

RESEARCH POLICY

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Foreword

Financial analyses, investment recommendations and research on financial instruments and issuers may influence the behaviour of investors (whether institutional or retail). It is important therefore, that these activities be carried out with a high level of honesty and transparency. This is essential for a financial market to function with integrity and investor confidence to be maintained.

For the above reasons, the regulations currently in force emphasize that financial information should be both clear and complete while analysts should maintain their independence and act appropriately at all times. In addition, it is important that recommendations are communicated in the right manner.

The objective of this Research Policy is to introduce, alongside laws and rules already in force, measures which guarantee that recommendations are communicated completely, clearly, independently and in an appropriate manner.

The following principles apply to the recommendations of the financial analysts of the Research Division of Intesa Sanpaolo. The recommendations relate to research and analysis carried out by these analysts.

As far as this Research Policy is concerned, the word "recommendation" means any communication, research or analysis, whether written or verbal, distributed in paper or electronic form, for public consumption and proposing an investment strategy. This strategy is concerned with financial instruments and/or the issuers of financial instruments involved in a negotiation (or for whom a request to be involved in a negotiation has been received). The context of this recommendation is the regulated market of Italy or another member country of the European Union, as well as institutional or retail investors and issuers of financial instruments.

The term "recommendation" is also taken to include any media interview regarding investment strategy and recommending a particular investment decision. It relates to the financial instruments mentioned above, the issuers of these instruments as well as views on the value and price of these instruments.

The recommendations covered in this document are destined for public consumption or for relevant channels of communication. The "communication to the public" of a document requires, wherever possible, smooth, rapid and clear reception on the part of investors. This should be similar to that at a conference, public meeting or free publication on an Internet site. The "channels of communication" of a document are channels through which information is made public (or is likely to be made public) in a way that is accessible to a large number of people. Channels of communication include transmission by post, fax or e-mail to groups of investors, or publication on a private area of an Internet site.

Investment advice consisting of personalized proposals will not be considered a recommendation for the scope of this document. This advice is unlikely to be made public and is given to the client in relation to one or more operations involving financial instruments.

This Research Policy contains guidelines relating to the formulation and diffusion of recommendations and the ways in which these are made public. The guidelines have been

adopted by the Bank in line with regulations currently in force¹ and may be considered part of the wider “Internal Model for the Management of Confidential Information and Conflicts of Interests” of the Intesa Sanpaolo Group.

This Research Policy operates in tandem with other principles and rules (such as the Group’s Internal Behaviour Code) that financial analysts are already expected to observe during their professional working lives.

GENERAL PRINCIPLES

1. Financial analysts must conform to the highest standards of integrity and professional competence.

Financial analysts are selected on the back of solid experience and a proven track record in the field of analysis and valuation of investments in financial instruments and other financial products.

Financial analysts are expected to carry out their professional activities with integrity, impartiality, and independence and with a high level of professionalism. They should always demonstrate objective judgement.

Financial analysts should respect confidentiality in relation to all news, data or information which may come into their possession while they are carrying out their professional duties. Specifically, no confidential financial information which comes into their possession in the course of their professional activities may be utilized (either directly or indirectly) or passed to a third party.

A financial analyst is not permitted to perform personal operations involving financial instruments issued by companies routinely recommended by the analyst, or instruments from industrial sectors in which these recommended issuers operate. In the event that financial analysts find themselves in possession, whether directly or indirectly, of financial instruments issued by companies which later become covered by their recommendations, then this state of affairs must be declared.

Any positions in investments held on the date this policy comes into force or on the day a new issuer starts being covered by the analyst’s recommendations should, if not conforming to the criteria outlined previously, be disposed of within six months.

The financial analyst must not produce recommendations involving issuers in which he or she has any management role or other position. This also applies where any management role or other position is covered by the analyst’s partner, spouse, children, as well as any person with whom the analyst lives, be they parents, relatives or any other person living with the analyst.

The following roles and positions are considered relevant to the above: Managing Director, Member of the Board of Directors, Member of the Trade Union Committee, Member of the Management Board, permanent Member of the Supervisory Committee, Member of the

¹ See article 69 onwards of Consob Regulation 11971/99 and subsequent modifications

Management Control Committee, Director General. In any case, those roles and positions considered relevant will be identified by the issuer following the regulations governing internal dealing.

The financial analyst may not receive from or offer to issuers, institutional investors or any other parties any favours, monies or benefits of any other nature, unless these are clearly attributable to normal relations of courtesy. In addition, the analyst may not receive financial instruments pertaining to prior operations.

2. Criteria for the correct presentation of recommendations

When compiling recommendations a financial analyst should:

- show clearly his or her name and organizational role, the official name of Intesa Sanpaolo SpA, the person responsible for producing the recommendation and the official body authorizing Intesa Sanpaolo SpA to offer investment services;
- make sure that facts are clearly separated from interpretations, valuations, opinions or any other information which may not be considered hard facts. Additionally, any projections, forecasts or price objectives should be clearly shown as such, along with the main hypotheses used to formulate these;
- ensure that the sources of all data supporting the recommendation are reliable. Should there be any doubt as to reliability, then this should be clearly indicated;
- make sure that the preparation and calculation of economic and financial forecasts regarding the prospects and future trends of a company are the result of an autonomous and independent judgement of the data and other information communicated by the company recommended by the analyst;
- indicate the base elements and/or methodologies used to form the judgement and specifically the major sources of the data presented in the recommendation (including the recommended company itself). The occasion and the date on which this data was obtained should be shown, as should the methodology used to carry out the valuation;
- indicate the date on which the judgement was formulated, the date on which the recommendation was first made and the price of the investment at the moment of valuation. Whenever the recommendation mentions the prices of financial instruments the financial analyst is obliged to indicate the relevant time and date;
- express, on the basis of results obtained from the valuation, a personal judgement taking into consideration the full range of judgements the bank has made over time;
- make clear the frequency of future updates to the recommendation as well as any modifications which have been adopted (or are in the process of being adopted) to the bank's policy as previously indicated;
- clearly indicate judgements expressed in the twelve months prior to the publication of the recommendation and the date(s) to which these refer. In the event that a recommendation differs from one previously expressed, or a different target price is

indicated, then the modification and the date of the previous recommendation should be clearly shown;

- underline, in the case that when making a recommendation a target price has been indicated for the instrument (in other words the potential price an instrument could achieve on the basis of market conditions at the time the analysis was carried out), the instrument's fair value. This represents the intrinsic value of the instrument calculated using specific financial analysis methodologies. In addition, the analyst should indicate the timescale for which the target price remains valid;
- show the comparison between the target price forecast and the actual price of the financial instrument in the period following publication of the recommendation.

The valuation system used in making recommendations is clearly explained in the relevant section of the Banca Caboto website (www.caboto.it). This makes use of a standard legend of explanations which is included in each and every recommendation. The importance of each recommendation is explained and possible risk factors are highlighted; a sensitivity analysis of realistic hypotheses is also included.

Every three months the percentage of recommendations made is published in the appropriate section of the above-mentioned website as well as, for each category, the percentage of issuers to whom the Intesa Sanpaolo Group has offered financial services in the previous twelve months.

Before publication, all recommendations should undergo a compliance review carried out by the function concerned. The aim of this review is to ensure not only that all standards adopted by Intesa Sanpaolo are met in full, but also that the recommendation is clearly expressed and in line with realistic expectations. During the compliance review process any circumstances which could give rise to conflicts of interests are also noted and, working in tandem with the financial analysts, an appropriate disclaimer is produced.

3. Clarifying the interests and conflicts of interests of the Intesa Sanpaolo Group

Recommendations also supply clear, complete and precise information regarding situations (financial interests and business relations) which could, due to their nature, generate possible conflicts of interests and/or which appear, even if only potentially, capable of compromising objectivity in forming judgements.

3.1 Financial interests of the Intesa Sanpaolo Group

In order to clearly define interests and conflicts of interests the following situations (referring to the whole of Intesa Sanpaolo) are considered to be financial interests:

- the holding of a sizeable stake in the share capital of the issuer. This is taken to mean an investment (direct or indirect) amounting to more than 2% of total share capital issued. The reverse also applies in the case of a stake held by the issuer in the share capital of Intesa Sanpaolo;
- agreements between shareholders of the Bank and shareholders of the issuer;

- participation by employees and/or management in corporate bodies of the issuer or of other companies in the same group as the issuer. The reverse also applies - namely participation of employees and/or management of the issuer in the corporate bodies of Intesa Sanpaolo;
- the existence of a significant credit exposure² concerning the issuer. This credit exposure is quantified as a percentage of regulatory capital and also as a percentage of debt shown in the issuer's accounts;
- the existence of financial instruments (issued by companies of the Intesa Sanpaolo Group) connected with financial instruments of the issuer, including covered warrants and certificates.
- The existence of significant open positions for financial instruments (including derivatives), which are based on financial instruments issued by the issuer.

The Intesa Sanpaolo Group will not publish recommendations in cases where stakes (including guarantees) held in the issuer represent over 50% of share capital with voting rights. This will also apply in cases where the Group holds a stake representing a majority of the share capital of the issuer and is also party to agreements between shareholders aimed at obtaining voting rights for over 50% of the issuer's share capital.

3.2 Business relations of the Intesa Sanpaolo Group

As far as business relations are concerned, disclosure should be given in the following circumstances:

- the performance by the Group of financial services for the issuer in the twelve-month period prior to the recommendation, except in cases involving the communication of confidential commercial information;
- the taking on, within the same period, of a role in a group of investment intermediaries and intermediaries underwriting new issues, and particularly when the intermediary underwrites a part of a placement or purchases directly from the issuer;
- the Intesa Sanpaolo Group taking on, within the same period, the role of market maker or specialist in the financial instruments of the issuer, or carrying out the function of lead manager or co-lead manager responsible for the placement, or acting as a sponsor of a public offer of the issuer's financial instruments.

In conformance with company policy relating to dealing with conflicts of interests, in certain situations, such as the activation of the crossing procedure, internal measures can be taken

² Normally a financial operation is considered significant if the difference between the amount agreed and the amount used is equal to or greater than 0.5% of regulatory capital or should the total finance offered by the Intesa Sanpaolo Group to the issuer represent a percentage (on that agreed or that used) equal to or greater than 33% of finance offered to the issuer by the banking system, according to the Central Risk archives of the Bank of Italy.

to temporarily suspend the publication of recommendations for a particular issuer; information regarding this suspension will be available on the Restricted List.

4. *Organizational and administrative mechanisms, including barriers to the exchange of information, put in place to avoid conflicts of interests*

In the organizational structure of the Intesa Sanpaolo Group the business unit responsible for producing recommendations is external to the Corporate Division (which is responsible for investment and corporate banking and for developing business relations with medium and large sized clients).

In addition, the Chinese Wall system used by Intesa Sanpaolo is aimed at ensuring that the Research Division is kept separate and independent both from the Corporate Side and from the Market Side of the business.

It is expressly forbidden for analysts to communicate with any other business unit in the bank regarding recommendations currently being produced or to give any advance information concerning the results (recommendation and target price).

It is expressly forbidden for any employee of the Intesa Sanpaolo Group to:

- influence in any way, or attempt to influence, the contents of a recommendation;
- offer or promise research favourable to an issuer.

In general, analysts must avoid any activity or role which could prejudice, or appear to prejudice, the independence of their research. For example, analysts should avoid taking part in any activity which shows, or seems to show, that they represent the interests of a particular issuer or the interests of the corporate and investment banking divisions.

In particular, financial analysts are not permitted to:

- participate in activities aimed at procuring business for the corporate and investment banking divisions (pitching for business);
- communicate with issuers with the aim of obtaining new business for the corporate and investment banking divisions;

Financial analysts may participate in road shows connected with specific market placements of financial instruments only for the purpose of hearing the widely held views of the financial community. They should, however, avoid over-proactive behaviour such as interpreting or commenting on such information in this context.

Financial analysts may interact internally with the corporate and investment banking divisions. However, the Chinese Wall should be rigorously respected, as should the procedure outlined in the "Internal Model for Managing Confidential Information and Conflicts of Interests". This includes procedures for communicating across the Chinese Wall (crossing procedures).

In addition, Corporate and Investment Banking may not approve, or check in advance, draft versions of recommendations.

Remuneration of financial analysts is determined in such a way as to guarantee their independence. The variable aspect of their remuneration does not cover investment banking operations in which the analyst has performed a consultancy role.

5. When compiling recommendations financial analysts should never be influenced by the issuing company, by institutional investors or by other external factors.

Prior to publication the financial analyst may, through the Compliance Section, send a draft version of the recommendation to the relevant issuer. The only aim of this communication should be to establish the accuracy of facts reported in the draft recommendation. In any event, the financial analyst is in no way bound by any observations received from the issuer as regards the content of the research or the timing of the publication. The draft version must not contain any recommendations concerning the financial instrument being analyzed or any reference to target price.

The financial analyst is obliged to indicate on any recommendation whether it had been sent previously to the issuer and whether or not it had as a consequence been modified before being made available to the public.

No business unit of the Intesa Sanpaolo Group which has relations with clients and which works with the Corporate Division may agree with the issuer the contents of the recommendations and/or the specific valuation or target price.

6. Procedure for communicating recommendations

The communication of recommendations is effected in a complete, timely and appropriate manner, and in such a way as to avoid inconsistencies, to all clients (grouped in homogeneous categories). The Intesa Sanpaolo Group guarantees that all clients receive the recommendations in the same time frame.

The recommendations may be sent to specific categories of Intesa Sanpaolo Group clients (including brokers and non-brokers). The number and type of destination client is shown as part of the recommendation.

In order to ensure that all receivers of recommendations are treated equally, the analyst may not, when in contact with institutional investors, give an advance indication of the contents (e.g. specific recommendations, target price) of a recommendation currently being produced. Instead, the analyst should limit him/herself to comments regarding the assets or the economic and financial situation of the issuer under analysis.

The financial analyst may not divulge to third parties the contents of recommendations destined for clients until such time as these recommendations have been made public.