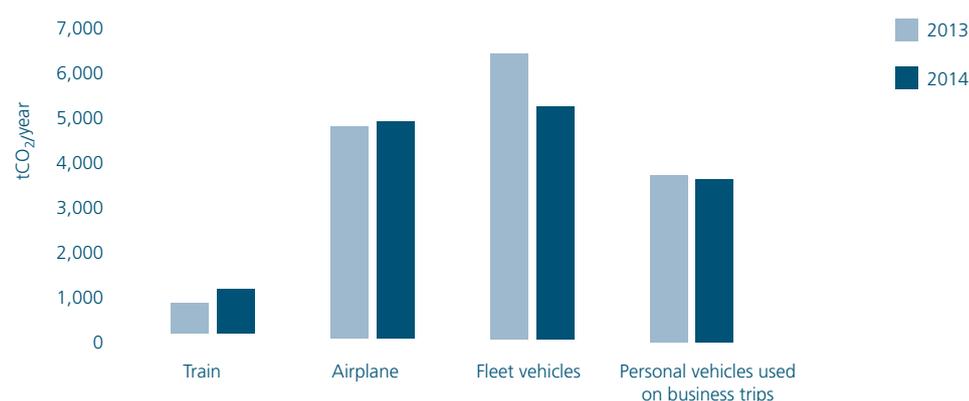
for building heating and electricity from renewable and traditional sources) fell by 12.3%, corresponding to approximately 6,500 tons of CO₂ equivalent emissions. Considering only the use of electricity from traditional sources, and therefore without the contribution of Garanzia d'Origine (Guarantee of Origin) renewable energy certificates as stipulated contractually, the emissions attributable to the Intesa Sanpaolo Group would register a potential reduction of over 17,000 tons of CO₂ equivalent.

For other indirect emissions (Scope 3: other indirect emissions and mobility, excluding the corporate fleet already reported under Scope 1), the scope of reported activities was expanded in 2014 to include indirect emissions stemming from the purchase of office machines and the production of waste, as well as indirect emissions from paper purchased, already included in 2013; as such, the 2013 and 2014 figures are not directly comparable. An analysis of Scope 3 compared with the same scope in 2013 shows a sharp reduction of approximately 32.4%, mainly due to the updating of the calculation method for CO₂ equivalent emissions for the purchase of paper, in order to avoid duplicate counts, on the basis of the insertion of the same report on the production of waste, as well as better management of corporate mobility and the steady increase in the use of videoconference and personal video communication technologies.

Summary table of environmental emissions verified by a third party

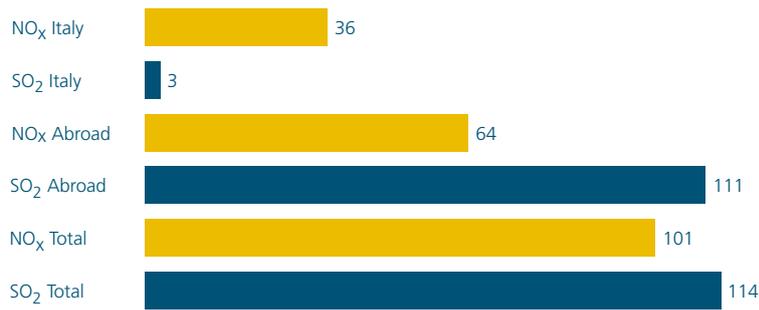
	2014	2013	2012
Scope 1	45,277	59,041	58,994
Scope 2	46,207	52,696	54,539
Scope 3	25,365	26,639	31,497
CO₂ performance indicators (Scope 1 e 2)	2014	2013	2012
tCO ₂ per million euro of net operating income	5.414	6.877	6.349
tCO ₂ per m ²	0.025	0.029	0.031
tCO ₂ per full time employee	0.997	1.169	1.164

CO₂ emissions from company mobility in Italy 2014/2013 [tCO₂/year]*



* Data only refer to Italy.

NO_x SO₂ emissions [t/year] 2014



PROTECTING BIODIVERSITY

In defence of biodiversity, the agreement signed in 2010 by Intesa Sanpaolo and the Municipality of Piosasco, in Piedmont, in support of the activities carried out in the Parco di Monte S. Giorgio (approx. 400 hectares at an altitude of between 300 and 837 metres), was renewed for a further three years in 2014. The park includes a nursery garden that hosts local plants for both forest and non-forest use, destined for wooded areas and gardens. The project has two goals: the reforestation of the land in areas without vegetation and the promotion of the environmental culture through cultural, educational and scientific activities.

ENERGY CONSUMPTION AND EFFICIENCY

USE OF RENEWABLE SOURCES

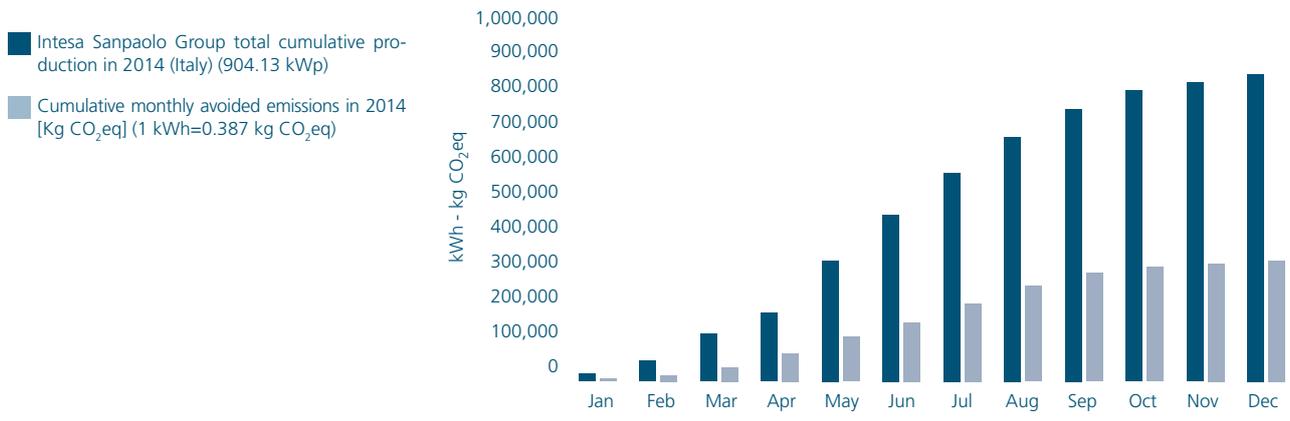
Committed to gradually reducing its dependence on fossil sources, the Intesa Sanpaolo Group has consolidated its purchase of electricity in Italy from sources certified as renewable (Guarantee of Origin) at all sites where this is possible. Moreover, although with limits due to architectural barriers and the limited availability of appropriate buildings, expansion of the photovoltaic facilities for the self-generation of electricity continued in 2014, with the construction of two photovoltaic plants for a total peak power of approximately 38 kWp. Three large plants are therefore currently operational (>100 kWp), along with six small ones (≤20 kW) and two small, innovative photovoltaic plants in Turin and Venezia Marghera. In 2014, the installed plants generated a total of around 885 MWh of electricity. These facilities, along with the purchase of electricity from renewable sources, with coverage exceeding 95% of electricity consumption, are estimated to have avoided over 140,000 tons of CO₂ emissions in 2014.

Thanks to the state incentive provided through the "conto energia", since 2012 we have had an economic return of around 750,000 euro from our three biggest photovoltaic plants.

With regard to the self-generation of electricity, there is also a small cogeneration plant at the accounting centre in Parma (which covers approximately 41% of the electricity needs of the Parma complex and 3% of the overall needs of Intesa Sanpaolo Group), in addition to the self-generation of energy from renewable sources through heat pumps used for heating which, in line with Legislative Decree 28/11 implementing Directive 2009/28/EC, corresponds to an additional 1,800 tons of CO₂ emissions avoided per year. In fact, based on the aforementioned regulations, the heat (thermal energy) produced by a heat pump that exceeds the quantity of energy required for its operation is considered to be a renewable source.

The commitment to renewable energy continues in the International Subsidiary Banks as well, despite the limitations imposed by national legislation in a number of countries: since 2014 Banka Koper has purchased all of its energy from renewable sources, which join the two photovoltaic plants in Slovenia that generated around 45.8 MWh.

Intesa Sanpaolo Group photovoltaic plants - Production (kWh) and Avoided Emissions (kg CO₂eq)



CONTAINMENT OF ENERGY CONSUMPTION

The Intesa Sanpaolo Group continued to limit its energy consumption in 2014 through management optimisation actions and energy efficiency measures. The results confirm the important consumption reduction trend achieved in these years: due to the high level of automation and widespread use of heat pumps, the consumption of electricity, the energy most widely used by the Group in Italy, fell by a further 6.8% compared with the previous year, potentially corresponding to around 10,000 tons of CO₂ emissions avoided. In the 2012-2014 period, electricity consumption in Italy fell by around 15%: a very important achievement that puts the Intesa Sanpaolo Group among the leading companies in Italy to have launched energy efficiency activities, and a milestone which is often now used as a sector benchmark.

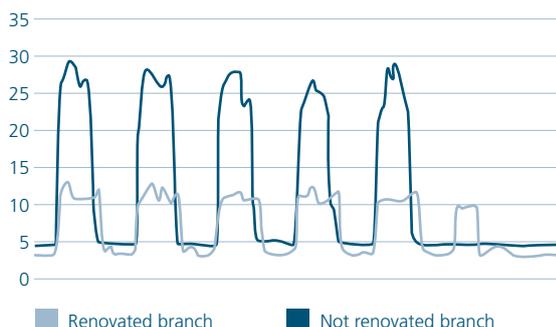
These savings were also possible thanks to the drafting of a Sustainable Energy Action Plan (SEAP) which started in 2012 and is structured into various actions with objectives to be met by 31/12/2016. In line with the Environmental and Energy Policy, the SEAP involves actions relating to the following company areas: Environmental and Energy Management System, energy

optimisation and efficiency, monitoring of consumption and policies, innovation, green procurement, employees and International Subsidiary Banks. In turn, each action involves, where applicable: economic investment (extra budget), energy savings, cost savings and CO₂ avoided.

Below are some of the initiatives, included in the SEAP, launched to improve overall energy efficiency:

- greater use of energy consumption dataloggers managed via the web, which allow the activation of programmes for switching lighting and air conditioning systems on and off;
- replacement of traditional boilers with condensation boilers, heat pumps and high-yield cooling systems, and modernisation of electrical systems;
- replacement of floor lamps, spotlights and lights in the various rooms with new LED floor and wall lamps;
- remote switching-off of PCs and the gradual replacement of office equipment with more energy-efficient models.

Average weekly consumption [kW]



The chart shows how an energy efficiency measure introduced in a branch of around 1,000 m² had a major impact on average weekly consumption. In this case, the cooling systems and the cooling tower were replaced, together with the switchboards and the electrical cables, and the lighting system was completely replaced with LED lamps.

A major contribution to reducing electricity consumption in 2014 also came from the “BYOD (Bring your own device)” project. First launched in 2013, by modifying the workstation facilities that the Intesa Sanpaolo Group makes available to the consultants that operate at its sites, in the last two years it has made it possible to attain energy savings of around 340 MWh, corresponding to over 130 tons of CO₂ equivalent not emitted into the atmosphere, and a cost savings of around 74,000 euro. Application of the Building Heat Check-up (CTE) procedure in buildings and branches covered by the SGAE system allowed significant savings to be achieved: in the last three winter seasons the sites at which it was applied achieved an overall heat energy saving of approximately 20%, corresponding to around 840,000 euro.

In addition, in line with the contents of the internal policy on sustainable branches, renovated or newly built sites were fitted out in accordance with criteria for improving energy efficiency and management. As a result of measures taken in recent years, mainly associated with the replacement of traditional boilers with condensation boilers, heat pumps and high-yield cooling units, and the replacement of windows with low-E glass, the Group has been able to claim tax deductions, securing an economic return of around 20 million euro between 2009 and 2014.

It is also important to remember that Intesa Sanpaolo has an Environmental and Energy Management System which, at the end of 2014, counted approximately 220 operating units in Piedmont, Lombardy, Veneto, Trentino Alto Adige, Friuli Venezia Giulia, Emilia Romagna, Puglia and Sardinia, and which oversees the environmental aspects and energy uses that have or may have an effect on the surrounding environment. This system undergoes constant monitoring and periodic checks to guarantee the continuous improvement of environmental and energy performances, and is certified by an external body pursuant to the UNI EN ISO 14001:2004, UNI CEI EN ISO 50001:2011 standards. For the same area, greenhouse gas (GHG) emissions are also certified according to the UNI EN ISO 14064:2012 standard; to this end, no emissions of ozone depleting substances (ODS) were recorded in 2014.

The Group’s International Subsidiary Banks have also launched major energy efficiency measures in the various branches and main offices, and some have adhered to the SEAP, setting themselves important goals. In general, the measures launched have regarded the replacement of cooling systems, the introduction of LED or high-efficiency lights in the branches and signage, the introduction of the automatic night time switch-off of computers, the introduction of automatic light adjustment and on/off light switching systems, new printing methods with a reduction in the use of electricity, the installation of thermostatic valves, and initiatives to reduce the temperature where it is too high. The specific initiatives of Bank of Alexandria and VÚB Banka are noteworthy. In Egypt, thanks to an agreement with the Egyptian Ministry of the Environment and UNEP, our bank launched a process to replace all lamps with LEDs, with forecast savings of around 65% in the energy used for lighting. In Slovakia, on the other hand, a simple 1 degree centigrade variation in the internal temperature (around 23° in the winter and 25-28° in the summer) led to a 6% saving in the cost of thermal energy and a saving of around 10% in the cost of air conditioning in the summer.



Main energy efficiency projects in Italy

Project	Description	Forecast annual savings
Measurement of electricity consumption	In 2014 around 500 dataloggers ¹ were installed. Managed via the web, they allow the activation of programmes for switching lighting and air conditioning systems on and off.	Energy Saving: 890,000 kWh Cost Saving: € 178,000 CO ₂ Reduction: 345 t Investment: € 1,350,000
Installation of photovoltaic plants	In 2014 two new photovoltaic plants were installed in Civitavecchia and Oristano, the data relating to which is reported alongside.	Energy Saving: 51,400 kWh Cost Saving: € 11,000 CO ₂ Reduction: 20 t Investment: € 152,000
Replacement of air conditioning and heating systems	Replacement of traditional boilers or air conditioning systems with condensation boilers, heat pumps and high-yield cooling systems. Replacement of plants containing R22 gas too.	Energy Saving: 4,860,000 kWh Cost Saving: € 980,000 CO ₂ Reduction: 1,880 t Investment: € 13,850,000
Modernisation of electrical systems	Upgrading of electrical systems, also with installation of LED lamps.	Energy Saving: 39,000 kWh Cost Saving: € 7,900 CO ₂ Reduction: 15 t Investment: € 115,000
Office equipment actions	Rationalisation of PCs distributed and replacement of office equipment with more energy-efficient models	Energy Saving: 1,600,000 kWh Cost Saving: € 350,000 CO ₂ Reduction: 620 t Investment: € 4,000,000
Remote switching-off of PCs	Extension in 2014 of the remote switching-off of branch PCs on Saturdays and the remote switching-off of PCs at the head office.	Energy Saving: 1,750,000 kWh Cost Saving: € 385,000 CO ₂ Reduction: 680 t Investment: € 0

1. System for the collection of data regarding energy consumption.

ENVIRONMENTAL RENOVATION OF A MAJOR BUILDING

Environmental responsibility, efficiency, sustainability, recognisability: these are the guidelines that characterised the measures carried out at the Intesa Sanpaolo Vita head office in viale Stelvio in Milan in 2014. The building now has efficient and high-performance air conditioning systems, a building enclosure thermal insulation system developed through the application of a heat-reflecting film to the external surface of windows and fixtures, a LED lighting system, and automatic devices for monitoring overall energy consumption. In addition, there is also a roof garden, a library and an extensive internal communications network.

PRESENCE OF THE INTESA SANPAOLO GROUP AT THE EXPO

The Bank's commitment has taken tangible form at the Expo with a multifunctional exhibition space, The Waterstone. Two overlapping walls protect the building enclosure: the internal wooden wall protects against water and the wind, and the external wall provides shade and gives form to the building. The pavilion is inspired by the issue of sustainable and responsible development: in fact, the space between the two walls channels the air and directs it upwards by natural induction preventing the heat from penetrating, with considerable energy savings. In addition, the entire Branch, equipped with an automatic light regulating system, is lit exclusively using LED technology.

MOBILITY

Intesa Sanpaolo confirmed its commitment to the issue of sustainable mobility in 2014 as well, seeking and proposing solutions for people's mobility needs. Commitment continued with regard to implementation of the Home-Work Commuting Plans, which, apart from the regulatory requirements, represent a significant opportunity for organisational improvement and management of personnel mobility.

The most significant actions carried out in 2014 regarded the following:

- the introduction of the possibility of purchasing annual public transport season tickets by instalments, in participating cities;
- the increase in the number of partnerships with local public transport companies, also extended to Venice/Padua and Naples;
- the monitoring of the use of shuttles, a fundamental tool for collecting data on their actual use and consequently evaluating initiatives to promote their use or, alternatively, modify routes and times;
- the launch, thanks to the collaboration with the Intesa Sanpaolo Employees' Association (ALI), of a partnership with the car sharing service car2go to facilitate public mobility in the cities in which the service operates;
- the further analysis of the results of the online questionnaire on home-work commuting habits carried out last year;
- the continuation of the new Business Travel project, created in order to implement an integrated corporate mobility system that promotes responsible conduct with a view to reducing economic and environmental impacts;
- the constant monitoring of the data relative to the model used to report the Corporate Mobility environmental sustainability indicators for Italy and abroad.

With regard to the mobility measures launched by the international subsidiaries, corporate bike sharing is active in four banks (Intesa Sanpaolo Bank Romania, CIB Bank, Banca Koper and Intesa Sanpaolo Bank Albania) and in seven cities - Arad, Bucharest, Budapest, Koper, Isola, Ljubljana and Tirana. In addition, in Hungary special dressing rooms have been set up where employees arriving by bicycle can change and shower. In Slovakia and Russia, meanwhile, specific areas have been reserved for parking bicycles. The gradual replacement of corporate fleet vehicles with more environmentally-friendly cars continued: Banca Koper purchased a hybrid car, and Banca Intesa Beograd and Intesa Sanpaolo Bank Albania bought new Euro 5 cars. Also worthy of note is PBZ's use of "Eco-taxis".

PAPER, WASTE AND WATER

PAPER

Environmentally-friendly paper now accounts for the majority (around 93%) of all paper purchased, as also required by the sustainability policy for the purchase and use of paper, with preference given to post-consumption recycled, high-fibre content products, followed by a great amount of certified paper (FSC and/or ECF/TCF).

The commitment made by Intesa Sanpaolo some time ago to encouraging the replacement of paper communications with electronic reporting has made it possible to further consolidate the results it has achieved in the last few years, containing the use of paper and limiting its waste wherever possible, with a consequent reduction in related CO₂ emissions.

In 2014, the dematerialisation of various printing stages (direct debits, credit transfer statements, receipts for loan payments by standing order and data sheets for branches and offices) continued and led to savings of 700 tons of paper, corresponding to more than 1,400 tons of CO₂ emissions avoided. At the same time, the subscription of the Bank's customers to the Online Reporting service contributed to consolidating the results achieved in recent years: thanks to this initiative, paper consumption fell by over 500 tons, the equivalent of over 1,100 tons of CO₂ emissions avoided.

The use of digital signatures for the main operations that can be carried out at the branches has now become customary and is very popular with the Bank's customers. In 2014 the possibility of signing forms in this way was further expanded to include: deposits, withdrawals, the purchase of foreign currency, the cashing of cheques, individual bank transfer orders, giros, purchases of tickets/season passes to events, and the payment and scheduling of MAV, RAV, RiBa and Freccia bills. The print-outs avoided led to savings of 300 tons of paper (corresponding to around 600 tons of CO₂ not emitted into the atmosphere). Further optimisations were carried out thanks to the introduction – in all Group branches – of an Internet point where customers can consult the information sheets on Banking Transparency, meaning that they do not need to be produced in paper form. Over 176 tons of paper was saved in this way in 2014 according to estimates, the equivalent of around 334 tons of CO₂ emissions avoided. Finally, there was also the consolidation of the "Zerocarta" initiative, which consists of avoiding providing employees that participate in training courses with paper notes: the volume of paper not used in 2014 came to 5.3 million sheets of notes and 100,000 sheets for the satisfaction questionnaires. All in all, paper consumption was reduced by an additional 27 tonnes, corresponding to 51 tons of CO₂ emissions avoided.

The above results were obtained taking into account the entire paper life cycle; the model developed in 2008 has been modified several times over the years on the basis of reporting requirements (life cycle phases) and the initiatives monitored. The life cycle comprises 6

different phases: paper production (recycled and not), transportation from the paper mill to users, printing, the delivery of documents to recipients, final disposal and transportation to recycling centres, landfill or incineration. In 2014 the study was reviewed taking into consideration the updated greenhouse gas emission factors (GWP100) and implemented, in accordance with the new G4 version of the GRI indicators, with the calculation of associated primary energy consumption.

As for the International Subsidiary Banks, performances relating to the use of environmentally-friendly paper have improved. More specifically, Banka Koper, Intesa Sanpaolo Bank Romania, Intesa Sanpaolo Banka Bosnia i Hercegovina, VÚB Banka, Banca Intesa Russia and Intesa Sanpaolo Private Bank (Suisse) achieved percentages of over 90% in terms of all paper purchased. Meanwhile, Intesa Sanpaolo Bank Albania, Privredna Banka Zagreb and CIB Bank prioritised the purchase of recycled paper, which now accounts for 98% of the paper used at CIB Bank. In terms of the use of recycled paper, in general there has been a major increase in the purchase of this material: between 2012 and 2014 the amount of recycled paper purchased by the International Subsidiary Banks rose from 7% to over 26%.

There are also many initiatives aimed at reducing the use of paper such as, for example, the gradual adoption of front and back printouts. The initiatives launched in 2014 include the Banca Intesa Russia project that led to a reduction in the use of paper materials during training courses by using remote training, the Banca Intesa Beograd project that led to the digital signing of all documents adopted by the Executive Committee and Board of Directors, and the Intesa Sanpaolo Bank Albania "New Core Banking System - Flexcube Upgrad", which involves the use of tablets for signing forms in the branches for withdrawals and deposits. Among the initiatives to promote paperless branches, the Danube Project, currently active at Privredna Banka Zagreb, involves the use of biometric signatures with the elimination of paper media. At the end of 2014 around 1,100 devices had been installed and 64% of the PBZ Group's customers had signed up for the service.

With regard to other green procurement, also worthy of note was the procurement of environmentally-friendly office materials, and in particular: 92% recycled pens, 57% recycled pencils featuring NF environment certificates, 100% recycled PVC coin holders and three-stud folders in 100% recycled cardboard.

WASTE

In 2014 the amount of waste produced in Italy rose by 8% compared with 2013; this increase is associated on the one hand with the streamlining of the network of bank branches and, on the other, with the centralisation of Head Office activities at some Milan and Turin sites, with the consequent abandonment of the original properties. The disposal of office equipment that began in 2013, for which a special preservation order had been in place whilst investigations were completed by the US Government, also continued. Under the same conditions, the quantity of waste disposed would have been essentially stable.

In 2014 the amount of used toner and ink ribbons collected at Intesa Sanpaolo Group sites came to around 136 tons, of which around 98% was collected by an external company before being sent for regeneration. The remaining 2% was disposed of using the waste form by a number of smaller Group companies.

Outside of Italy, the amount of used toner and ink ribbons fell by over 40% because of a number of dematerialisation initiatives (the use of tablets in branches) and the outsourcing of the printing service by some Group banks.

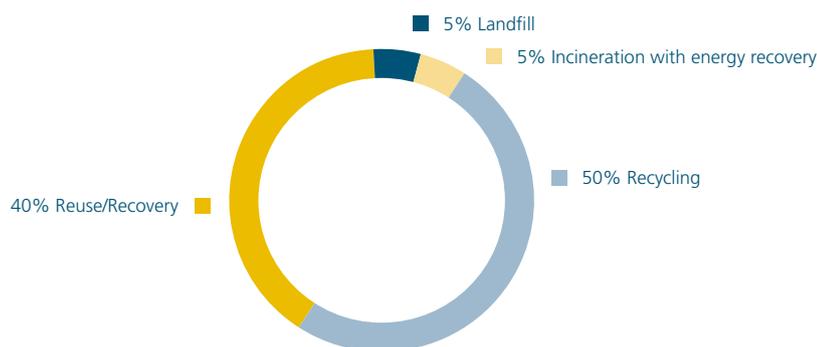
As for the International Subsidiary Banks, the amount of waste produced was largely stable compared with 2013. However, a more in-depth analysis shows that there was a clear reduction in non-hazardous waste, such as office equipment and used toner/ribbons, and a significant increase in hazardous waste, concentrated in particular in a number of Group banks affected by the IT equipment roll-out process (e.g. old cathode tube monitors) following the centralisation of the IT equipment procurement service.

It is important to note that many International Subsidiary Banks, even if not obliged by law, have introduced a separated waste collection system for paper, plastic and glass. Banca Intesa Russia has also installed boxes for the collection of used batteries, while in Albania bottle tops are being collected for the purchase of pushchairs to donate to organisations.

In 2014 the study related to the calculation of the Carbon Footprint of the waste produced by the Intesa Sanpaolo sites in Italy was updated. The calculation, expressed in kg CO₂ equivalent, takes into consideration the transport of waste from the place of production to the recipient and the end of the life cycle (recovery, disposal in landfill, energy creation etc.). The study was further fine-tuned also by introducing, in accordance with the new G4 version of the GRI indicators, the calculation of associated primary energy consumption. The model was also extended to the waste produced at the Group's International Subsidiary Banks.

These emissions are classified as Scope 3 in accordance with the GHG Protocol "Corporate Value Chain" (Scope 3) Accounting and Reporting Standard (WBCSD - WRI 2011).

Total impact of waste by disposal method [%]



WATER

In the Intesa Sanpaolo Group water is predominantly used for hygiene purposes although, in limited cases, it is also used for “technological purposes”, i.e. the generation of cold air for air-conditioning.

In 2014 the amount of water consumed by the Group fell by an average of 13.7% compared with 2013. The consumption rate per employee is around 23 m³.

In 2012 a project was launched to monitor water consumption at a sample of branches covered by the SGAE system with independent supplies; only consumption for sanitary and hygiene purposes was monitored, and the results showed a great deal of

variability in consumption patterns in accordance with the different types, organisational models and locations of the branches.

The most recent results of the project made it possible to establish that the part of consumption associated with sanitary and hygiene purposes accounts for around 50% of the consumption of every employee. Testing on the potable water distributors connected to the municipal water supply continued at the Turin Lingotto Building. Over 10,900 litres of water was consumed in 2014, leading to a reduction of almost 22,000 small bottles (equal to 436 kg of plastic and approximately 1,300 kg of CO₂ emissions avoided).

Environmental management expenditure [thousand euro]

	2014		2013		2012	
	Italy	Abroad	Italy	Abroad	Italy	Abroad
Management of Special Waste	1,545	410	1,585	314	1,639	492
Training	53	78	17	66	146	100
Maintenance, SGAE and Certification	50,407	19,970	30,755	23,886	28,946	23,984

Improvement objectives

THE GUIDELINES OF THE 2014-2017 BUSINESS PLAN

The commitments undertaken by Intesa Sanpaolo through the 2014-2017 Business Plan are aimed at a solid and sustainable creation and distribution of value. These are the results of our activities as compared with the goals we set ourselves for 2017:

Commitments made	2014 results	2017 objectives	Notes
THE BANK AS GROWTH DRIVER			
Creating value			
Net income in 2017 (Bn)	1.25*	4.5 in 2017	The results were extremely positive in 2014
Dividends (Bn)	1.2	10**	Better than Plan forecasts
Real-economy Bank			
MLT credit for the real economy (Bn)	34	170**	In line with Plan forecasts
Revenues from proprietary trading (% of total)	0.04%	<1%	Revenues from proprietary trading were practically zero at the end of 2014. The Bank is focused on a greater generation of fee and commission income, which is more stable in time and reflects an intense relationship with customers
HOW WE DO BUSINESS			
Strengthening and simplification of the Banca dei Territori model	Launch of the new Banca dei Territori service model based on the three specialized "commercial areas": Retail, Personal and Businesses		In line with Plan forecasts
Corporate simplification	Creation of the SME Finance Hub and reduction of the number of banks belonging to the Banca dei Territori Division to 14	Creation of the SME Finance Hub and reduction of the number of banks belonging to the Banca dei Territori Division to 6	The Hub was created following the merger by incorporation of the Group's leasing, factoring and agribusiness companies in Mediocredito Italiano: target achieved (from seven product companies to one) Reduction of the number of banks belonging to the Banca dei Territori Division in line with Plan forecasts
"Local bank abroad" for Italian businesses			
	Around 8.4 million customers in 12 countries in Central and Eastern Europe and in the Middle East and North Africa International Network specialised in providing support to corporate customers in 29 countries		The opening of a branch in Turkey was finalised in 2014. The opening of a subsidiary in Brazil is being finalised
Simple and innovative bank and development of an integrated multi-channel platform			
Customers with multi-channel contract (thousands)	4,923	7,879	New multichannel processes already successfully tested: increase of around 500,000 multichannel customers in 2014, resulting in a total of around 4.9 million customers (leading multichannel bank in Italy)
Creation of a structure dedicated to the development of innovation activities	Creation of the Chief Innovation Officer Area, directly reporting to the CEO		In line with Plan forecasts

Commitments made	2014 results	2017 objectives	Notes
OUR PEOPLE			
Technical and management training for professional skill development: 5 million cumulative training days	1,169,569 (man/days)	5,000,000 days	In line with Plan forecasts
Inter-departmental and international career paths	Planning	To guarantee virtuous processes for the "contamination" and the integration of skills present in the company, and to foster the acquisition and implementation of managerial skills in a process of growth also towards greater levels of complexity	A structured job rotation programme in the control departments will be launched in 2015. This programme involves specific high-level training courses as well as mentoring and tutoring activities in other business units
Leadership development: growth paths for employees to be assigned to coordination duties	OnAir: 2,466 assessments, 574 development plans launched Direct Job Offering: 1,760 contacts for 170 positions Master Class: 40 employees in the Risk Management Area Feedback 180: 37 managers	Enhancement of talent potential and adoption of systems that reward professionalism and leadership	Various projects already launched to strengthen and diversify people's skills with proactive engagement methods as part of development paths
Internal policies and communication to foster a Group culture based on service excellence and support for households and businesses	"Insieme per la Crescita" (Together for Growth), a change management programme for the dissemination of excellent service practices in the Banca dei Territori Division: 1,400 branches and 65% of employees involved	To foster, with increasingly engaging methods, the adoption of virtuous and ethically responsible conduct aimed at improving customer and employee satisfaction	"Insieme per la Crescita" effectively supported the implementation of the new service model and will be extended to all local areas in 2015
Internal policies for the enhancement of corporate welfare and employment support	Intesa Sanpaolo Employees' Association: over 100,000 members, over 600 initiatives Group Health Fund: estimated 135 million in reimbursed services Flexibility: Flexible Hours trial scheduled	An integrated and widespread corporate welfare system that interprets and implements new ways of regarding wellbeing and people in general	The integrated corporate welfare system was launched in full
Around 4,500 people involved in professional reassignment and requalification initiatives to support the development of the new business initiatives under the Plan	2,600	4,500**	Around 60% of the excess resources were involved in priority initiatives during the first year of the Plan
THE BANK IN THE COMMUNITY			
Around 10 billion euro of (direct and indirect) tax will be paid in the four-year period	2.7 Bn	10 Bn**	Higher direct and indirect taxes than Plan forecasts
Around 1.2 billion euro of medium/long-term loans to support social entrepreneurship initiatives	0.20 Bn	1.2 Bn**	The new credit issued to support social enterprises in 2014 was largely in line with the Plan forecasts

* Net result including € 443 M of non-recurring items for the increase in the taxation on the benefit deriving from the stake in the Bank of Italy.

** Cumulative value 2014-2017.

The document "Stakeholder Engagement and Improvement Objectives - 2014", which presents the stakeholders' requests resulting from the 2014 engagement processes and the objectives pursued by the internal departments, is available in the Sustainability [\[i\]](#) section of the Intesa Sanpaolo website.

Indicators

Main economic and financial indicators¹

Personnel efficiency indicators [millions of euro]	2014	2013
Loans to customers / Number of employees	3.79	3.81
Operating income / Number of employees	0.19	0.18
Customer financial assets ² / Number of employees	9.24	8.90
Balance sheet indicators		
Shareholders' equity / Loans to customers	13.2%	12.9%
Shareholders' equity / Customer financial assets ²	5.4%	5.5%
Capital ratios ³		
Common Equity Tier 1 (CET1) capital net of regulatory adjustments / Risk-weighted assets (Common Equity Tier 1 ratio)	13.5%	-
Tier 1 (TIER 1) capital / Risk-weighted assets	14.2%	-
Total own funds / Risk-weighted assets	17.2%	-
Profit indicators		
Parent Company net income / Average shareholders' equity	2.8%	-9.9%
Operating costs / Operating income (Cost income ratio)	50.6%	51.1%
Risk indicators		
Net doubtful loans to customers / Loans to customers	4.2%	3.8%
Net substandard and restructured loans to customers / Loans to customers	5.3%	4.7%
Adjustments to doubtful loans to customers / Gross doubtful loans to customers	62.7%	62.5%

1. The indicators were calculated with reference to reclassified statements and figures published in the Intesa Sanpaolo Group's 2014 consolidated financial statements. The 2013 figures were restated where necessary to take into account changes in the scope of consolidation.

2. Customer financial assets: direct deposits from banking business, direct deposits from insurance business and technical reserves and indirect deposits, after netting, referred to components of indirect deposits which are also included in direct deposits.

3. The values as at 31 December 2014 were calculated using the method envisaged in the Basel 3 Capital Accord. For the values as at 31 December 2013, calculated using the method envisaged in the Basel 2 Capital Accord, reference should be made to the 2013 Consolidated Financial Statements of the Intesa Sanpaolo Group.

Statement of calculation and distribution of Economic Value

FINANCIAL STATEMENT CAPTIONS		[MILLIONS OF EURO]		
		2014	2013	2012
10.	Interest and similar income	15,933	17,403	19,700
20.	Interest and similar expense	-6,116	-7,518	-8,418
40.	Fee and commission income	8,058	7,435	6,641
50.	Fee and commission expense ¹	-1,023	-1,079	-1,050
70.	Dividends and similar income	315	250	507
80.	Profits (Losses) on trading	210	597	549
90.	Fair value adjustments in hedge accounting	-139	-28	-8
100.	Profits (Losses) on disposal or repurchase of:	1,074	728	1,348
	a) loans	86	1	-3
	b) financial assets available for sale	1,271	739	270
	c) investments held to maturity	0	-2	-14
	d) financial liabilities	-283	-10	1,095
110.	Profits (Losses) on financial assets and liabilities designated at fair value	971	492	1,294
130.	Net adjustments to/recoveries on impairment of:	-4,314	-7,005	-4,521
	a) loans	-4,102	-6,597	-4,308
	b) financial assets available for sale	-187	-296	-161
	c) investments held to maturity	1	0	1
	d) other financial activities	-26	-112	-53
150.	Net insurance premiums	16,600	11,921	5,660
160.	Other net insurance income (expense)	-18,805	-13,750	-8,145
220.	Other operating expenses (income)	720	643	486
240. (partial)	Profits (Losses) on investments in associates and companies subject to joint control (realised gains/losses) ²	326	2,579	0
270.	Profits (Losses) on disposal of investments	114	15	30
310.	Income (Loss) after tax from discontinued operations	-48	0	0
A	Total economic value generated	13,876	12,683	14,073

1. The figures differ from those of the income statement in the Financial Statements as remuneration to the financial advisors networks was reclassified to "Personnel expenses".
 2. The figures differ from those of the income statement in the Financial Statements due to the exclusion of unrealised gains/losses, now recognised in a separate caption.

FINANCIAL STATEMENT CAPTIONS		[MILLIONS OF EURO]		
		2014	2013	2012
180.b (partial)	Other administrative expenses (net of indirect taxes and donations) ³	-2,619	-2,647	-2,799
	ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	-2,619	-2,647	-2,799
180.a	Personnel expenses ⁴	-5,836	-5,503	-6,031
	ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES	-5,836	-5,503	-6,031
330.	Minority interests	-59	7	-49
	ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES	-59	7	-49
340. (partial)	Parent Company net income (loss) - Share allocated to Shareholders ⁵	-1,185	-822	-832
	ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	-1,185	-822	-832
180.b (partial)	Other administrative expenses: indirect taxes	-952	-879	-714
290. (partial)	Income taxes for the year (current taxes) ⁶	-1,509	-1,693	-1,303
	ECONOMIC VALUE DISTRIBUTED TO THE GOVERNMENT, ORGANISATIONS AND INSTITUTIONS	-2,461	-2,572	-2,017
180.b (partial)	Other administrative expenses: donations and gifts	-3	-2	-2
340. (partial)	Parent Company net income (loss) - Share allocated to charity funds ⁷	-10	0	-1
	ECONOMIC VALUE DISTRIBUTED TO COMMUNITY AND ENVIRONMENT	-13	-2	-3
B	Total economic value distributed	-12,173	-11,539	-11,731
C	Total economic value retained (withdrawn) by the corporate system⁸	1,703	1,144	2,342

3. The figures differ from those of the income statement in the Annual Report due to the exclusion of indirect taxes and donations and gifts, now recognised in a separate caption.

4. The figures differ from those of the income statement in the Annual Report as they also include remuneration paid to the financial agents networks. For 2014 the amount includes 105 million euro relating to charges for exit incentives (77 million euro in 2013, 144 million euro in 2012).

5. For 2013 the economic value distributed to shareholders was drawn from reserves.

6. The figures differ from those of the income statement in the Annual Report due to the exclusion of deferred tax assets and liabilities, now recognised in a separate caption.

7. The figures include amounts allocated to the charity funds operated by Group banks.

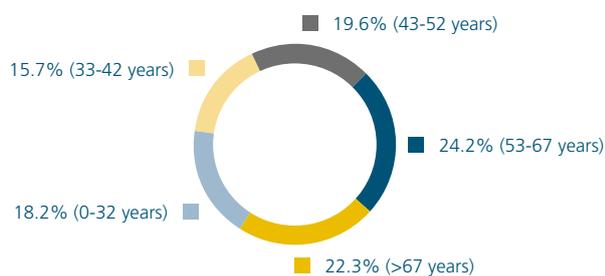
8. Net adjustments to/recoveries and provisions, deferred tax assets and liabilities and consolidated income net of dividends of the Parent Company.

Customers

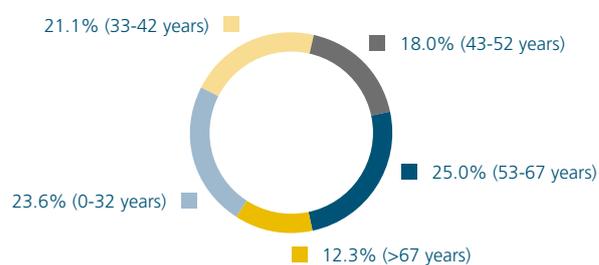
COMPOSITION

Retail customers by age group [%]

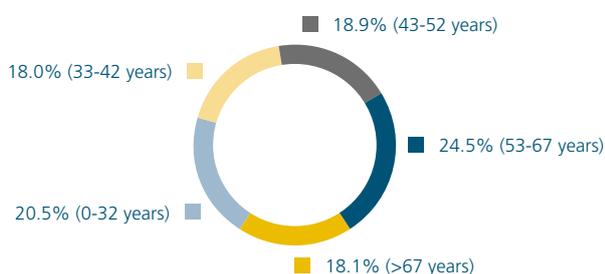
Italy



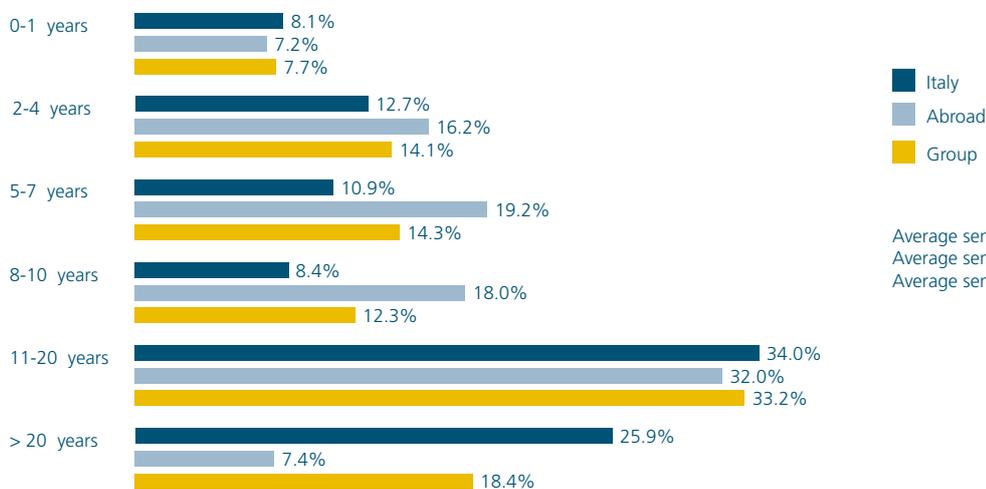
Abroad



Group



Retail customers by seniority [years]



Average seniority Italy: 14 years
 Average seniority Abroad: 10 years
 Average seniority Group: 13 years

Accessibility and distribution channels: Italy	2014	2013	2012
No. multichannel contracts (stock)	5,708,303	5,196,200	4,635,328
No. multichannel contracts (stock)/No. customers	49.1	39.9	39.7
Percentage of bank transfer automation	81.7	72.4	70.7
Total bank transfers executed	33,127,135	39,304,521	30,697,811
Percentage of securities automation	71.1	75.9	72.6
Total securities traded	10,661,303	7,182,268	7,286,879
Remote Banking: No. contracts in force at the reporting date	163,609	169,547	200,712
Remote Banking: No. instructions	162,167,961	208,374,634	202,906,641

Presence in Italian regions with a low density population*	2014		2013		2012	
	Branches	ATMs	Branches	ATMs	Branches	ATMs
Molise	16	23	15	24	22	27
Sardegna	92	140	94	141	101	142
Basilicata	24	25	26	27	32	34
Valle d'Aosta	27	45	28	46	28	45
Trentino Alto Adige	71	88	73	96	83	107

Presence in Italian regions with a low density population [%]*	Change % 2014/2013		Change % 2013/2012	
	Branches	ATMs	Branches	ATMs
Molise	6.7	-4.2	-31.8	-11.1
Sardegna	-2.1	-0.7	-6.9	-0.7
Basilicata	-7.7	-7.4	-18.8	-20.6
Valle d'Aosta	-3.6	-2.2	0.0	2.2
Trentino Alto Adige	-2.7	-8.3	-12.0	-10.3

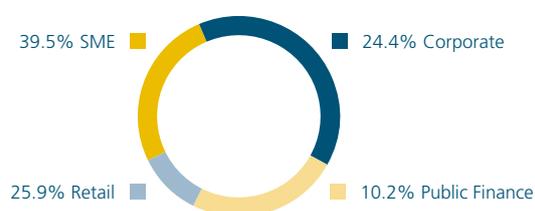
* Source:
 ISTAT 2015, statistical reconstruction of regional population time series for the period 1/1/2002-1/1/2014.
 The regions considered are those with less than 100 inhabitants per Km².

Presence of Intesa Sanpaolo Group Banks in foreign countries	2014		2013		2012	
	Branches	ATMs	Branches	ATMs	Branches	ATMs
Albania	32	52	31	55	31	59
Bosnia and Herzegovina	51	87	51	82	54	90
Croatia	197	678	203	657	211	670
Romania	71	84	76	88	86	95
Serbia	177	258	192	255	199	257
Slovakia	234	572	239	573	242	566
Slovenia	52	97	52	95	54	93
Hungary	95	156	95	156	108	171
Egypt	170	294	174	275	200	262
Russian Federation	61	59	69	65	76	68

Presence of Intesa Sanpaolo Group Banks in foreign countries	Change % 2014/2013		Change % 2013/2012	
	Branches	ATMs	Branches	ATMs
Albania	3.2	-5.5	0.0	-6.8
Bosnia and Herzegovina	0	6.1	-5.6	-8.9
Croatia	-3	3.2	-3.8	-1.9
Romania	-6.6	-4.5	-11.6	-7.4
Serbia	-7.8	1.2	-3.5	-0.8
Slovakia	-2.1	-0.2	-1.2	1.2
Slovenia	0	2.1	-3.7	2.2
Hungary	0	0	-12	-8.8
Egypt	-2.3	6.9	-13	5
Russian Federation	-11.6	-9.2	-9.2	-4.4

Loans to customers by type [%]

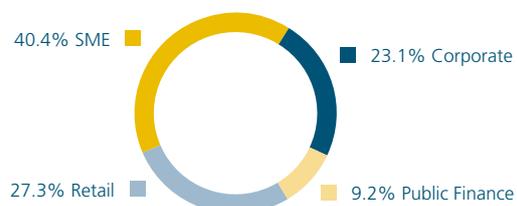
Italy



Abroad

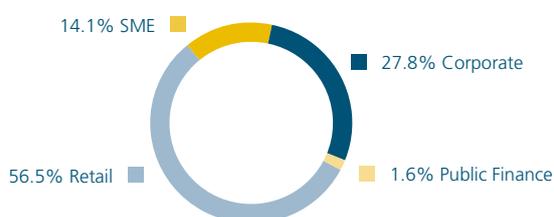


Group

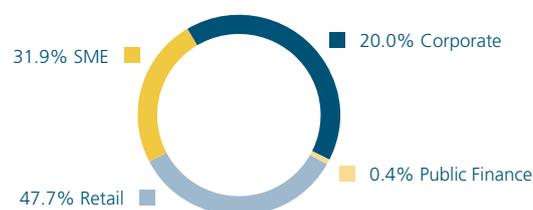


Due to customers by type [%]

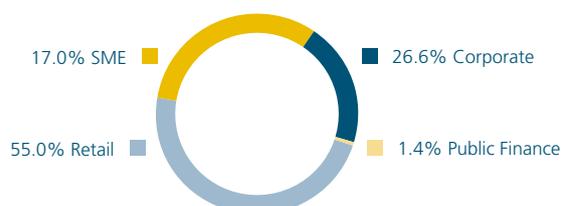
Italy



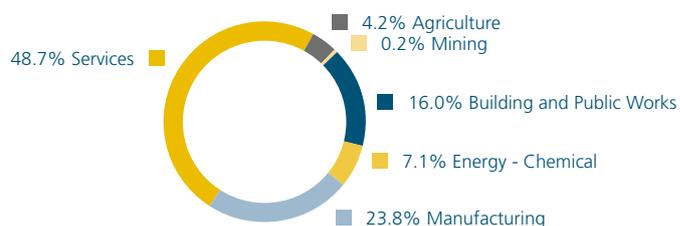
Abroad



Group



Loans by industrial sector: Italy 2014



Eurizon Ethical Funds	2014	2013	2012
Ethical funds: assets [thousands of euro]	643,473	404,828	378,171
Ethical international equity assets [thousands of euro]	88,783	80,382	76,039
Ethical bond assets [thousands of euro]	420,844	230,235	216,373
Ethical diversified assets [thousands of euro]	133,847	94,211	85,758
Ethical international equity performance [%]	20.6	25.2	10.2
Ethical bond performance [%]	9.9	3.6	12.0
Ethical diversified performance [%]	5.7	6.1	9.9
Percentage of ethical funds to total assets of Italian registered funds [%]	1.2	0.5	0.5
Total assets - Ethical Funds managed for third parties (FAPA, etc.) [thousands of euro]	703,000	n.d.	n.d.

This is the gross performance of funds. The Eurizon ethical funds are established under Italian law.

Fideuram Ethical Funds	2014
Ethical funds: assets [thousands of euro]	24,869
Fonditalia Ethical Investment R assets [thousands of euro]	23,784
Fonditalia Ethical Investment R performance [%]	4.4
Fonditalia Ethical Investment T assets [thousands of euro]	1,085
Fonditalia Ethical Investment T performance [%]	4.1
Percentage of ethical funds to total assets of foreign funds [%]	0.07

This is the gross performance of funds. Fideuram ethical funds are established under Luxembourg law.

Intesa Sanpaolo Group Pension Fund (FAPA)	2014
No. companies in the FAPA portfolio	432
No. companies in the FAPA portfolio involved in engagement initiatives	11
% FAPA portfolio subject to engagement to the total FAPA portfolio	6.9

PUBLIC ADMINISTRATION

Loans to socially useful sectors [millions of euro]	2014	2013	2012
	Italy	Italy	Italy
Water/energy/environment	59	53	251
Local Health Authority and health/assistance/cultural structures	51	11	611
Local public services	81	107	71
Local public transport	0	0	29
Universities	4	0	134
Infrastructure	310	315	261
Other sectors	116	10	775
of which:			
Municipalities	108	10	225
Regions	0	0	27
Provinces	2	0	55
Companies and entities benefiting from state loans	0	0	48
Ministries and other state entities	5	0	261
Other	0	0	159
Total	621	496	2,132
	Abroad	Abroad	Abroad
Water/energy/environment	0	0	58
Infrastructure	0	13	8
State-controlled companies	0	13	38
Total	0	26	105

CUSTOMER SATISFACTION: CUSTOMERS IN ITALY BENCHMARK SURVEY ON RETAIL CUSTOMERS*

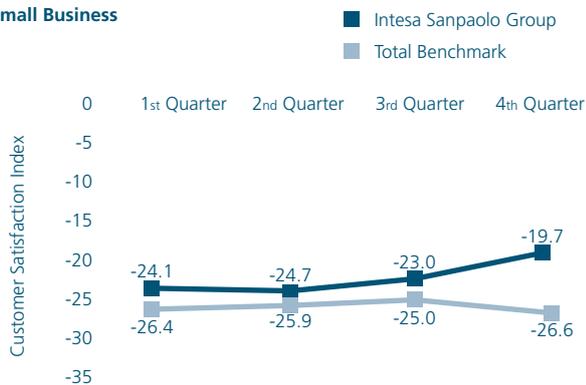
	Index	2014	
		Banking industry	Intesa Sanpaolo Group
Retail customers in Italy			
Instinctive satisfaction	NSI	16	9
Branch office staff	NSI	39	31
Branch			
<i>Branch environment and climate</i>	NSI	20	18
<i>Privacy in carrying out transactions at the branch</i>	NSI	30	26
<i>Branch organisation and efficiency</i>	NSI	12	2
Investment advice	NSI	24	12
Internet banking	NSI	57	56
Rational satisfaction	NSI	30	23
Customers interviewed (No.)		11,283	2,663

NSI=Net Satisfaction Index, equal to the percentage satisfied (rating of 9-10) less the percentage dissatisfied (rating 1-6).

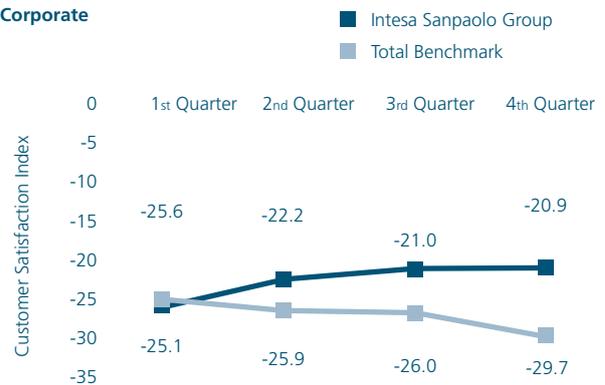
*In 2014 the Retail Benchmark survey was amended, therefore comparison can no longer be made with previous years.

BENCHMARK SURVEY ON SMALL BUSINESS AND CORPORATE CUSTOMERS

Small Business

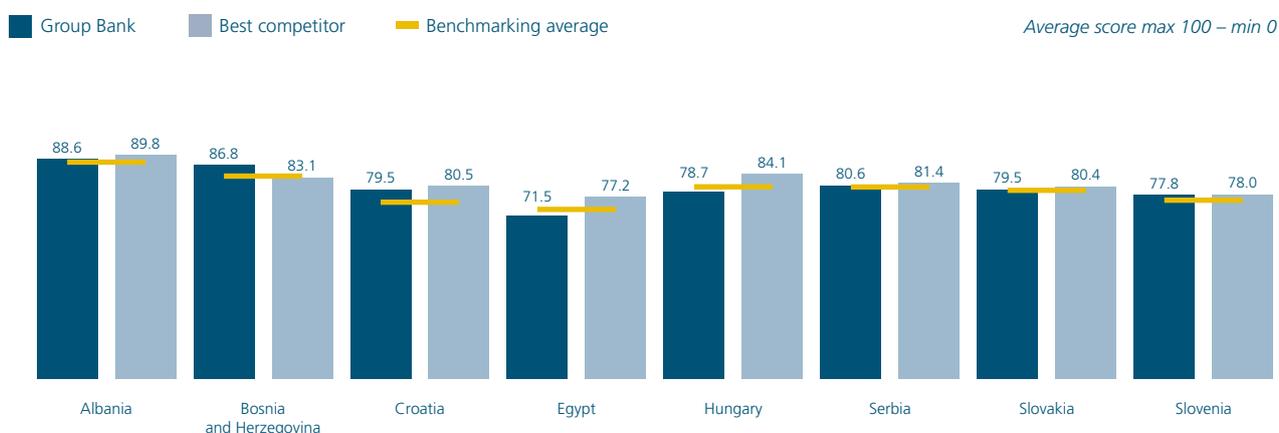


Corporate

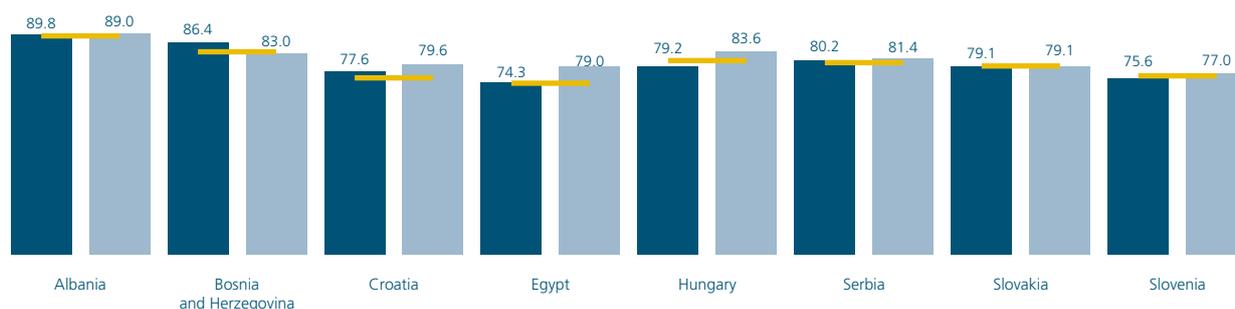


CUSTOMER SATISFACTION: INTERNATIONAL SUBSIDIARY BANKS' CUSTOMERS

ECSI second half 2014



ECSI first half 2014



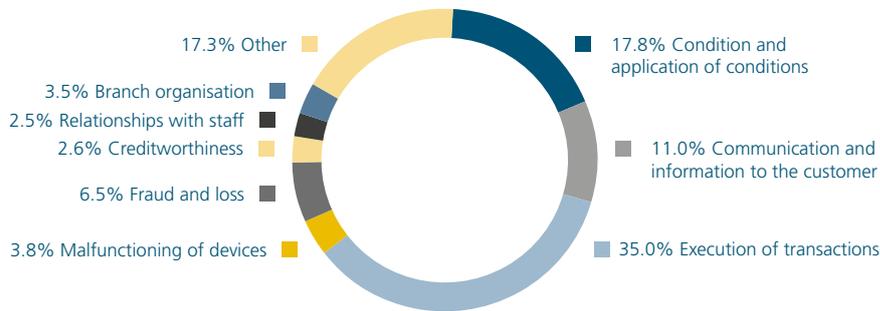
Intesa Sanpaolo Group's International Subsidiary Banks compared with their best competitor and the benchmarking average in their respective markets.
Calculation method: European Customer Satisfaction Index (ECSI)

COMPLAINTS

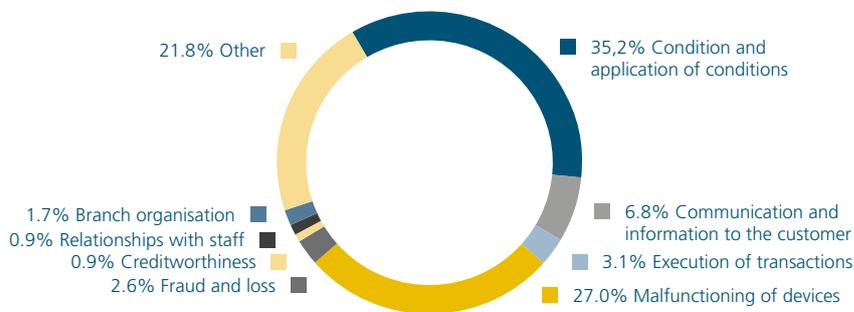
Complaints by type	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Investment services complaints	1,467	477	1,944	1,694	581	2,275	2,102	559	2,661
securities in default	172	250	422	309	251	560	665	171	836
structured securities	17	20	37	10	47	57	32	61	93
Cheques and collection orders	1,680	43	1,723	1,579	62	1,641	1,793	50	1,843
Bank transfers, salaries and pensions	4,096	6,623	10,719	4,078	9,439	13,517	3,117	8,032	11,149
Cards	2,151	16,531	18,682	3,229	20,168	23,397	3,020	21,260	24,280
Credits	11,031	6,283	17,314	6,241	6,424	12,665	4,717	5,967	10,684
Current accounts and deposits	2,580	11,797	14,377	5,384	13,379	18,763	6,026	13,860	19,886
Mortgages and special loans	5,593	3,644	9,237	3,578	2,994	6,572	1,853	4,088	5,941
Insurance products	3,157	556	3,713	3,436	814	4,250	5,001	632	5,633
Remote banking	379	10,687	11,066	461	9,304	9,765	414	8,623	9,037
Other	4,432	11,358	15,790	3,829	11,682	15,511	2,696	9,867	12,563
Total	36,566	67,999	104,565	33,509	74,847	108,356	30,739	72,938	103,677

Complaints by reason [%]

Italy



Abroad



Group



Other complaints	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Ethical	60	7	67	70	25	95	162	25	187
For privacy	162	287	449	184	278	462	172	67	239
For anatocism	1,823	2	1,825	1,573	1	1,574	979	2	981

SOCIAL AND ENVIRONMENTAL RISK ASSESSMENT: EQUATOR PRINCIPLES*

Project financing			
	Total by category Category A	Total by category Category B	Total by category Category C
	4	8	6
	Project details by category A	Project details by category B	Project details by category C
Industry			
Oil & Gas	3	2	1
Energy	1	1	1
Infrastructure	-	1	3
Other	-	4	1
Region			
America	1	1	1
Europe, Middle East and Africa	3	7	5
Type of country			
Designated	1	3	3
Non-designated	3	5	3
Independent audit			
Yes	4	7	4
No	-	1	2

Business loans associated with projects			
	Total by category Category A	Total by category Category B	Total by category Category C
	1	-	-
	Project details by category A	Project details by category B	Project details by category C
Industry			
Oil & Gas	1	-	-
Region			
Europe, Middle East and Africa	1	-	-
Type of country			
Designated	-	-	-
Non-designated	1	-	-
Independent audit			
Yes	1	-	-
No	-	-	-

* The tables refer to the number of projects financially closed in 2014.

Project finance advisory services

Industry

Oil & Gas	-
Energy	1
Infrastructure	-
Other	-

Region

America	-
Europe, Middle East and Africa	1
Asia and Oceania	-

CONTROVERSIAL SECTORS

Summary of data on authorisations issued for exports listed in the Report to the Parliament [millions of euro]

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sanpaolo IMI Group	448.3								
Banca Intesa Group	46.9								
Intesa Sanpaolo Group		198.2	177.6	186.1	1	0.004	0	0.9	n.d.
Pro-forma total	495.2	198.2	177.6*	186.1*	1.0*	0.004	0	0.9	n.d.

*excluding figures for CR La Spezia, sold on 2/1/2011 (87.5 million euro in 2008; 47.2 million euro in 2009; 38.4 million euro in 2010)

Inter-governmental programmes: amounts reported by the Bank to the Ministry of Economy and Finance [millions of euro]

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sanpaolo IMI Group	558.3								
Banca Intesa Group									
Intesa Sanpaolo Group		341.2	668.9	806.1	180	95	126	n.d.	n.d.
Pro-forma total	558.3	341.2	668.9	806.1	180	95	126	n.d.	n.d.

Source: Report to the Parliament

As a result of the amendments to Italian Law 185/90, applied from mid-2013, the Ministry of Finance authorisations granted to banks for operations in the arms industry (Notifications) were abolished. The amounts relating to transactions authorised by the Ministry of Defence or the Ministry for Foreign Affairs are reported by banks to the Ministry of Finance and now relate to all types of contract. The total of approximately 41.8 million euro relating to Intesa Sanpaolo in the 2013 Report to the Parliament concerns reports for Inter-governmental Programmes, considered an exception to the Bank's policy, and, to a minimal extent, reports on old transactions notified in previous years.

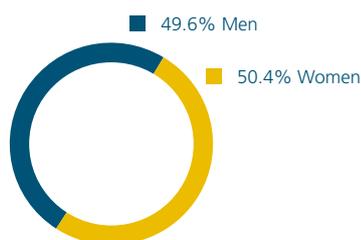
Employees*

STAFF BREAKDOWN

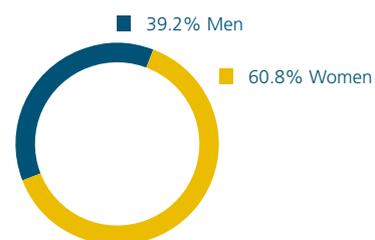
The people of the Intesa Sanpaolo Group	2014		
	Breakdown of employees by country	Men	Women
Italy	64,733	32,128	32,605
Switzerland	22	14	8
Luxembourg	198	124	74
Ireland	25	15	10
Egypt	5,151	4,220	931
Albania	565	196	369
Croatia	3,999	1,064	2,935
Romania	777	203	574
Bosnia and Herzegovina	516	208	308
Serbia	3,042	903	2,139
Slovenia	765	191	574
Hungary	2,921	821	2,100
Slovakia	4,410	1,088	3,322
Russian Federation	1,808	430	1,378

Breakdown of employees by gender

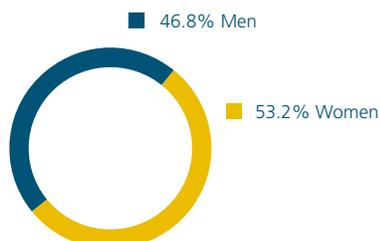
Italy



Abroad



Group



Women employed in the Italian banking system represent 44% of total employees, compared to 56% of men. The Intesa Sanpaolo data show an even distribution.

*All figures referring to the Italian banking system are taken from: ABI (2014) "Rapporto 2014 sul mercato del lavoro nell'industria finanziaria", Bancaria Editrice.

Employees by type of contract and gender [n.]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Permanent contracts	64,360	21,989	86,349	64,294	25,538	89,832	65,023	26,598	91,621
Men	31,978	8,453	40,431	32,074	9,353	41,427	32,648	9,763	42,411
Women	32,382	13,536	45,918	32,220	16,185	48,405	32,375	16,835	49,210
Non-permanent contracts	44	2,173	2,217	42	2,416	2,458	76	2,465	2,541
Men	23	1,008	1,031	20	922	942	38	981	1,019
Women	21	1,165	1,186	22	1,494	1,516	38	1,484	1,522
Apprenticeship	257	35	292	422	55	477	624	64	688
Men	103	15	118	162	22	184	233	29	262
Women	154	20	174	260	33	293	391	35	426
New recruits	0	2	2	4	7	11	19	11	30
Men	0	1	1	2	3	5	5	4	9
Women	0	1	1	2	4	6	14	7	21
Contratto per l'occupazione (special contract for safeguarding employment) - apprentices	17	-	17	275	-	275	363	-	363
Men	2	-	2	99	-	99	129	-	129
Women	15	-	15	176	-	176	234	-	234
Contratto per l'occupazione (special contract for safeguarding employment) - permanent	55	-	55	159	-	159	159	-	159
Men	22	-	22	54	-	54	54	-	54
Women	33	-	33	105	-	105	105	-	105

The Contratto per l'occupazione (special contract for safeguarding employment) is an exclusively Italian form of contract.

Employees by type of contract and gender [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Permanent contracts	99.42	90.87	97.1	98.62	91.16	96.37	98.13	91.28	96.04
Men	49.4	34.93	45.46	49.2	33.38	44.44	49.27	33.51	44.46
Women	50.02	55.94	51.63	49.42	57.77	51.93	48.86	57.78	51.58
Non-permanent contracts	0.07	8.98	2.49	0.06	8.62	2.64	0.11	8.46	2.66
Men	0.04	4.17	1.16	0.03	3.29	1.01	0.06	3.37	1.07
Women	0.03	4.81	1.33	0.03	5.33	1.63	0.06	5.09	1.6
Apprenticeship	0.4	0.14	0.33	0.65	0.2	0.51	0.94	0.22	0.72
Men	0.16	0.06	0.13	0.25	0.08	0.2	0.35	0.1	0.27
Women	0.24	0.08	0.2	0.4	0.12	0.31	0.59	0.12	0.45
New recruits	0	0.01	0	0.01	0.02	0.01	0.03	0.04	0.03
Men	0	0	0	0	0.01	0.01	0.01	0.01	0.01
Women	0	0	0	0	0.01	0.01	0.02	0.02	0.02
Contratto per l'occupazione (special contract for safeguarding employment) - apprentices	0.03	-	0.02	0.42	-	0.3	0.55	-	0.38
Men	0	-	0	0.15	-	0.11	0.19	-	0.14
Women	0.02	-	0.02	0.27	-	0.19	0.35	-	0.25
Contratto per l'occupazione (special contract for safeguarding employment) - permanent	0.08	-	0.06	0.24	-	0.17	0.24	-	0.17
Men	0.03	-	0.02	0.08	-	0.06	0.08	-	0.06
Women	0.05	-	0.04	0.16	-	0.11	0.16	-	0.11

The Italian Industry figures for bank employees are the following: permanent contracts (98.4%), non-permanent (0.54%), apprenticeships (1.0%) and new recruits (0.04%). The Contratto per l'occupazione (special contract for safeguarding employment) is an exclusively Italian form of contract.

Non-standard employment contracts and work placements	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Supply contracts	0	95	95	0	57	57	105	72	177
Men	0	50	50	0	29	29	55	29	84
Women	0	45	45	0	28	28	50	43	93
Temporary work contracts	28	0	28	26	135	161	33	135	168
Men	22	0	22	23	4	27	26	6	32
Women	6	0	6	3	131	134	7	129	136
Work placements	57	94	151	46	122	168	49	112	161
Men	34	23	57	27	23	50	26	26	52
Women	23	71	94	19	99	118	23	86	109

Financial advisors	2014		
	Italy	Abroad	Group
Financial advisors	5,044		
Men	4,231		
Women	813		

Overall workforce	2014		
	Italy	Abroad	Group
Overall workforce	69,862	24,388	94,250

Includes employees and supervised workers (with various contract types)

Employees by category and gender [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers	1.5	2.1	1.6	1.5	2.1	1.7	1.6	2.2	1.8
Men	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
Women	0.2	0.8	0.4	0.2	0.8	0.4	0.2	0.8	0.4
Middle and Junior Managers	42.3	24.5	37.4	42.2	22.4	36.2	42.1	21.9	35.9
Men	25.6	15.1	22.7	25.5	13.7	22	25.5	13.4	21.8
Women	16.7	9.4	14.7	16.7	8.7	14.3	16.6	8.5	14.1
Clerical Staff	56.2	73.4	60.9	56.4	75.5	62.1	56.3	75.9	62.3
Men	22.8	22.7	22.8	22.9	21.7	22.6	23.1	22.2	22.8
Women	33.4	50.7	38.1	33.4	53.8	39.5	33.2	53.7	39.5

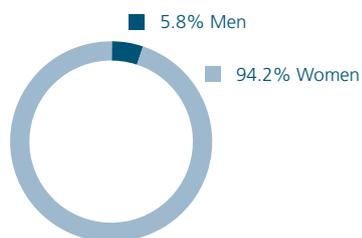
The Italian Industry figures for bank employees are the following: senior managers (2,3%), middle and junior managers (40,5%) and clerical staff (57,2%).

Part-time employees by gender	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Part-time employees/total employees [%]	14.6	0.7	10.8	13.6	0.6	9.7	12.3	0.6	8.7
Breakdown of part-time employees by gender [n.]	9,420	167	9,587	8,855	169	9,024	8,124	187	8,311
Men [n.]	547	18	565	458	18	476	356	16	372
Women [n.]	8,873	149	9,022	8,397	151	8,548	7,768	171	7,939

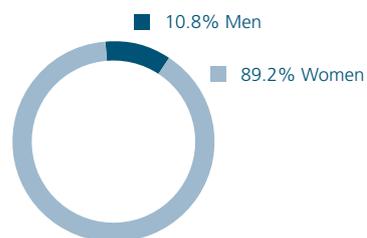
In Italy part-time employees reach 14.6%, four points above the Italian banking industry figure (10.3%).

Part-time employees by gender [%]

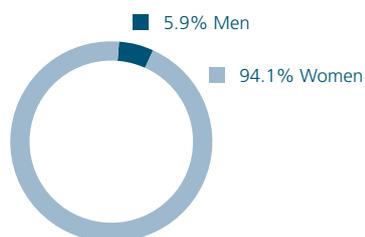
Italy



Abroad



Group



Women represent 95% of all part-time workers in Italy.

Average age of employees	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Average age of employees	46.1	40.8	44.7	45.3	39.7	43.6	44.5	39.1	42.9
Men	47.8	43	46.7	47	42.3	45.8	46.2	41.5	45.1
Women	44.5	39.3	42.9	43.6	38.1	41.7	42.8	37.6	40.9
Senior Managers	52.1	44.4	49.4	51.4	43.9	48.6	51	43.2	48
Middle and Junior Managers	49.3	45.9	48.7	48.5	45.1	47.8	47.7	44.7	47.2
Clerical Staff	43.6	38.9	42.1	42.7	38	41	41.9	37.3	40.2

Intesa Sanpaolo and the Italian Industry figures for the major banks are comparable: average age of employees (45.1), men (46.5), women (43.3), senior managers (51.6), middle and junior managers (48.4) and clerical staff (42.2).

International banks: senior managers hired in the local community	2014		
	No. first line managers	No. first line managers hired in the local community	First line managers hired in the local community/first line managers [%]
Egypt	11	6	54.5
Albania	12	10	83.3
Croatia	11	10	90.9
Romania	11	7	63.6
Bosnia and Herzegovina	10	9	90
Serbia	11	10	90.9
Slovenia	11	7	63.6
Hungary	14	10	71.4
Slovakia	14	12	85.7
Russian Federation	8	7	87.5

Employees by level of education and gender [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
University graduates	32.6	63.7	41.1	32.2	66.4	42.5	31.3	65.8	41.8
Men	15.9	27.3	19	15.7	25.3	18.6	15.3	25.7	18.5
Women	16.8	36.4	22.1	16.5	41	23.9	16	40.1	23.4
High school graduates	59.9	30.2	51.8	60.2	28	50.5	60.6	28.7	50.9
Men	28.8	8	23.1	29	7.8	22.6	29.3	7.7	22.7
Women	31.1	22.2	28.7	31.3	20.2	27.9	31.3	21	28.1
Other	7.4	6.1	7.1	7.6	5.6	7	8.1	5.6	7.3
Men	5	3.8	4.7	5.1	3.7	4.6	5.4	3.6	4.8
Women	2.5	2.2	2.4	2.5	2	2.3	2.7	1.9	2.5

Intesa Sanpaolo and the Italian Industry figures for academic qualifications in the major banks are comparable: university graduates (35.7%), high school graduates (57.3%), other (7.0%).

Average employee seniority [years]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total average seniority	20.5	13.2	18.5	19.6	12	17.3	18.9	11.2	16.6
Men	21.5	15.4	20.1	20.6	14.5	19.2	20	13.5	18.4
Women	19.5	11.8	17.1	18.7	10.5	15.8	17.9	9.8	15
Senior managers	20	11.8	17.1	19.2	11.8	16.5	18.9	10.6	15.8
Middle and junior managers	23.8	18.6	22.9	23	17.8	22.1	22.4	17.1	21.4
Clerical staff	17.9	11.4	15.8	17.1	10.2	14.6	16.4	9.5	13.8

Employees belonging to protected categories [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Disabled	4.6	1	3.6	4.5	1.2	3.5	4.4	1.2	3.4
Men	2.8	0.6	2.2	-	-	-	-	-	-
Women	1.8	0.5	1.4	-	-	-	-	-	-
Protected categories	1.6	0.1	1.2	1.6	0.6	1.3	1.7	0.5	1.3
Men	0.9	0	0.7	-	-	-	-	-	-
Women	0.7	0.1	0.5	-	-	-	-	-	-

Figures by gender were first recorded in 2014.

Breakdown of employees by age group [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
<=30	4.2	17.1	7.7	5.5	21.8	10.4	7.1	24.5	12.5
Men	1.7	5.3	2.7	-	-	-	-	-	-
Women	2.5	11.8	5	-	-	-	-	-	-
31-50	60	61.3	60.3	62.3	59.2	61.4	63.6	58.2	61.9
Men	26.1	21.8	24.9	-	-	-	-	-	-
Women	33.9	39.5	35.4	-	-	-	-	-	-
>50	35.9	21.6	32	32.2	19	28.2	29.3	17.3	25.6
Men	21.8	12	19.2	-	-	-	-	-	-
Women	14	9.6	12.8	-	-	-	-	-	-

The Italian Industry figures for the percentage breakdown of bank employees by age group are: <=30 (6.0%), 31-50 (61.1%) e >50 (32.9%).
Figures by gender were first recorded in 2014.

Recruitments by gender and age group	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	477	2,209	2,686	346	2,400	2,746	467	2,512	2,979
Men	281	794	1,075	214	741	955	251	858	1,109
Women	196	1,415	1,611	132	1,659	1,791	216	1,654	1,870
<=30	256	1,351	1,607	174	1,576	1,750	232	1,671	1,903
31-50	206	812	1,018	159	769	928	219	802	1,021
>50	15	46	61	13	55	68	16	39	55

Recruitments by gender and age group [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	0.7	9.1	3	0.5	8.6	2.9	0.7	8.6	3.1
Men	0.9	8.4	2.6	0.7	7.2	2.2	0.8	8	2.5
Women	0.6	9.6	3.4	0.4	9.4	3.5	0.7	9	3.6
<=30	9.5	32.6	23.5	4.9	25.8	18.1	4.9	23.4	16
31-50	0.5	5.5	1.9	0.4	4.6	1.6	0.5	4.7	1.7
>50	0.1	0.9	0.2	0.1	1	0.3	0.1	0.8	0.2

Terminations by gender and age group [n.]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	979	2,537	3,516	1,504	3,443	4,947	3,212	3,717	6,929
Men	592	931	1,523	955	1,184	2,139	2,137	1,164	3,301
Women	387	1,606	1,993	549	2,259	2,808	1,075	2,553	3,628
<=30	87	840	927	92	1,413	1,505	198	1,884	2,082
31-50	358	1,170	1,528	297	1,583	1,880	310	1,391	1,701
>50	534	527	1,061	1,115	447	1,562	2,704	442	3,146

Termination rate by gender and age group [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	1.5	10.5	4	2.3	12.3	5.3	4.8	12.8	7.3
Men	1.8	9.8	3.7	2.9	11.5	5	6.5	10.8	7.5
Women	1.2	10.9	4.2	1.7	12.8	5.6	3.2	13.9	7
<=30	3.2	20.3	13.5	2.6	23.2	15.5	4.2	26.3	17.5
31-50	0.9	7.9	2.8	0.7	9.5	3.3	0.7	8.2	2.9
>50	2.3	10.1	3.7	5.3	8.4	5.9	13.9	8.8	12.9

Terminations by reason [n.]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Employment terminations during the year	979	2,537	3,516	1,504	3,443	4,947	3,212	3,717	6,929
Terminations due to resignation	405	662	1,067	310	1,372	1,682	314	1,484	1,798
Terminations due to retirement	9	218	227	8	158	166	10	162	172
Terminations due to exit incentives	385	0	385	991	0	991	2,564	0	2,564
Other terminations - with financial incentives	13	306	319	15	277	292	15	210	225
Other terminations - without financial incentives	135	1,167	1,302	136	1,425	1,561	142	1,669	1,811
Terminations due to contract expiry	30	184	214	42	211	253	161	192	353
Termination of Contratto per l'occupazione (special contract for safeguarding employment) - apprentices	2	-	2	2	-	2	6	-	6
Termination of Contratto per l'occupazione (special contract for safeguarding employment) - permanent contract	0	-	0	0	-	0	0	-	0

The Contratto per l'occupazione (special contract for safeguarding employment) is an exclusively Italian form of contract.

Turnover by gender and age group	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	-502	-328	-830	-1,158	-1,043	-2,201	-2,745	-1,205	-3,950
Men	-311	-137	-448	-741	-443	-1,184	-1,886	-306	-2,192
Women	-191	-191	-382	-417	-600	-1,017	-859	-899	-1,758
<=30	169	511	680	82	163	245	34	-213	-179
31-50	-152	-358	-510	-138	-814	-952	-91	-589	-680
>50	-519	-481	-1,000	-1,102	-392	-1,494	-2,688	-403	-3,091

Turnover rate by gender and age group [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	-0.8	-1.3	-0.9	-1.7	-3.6	-2.3	-4	-4	-4
Men	-1	-1.4	-1.1	-2.2	-4.1	-2.7	-5.4	-2.8	-4.8
Women	-0.6	-1.3	-0.8	-1.3	-3.3	-2	-2.5	-4.7	-3.3
<=30	6.7	14.1	11	2.3	2.7	2.6	0.7	-2.9	-1.5
31-50	-0.4	-2.4	-0.9	-0.3	-4.7	-1.6	-0.2	-3.4	-1.1
>50	-2.2	-8.4	-3.4	-5	-6.9	-5.4	-12.2	-7.4	-11.2

EMPLOYEES' ENHANCEMENT

Number of promotions by gender	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	3,658	1,396	5,054	949	1,655	2,604	4,765	2,222	6,987
Men	1,448	760	2,208	588	783	1,371	1,843	1,082	2,925
Women	2,210	636	2,846	361	872	1,233	2,922	1,140	4,062
Employees promoted [%]	6	6	6	1	6	3	7	8	7

Basic average gross salary by category and gender [thousands euro]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers	139	66.5	115.4	138.8	61.1	109.3	139.3	59.1	108.3
Men	142.7	74.3	124.7	141.8	68.1	118.8	141.7	64.8	116.8
Women	115.6	52.8	80.3	120.7	48.8	77	125	48.4	78.2
Middle and Junior Managers	52.7	22.9	47.5	52.4	22.2	46.8	52.4	22	46.7
Men	55.6	22.9	49.6	55.1	21.4	48.8	55.1	21.7	48.8
Women	48.5	23	44.2	48.3	23.5	43.9	48.4	22.3	43.6
Clerical staff	34	12.4	27	33.8	11.7	25.9	33.9	11.3	25.4
Men	35.8	13.4	29.6	35.5	12.8	28.8	35.6	12.8	28.7
Women	32.9	11.9	25.4	32.6	11.2	24.2	32.8	10.7	23.5

Within the Group, the minimum remuneration applied for new recruits is that laid down by the national collective bargaining agreement (CCNL) for the various personnel categories. Abroad, the minimum remuneration is linked to the particular country's own regulations, as well as to the relative cost of living. Basic pay levels for female staff are not different, in comparable grade or seniority terms, from those of male staff.

Remuneration by category and gender* [thousands euro]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Male Senior Managers	156.8	79	136.4	178.7	79.4	147.6	167.7	76.1	138.1
Female Senior Managers	123.7	56.4	85.9	146.6	56.4	91.7	144.6	57.6	91.4
Male Middle and Junior Managers	55.6	24.7	49.9	57.9	23.4	51.4	57.6	23.5	51.1
Female Middle and Junior Managers	48.5	24.7	44.5	50.1	25.3	45.7	50.2	23.9	45.3
Male clerical staff	35.8	14.4	29.9	36	13.7	29.5	36.2	13.7	29.4
Female clerical staff	32.9	13.2	25.8	33.1	12.2	24.9	33.3	11.4	24.2
Average annual remuneration of all employees	43.8	17.5	36.7	45	16.6	36.7	45	15.8	36

* Includes the basic gross average remuneration and the variable component.

Salary comparison women/men	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Basic salary comparison: Senior Managers - women vs. men	0.8	0.7	0.6	0.9	0.7	0.6	0.9	0.7	0.7
Basic salary comparison: Middle Managers - women vs. men	0.9	1	0.9	0.9	1.1	0.9	0.9	1	0.9
Basic salary comparison: Clerical staff - women vs. men	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.8	0.8
Remuneration comparison: Senior Managers - women vs. men	0.8	0.7	0.6	0.8	0.7	0.6	0.9	0.8	0.7
Remuneration comparison: Middle Managers - women vs. men	0.9	1	0.9	0.9	1.1	0.9	0.9	1	0.9
Remuneration comparison: Clerical staff - women vs. men	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.8	0.8

The basic salary is annual, before tax. Remuneration is salary plus any bonus/award system.

Performance appraisal	Estero		
	2014	2013	2012
Employees subject to the annual performance appraisal [%]	92.1	72.1	79.3
Men	97.7	85.4	-
Women	88.6	64.4	-
Employees subject to the annual performance appraisal [n.]	22,296	20,200	23,094
Men	9,255	8,794	-
Women	13,041	11,406	-

In Italy all employees are subject to the performance appraisal. In 2012, in the International Subsidiary Banks figures were not recorded by gender.

Breakdown of branch employees by category and gender [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Managers	9.9	9.9	9.9	10.5	10.3	10.5	11.6	10.1	11.1
Men	6.9	4.1	6.2	7.3	4.4	6.5	8.1	4.3	7
Women	3	5.8	3.7	3.2	5.9	3.9	3.5	5.8	4.1
Family bankers	64.3	48.5	60.6	62.1	53.3	59.7	60.9	49.8	57.8
Men	24.3	14	21.9	23.6	12.4	20.6	23.2	11.8	20
Women	40	34.4	38.7	38.4	40.9	39.1	37.8	38	37.8
Other	25.8	41.6	29.5	27.4	36.4	29.8	27.5	40.1	31
Men	12.7	14.1	13	13.1	11.4	12.7	13.3	12	12.9
Women	13.1	27.5	16.5	14.3	25	17.2	14.2	28.1	18.1

TRAINING

Training by content [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Managerial	12.6	9.6	12.1	8.1	11	8.6	10.7	13.9	11.4
Commercial	6.4	14.3	7.8	4.1	16.4	6.6	5.1	26.9	9.7
Operative	11.8	22.7	13.7	11.3	23.9	13.8	13.7	18.3	14.7
Credit	9.2	10.3	9.4	9	10.2	9.2	5.4	9.1	6.1
Finance	31.9	5.7	27.2	37.4	4.4	30.8	35	3.3	28.3
Abroad	0.2	0.1	0.2	1	0.3	0.8	0.3	0.2	0.3
Computer	0.8	6.7	1.9	3	10.1	4.4	1.1	7.1	2.4
Specialist	23.7	25.4	24	22.4	19	21.7	24.8	14.1	22.5
Linguistic	3.5	5.2	3.8	3.8	4.6	4	3.9	7	4.5

Subsidies and benefits received related to employess [thousands euro]	2014			2013			2012		
	Italy	Abroad*	Group	Italy	Abroad*	Group	Italy	Abroad*	Group
Total subsidies and benefits received related to employess	6,100	1,154	7,254	13,257	2,051	15,309	20,591	2,253	22,844
Funded training (Italy only)	5,768	0	5,768	12,917	0	12,917	12,967	0	12,967
Other	332	1,154	1,486	341	2,051	2,392	7,624	2,253	9,877

*Refers only to Banca Intesa Russia.

In Italy Intesa Sanpaolo participates in Tltro (targeted long-term refinancing operations), the European Central Bank operation that supplies liquidity to the banking system to ease the granting of credit to private customers. This enables us to provide businesses with 12.5 billion euro at advantageous conditions.

Specific anti-corruption training	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers [%]	42.4	14.3	32.5	24.6	7.7	18.2	65.4	40	55.8
Middle and Junior Managers [%]	74.8	49.2	70.3	41.6	33.4	40.1	84.6	38	75.9
Clerical Staff [%]	62.1	39.5	54.7	43.9	30.8	39.1	77.9	30.4	60.2
Participants [%]	67.2	41.4	60.2	42.7	30.9	39.1	80.5	32.3	65.8
Total hours for specific training [n.]	162,611	40,254	202,865	52,246	55,069	107,315	160,236	52,015	212,252
Hours for specific training/Total training hours[%]	4.7	5.3	4.8	1.6	6.8	2.6	4.6	5.5	4.8

Training by category and gender [average hours]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Senior Managers	38.6	41.7	39.7	34.9	44.8	38.6	36.1	49.3	41.1
Men	38	38	38	33.7	33.9	33.8	35.3	44.7	38.3
Women	42.3	48.1	45.7	42.1	63.7	55.3	41.1	57.9	51.3
Middle and Junior Manager	59.7	30.3	54.4	55.6	34.8	51.7	53.7	31.2	49.5
Men	58.9	24.2	52.6	54.3	31.6	50	52.1	28.8	47.7
Women	60.8	40.2	57.2	57.7	39.9	54.4	56.3	34.9	52.4
Clerical staff	50.2	31.7	44.1	46.5	26.9	39.3	52.4	32.2	44.9
Men	46.8	28.4	41.8	43.2	25.3	38	48.6	29.2	42.8
Women	52.4	33.2	45.5	48.8	27.6	40.1	55.1	33.4	46.1

Training by type	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Classroom training [% of training hours]	40.4	77.6	47.1	42.8	81	50.4	50.6	85.7	58
Remote training [% of training hours]	59.6	22.4	52.9	57.2	19	49.6	49.4	14.3	42
Number of participants [n,]	63,593	20,092	83,685	64,306	21,131	85,437	65,269	20,623	85,892
Training hours provided (classroom + remote)* [n,]	3,495,843	764,664	4,260,507	3,270,443	814,345	4,084,788	3,492,434	942,160	4,434,594
Training hours per employee [n,]	54	31.6	47.9	50.2	29.1	43.8	52.7	32.3	46.5

* Does not include Web TV training.

Hours of training on health and safety	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Number of hours of training on health and safety	53,745	15,042	68,787	115,599	15,109	130,708	123,175	11,649	134,825
Health and safety training costs [thousands of euro]	689	39	728	1,047	45	1,091	614	36	650
Health and safety training costs per employee	0.8	0.6	0.8	1.8	0.5	1.4	1.9	0.4	1.4

Training costs	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Training costs [thousands euro]	27,608	5,671	33,279	25,400	5,300	30,700	36,700	5,700	42,400
Training costs per employee	426	234	374	389	185	329	552	192	444

INTERNAL COMMUNICATION

Internal communication	2014	2013	2012
Web TV: total accesses*	600,021	637,161	933,954
"House organ": total online accesses**	694,818	590,444	-

* The average daily individual accesses to the Bank's Intranet in 2014 amounted to 64,733.

** Since 2013 the House Organ is online only. The average number of copies produced/printed in 2012 amounted to 10,000.

Working environment	2014		2013		2012	
	Italy	Abroad	Italy	Abroad	Italy	Abroad
Analysis of environment (% participating in selected sample)	51	51	57	40.4	60.5	-
Index of employee satisfaction [%]	67	78	43.8	73.5	53.1	-
Change in employee satisfaction index from the previous period	23	4.5	-9.3	-1.3	-11.3	-
Number of environment analyses [n.]	1	1	1	1	2	-
Number of internal communication events [n.]	110	165	143	201	137	175
Number of focus groups [n.]	31	7	49	19	35	9
Participants in focus groups [n.]	330	763	543	2,617	362	2,942

UNION LEAVE AND DISPUTES

Union leave	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Percentage of employees belonging to a union [%]	76.3	35.8	65.3	76.1	31.4	62.6	76.2	31.1	62.4
"Days absent due to union activities (all leave granted to union organisers) [n.]"	75,257	570	75,827	80,493	703	81,196	84,700	720	85,420
"Days absent due to meetings/strikes (even if not union organisers) [n.]"	19,132	117	19,249	44,600	197	44,797	53,798	288	54,086
Days absent due to strikes [n.]	10,791	0	10,791	36,229	0	36,229	36,632	0	36,632
Days absent due to meetings [n.]	8,342	117	8,459	8,371	197	8,568	17,166	288	17,454

The industry National Collective Contract covers all Group employees in Italy.

Disciplinary measures against employees	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Written censure and verbal or written reprimand	312	325	637	335	440	775	239	673	912
Reduction in remuneration	6	138	144	0	94	94	0	396	396
Suspension from work with subtraction of remuneration (from one to ten days)	229	1	230	256	2	258	218	1	219
Justified dismissal	34	229	263	36	235	271	39	221	260
Disciplinary sanctions on employees for corruption	0	0	0	0	0	0	0	1	1
Dismissals for corruption	0	1	1	0	1	1	0	3	3

In Italy, in cases of significant company restructuring, collective bargaining provides for timely information and prior consultation with employee representatives under a procedure lasting a total of 45 days and, for restructuring at a Group level, the period is extended to 50 days.

Court cases involving employees	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Termination of employment	32	119	151	40	145	185	34	187	221
Establishment and development of work relations	92	6	98	96	12	108	109	10	119
Duties and qualifications	32	43	75	40	38	78	58	35	93
Welfare and assistance	5	3	8	11	2	13	8	3	11
Economic treatment	168	26	194	131	24	155	128	29	157
Anti-union behaviour	1	1	2	3	0	3	12	0	12
Active (undertaken by the Bank against employees)	5	97	102	11	94	105	15	106	121
Mobbing lawsuits	0	0	0	0	0	0	0	0	0
Other	27	53	80	25	62	87	34	42	76
Requests received from the Provincial Employment Office	53	-	53	51	-	51	56	-	56

CORPORATE WELFARE, HEALTH AND SAFETY

Contributions for employees [thousands euro]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Insurance and accident policies	6,883	1,899	8,782	4,388	1,702	6,090	6,865	700	7,565
Loyalty bonus	17,813	209	18,022	13,203	233	13,437	16,993	202	17,196
Contributions for children/students	2,892	88	2,981	2,929	78	3,007	4,456	142	4,598
Cultural and recreational activities	2,938	1,132	4,070	3,003	1,196	4,199	3,021	1,580	4,601
Grants for disabled children	1,789	26	1,815	1,783	17	1,800	1,819	25	1,844

Medical benefits	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Healthcare policies [thousands of euro]	70,396	3,181	73,577	73,905	2,910	76,815	89,207	2,796	92,003
Medical benefits: beneficiaries	61,962	7,631	69,593	70,867	8,189	79,056	67,837	8,136	75,973
Supplementary retirement benefits [thousands of euro]	121,043	4,393	125,436	126,390	4,675	131,064	132,101	4,770	136,871
Supplementary retirement benefits: beneficiaries	62,076	6,139	68,215	62,387	6,493	68,880	68,154	6,152	74,306

Credit facilities for employees	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Mortgages [n.]	2,765	817	3,582	2,952	856	3,808	3,119	856	3,975
Total mortgages disbursed [thousands of euro]	402,070	44,194	446,264	441,901	38,517	480,418	457,456	34,027	491,483
Loans [n.]	8,074	4,196	12,270	6,177	3,797	9,974	6,870	4,567	11,437
Total loans disbursed [thousands of euro]	103,430	50,304	153,734	102,254	33,477	135,731	114,214	68,807	183,021

Credit facilities offered to all employees with a permanent employment contract, with the exception of subsidised loans, which were also offered to employees hired under apprenticeship contracts.

Parental leave	2014	2013
Number of employees entitled to parental leave	63,947	64,394
Men	31,648	31,906
Women	32,299	32,488
Number of employees that took parental leave	4,067	3,490
Men	235	111
Women	3,832	3,379
Number of employees that returned to work after parental leave ended	2,893	2,515
Men	207	107
Women	2,686	2,408
Number of employees returned to work after parental leave ended that were still employed 12 months after their return to work	3,740	1,338
Men	159	49
Women	3,581	1,289

Indicator calculated starting from 2013.

Parental leave - Rates [%]	2014		2013	
	Italia		Italia	
Return to work rate after parental leave*	71.1		72.1	
Men	88.1		96.4	
Women	70.1		71.3	

* Calculated as No. of employees that returned to work at the end of parental leave on the No. of employees that took parental leave.
Retention rate of employees that took paternal leave: the calculation method for this indicator is under review.

Absences by reason and gender Days lost [n.]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total absences	917,627	800,168	1,717,794	1,002,041	921,284	1,923,325	1,031,522	936,904	1,968,426
Illness	409,732	132,103	541,835	446,524	144,332	590,855	474,889	148,993	623,882
Men	187,589	27,038	214,626	-	-	-	-	-	-
Women	222,144	105,066	327,209	-	-	-	-	-	-
Accident	14,204	3,268	17,472	15,325	3,928	19,253	14,298	3,465	17,763
Men	7,017	578	7,595	-	-	-	-	-	-
Women	7,188	2,690	9,878	-	-	-	-	-	-
Child care	272,834	426,556	699,390	308,069	494,173	802,242	326,527	519,519	846,046
Men	7,527	2,743	10,270	-	-	-	-	-	-
Women	265,307	423,813	689,120	-	-	-	-	-	-
Personal and family reasons	101,901	211,914	313,814	108,028	244,439	352,467	47,382	223,058	270,440
Men	35,048	167,968	203,015	-	-	-	-	-	-
Women	66,853	43,946	110,799	-	-	-	-	-	-
Leave for public duties	7,935	227	8,162	9,571	225	9,796	10,607	677	11,284
Men	5,785	95	5,880	-	-	-	-	-	-
Women	2,150	132	2,282	-	-	-	-	-	-
Leave for blood donation and other leave	7,222	135	7,357	7,869	132	8,001	8,163	125	8,288
Men	5,415	29	5,444	-	-	-	-	-	-
Women	1,807	106	1,913	-	-	-	-	-	-
Disability	89,607	856	90,463	92,045	834	92,879	109,713	925	110,638
Men	40,171	282	40,453	-	-	-	-	-	-
Women	49,436	574	50,010	-	-	-	-	-	-
Other	14,192	25,109	39,301	14,611	33,222	47,832	39,942	40,143	80,085
Men	8,139	5,942	14,080	-	-	-	-	-	-
Women	6,054	19,168	25,221	-	-	-	-	-	-

The days lost are calculated on the basis of calendar working days.
Figures by gender were first recorded in 2014.

Absences by reason and gender [%]	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total	6.44	15.03	8.78	6.99	14.95	9.38	7.08	14.62	9.38
Men	2.08	3.84	2.56	-	-	-	-	-	-
Women	4.36	11.19	6.22	-	-	-	-	-	-
Illness	2.88	2.48	2.77	3.11	2.34	2.88	3.26	2.32	2.97
Men	1.32	0.51	1.10	-	-	-	-	-	-
Women	1.56	1.97	1.67	-	-	-	-	-	-
Accident	0.10	0.06	0.09	0.11	0.06	0.09	0.10	0.05	0.08
Men	0.05	0.01	0.04	-	-	-	-	-	-
Women	0.05	0.05	0.05	-	-	-	-	-	-
Child care	1.92	8.01	3.57	2.15	8.02	3.91	2.24	8.10	4.03
Men	0.05	0.05	0.05	-	-	-	-	-	-
Women	1.86	7.96	3.52	-	-	-	-	-	-
Personal and family reasons	0.72	3.98	1.60	0.75	3.97	1.72	0.33	3.48	1.29
Men	0.25	3.16	1.04	-	-	-	-	-	-
Women	0.47	0.83	0.57	-	-	-	-	-	-
Leave for public duties	0.06	0.00	0.04	0.07	0.00	0.05	0.07	0.01	0.05
Men	0.04	0.00	0.03	-	-	-	-	-	-
Women	0.02	0.00	0.01	-	-	-	-	-	-
Leave for blood donation	0.05	0.00	0.04	0.05	0.00	0.04	0.06	0.00	0.04
Men	0.04	0.00	0.03	-	-	-	-	-	-
Women	0.01	0.00	0.01	-	-	-	-	-	-
Disability	0.63	0.02	0.46	0.64	0.01	0.45	0.75	0.01	0.53
Men	0.28	0.01	0.21	-	-	-	-	-	-
Women	0.35	0.01	0.26	-	-	-	-	-	-
Other	0.10	0.47	0.20	0.10	0.54	0.23	0.27	0.63	0.38
Men	0.06	0.11	0.07	-	-	-	-	-	-
Women	0.04	0.36	0.13	-	-	-	-	-	-

Gender figures were first recorded in 2014.

Absenteeism and occupational diseases - Rates	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Absentee rate*	3.78	2.57	3.45	4.29	2.43	3.73	4.61	2.41	3.94
Men	3.55	1.35	3.05	-	-	-	-	-	-
Women	4.01	3.35	3.81	-	-	-	-	-	-
Occupational diseases rate**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*The absentee rate is the percentage ratio between the number of days lost for illness accidents, public office, leave for blood donation and other leave, disability, meetings/strikes and theoretical working days. The rate by gender was first calculated in 2014.

** The professional disease rate is the total number of claims for professional diseases divided by the total number of hours worked. The calculation methods were modified in 2014 to ensure compliance with the GRI - G4 standard; the values relating to previous years were recalculated to enable comparison. The gender-related figures are not given as the value for the entire 3-year period was 0.

Injuries per year and by gender	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total injuries per year [n.]	775	103	878	812	155	967	905	137	1,042
Men	321	17	338	-	-	-	-	-	-
Women	454	86	540	-	-	-	-	-	-
Injury rate*	8.36	3.05	6.93	8.71	3.95	7.29	9.49	3.35	7.64
Men	6.53	1.28	5.43	-	-	-	-	-	-
Women	10.44	4.19	8.38	-	-	-	-	-	-
Days lost [n.]	14,204	3,268	17,472	15,325	3,928	19,253	14,298	3,465	17,763
Men	7,017	578	7,595	-	-	-	-	-	-
Women	7,188	2,690	9,878	-	-	-	-	-	-
Lost day rate**	0.14	0.08	0.13	0.15	0.09	0.13	0.14	0.07	0.12
Men	0.13	0.04	0.11	-	-	-	-	-	-
Women	0.15	0.11	0.14	-	-	-	-	-	-
Percentage of injuries over total no. employees [%]	1.2	0.4	1.0	1.2	0.6	1.0	1.4	0.5	1.1

*Injury rate = (total number of injuries during the year / total hours worked) x 1,000,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000,000 (hours worked).

** Lost day rate = (number days lost/ total working hours x 1,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000 (working hours). Lost days include injuries requiring first aid.

Figures by genere were first recorded as of 2014. The calculation methods were modified in 2014 to ensure compliance with the GRI - G4 standard; the values relating to previous years were recalculated to enable comparison.

Injuries in the workplace and while travelling to/from work	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Injuries in the workplace [n.]	191	26	217	211	24	235	225	36	261
Injury rate in the workplace*	2.06	0.77	1.71	2.26	0.61	1.77	2.36	0.88	1.91
Injuries in the workplace - men [n.]	72	4	76	-	-	-	-	-	-
Injury rate in the workplace - men	1.46	0.30	1.22	-	-	-	-	-	-
Injuries in the workplace - women [n.]	119	22	141	-	-	-	-	-	-
Injury rate in the workplace - women	2.74	1.07	2.19	-	-	-	-	-	-
Injuries while travelling [n.]	584	77	661	601	131	732	680	101	781
Injury rate while travelling**	6.30	2.28	5.22	6.44	3.34	5.52	7.13	2.47	5.72
Injuries while travelling - men [n.]	249	13	262	-	-	-	-	-	-
Injury rate while travelling - men	5.06	0.98	4.21	-	-	-	-	-	-
Injuries while travelling - women [n.]	335	64	399	-	-	-	-	-	-
Injury rate while travelling - women	7.70	3.12	6.19	-	-	-	-	-	-

*Workplace injury rate = (total number of accidents during the year / total hours worked) x 1,000,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000,000 (hours worked).

**Injury rate while travelling = (total number of accidents while travelling during the year / total hours worked) x 1,000,000. For ease of comprehension this indicator was calculated using a multiplication factor of 1,000,000 (hours worked).

Figures by genere were recorded as of 2014. The calculation methods were modified in 2014 to ensure compliance with the GRI - G4 standard; the values relating to previous years were recalculated to enable comparison.

Injuries by type	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total injuries	775	103	878	812	155	967	905	137	1.042
Injuries while driving	363	19	382	344	29	373	410	24	434
Falls/slips	278	43	321	285	80	365	316	58	374
Robberies	8	5	13	20	8	28	30	9	39
Other	126	36	162	163	38	201	149	46	195

Health and safety	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
No. of claims filed due to occupational diseases	3	0	3	7	0	7	4	0	4
No. of serious/very serious injuries	115	19	134	103	15	118	152	8	160
No. of serious/very serious injuries with final judgement	0	7	7	0	1	1	0	1	1
Deaths in the workplace with final judgement	0	0	0	0	0	0	0	0	0

The gender-related figures regarding deaths in the workplace were first recorded as of 2014; no figure is given as the value is 0.

Robberies	2014			2013			2012		
	Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Robberies	60	12	72	105	24	129	123	17	140
Robberies per 100 branches	1.5	1.1	1.4	2.5	1.7	2.3	2.6	1.2	2.2

Shareholders

Communications	2014	2013	2012
Institutional presentations of the Group	62	60	60
Public financial disclosures	259	246	222
Roadshows	40	18	22
Europe	34	13	14
United States	4	5	5
Asia	2	0	3
Meetings with investors and analysts	422	357	265
Requests received and resolved by the shareholders' help desk	12,000	12,000	12,000

Recommendations [%]	December 2014	December 2013	December 2012
Buy	67	28	39
Hold	28	36	32
Sell	5	36	29

In 2014, the Group's share was monitored and covered by 36 analysts, against 33 in 2013. The opinions expressed demonstrate the market's improved perception of the Group following the presentation of the strategic guidelines of the 2014-2017 Business Plan and the resulting objectives in terms of capital solidity, risk profile, profitability and dividends.

GOVERNANCE

Governance structure and composition			
Management Board	2014	Supervisory Board	2014
Management Board members	10	Supervisory Board members	19
By gender:		By gender:	
men	8	men	14
women	2	women	5
By age group:		By age group:	
<=30	0	<=30	0
31-50	1	31-50	3
>50	9	>50	16

Total by gender (Supervisory Board + Management Board)*

Men	22
Women	7

Total by age group (Supervisory Board + Management Board)*

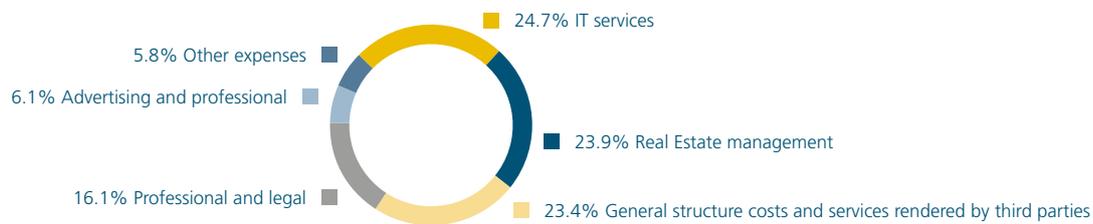
≤30 Years	0
30/50 Years	4
>50 Years	25

* Figures as at 31 December 2014.

Suppliers

Suppliers (Italy)	2014	2013	2012
Suppliers [No.]	32,207	31,580	34,960
Suppliers registered on the e-sourcing Portal [No.]	6,394	5,300	3,700
Suppliers registered on the e-sourcing Portal having read the Code of Ethics [No.]	3,484	2,700	1,400
Suppliers registered on the e-sourcing Portal having read the Code of Ethics / the total of Suppliers [%]	11	9	4
Checks on suppliers in relation to labour law [No.]	800	800	850

Breakdown of procurement expenses by category [%]



Product categories	Turnover*
Organisations - associations - public administrations - other institutions	594,258,851
Agriculture, forestry and fishing	62,824
Mining and quarrying	12,025
Manufacturing	50,554,501
Electricity, gas, steam and air conditioning supply	82,160,363
Water supply; sewerage, waste management and remediation activities	1,425,146
Construction	101,891,279
Wholesale and retail trade; repair of motor vehicles and motorcycles	172,044,140
Transportation and storage	44,285,616
Accommodation and food service activities	5,177,901
Information and communication activities	517,291,389
Financial and insurance activities	6,815,337
Real estate activities	7,284,729
Professional, scientific and technical activities	176,545,913
Renting, travel agencies, business support activities	102,307,993
Public administration and defence; compulsory social security	1,363,360
Education	10,159,242
Human health and social work activities	1,489,658
Arts, sports activities, entertainment and recreation	3,525,629
Other service activities	2,365,817
Total	1,881,021,710

Countries	No. of Suppliers*	Turnover*
Africa	2	125,487
America	88	21,236,677
Asia	34	1,936,781
Europe	325	89,773,952
Italy	10,739	1,767,944,292
Oceania	2	4,522
Total	11,190	1,881,021,710

*The turnover and the number of suppliers refer to the scope including the Parent Company and Intesa Sanpaolo Group Services.

Environment

DIRECT IMPACTS

Parameters	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Operatives = Employees + Advisors	number	67,505	24,294	91,799	67,491	28,066	95,557	68,347	29,154	97,501
Employees	number	64,733	24,199	88,932	65,196	28,016	93,212	66,264	29,138	95,402
Advisors	number	2,772	95	2,867	2,295	50	2,345	2,083	16	2,099
Total business trips	number	642,529	22,350	664,879	627,525	31,319	658,844	729,940	35,175	765,116
Total transportation	km	128,462,531	33,140,816	161,603,348	135,735,691	52,906,273	188,641,964	154,325,428	56,348,490	210,673,918
Surface area	m ²	2,980,228	646,059	3,626,287	3,183,724	694,498	3,878,221	2,975,404	728,312	3,703,716

Greenhouse gas emission [CO ₂ eq]	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total direct + indirect emissions (scope 1 + 2)	tCO₂eq	44,693	46,791	91,483	52,350	59,387	111,737	54,299	59,234	113,533
Total direct + indirect emissions per operative	tCO ₂ eq/operative	0.7	1.9	1	0.8	2.1	1.2	0.8	2.0	1.2
Direct emissions (Scope 1)	tCO₂eq	37,400	7,876	45,277	44,571	14,470	59,041	45,085	13,909	58,994
Natural gas consumption for independent heating system	tCO ₂ eq	23,072	3,527	26,599	28,423	7,401	35,824	27,576	7,105	34,681
Natural gas consumption for cogeneration	tCO ₂ eq	7,081	0	7,081	6,940	0	6,940	6,185	0	6,185
Diesel oil consumption for independent heating system	tCO ₂ eq	1,963	785	2,748	2,788	1,045	3,833	4,653	1,044	5,697
Petrol consumption for the fleet	tCO ₂ eq	277	1,237	1,514	261	2,220	2,481	301	2,267	2,568
Diesel oil consumption for the fleet	tCO ₂ eq	5,006	2,327	7,334	6,159	3,804	9,963	6,370	3,493	9,864
Indirect emissions (Scope 2)	tCO₂eq	7,293	38,914	46,207	7,779	44,917	52,696	9,214	45,326	54,539
Emissions from consumed electricity (cogeneration excluded)	tCO ₂ eq	1,836	36,547	38,383	3,256	43,019	46,275	4,409	43,585	47,994
Natural gas emissions from building heating (district heating included)	tCO ₂ eq	4,576	2,266	6,842	3,711	1,811	5,522	4,022	1,673	5,696
Diesel oil consumption for building heating	tCO ₂ eq	881	101	982	811	87	898	782	67	849
Other indirect emissions (Scope 3)	tCO₂eq	20,132	5,232	25,365	20,987	5,651	26,639	24,460	7,036	31,497
Business trips	tCO ₂ eq	9,512	1,041	10,553	9,418	1,534	10,952	12,530	2,358	14,888
Purchased paper	tCO ₂ eq	5,221	2,226	7,446	11,569	4,117	15,686	11,930	4,678	16,608
Waste	tCO ₂ eq	176	13	189	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Office equipment	tCO ₂ eq	5,224	1,953	7,176	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Total emissions (Scope 1 + 2 + 3)	tCO₂eq	64,825	52,023	116,848	73,337	65,038	138,376	78,759	66,270	145,030

Total emissions in 2012 were recalculated introducing contributions related to paper that was purchased during the period.

Emissions of other ozone-depleting gases (NO _x , SO ₂)	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Emissions of NO _x	ton	36	64	101	20	78	98	21	85	106
Emissions of SO ₂	ton	3	111	114	4	151	155	4	140	144

Energy consumption by source	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total direct + indirect energy (Scope 1 + 2)	GJ	2,020,018	571,850	2,591,868	2,221,354	693,147	2,914,502	2,365,017	644,882	3,009,899
Total direct + indirect energy per operative	GJ operative	29.9	23.5	28.2	32.9	24.7	30.5	34.6	22.1	30.9
Direct consumption of primary energy (Scope 1)	GJ	624,828	123,323	748,151	743,884	230,188	974,071	739,175	221,114	960,289
Natural gas consumption for independent heating system	GJ	403,000	63,302	466,301	497,733	132,722	630,456	478,732	127,464	606,197
Natural gas consumption for cogeneration	GJ	123,684	0	123,684	121,533	0	121,533	107,382	0	107,382
Diesel oil consumption for independent heating system	GJ	26,380	11,205	37,584	37,448	14,912	52,360	62,493	14,868	77,360
Petrol consumption for the fleet	GJ	3,864	17,251	21,115	3,634	30,962	34,596	4,170	31,401	35,571
Diesel oil consumption for the fleet	GJ	67,900	31,566	99,466	83,534	51,591	135,126	86,399	47,381	133,779
Indirect consumption of primary energy (Scope 2)	GJ	1,395,190	448,527	1,843,717	1,477,471	462,960	1,940,430	1,625,841	423,768	2,049,609
Consumed electricity (cogeneration excluded)	GJ	1,303,426	340,794	1,644,220	1,401,587	377,130	1,778,718	1,545,508	392,902	1,938,410
Natural gas consumption for building heating (district heating included)	GJ	79,929	106,302	186,231	64,986	84,592	149,578	69,831	29,915	99,746
Diesel oil consumption for building heating	GJ	11,835	1,431	13,266	10,897	1,237	12,134	10,503	951	11,453
Focus on total electricity (cogeneration included)										
Electricity per operative	kWh/operative	5,547	3,897	5,110	5,952	3,733	5,300	6,446	3,744	5,638
Electricity per m ²	kWh/m ²	126	147	129	126	151	131	148	150	148
Electricity from renewable sources	%	95.4	5.6	77.3	94.9	2.4	75.7	94.9	0.1	76.1
Electricity from cogeneration	%	3.3	0	2.6	3.1	0.0	2.4	2.5	0.0	2.0
"Other indirect consumption of primary energy (Scope 3)"	GJ	415,593	155,210	570,803	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Business trips	GJ	124,104	14,272	138,376	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Purchased paper	GJ	211,933	111,809	323,742	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Waste	GJ	2,088	170	2,258	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Office equipment	GJ	77,469	28,960	106,429	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Total energy (Scope 1 + 2 + 3)	GJ	2,435,611	727,060	3,162,671	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.

For 2013 and 2012 some figures were recalculated on the basis of the changes made to the reporting items.

Transportation	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Air travel	km	38,719,462	6,789,570	45,509,032	39,245,037	6,189,590	45,434,627	54,633,420	11,673,114	66,306,535
Rail travel	km	30,192,272	595,744	30,788,016	28,170,323	554,608	28,724,931	26,444,221	621,602	27,065,823
Fleet	km	37,815,909	24,777,104	62,593,013	46,001,593	41,784,351	87,785,944	47,770,502	39,755,530	87,526,031
Personal cars	km	21,734,889	978,398	22,713,287	22,318,737	4,377,724	26,696,462	25,477,285	4,298,245	29,775,530
Videoconferences	number	16,161	1,859	18,020	13,617	3,415	17,032	12,942	1,717	14,659
<i>Total transport per employee away on a business trip</i>	km/empl.	200	1,483	243	216	1,689	286	211	1,602	275

Use of raw materials - Paper	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Purchased paper	ton	6,214	1,880	8,093	6,321	2,164	8,485	6,506	2,450	8,957
<i>Purchased paper/operative</i>	kg/operative	92	77.4	88.2	93.7	77.1	88.8	95.2	84.0	91.9
<i>Recycled paper as a % of the total</i>	%	65.8	26.7	56.7	67.6	12.6	53.6	65.2	7.4	49.4
<i>(FSC) ecological paper as a % of the total</i>	%	3.5	16.8	6.6	3.4	26.3	9.2	3.5	25.5	9.5
<i>ECF/TCF paper as a % of the total</i>	%	0.6	21.9	5.6	1.0	23.1	6.7	1.4	24.1	7.6
<i>FSC and ECF/TCF paper as a % of the total</i>	%	22.4	11.5	19.9	21.0	12.9	18.9	14.4	6.6	12.2
<i>Other certified paper as a % of the total</i>	%	0.1	2.5	0.6	0.0	2.6	0.7	0.1	2.4	0.7

Water consumption by source	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total water consumed	m ³	1,592,722	547,304	2,140,026	1,884,267	596,240	2,480,507	1,834,279	585,193	2,419,472
<i>Total water consumption / operative</i>	m ³ /operative	23.6	22.5	23.3	27.9	21.2	26.0	26.8	20.1	24.8

Total weight of waste by type	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Total Waste	tonnes	2,652	593	3,245	2,454	592	3,045	2,057	643	2,700
<i>Total Waste / operative</i>	kg/operative	39.3	24.4	35.3	36.4	21.1	31.9	30.1	22.0	27.7
Special waste	tonnes	2,613	568	3,181	2,353	577	2,930	2,006	602	2,608
Hazardous waste	tonnes	39	25	64	101	15	115	51	41	91

Total weight of waste by disposal method	Unit	2014			2013			2012		
		Italy	Abroad	Group	Italy	Abroad	Group	Italy	Abroad	Group
Recycling	tonnes	1,160	459	1,620	963	365	1,327	1,465	477	1,942
Reuse/recovery	tonnes	1,247	71	1,318	1,082	107	1,189	472	109	581
Landfill	tonnes	134	20	155	117	16	133	112	55	167
Incineration	tonnes	110	42	153	292	104	396	9	2	10

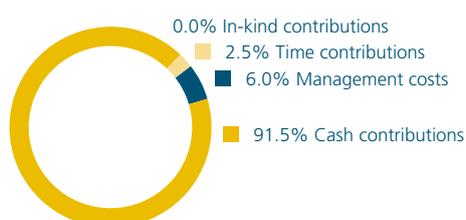
The data was partially estimated on the basis of the information received from waste disposal service providers.

Community

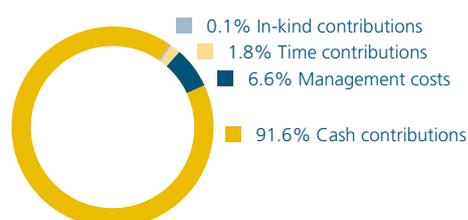
Contributions to the community by type [thousand euro]	2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group
Cash contributions	50,508	4,608	55,116	49,134	3,610	52,744
In-kind contributions	0	3	3	9	3	12
Time contributions	1,433	89	1,522	1,399	69	1,468
Management costs	3,274	329	3,603	3,850	103	3,953
Total contributions	55,214	5,029	60,243	54,392	3,785	58,177

Contributions to the community by type [%]

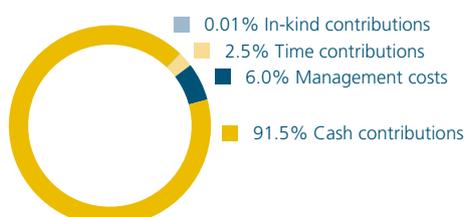
Italy



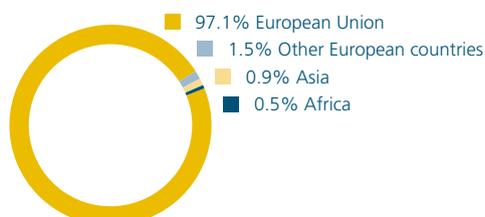
Abroad



Group

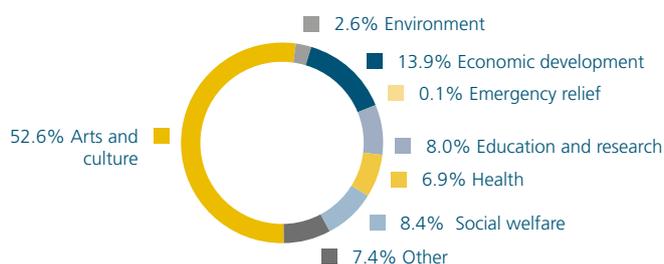


Contributions to the community by geographic area of origin [%]

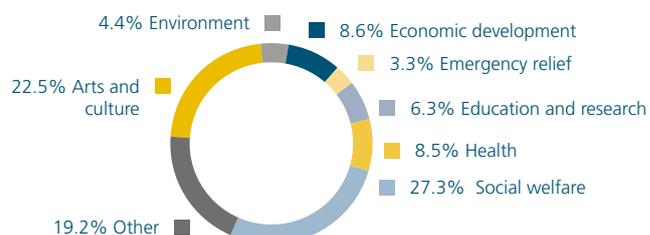


Cash contributions to the community by scope of intervention [%]

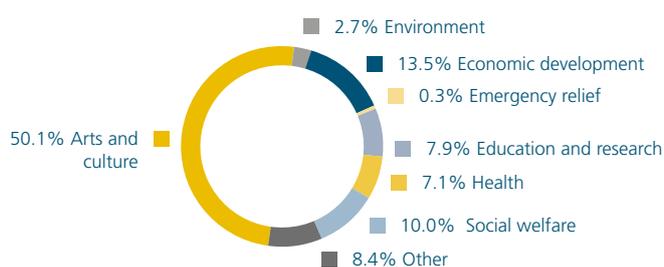
Italy



Abroad



Group



Cash contributions to the community by scope of intervention [thousand euro]	2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group
Arts and culture	26,585	1,036	27,621	23,178	1,212	24,390
Social welfare	4,261	1,259	5,520	3,722	563	4,285
Health	3,493	390	3,883	3,080	275	3,355
Education and research	4,039	290	4,330	3,892	382	4,274
Emergency relief	31	150	181	55	47	102
Economic development	7,038	398	7,435	7,872	252	8,124
Environment	1,307	201	1,508	2,472	101	2,573
Other	3,754	884	4,637	4,865	778	5,643
Total cash contributions to the community	50,508	4,608	55,116	49,134	3,610	52,744

Cash contributions to the community by reason [thousand euro]	2014			2013		
	Italy	Abroad	Group	Italy	Abroad	Group
Charitable gifts	4,535	1,676	6,211	3,982	887	4,869
Community investments	21,328	2,110	23,438	16,615	2,102	18,717
Commercial initiatives with community benefit	24,645	822	25,466	28,537	620	29,157
Total cash contributions to the community	50,508	4,608	55,116	49,134	3,610	52,744

Cash contributions to the community by reason [%]

Italy



Abroad



Group



Corporate voluntary work	2014		
	Italy	Abroad	Group
Total monetary value of hours of corporate voluntary work carried out [thousand euro]	1,433	89	1,522
Hours of corporate voluntary work	n.d.	6,542	6,542
Number of employees involved in corporate voluntary work	n.d.	1,223	1,223

Banca Prossima	2014	2013	2012
Customers	51,823	26,663	21,989
Borrowing customers	7,674	6,000	5,246
Loans [thousands of euro]	1,490,092	1,171,792	991,512
Direct deposits [thousand euro]	2,461,600	1,385,786	975,956
Indirect deposits [thousand euro]	4,262,795	3,388,055	3,329,105

Media relations	2014	2013	2012
Press releases	430	384	915
Press conferences	75	74	202
Product presentations and initiatives	112	105	120

GRI - General standard disclosure



GRI CONTENT INDEX "IN ACCORDANCE" CORE

KPMG S.p.A. has carried out a "limited assurance engagement" on the Intesa Sanpaolo Group 2014 Sustainability Report and provides its overall conclusions therein. As far as the scope of activities and procedures are concerned, please refer to the Statement released by the independent auditor on pages 188-189.

GENERAL STANDARD DISCLOSURE	Page	External Assurance
STRATEGY AND ANALYSIS		
G4-1	pp. 8-9; p. 10; pp. 133-134;	✓ pp. 188-189
G4-2	p. 11; p. 20; pp. 26-43;	✓ pp. 188-189
ORGANIZATIONAL PROFILE		
G4-3	p. 190	✓ pp. 188-189
G4-4	p. 14; About us [i]; Our Brand [i]	✓ pp. 188-189
G4-5	p. 190	✓ pp. 188-189
G4-6	p. 14; A Presentation of the Group (pp. 31-32) [i]	✓ pp. 188-189
G4-7	p. 190	✓ pp. 188-189
G4-8	p. 14; A Presentation of the Group [i]	✓ pp. 188-189
G4-9	p. 25; p. 149; A Presentation of the Group (p. 5; p. 22) [i]	✓ pp. 188-189
G4-10	pp. 149-151; Intesa Sanpaolo does not have a substantial portion of its work performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. Intesa Sanpaolo does not have any significant variations in employment numbers.	✓ pp. 188-189

GENERAL STANDARD DISCLOSURE	Page	External Assurance
G4-11	p. 159	✓ pp. 188-189
G4-12	pp. 98; pp. 167-168	✓ pp. 188-189
G4-13	p. 25; p. 187; No changes in the supply chain	✓ pp. 188-189
G4-14	p. 32-33; Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 75) [i]	✓ pp. 188-189
G4-15	p. 44-46	✓ pp. 188-189
G4-16	Our partnerships in sustainability [i]	✓ pp. 188-189
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	p. 187; Annual Report 2014 (pp. 178-181) [i]	✓ pp. 188-189
G4-18	pp. 26-29; pp. 82-83	✓ pp. 188-189
G4-19	p. 186	✓ pp. 188-189
G4-20	p. 186	✓ pp. 188-189
G4-21	p. 186	✓ pp. 188-189
G4-22	p. 187	✓ pp. 188-189
G4-23	p. 27; p. 187	✓ pp. 188-189
STAKEHOLDER ENGAGEMENT		
G4-24	p. 81	✓ pp. 188-189
G4-25	The dialogue with stakeholders [i]	✓ pp. 188-189
G4-26	pp. 81-82; The dialogue with stakeholders [i]	✓ pp. 188-189
G4-27	pp. 82-83; The dialogue with stakeholders [i]	✓ pp. 188-189
REPORT PROFILE		
G4-28	p. 187	✓ pp. 188-189
G4-29	p. 187	✓ pp. 188-189
G4-30	p. 187	✓ pp. 188-189
G4-31	p. 190	✓ pp. 188-189
G4-32	pp. 175-177	✓ pp. 188-189
G4-33	pp. 188-189; This Report has been verified by the independent Firm KPMG which also audits the Group's Annual Report. The Report has been submitted for the approval of the Bank's Boards in their meetings of April 2015.	✓ pp. 188-189

GENERAL STANDARD DISCLOSURE	Page	External Assurance
GOVERNANCE		
G4-34	p. 21; p. 25; Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 19; p. 36) [i]	✓ pp. 188-189
G4-35	pp. 23-24; Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 54-55) [i]	✓ pp. 188-189
G4-36	p. 18; pp. 23-24; p. 59	✓ pp. 188-189
G4-37	p. 25; p. 59; Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 93) [i]	✓ pp. 188-189
G4-38	pp. 22-23; p. 166	✓ pp. 188-189
G4-39	p. 22	✓ pp. 188-189
G4-40	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 29-31; pp. 56-57) [i]	✓ pp. 188-189
G4-41	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 84-86) [i]	✓ pp. 188-189
G4-42	p. 18; p. 21; p. 23	✓ pp. 188-189
G4-43	p. 23; Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 51-52; pp. 62-63) [i]	✓ pp. 188-189
G4-44	p. 23; Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 68-69) [i]	✓ pp. 188-189
G4-45	p. 18; p. 23; p. 59	✓ pp. 188-189
G4-46	p. 23; p. 59	✓ pp. 188-189
G4-47	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 73-74) [i]	✓ pp. 188-189
G4-48	p. 18; pp. 23-24	✓ pp. 188-189
G4-49	pp. 23-24; p. 59	✓ pp. 188-189
G4-50	p. 59	✓ pp. 188-189
G4-51	Report on Corporate Governance and Ownership Structures - Report on Remuneration (p. 139) [i], Remuneration and Stock ownership [i]	✓ pp. 188-189
G4-52	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 109-111) [i]	✓ pp. 188-189
G4-53	Report on Corporate Governance and Ownership Structures - Report on Remuneration (pp. 109-111) [i]	✓ pp. 188-189
ETHICS AND INTEGRITY		
G4-56	pp. 18-19; Code of Ethics [i]	✓ pp. 188-189
G4-57	pp. 59-60; pp. 81-83	✓ pp. 188-189
G4-58	pp. 59-60; pp. 81-83; Code of Ethics [i]	✓ pp. 188-189

GRI - Specific standard disclosure

Material aspects	DMA and indicators	Page	Omissions	External Assurance
CATEGORY: ECONOMIC				
Economic Performance				
	G4-DMA	pp. 30-31		✓ pp. 188-189
	G4-EC1	pp. 55-56; p. 103		✓ pp. 188-189
	G4-EC2	pp. 121; Climate Change [i]		✓ pp. 188-189
	G4-EC3	Annual Report 2014 (pp. 281-284; p. 286) [i]		✓ pp. 188-189
	G4-EC4	p. 157		✓ pp. 188-189
Market Presence				
	G4-DMA	pp. 30-31		✓ pp. 188-189
	G4-EC5	p. 155		✓ pp. 188-189
	G4-EC6	p. 152		✓ pp. 188-189
Indirect Economic Impact				
	G4-DMA	pp. 30-31		✓ pp. 188-189
	G4-EC7	p. 74; p. 103; p. 143; pp. 172-173		✓ pp. 188-189
	G4-EC8	pp. 69-71;		✓ pp. 188-189
CATEGORY: ENVIRONMENTAL				
Materials				
	G4-DMA	pp. 130-132		✓ pp. 188-189
	G4-EN1	pp. 130-132; p. 171		✓ pp. 188-189
	G4-EN2	pp. 130-132; p. 171		✓ pp. 188-189
Energy				
	G4-DMA	pp. 126-129		✓ pp. 188-189
	G4-EN3	pp. 126-129; p. 170; Environmental research [i]; Greenhouse gas emissions [i]		✓ pp. 188-189

Material aspects	DMA and indicators	Page	Omissions	External Assurance
	G4-EN4	p. 170; Environmental research [i]; Greenhouse gas emissions [i]		✓ pp. 188-189
	G4-EN5	p. 170		✓ pp. 188-189
	G4-EN6	pp. 126-129		✓ pp. 188-189
	G4-EN7	pp. 126-129		✓ pp. 188-189
Water				
	G4-DMA	p. 132		✓ pp. 188-189
	G4-EN8	p. 171		✓ pp. 188-189
Emissions				
	G4-DMA	p. 125		✓ pp. 188-189
	G4-EN15	p. 125; pp. 169-170		✓ pp. 188-189
	G4-EN16	p. 125; pp. 169-170		✓ pp. 188-189
	G4-EN17	p. 125; pp. 169-170		✓ pp. 188-189
	G4-EN18	p. 125; p. 169		✓ pp. 188-189
	G4-EN19	pp. 125-128; pp. 130-131		✓ pp. 188-189
	G4-EN21	p. 126; p. 170		✓ pp. 188-189
Effluents and waste				
	G4-DMA	p. 131		✓ pp. 188-189
	G4-EN23	p. 132; p. 171		✓ pp. 188-189
Product and services				
	G4-DMA	pp. 122-123		✓ pp. 188-189
	G4-EN27	pp. 122-123; p. 126		✓ pp. 188-189
Compliance				
	G4-DMA	pp. 34-35; Code of Ethics (p. 5; pp. 20-21) [i]		✓ pp. 188-189
	G4-EN29	p. 86		✓ pp. 188-189
Transport				
	G4-DMA	p. 130		✓ pp. 188-189
	G4-EN30	p. 171		✓ pp. 188-189
Overall				
	G4-DMA	pp. 42-43; Climate Change [i]		✓ pp. 188-189
	G4-EN31	p. 132		✓ pp. 188-189

Material aspects	DMA and indicators	Page	Omissions	External Assurance
Environmental Grievance Mechanism				
	G4-DMA	p. 59		✓ pp. 188-189
	G4-EN34	p. 59-60		✓ pp. 188-189
CATEGORY: SOCIAL				
LABOR PRACTICES AND DECENT WORK				
Employment				
	G4-DMA	p. 11; p. 99; p. 106		✓ pp. 188-189
	G4-LA1	pp. 154-155		✓ pp. 188-189
	G4-LA2	p. 161		✓ pp. 188-189
	G4-LA3	pp. 161-162	Retention rates currently unavailable. The calculation methodology is being revised. We will publish these figures next year	✓ pp. 188-189
Labor/Management relations				
	G4-DMA	Labor/Management relations [i]		✓ pp. 188-189
	G4-LA4	p. 160		✓ pp. 188-189
Occupational Health and Safety				
	G4-DMA	pp. 64-66		✓ pp. 188-189
	G4-LA5	p. 94 The Welfare Committee is made up of company and employee representatives. It represents 100% of the Group's employees in Italy		✓ pp. 188-189
	G4-LA6	pp. 162-165		✓ pp. 188-189
	G4-LA8	pp. 64-66; p. 95		✓ pp. 188-189
	FSS DMA	pp. 65-66		✓ pp. 188-189
Training and education				
	G4-DMA	pp. 109-112; Training [i]		✓ pp. 188-189
	G4-LA9	p. 157		✓ pp. 188-189
	G4-LA10	pp. 157-158		✓ pp. 188-189
	G4-LA11	p. 156		✓ pp. 188-189

Material aspects	DMA and indicators	Page	Omissions	External Assurance
Diversity and equal opportunity				
	G4-DMA	p. 109; Diversity [i]		✓ pp. 188-189
	G4-LA12	p. 166; pp. 150-152		✓ pp. 188-189
Equal remuneration for women and men				
	G4-DMA	p. 106; p. 108; Professional development [i]		✓ pp. 188-189
	G4-LA13	pp. 155-156		✓ pp. 188-189
Labor practices grievance mechanism				
	G4-DMA	p. 59		✓ pp. 188-189
	G4-LA16	p. 59		✓ pp. 188-189
HUMAN RIGHTS				
Investments				
	G4-DMA	pp. 61-63; Code of Ethics (p. 7; p. 10) [i]; Human Rights [i]		✓ pp. 188-189
	G4-HR1	p. 63; pp. 147-148		✓ pp. 188-189
	G4-HR2	p. 33; p. 63; p. 157		✓ pp. 188-189
Non discrimination				
	G4-DMA	Code of Ethics (pp. 8; 11; 13; 15) [i]; Diversity [i]		✓ pp. 188-189
	G4-HR3	p. 59		✓ pp. 188-189
Freedom of association and collective bargaining				
	G4-DMA	Code of Ethics (p. 7) [i]; Labour/Management relations [i]; Human Rights [i]		✓ pp. 188-189
	G4-HR4	pp. 61-63	Part of the indicator is not applicable: suppliers figures are not accounted. For the financial sector, the indicator has significance in relation to investments	✓ pp. 188-189
Child Labor				
	G4-DMA	Code of Ethics (p. 7) [i]; Human Rights [i]		✓ pp. 188-189
	G4-HR5	pp. 61-63	Part of the indicator is not applicable: suppliers figures are not accounted. For the financial sector, the indicator has significance in relation to investments	✓ pp. 188-189

Material aspects	DMA and indicators	Page	Omissions	External Assurance
Forced or Compulsory Labor				
	G4-DMA	Code of Ethics (p. 7) [i]; Human Rights [i]		✓ pp. 188-189
	G4-HR6	pp. 61-63	Part of the indicator is not applicable: suppliers figures are not accounted. For the financial sector, the indicator has significance in relation to investments	✓ pp. 188-189
Indigenous Rights				
	G4-DMA	Code of Ethics (pp. 16-17) [i]; Human Rights [i]; Equator Principles [i]		✓ pp. 188-189
	G4-HR8	There are no incidents of violations involving rights of indigenous people		✓ pp. 188-189
Assessment				
	G4-DMA	p. 59; Human Rights [i]		✓ pp. 188-189
	G4-HR9	p. 63; pp. 147-148		✓ pp. 188-189
Human Rights Grievance Mechanism				
	G4-DMA	p. 59		✓ pp. 188-189
	G4-HR12	p. 59		✓ pp. 188-189
SOCIETY				
Local Community				
	G4-DMA	pp. 102-103; Code of Ethics (p. 7; pp. 17-18) [i]; Equator Principles [i]		✓ pp. 188-189
	G4-SO1	pp. 61-63		✓ pp. 188-189
	G4-SO2	pp. 61-63		✓ pp. 188-189
Anti-corruption				
	G4-DMA	pp. 34-35; p. 59; Monitoring against corruption [i]; Code of Ethics (p. 7) [i]; Responsible Investments [i]		✓ pp. 188-189
	G4-SO3	p. 84; Monitoring against corruption [i]		✓ pp. 188-189
	G4-SO4	p. 84; p. 157		✓ pp. 188-189
	G4-SO5	p. 160		✓ pp. 188-189
Public Policy				
	G4-DMA	CSR Policies (Policy concerning the financing of political parties) [i]		✓ pp. 188-189
	G4-SO6	p. 84		✓ pp. 188-189

Material aspects	DMA and indicators	Page	Omissions	External Assurance
Anti-Competitive Behaviour				
	G4-DMA	pp. 34-35; Code of Ethics (pp. 3-7) [i]; Protection of free competition [i]		✓ pp. 188-189
	G4-SO7	p. 86		✓ pp. 188-189
Compliance				
	G4-DMA	pp. 34-35; Code of Ethics (p. 5; pp. 20-21) [i]; Protection of free competition [i]		✓ pp. 188-189
	G4-SO8	p. 86		✓ pp. 188-189
Grievance Mechanisms for impacts on society				
	G4-DMA	p. 59		✓ pp. 188-189
	G4-SO11	p. 59		✓ pp. 188-189
PRODUCT RESPONSIBILITY				
Customer Health and Safety				
	G4-DMA	pp. 64-66		✓ pp. 188-189
	G4-PR1	pp. 65-66; p. 165		✓ pp. 188-189
	G4-PR2	No penalty or fines for non compliance with regulation, no incidents of non compliance with voluntary codes regarding customer Health and Safety		✓ pp. 188-189
Product and service labelling				
	G4-DMA	Transparency to customer [i]		✓ pp. 188-189
	G4-PR4	p. 146		✓ pp. 188-189
	G4-PR5	pp. 91-92; pp. 144-145		✓ pp. 188-189
Marketing Communications				
	G4-DMA	p. 64		✓ pp. 188-189
	G4-PR6	p. 64; p. 148		✓ pp. 188-189
	G4-PR7	Transparency to customer [i]		✓ pp. 188-189
Customer Privacy				
	G4-DMA	p. 85; Code of Ethics (p. 10) [i]; Security and privacy [i]		✓ pp. 188-189
	G4-PR8	p. 85; p. 146		✓ pp. 188-189

Material aspects	DMA and indicators	Page	Omissions	External Assurance
Compliance				
	G4-DMA	pp. 34-35; Code of Ethics (p. 5; pp. 20-21) [i]		✓ pp. 188-189
	G4-PR9	Annual Report 2014 (pp. 400-405) [i]		✓ pp. 188-189
FINANCIAL SECTOR SUPPLEMENTS				
CATEGORY: SOCIAL				
SOCIETY				
Local Community				
	FS13	pp. 140-141		✓ pp. 188-189
	FS14	p. 91; Proximity [i]		✓ pp. 188-189
PRODUCT RESPONSIBILITY				
Product and Service Labelling				
	FS15	pp. 86-87; Relationship with customers [i]		✓ pp. 188-189
	FS16	p. 73		✓ pp. 188-189
SECTOR SPECIFIC CATEGORY: PRODUCT AND SERVICE IMPACT				
Product Portfolio				
	FS1	pp. 61-64; p. 124; CSR Policies [i]; Equator Principles [i]		✓ pp. 188-189
	FS2	p. 59; pp. 61-63; pp. 147-148; Equator Principles [i]		✓ pp. 188-189
	FS3	pp. 61-63; Equator Principles [i]		✓ pp. 188-189
	FS4	p. 63; pp. 111-112; p. 124		✓ pp. 188-189
	FS5	pp. 61-63; pp. 78-79; pp. 81-83; Equator Principles [i]		✓ pp. 188-189
	FS6	p. 14; pp. 141-142; About us (A presentation of the Group. Page 30) [i]		✓ pp. 188-189
	FS7	p. 70		✓ pp. 188-189
	FS8	p. 124		✓ pp. 188-189
Audit				
	FS9	pp. 57-59; Internal control system for the application of the Code of Ethics [i]; Monitoring against corruption [i]		✓ pp. 188-189

Material aspects	DMA and indicators	Page	Omissions	External Assurance
Active Ownership				
	FS10	pp. 142-143		✓ pp. 188-189
	FS11	pp. 142-143		✓ pp. 188-189
	FS12	pp. 78-79; p. 143		✓ pp. 188-189

NON GRI MATERIAL ASPECT

Material aspects	DMA	Page	Omissions	External Assurance
PROTECTING SOLIDITY AND PROFITABILITY				
	Generic DMA	pp. 30-31		✓ pp. 188-189
MANAGEMENT OF BUSINESS RISKS				
	Generic DMA	pp. 32-33; Management and control of risks [i]		✓ pp. 188-189
EMPLOYEES' ENHANCEMENT AND MANAGEMENT				
	Generic DMA	pp. 36-37; Code of Ethics (p. 7; pp. 13-14) [i]		✓ pp. 188-189
INTEGRITY AND RIGOUR IN COMPANY CONDUCT				
	Generic DMA	pp. 34-35; Code of Ethics (p. 5; 7; 18) [i]		✓ pp. 188-189
OFFERING VALUED SERVICE TO CUSTOMERS				
	Generic DMA	pp. 38-39; pp. 86-93; pp. 114-119; Code of Ethics (pp. 8-10) [i]		✓ pp. 188-189
CREDIT ACCESS AND SAVINGS MANAGEMENT				
	Generic DMA	pp. 40-41; pp. 78-79; Code of Ethics (p. 4; pp. 8-9) [i]; Responsible Investment [i]		✓ pp. 188-189
CLIMATE CHANGE				
	Generic DMA	pp. 42-43; Code of Ethics (p. 7; 16) [i]; Environmental policies [i]		✓ pp. 188-189

GRI - Impact boundaries

IDENTIFIED MATERIAL ASPECTS	Page	GRI Indicators	Within	Outside
PROTECTING SOLIDITY AND PROFITABILITY	p. 30	G4-EC1; G4-EC3; G4-EC4; G4-EC5; G4-EC6; G4-EC7; G4-EC8	Intesa Sanpaolo Group	Shareholders, Customers, Suppliers, Environment, Community
MANAGEMENT OF BUSINESS RISKS	p. 32	G4-LA5; G4-LA6; G4-LA8; G4-LA16; G4-HR1; G4-HR2; G4-HR4; G4-HR5; G4-HR6; G4-HR8; G4-HR9; G4-HR12; G4-SO1; G4-SO2; G4-SO11; G4-EN34; G4-PR1; G4-PR6; FS1; FS2; FS3; FS5	Intesa Sanpaolo Group	Shareholders, Customers, Suppliers, Environment, Community
INTEGRITY AND RIGOUR IN COMPANY CONDUCT	p. 34	G4-EN29; G4-SO3; G4-SO4; G4-SO5; G4-SO6; G4-SO7; G4-SO8; G4-PR2; G4-PR7; G4-PR8; G4-PR9; FS9	Intesa Sanpaolo Group	Shareholders, Customers, Suppliers, Environment, Community
EMPLOYEES' ENHANCEMENT AND MANAGEMENT	p. 36	G4-LA1; G4-LA2; G4-LA3; G4-LA4; G4-LA9; G4-LA10; G4-LA11; G4-LA12; G4-LA13; G4-HR3; FS4	Intesa Sanpaolo Group	Customers, Community, Shareholders
OFFERING VALUED SERVICE TO CUSTOMERS	p. 38	G4-PR3; G4-PR4; G4-PR5; FS13; FS14; FS15	Business Units, Operations, Compliance, IT Department, Innovation, External Relations	Customers, Community
CREDIT ACCESS AND SAVING MANAGEMENT	p. 40	FS6; FS7; FS8; FS10; FS11; FS12; FS16	Business Units, Risk Management, Credit, Innovation, Compliance	Shareholders, Customers, Environment, Community
CLIMATE CHANGE	p. 42	G4-EC2; G4-EN1; G4-EN2; G4-EN3; G4-EN4; G4-EN5; G4-EN6; G4-EN7; G4-EN8; G4-EN15; G4-EN16; G4-EN17; G4-EN18; G4-EN19; G4-EN21; G4-EN23; G4-EN30; G4-EN31; FS8	Intesa Sanpaolo Group	Environment, Customers, Community

Note on methods

The Sustainability Report is drafted in accordance with the “Sustainability Reporting Guidelines” of the Global Reporting Initiative (GRI G4) and the “Financial Services Sector Supplements”, option “Core”.

The Sustainability Report guidelines for the banking sector “The Report to Stakeholders: A Guide for Banks” published by ABI in collaboration with EconomEtica (Multi-University Centre for Economic Ethics and Corporate Social Responsibility) were also taken into consideration.

MATERIALITY AND REPORTING PRINCIPLES

The content selection took into account the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness. The materiality analysis (page 26), conducted in compliance with the GRI 4 Guidelines, allowed the topics to be assessed on the basis of their materiality and their potential financial impact both on the Bank’s activities and on the community and on stakeholders. Moreover, the GRI principles were applied to define the quality of information criteria (balance/neutrality, comparability, accuracy, timeliness, clarity and reliability) and the reporting boundary.

Based on the AA1000 methodology, the stakeholder map was also updated once again during 2014 to bring it more in line with the new corporate development lines and the social context. The review was based on the stakeholder identification criteria defined in the AA1000APS Accountability standard.

Information in addition to that provided in the Sustainability Report is published in the Sustainability section of the website [i]. Links to this additional information are included within the report, in the descriptions and in the GRI Content Index.

The Sustainability Report is subject to limited review. The assignment was granted to the independent auditors KPMG S.p.A. The report describing the steps involved and related conclusions can be found on page 188.

THE REPORTING PROCESS

All company departments contribute to the drafting of the Sustainability Report content and deal with dialogue initiatives with stakeholders through the CSR Delegates, appointed by the various heads of Group departments and companies, who work in close contact with the CSR Unit. Data collection is centralised, on the same reporting platform used to control the economic, capital and commercial performance of the Business Units. The reporting process is defined in special “Guidelines for the preparation of the Sustainability Report and related management processes”, which became corporate policy in 2009 [i].

MEASUREMENT SYSTEMS

The indicators illustrated in the Sustainability Report were identified according to reference standard indications, to our obligations deriving from the adoption of international sustainability protocols and to the commitment to ensuring that the path to achieving our objectives is measurable. Almost all the data were collected directly, except for certain estimates which are duly specified. To ensure accuracy in the collection and uniformity in the interpretation of the indicators required, the data measurement systems are supported by a technical manual which, for the quantitative indicators, formalises their relevance, the calculation methods and the data source.

The data presented refer to the 2014 financial year and, where possible, are compared to the previous two years. Re-statements concerning data published in previous years, unless specified to the contrary, are not carried out.

THE REPORTING PERIOD AND BOUNDARY

The Sustainability Report is published on an annual basis. The previous Report was published in April 2014. The reporting boundary for the Sustainability Report includes active companies important for sustainability reporting purposes and which are included in the 2014 Consolidated Financial Statements. The evaluation criteria adopted for the inclusion of each Group company in the reporting boundary took into account the features of the companies based on the social and environmental impacts generated, their contribution to the Consolidated Financial Statements in terms of capital and profit and the number of employees. In 2014 the Ukrainian Praxex Bank – for which sale negotiations are in progress – was excluded from the reporting boundary.

A summary of the 2014 Sustainability Report is published in the “Report on Operations” in the Intesa Sanpaolo Group Consolidated Financial Statements (see chapters: “Stakeholder map”, page 26 and “Social and environmental responsibility”, page 133).

In drawing up this summary, we implemented the Guidelines issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Chartered and Certified Accountants) published in March 2009 following the changes introduced by Legislative Decree 32/2007.

This edition of the Sustainability Report is also available on the website [i].

Auditors' Report



KPMG S.p.A.
Revisione e organizzazione contabile
 Via Vittor Pisani, 25
 20124 MILANO MI

Telefono +39 02 6763.1
 Telefax +39 02 67632445
 e-mail it-fmauditaly@kpmg.it
 PEC kpmgspe@pec.kpmg.it

(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the sustainability report

To the management board of Intesa Sanpaolo S.p.A.

We have carried out a limited assurance engagement of the 2014 sustainability report of the Intesa Sanpaolo Group (the "Group").

Management board's responsibility for the sustainability report

The parent's management board is responsible for the preparation of the sustainability report in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Note on methods" section of the sustainability report, as well as for that part of internal controls that it considers necessary for the preparation of a sustainability report that is free from material misstatement, also due to fraud or unintentional conduct or events. It is also responsible for defining the Group's objectives regarding its sustainability performance, the reporting of the achieved results and the identification of the stakeholders and the significant matters to report.

Auditors' responsibility

Our responsibility is to issue this report based on our procedures. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)", issued by the International Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. These procedures include inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

The procedures we performed on the sustainability report aimed at checking that its content and quality complied with the "G4 Sustainability Reporting Guidelines" and may be summarised as follows:

- comparing the information and data presented in the "Calculation and distribution of economic value" section of the sustainability report to the corresponding financial information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2014, on which we issued our report dated 12 March 2015 pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010;
- holding interviews aimed at analysing the governance system and the process for managing the sustainable development issues relating to the Group's strategy and activities;
- analysing the reporting of significant matters process, specifically how these matters are identified and prioritised for the each stakeholder category and how the process outcome is validated internally;

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Armani Anna Bert Bonanno
 Bologna Roberto Biondi
 Casale Corno Franco Gemma
 Lecce Gianni Napoli Novino
 Padova Roberto Perini Pizzolo
 Pescara Roma Silvio Tassinari
 Torino Ugo Vercini

Società per azioni
 Capitale sociale
 Euro 4.025.000,00 i.r.
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 R.E.A. Milano n. 1/1987
 Partita IVA 01070001518
 ISCT number 170170001518
 Sede legale Via Vittor Pisani, 25
 20124 Milano MI (Italia)



*Intesa Sanpaolo Group
Independent auditors' report
on the sustainability report
31 December 2014*

- analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following:
 - interviews and discussions with management personnel of Intesa Sanpaolo S.p.A. and personnel of Intesa Sanpaolo Group Services S.C.p.A., Gruppo CR Firenze S.p.A., Banco di Napoli S.p.A., Carisbo S.p.A. and Cassa di Risparmio del Veneto S.p.A., to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;
 - sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the existence and adequacy of processes and that the internal controls correctly manage data and information in relation to the objectives described in the sustainability report;
- analysing the compliance and overall consistency of the qualitative information included in the sustainability report with the guidelines referred to herein in the "Management board's responsibility for the sustainability report" paragraph;
- analysing the stakeholder involvement process, in terms of methods used, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter on the compliance of the sustainability report with the guidelines indicated in the "Management board's responsibility for the sustainability report" paragraph and on the reliability and completeness of the information and data contained therein.

As required by the "G4 Sustainability Reporting Guidelines", the data and information covered by our procedures are set out in the "GRI Content Index" table of the sustainability report.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000, and, therefore, it does not offer assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement. Reference should be made to the report dated 16 April 2014 for our conclusion on the prior year corresponding information and data presented for comparative purposes.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2014 sustainability report of the Intesa Sanpaolo Group has not been prepared, in all material respects, in accordance with the "G4 Sustainability Reporting Guidelines", issued in 2013 by GRI – Global Reporting Initiative, that are detailed in the "Note on methods" section of the sustainability report.

Milan, 24 April 2015

KPMG S.p.A.

(signed on the original)

Domenico Fumagalli
Director

Contacts

Intesa Sanpaolo Spa

Registered Office	Piazza S. Carlo 156 10121 Torino Tel.: +39 011 5551
Secondary Registered Office	Via Monte di Pietà 8 20121 Milano Tel.: +39 02 87911

Further information

Corporate Social Responsibility	Tel.: +39 02 87963435 Fax: +39 02 87962028 E-mail: csr@intesasanpaolo.com
Investor Relations	Tel.: +39 02 87943180 Fax: +39 02 87943123 E-mail: investor.relations@intesasanpaolo.com
Media Relations	Tel.: +39 02 87963531 Fax: +39 02 87962098 E-mail: stampa@intesasanpaolo.com
Internet	group.intesasanpaolo.com 

Prepared by	Intesa Sanpaolo Spa - Corporate Social Responsibility
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Intesa Sanpaolo Spa

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 VAT number 10810700152
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 included in the National Register of Banks No. 5361 and Parent Company of "Intesa Sanpaolo"
 Group, included in the National Register of Banking Groups

GALLERIE D'ITALIA.
THREE MUSEUM CENTRES: A CULTURAL NETWORK FOR THE COUNTRY.

Through the Gallerie d'Italia project, Intesa Sanpaolo intends to share its artistic and architectural heritage with the public at large: 1,000 works of art displayed in historic palazzi in three cities, forging the links in a museum network that is unique of its kind.

In an architectural complex of great value, the **Gallerie di Piazza Scala** in Milan host a selection of two hundred nineteenth-century works of the Lombard school, along with a display itinerary dedicated to Italian art of the twentieth century.

The **Gallerie di Palazzo Leoni Montanari** in Vicenza display the most important collection of Russian icons in the West, examples of eighteenth-century Veneto art and a collection of ceramics from Attica and Magna Graecia.

In Naples, the **Gallerie di Palazzo Zevallos Stigliano** present the *Martyrdom of Saint Ursula*, one of Caravaggio's last masterpieces, along with works of southern Italian art ranging from the seventeenth to the early twentieth century.

Cover photo



Apulian red-figure volute krater

depicting: *Maidens at the Fountain and Amazonomachy*

Workshop of the Baltimore Painter

330-310 BC

h. max. 73 cm, diam. rim 35.5 cm

Intesa Sanpaolo Collection

This Apulian red-figure volute krater belongs to the Intesa Sanpaolo collection of ceramics from Attica and Magna Graecia. It was made around 330-310 BC in the Workshop of the Baltimore Painter – one of the most important late Apulian workshops which operated between Canosa and Ruvo and was specialised in vases of large proportions.

The main side is decorated with a scene of Amazonomachy – a battle between Greeks and Amazons – while the neck of the krater is adorned with a figurative scene portraying a group of maidens at a fountain. The damsels are posed around a double-spouted fountain gushing forth within a *naiskos* (small temple). They collect and carry the water using the large recipients designed for this purpose, known as *hydriae*.

In Ancient Greece, as in all cultures in different parts of the world and in different periods, water has a very strong symbolic significance. It generates life and evokes the concept of birth, and also of rebirth and transformation: it is a dynamic element, representing the flow of becoming. It represents purifying energy and a means of regeneration. Water has always been a vital element, a common good to be shared, a precious and inestimable resource to be defended as the source and guarantee of life and wellbeing.

