INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: RESULTS AS AT 30 JUNE 2008

- **Consolidated net income for the first half of 2008: +22.4% adjusted (3.1 billion euro stated, from 5.3 billion in first half 2007).**
- **Operating income: +2% adjusted (9,580 million euro stated, -2.7% compared with 9,846 million in first half 2007).**
- **Operating costs: -2.8% adjusted (4,818 million euro stated, +2.9% compared with 4,681 million in first half 2007).**
- **Operating margin: +8% adjusted (4,762 million euro stated, -7.8% compared with 5,165 million in first half 2007).**
- **Income before tax from continuing operations: +13.6% adjusted (4,259 million euro stated, -0.5% compared with 4,282 million in first half 2007.**
- **Capital ratios as at 30 June 2008: Tier 1 ratio at 6.6%.**
- **Net risk exposure to structured credit products with underlying US subprime was negative 14 million euro as at 30 June 2008.**

Torino, Milano, 28 August 2008 – Today, Intesa Sanpaolo's Management Board, chaired by Enrico Salza, met and approved the consolidated half-yearly report as at 30 June 2008 (*).

The Group results for the first half of 2008 highlighted a positive performance, compared with the first half of 2007 on an adjusted basis excluding the main non-recurring items and the negative impact of the international financial market crisis - which commenced in the second half of 2007 - affecting profits on trading which however returned to making a positive contribution in the first two quarters of 2008 after the negative posting of the fourth quarter of 2007.

Intesa Sanpaolo's **consolidated net income** for the first half of 2008 amounted to 3,105 million euro from 5,286 million of the first half of 2007. There would be **an increase of 22.4%** over the same period of 2007 excluding the main non-recurring items (**) and profits on trading (which were 284 million in the first half of 2008 and 801 million in the corresponding period of 2007 when the first quarter's trading operations benefited from particularly favourable market environment) and related taxes.

(*) Methodological note on the scope of consolidation at page 8.

(**) The main non-recurring items comprised: 1) 67 million euro from the IMI-SIR settlement registered under the caption other operating income of the first half of 2008 and related taxes, 2) 278 million recoveries on Employee Termination Indemnities (TFR) in the personnel expenses of the first half of 2007 and related taxes, 3) a 268 million capital gain made on the disposal of Agos in profits on investments held to maturity of the first half of 2008 and related taxes, 4) income after tax from discontinued operations (925 million euro in the first half of 2008 including the capital gain made on the disposal of 198 branches and 3,038 million in the first half of 2007 comprising the capital gain made on the disposal of Cariparma and FriulAdria and 29 branches), 5) integration charges (542 million in the first half of 2008 and 123 million in the first half of 2007) and related tax savings (which resulted in net integration charges of 389 million in the first half of 2008 and 80 million in the first half of 2007) and 6) charges from purchase cost allocation, net of tax (286 million in the first half of 2008, which included a first estimate of charges relating to the acquisition of Carifirenze and Nextra Investment Management, and 273 million in the first half of 2007).

As fully detailed when disclosing results for 2007 and for the first quarter of the current year, Intesa Sanpaolo is only indirectly exposed to the US subprime mortgage crisis through structured credit products which were affected by the dramatic decline in prices during the fourth quarter of 2007 and the first half of 2008, with impact on profits on trading mainly in terms of write-downs.

The Group had a **net risk exposure** to structured credit products with underlying **US subprime,** which was **negative** 14 million euro as at 30 June 2008, as a result of a "long" position of 33 million euro and "short" position of 47 million euro.

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The economic performance of the Intesa Sanpaolo Group in the first half of 2008
(% changes compared with the first half of 2007)

	Adjusted results (excluding main non-recurring items and profits on trading)	**Stated results** (including main non-recurring items and profits on trading)
Operating income	**2.0**	-2.7
Operating costs	**-2.8**	2.9
Operating margin	**8.0**	-7.8
Income (Loss) before tax from continuing operations	**13.6**	-0.5
Net income	**22.4**	-41.3

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<u>Income statement for the first half of 2008</u>

The consolidated income statement for the first half of 2008 registered **operating income** of 9,580 million euro, down 2.7% from 9,846 million in the first half of 2007, up 2% excluding profits on trading and the 67 million income from the IMI-SIR settlement in the first half of 2008.

As part of this, in the first half of 2008, **net interest income** rose to 5,724 million, up 10.9% compared with the 5,162 million in the first half of 2007.

Net fee and commission income, 3,137 million euro, registered a 6.1% decrease on the 3,341 million in the first half of 2007. Commissions on commercial banking activities were stable (1,013 million, up 0.1%), due to growth in total commissions on guarantees given, collection and payment services and credit and debit cards which offset the reduction in commissions on current accounts due to the higher placement of low-cost products. Commissions on management, dealing and consultancy activities (which include portfolio management, distribution of insurance products, placement of securities, etc.) posted 1,682 million euro, with a 9.7% decrease on account of negative market performance and customer risk aversion.

Profits on trading amounted to 284 million euro - recording negative effects of the financial market crisis on structured credit products of approximately 200 million, due to write-downs - compared with the 801 million in the first half of 2007 (the 2007 first quarter result benefited from a particularly favourable market environment).

Income from insurance business amounted to 186 million euro, compared with the 300 million in the first half of 2007.

Operating costs amounted to 4,818 million euro with a 2.9% increase with respect to the 4,681 million in the first half of 2007, as a result of personnel expenses up 6.1%, administrative expenses flat and adjustments down 7.5%. Excluding recoveries on Employee Termination Indemnities (TFR) of 278 million euro from the figures of the first half of 2007, operating costs were reduced by 2.8% and personnel expenses by 3.7%.

Consequently, **operating margin** totalled 4,762 million euro, down 7.8% with respect to the 5,165 million in the first half of 2007, with the cost/income ratio going from 47.5% in the first half of 2007 to 50.3% in the first half of 2008. Excluding profits on trading, the income from the IMI-SIR settlement in 2008 and TFR recoveries in 2007, operating margin increased by 8% with an improvement in the cost/income ratio from 54.8% in the first half of 2007 to 52.2% in the first half of 2008.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) totalled 800 million euro compared with the 928 million of the first half of 2007. Profits/losses on investments held to maturity and on other investments amounted to 297 million euro; excluding the capital gain of 268 million generated from the Agos disposal, the figure was 29 million compared with the 45 million of the first half of 2007.

Income before tax from continuing operations posted 4,259 million euro, down 0.5% compared with the 4,282 million of the first half of 2007 but up 13.6%, excluding profits on trading, the IMI-SIR income in 2008, TFR recoveries in 2007 and the Agos capital gain in 2008.

Consolidated net income amounted to 3,105 million euro - compared with the 5,286 million of the first half of 2007 (the latter benefited from net capital gains on disposals of approximately 2,870 million compared with less than half that figure generated in the first half of 2008) - after accounting for:
- taxes of 1,310 million;
- income after tax from discontinued operations of 925 million, mainly made up of the net capital gain on the disposal of 198 branches to Banca Carige, Gruppo Credito Valtellinese, Veneto Banca, Banca Popolare Alto Adige and Banca Popolare di Bari;
- integration charges (net of tax) of 389 million including provisions of approximately 260 million (net of tax) set aside to activate again the Solidarity Allowance for the approximately 1,750 applications exceeding the number set out in the Agreement with Trade Unions of 1 August 2007;
- charges from purchase cost allocation (net of tax) of 286 million, which included a first estimate of charges relating to the acquisition of Carifirenze and Nextra Investment Management;
- a minority interest of 94 million.

The statement of income for the second quarter of 2008

The consolidated statement of income for the second quarter of 2008 registered **operating income** of 4,932 million euro, down 0.4% with respect to the second quarter of 2007 and up 6.1% on the first quarter of 2008. Operating income was in line with the second quarter of 2007 and down 0.4% with respect to the first quarter of 2008 excluding profits on trading and the 67 million income from the IMI-SIR settlement registered in the second quarter of 2008.

As part of this, in the second quarter of 2008, **net interest income** rose to 2,901 million, up 10.6% on the corresponding period of 2007 and up 2.8% on the first quarter of 2008.

Net fee and commission income totalled 1,535 million euro, a 7.8% decrease with respect to the second quarter of 2007 and down 4.2% versus the first quarter of 2008. In comparison with the same period of 2007, commissions on commercial banking activities were flat as a result of the increase in total commissions on guarantees given, collection and payment services and credit and debit cards offsetting the decrease in commissions on current accounts; commissions on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, placement of securities, etc.) were down 15%. In comparison with the first quarter of 2008, total commissions on commercial banking activities decreased 3% with a rise in total commissions on guarantees given, collection and payment services and credit and debit cards which only partially offset the drop in current accounts; commissions on management, dealing and consultancy activities decreased 15%.

Profits on trading were 259 million euro - registering negative effects of the financial market crisis on structured credit products of approximately 80 million - compared with the 347 million in the second quarter of 2007 and 25 million in the first quarter of 2008 (when the negative effects of the financial market crisis on structured credit products amounted to approximately 120 million).

Income from insurance business totalled 107 million euro from 179 million in the second quarter of 2007 and 79 million in the first quarter of 2008.

Operating costs totalled 2,426 million euro, up 9.6% with respect to the same period of 2007 due to a 18.1% increase in personnel expenses and a 1.7% rise in administrative expenses, whereas a 9.3% decrease was recorded in adjustments. Operating costs and personnel expenses were down 2.6% and 3.9% respectively excluding recoveries of 278 million on Employee Termination Indemnities (TFR) from the figures of the second quarter of 2007. With respect to the first quarter of 2008, operating costs were up 1.4% due to increases in administrative expenses, which were up 6.4% due in part to the seasonality effect, and adjustments which were up 1.6%, while personnel expenses were down 1.2%.

Consequently, **operating margin** totalled 2,506 million euro, down 8.4% with respect to the second quarter of 2007 and up 11.1% on the first quarter of 2008. The variation was up 3.2% and down 2.3% respectively, excluding profits on trading, the IMI-SIR income of the second quarter of 2008 and the TRF recoveries of the second quarter of 2007.

Net provisions and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) totalled 448 million euro compared with the 483 million euro in the corresponding period of 2007 and the 352 million in the first quarter of 2008. Profits on investments held to maturity and on other investments amounted to 284 million euro; excluding the capital gain of 268 million generated from the disposal of Agos, the figure was 16 million compared with the 8 million of the second quarter of 2007 and the 13 million of the first quarter 2008.

Income before tax from continuing operations was 2,342 million euro, up 3.5% on the second quarter of 2007 and up 22.2% on the first quarter of 2008; the variation was up 6.8% and down 7.6% respectively excluding profits on trading, the IMI-SIR income of the second quarter of 2008, TRF recoveries of the second quarter of 2007 and the Agos capital gain of the second quarter of 2008.

Consolidated net income amounted to 1,357 million euro - compared with the 1,320 million for the second quarter of 2007 and the 1,748 million for the first quarter of 2008 (the latter benefited from approximately 950 million net capital gains on disposals against capital gains equal to less than one third accounted for in the second quarter of 2008) - after accounting for:
- taxes of 702 million;
- loss after tax from discontinued operations of 25 million;
- integration charges (net of tax) of 68 million;
- charges from purchase cost allocation (net of tax) of 153 million, which included a first estimate of charges relating to the acquisition of Carifirenze and Nextra Investment Management;
- a minority interest of 37 million.

Balance sheet as at 30 June 2008

As regards the consolidated balance sheet figures, as at 30 June 2008 **loans to customers** reached 374 billion euro, up 6.9% above the figure as at 30 June 2007 (up 9.3% excluding repurchase agreements and up 9% taking into account the average volumes instead of those at the end of period) and up 5.1% above the figure as at 31 December 2007. Total **non-performing loans** (doubtful, substandard/restructured and past due by over 180 days) - net of adjustments - amounted to 9,308 million euro, up 11.6% with respect to the 8,338 million as at 31 December 2007. In detail, doubtful loans increased from 3,146 to 3,346 million euro, with an incidence of 0.9% on total loans (unchanged as at year-end 2007) and coverage of 71% (the same as at year-end 2007); substandard/restructured loans increased from 3,972 to 4,367 million euro and loans past due by over 180 days increased from 1,220 to 1,595 million euro.

Customer financial assets were 1,041 billion euro (after netting referred to components included in both direct and indirect customer deposits), down 1.2% with respect to 30 June 2007 and up 0.4% to 31 December 2007 due to the performance effect of indirect customer deposits. Under customer financial assets, direct customer deposits amounted to 421 billion, up 7.3% compared with 30 June 2007 and up 6.7% to 31 December 2007; indirect customer deposits reached 645 billion, down 6.4% with respect to 30 June 2007 and down 3.6% to year-end 2007. **Assets under management** totalled 249 billion euro, down 11.9% with respect to 30 June 2007 and down 8% on year-end 2007. As for bancassurance, in the first half of 2008, new business for life policies amounted to 4.7 billion euro. Assets under administration and in custody amounted to 397 billion euro, down 2.6% on 30 June 2007 and down 0.7% on 31 December 2007.

Capital ratios as at 30 June 2008 were calculated:
i. using the methodology set out in Basel 2 standardised, which - in the initial application phase - provides for use of the standardised method for the calculation of credit risk-weighted assets and for the calculation of operational risks while adopting the internal models for market risks already validated by the Bank of Italy for Basel 1,
ii. including - for the half-yearly quota - dividends of approximately 3.7 billion euro assumed for 2008,
iii. taking into account: the impact of the last step in the acquisition of Carifirenze control following the completion of the Public Tender Offer, the acquisition of Pravex-Bank and the disposal of Agos

and resulted in: Core Tier 1 ratio at 5.7% (5.9% at 31 December 2007, calculating the risk-weighted assets applying the Basel 1 regulations), Tier 1 ratio at 6.6% (6.5% at year-end 2007) and total capital ratio at 9.5% (9% at year-end 2007) with significant benefits expected from the future application of the Basel 2 IRB foundation. Potential further substantial strengthening might be contributed by capital management transactions on non-core assets for a total book value in the region of 8 billion euro, of which 4 billion currently deducted from Core Tier 1.

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As at 30 June 2008, the Intesa Sanpaolo Group's **operating structure** had a total network of 8,459 branches - of which 6,543 are in Italy and 1,916 abroad - with 112,260 employees, 510 less than at 31 December 2007.

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<u>Breakdown of results by business area</u>

The **Banca dei Territori** Division comprises:
- the Retail Area, which serves households (individual customers with financial assets up to 75,000 euro), personal (individual customers with financial assets between 75,000 euro and one million euro), small businesses (enterprises with a turnover under 2.5 million euro and with loan facilities under one million euro);
- the SME Area, in charge of managing SMEs with a turnover between 2.5 and 150 million euro;
- the Private Banking Department, which serves individual customers with financial assets exceeding one million euro.

The operations summarised above are performed through the Parent Company Intesa Sanpaolo and the network banks integrated in the IT system (Banco di Napoli, Cassa dei Risparmi di Forlì e della Romagna, Cassa di Risparmio di Padova e Rovigo, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Cassa di Risparmio del Friuli Venezia Giulia and Banca dell'Adriatico).
To serve non-profit entities Banca Prossima was set up, operational since November 2007 through the Group's branches, with regional centres and a team of specialists.
This Division also includes:
- the regional banks for which the IT integration process is not yet underway (Carifirenze, Casse del Centro and Banca di Trento e Bolzano);
- the product companies specialised in industrial credit (Mediocredito Italiano and Banca CIS), leasing (Leasint) and consumer credit (Neos Banca).

This Division also includes the insurance companies EurizonVita, Sud Polo Vita, Intesa Vita and Intesa Previdenza, Sanpaolo Bank (Luxembourg) which operates in international private banking, the fiduciary service companies SIREFID and Sanpaolo Fiduciaria, Setefi, the company specialised in management of electronic payment systems, and Si Holding which wholly owns CartaSi, the leading inter-bank company in the Italian credit card market.

In the first half of 2008, the Banca dei Territori Division registered operating income of 6,447 million euro, almost in line with the 6,488 million in the first half of 2007, accounting for 67% of consolidated operating income (66% in the same period of 2007). Operating costs registered a 3.2% reduction - from 3,358 to 3,251 million euro - and led to a 2.1% increase in operating margin which rose from 3,130 to 3,196 million euro with the cost/income ratio down from 51.8% to 50.4%. Net provisions and adjustments were stable, moving from 601 to 603 million euro. After profits on investments held to maturity and on other investments of 3 million euro, income before tax from continuing operations amounted to 2,596 million euro with a 2.5% increase with respect to the 2,532 million in the first half of 2007.

The **Corporate & Investment Banking** Division includes:

- the Corporate Relations Department, which manages relations with large and mid corporates (the latter with a turnover exceeding 150 million euro) in Italy, and develops activities in support of international trade;
- the International Network Department, which comprises foreign branches, representative offices and international subsidiaries specialised in corporate banking (Société Européenne de Banque, Intesa Sanpaolo Bank Ireland, Banca Intesa France and ZAO Banca Intesa). This Department has the mission of developing and managing the foreign corporate segment as well as providing specialised assistance and support to Italian corporate internationalisation and export;
- the Financial Institutions Department, which is responsible for relations with Italian and foreign financial institutions, management of transactional services related to payment systems, custody and settlement of securities as custodian and correspondent bank;
- Banca IMI, in charge of carrying out both investment banking activity, that is the creation of structured finance products and M&A consultancy services to the Group's clients, and the capital markets activities for the Group's clients and institutional operators in market making activities;
- the Merchant Banking Department, which operates in the private equity area also through the Private Equity International (PEI) and IMI Investimenti companies.

This Division also comprises the activities of Mediofactoring and proprietary trading.

In the first half of 2008, operating income of the Corporate & Investment Banking Division totalled 1,144 million euro - compared with the 1,450 million of the first half of 2007 (down 21.1%, up 8.6% excluding profits on trading) - accounting for 12% of consolidated operating income (the contribution was 15% in the same period of 2007). Operating costs, 433 million euro, were down 4.4 % with respect to the 453 million registered in the same period of 2007; operating margin amounted to 711 million euro, down 28.7% with respect to the 997 million in the corresponding period of 2007 with the cost/income ratio at 37.8% with respect to the 31.2% ratio in the first half of 2007; excluding profits on trading, operating margin increased by 19.4% and the cost/income ratio dropped to 39.9% from 45.3% in the first half of 2007. Net provisions and adjustments halved from 111 to 78 million euro. After profits on investments held to maturity and on other investments of 4 million euro, income before tax from continuing operations amounted to 636 million euro, down 28.1% with respect to the 885 million in the first half of 2007 but up 32.9% excluding the results of profits on trading.

The **Public Finance** business unit is responsible for customers in government, public entities, local authorities, public utilities, general contractors, public and private healthcare structures and developing activities related to lending and day-to-day banking operations, project financing, securitisations, financial advisory, with the aim of promoting cooperation between public and private entities and supporting initiatives and investment projects in big infrastructures, healthcare, research and in general public utilities. This business unit performs its activities through Banca Infrastrutture Innovazione e Sviluppo.

In the first half of 2008, operating income of the Public Finance business unit amounted to 145 million euro, down 4.6% compared with the 152 million in the same period of 2007, representing 1% of consolidated operating income (the same as in the first half of 2007); excluding profits on trading, operating income recorded an increase of 6.4%. With operating costs of 45 million euro, down 6.3% from the 48 million in the first half of 2007, operating margin was 100 million euro, down 3.8% with respect to the 104 million in the first half of 2007 and the cost/income ratio moved from 31.6% to 31%; excluding profits on trading, operating margin grew by 12.9% with an improvement in the cost/income ratio from 34% to 30%. Net provisions and adjustments amounted to 10 million euro. Income before tax from continuing operations was at 90 million euro, with a 1.1% rise compared with the 89 million of the same period of 2007; excluding profits on trading, this caption increased by 21.8%.

The **International Subsidiary Banks** Division is responsible for activities in foreign markets where the Group is operational through commercial banking subsidiaries and associates. The Division provides guidelines, coordination and support to subsidiaries abroad mainly active in retail banking; it is responsible for defining the Group's development strategy related to its direct presence abroad as well as exploring and analysing new growth opportunities in markets where the Group already has a presence, and in new markets. This Division also coordinates operations of international subsidiaries and their relations with the Parent Company's centralised functions and the Corporate & Investment Banking Division's branches and offices abroad. The Division is made up of the three following Departments which are in charge of the different geographical areas of the Group's international presence:

- the CEE & SEE Banking Area which includes the banking subsidiaries in Central-Eastern Europe, Banka Koper in Slovenia, Vseobecna Uverova Banka in Slovakia, Central-European International Bank in Hungary, and in South-Eastern Europe, Privredna Banka Zagreb in Croatia, Banca Intesa Beograd in Serbia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, American Bank of Albania in Albania and Intesa Sanpaolo Bank Romania;
- the CIS Banking Area, which includes the subsidiary KMB Bank in the Russian Federation and Pravex-Bank in Ukraine;
- the South Mediterranean & Asia Banking Area, in charge of developing, in particular, relations in the Mediterranean basin where the Group has a presence through Bank of Alexandria.

In the first half of 2008, operating income of the International Subsidiary Banks Division totalled 1,043 million euro with a 12.9% increase from the 924 million in the first half of 2007, accounting for 11% of consolidated operating income (9% in the same period of 2007). Operating costs grew by 12.2% from 474 to 532 million euro due to the extension of the commercial network; as a result, operating margin rose by 13.6% from 450 to 511 million euro and the cost/income ratio decreased from 51.3% to 51%. Net provisions and adjustments increased from 68 to 69 million euro; after profits on investments held to maturity and on other investments of 4 million, income before tax from continuing operations amounted to 446 million euro, with a 15.5% increase compared with the 386 million in the first half of 2007.

The **Eurizon Capital** business unit is the company specialised in providing collective and individual asset management products to the Group's banking networks and is also focused on strengthening its presence in the open market segment through specific distribution agreements with other networks and institutional investors. Eurizon Capital controls the subsidiaries Eurizon Capital (Luxembourg) and Eurizon Alternative Investments which promote and manage, respectively, funds incorporated under Luxembourg law and alternative funds. The Intesa Sanpaolo Group also has a presence in the asset management sector in China where the Group owns a 49.9% stake in Penghua Fund Management, an asset management company.

The Eurizon Capital business unit registered operating income of 180 million euro, down 10% with respect to the 200 million euro in the first half of 2007, accounting for 2% of consolidated operating income (the same as in the first half of 2007). With operating costs of 81 million euro, down 5.8% on the 86 million of the same period of 2007, operating margin amounted to 99 million euro, down 13.2% on the 114 million of the first half of 2007, and the cost/income ratio was at 45% from 43%. After net provisions and adjustments of one million euro, income before tax from continuing operations amounted to 98 million euro, down 12.5% from the 112 million in the same period of 2007.

The **Banca Fideuram** business unit, through its network of private bankers, performs asset gathering activities serving customers with medium to high savings potential. This business unit posted operating income of 341 million euro, down 5% compared with the 359 million in the same period of 2007, accounting for 4% of consolidated operating income (the same as in the first half of 2007). With operating costs of 164 million euro, down 3.5% with respect to the 170 million of the first half of 2007, operating margin amounted to 177 million euro, down 6.3% with respect to the 189 million of the first half of 2007, and the cost/income ratio was at 48.1% from 47.4%. After net provisions and adjustments of 18 million euro, income before tax from continuing operations totalled 159 million euro, down 5.9% from the 169 million of the first half of 2007.

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Over the second half of 2008, the easing of the negative impact generated worldwide by the US subprime mortgage crisis which began in the second half of 2007 - with resulting positive effects on the revenue trend also being sustained by an improvement in the financial component - together with continuing strict controls on operating costs should positively affect the operating margin performance. A steady application of the Bank’s well-established policy of selective and prudent lending should contribute to the containment of credit cost.

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For consistency purposes, the income statement data for the four quarters of 2007 were restated following the change in the scope of full consolidation with respect to two groups of transactions:

1. the acquisition of control of Carifirenze, which entered the scope of full consolidation in the first quarter of 2008 and was previously carried at equity for the approximately 18.6% of the share capital held by Intesa Sanpaolo. For 2007, the relevant components were consolidated line by line and approximately 81.4% of their contribution to net income recorded in minority interests;
2. full integration of Nextra Investment Management in the scope of consolidation in the income statement of the first quarter of 2008. For 2007, the relevant components were consolidated line by line and 65% of their contribution to net income recorded in minority interests.

Again for consistency purposes, the balance sheet data for the four quarters of 2007 were restated consolidating line by line the components relating to Carifirenze while the balance sheet data for the first three quarters of 2007 were restated consolidating line by line the components relating to Nextra Investment Management, the control of which had been acquired in December 2007. Moreover, the balance sheet data for the four quarters of 2007 and the first quarter of 2008 were restated consolidating line by line the components relating to Pravex-Bank, the control of which was acquired in June 2008.

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In order to present more complete information regarding the results generated in the first half of 2008, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the report approved by the Management Board are attached. Please note that they are not subject to audit by the Auditing Company. The latter, in charge of performing the limited review of the half-yearly report, has not yet completed its analysis.

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The manager responsible for preparing the company’s financial reports, Ernesto Riva, declares, pursuant to paragraph 2 of Article 154 *bis* of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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This press release contains certain forward-looking statements and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. The Intesa Sanpaolo Group's ability to achieve its projected results is dependent on many factors which are outside management's control. Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.
The following important factors could cause the Group's actual results to differ materially from those projected or implied in any forward-looking statements:

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

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

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Reclassified consolidated statement of income

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %	30.06.2007
Net interest income	5,724	5,162	562	10.9	4,896
Dividends and profits (losses) on investments carried at equity	95	156	-61	-39.1	164
Net fee and commission income	3,137	3,341	-204	-6.1	3,219
Profits (Losses) on trading	284	801	-517	-64.5	770
Income from insurance business	186	300	-114	-38.0	263
Other operating income (expenses)	154	86	68	79.1	66
Operating income	**9,580**	**9,846**	**-266**	**-2.7**	**9,378**
Personnel expenses	-2,889	-2,723	166	6.1	-2,565
Other administrative expenses	-1,544	-1,542	2	0.1	-1,479
Adjustments to property, equipment and intangible assets	-385	-416	-31	-7.5	-395
Operating costs	**-4,818**	**-4,681**	**137**	**2.9**	**-4,439**
Operating margin	**4,762**	**5,165**	**-403**	**-7.8**	**4,939**
Goodwill impairment	-	-	-	-	-
Net provisions for risks and charges	-77	-204	-127	-62.3	-193
Net adjustments to loans	-712	-702	10	1.4	-645
Net impairment losses on other assets	-11	-22	-11	-50.0	-22
Profits (Losses) on investments held to maturity and on other investments	297	45	252		43
Income (Loss) before tax from continuing operations	**4,259**	**4,282**	**-23**	**-0.5**	**4,122**
Taxes on income from continuing operations	-1,310	-1,503	-193	-12.8	-1,425
Merger and restructuring related charges (net of tax)	-389	-80	309		-80
Effect of purchase cost allocation (net of tax)	-286	-273	13	4.8	-200
Income (Loss) after tax from discontinued operations	925	3,038	-2,113	-69.6	3,006
Minority interests	-94	-178	-84	-47.2	-64
Net income	**3,105**	**5,286**	**-2,181**	**-41.3**	**5,359**
Basic EPS – euro	**0.24**	**0.41**			**0.42**
Diluted EPS – euro	**0.24**	**0.41**			**0.42**

(*) Figures restated on a consistent basis, considering the changes in the consolidation area.

Gruppo Intesa Sanpaolo

Quarterly development of the reclassified consolidated statement of income

(in millions of euro)

	2008		2007 restated (*)				
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Average of the quarters
Net interest income	2,901	2,823	2,818	2,627	2,622	2,540	2,652
Dividends and profits (losses) on investments carried at equity	29	66	86	63	106	50	76
Net fee and commission income	1,535	1,602	1,603	1,604	1,665	1,676	1,637
Profits (Losses) on trading	259	25	-49	319	347	454	268
Income from insurance business	107	79	99	109	179	121	127
Other operating income (expenses)	101	53	43	63	31	55	48
Operating income	4,932	4,648	4,600	4,785	4,950	4,896	4,808
Personnel expenses	-1,436	-1,453	-1,566	-1,486	-1,216	-1,507	-1,444
Other administrative expenses	-796	-748	-965	-772	-783	-759	-820
Adjustments to property, equipment and intangible assets	-194	-191	-246	-216	-214	-202	-220
Operating costs	-2,426	-2,392	-2,777	-2,474	-2,213	-2,468	-2,483
Operating margin	2,506	2,256	1,823	2,311	2,737	2,428	2,325
Goodwill impairment	-	-	-	-	-	-	-
Net provisions for risks and charges	-44	-33	-270	-76	-107	-97	-138
Net adjustments to loans	-401	-311	-484	-304	-356	-346	-373
Net impairment losses on other assets	-3	-8	-52	3	-20	-2	-18
Profits (Losses) on investments held to maturity and on other investments	284	13	58	-1	8	37	26
Income (Loss) before tax from continuing operation	2,342	1,917	1,075	1,933	2,262	2,020	1,823
Taxes on income from continuing operations	-702	-608	-788	-588	-778	-725	-720
Merger and restructuring related charges (net of tax)	-68	-321	-126	-401	-66	-14	-152
Effect of purchase cost allocation (net of tax)	-153	-133	399	-136	-137	-136	-3
Income (Loss) after tax from discontinued operations	-25	950	-6	740	124	2,914	943
Minority interests	-37	-57	-50	-88	-85	-93	-79
Net income	1,357	1,748	504	1,460	1,320	3,966	1,813

(*) Figures restated on a consistent basis, considering the changes in the consolidation area.

Gruppo Intesa Sanpaolo

Reclassified consolidated balance sheet

(in millions of euro)

Assets	30.06.2008	31.12.2007 restated (*)	Changes amount	Changes %	31.12.2007
Financial assets held for trading	54,890	52,961	1,929	3.6	52,759
Financial assets designated at fair value through profit and loss	20,915	21,699	-784	-3.6	19,998
Financial assets available for sale	36,906	40,224	-3,318	-8.2	36,914
Investments held to maturity	5,976	5,923	53	0.9	5,923
Due from banks	71,130	66,836	4,294	6.4	62,831
Loans to customers	374,376	356,372	18,004	5.1	335,273
Investments in associates and companies subject to joint control	3,326	3,229	97	3.0	3,522
Property, equipment and intangible assets	34,854	32,318	2,536	7.8	30,905
Tax assets	4,172	3,829	343	9.0	3,639
Non-current assets held for sale and discontinued operations	26	4,233	-4,207	-99.4	4,222
Other assets	21,130	17,685	3,445	19.5	16,916
Total Assets	627,701	605,309	22,392	3.7	572,902

Liabilities and Shareholders' Equity	30.06.2008	31.12.2007 restated (*)	Changes amount	Changes %	31.12.2007
Due to banks	62,786	73,485	-10,699	-14.6	67,688
Due to customers and securities issued	394,923	366,778	28,145	7.7	346,483
Financial liabilities held for trading	29,840	24,673	5,167	20.9	24,608
Financial liabilities designated at fair value through profit and loss	26,512	28,157	-1,645	-5.8	27,270
Tax liabilities	3,750	3,887	-137	-3.5	3,806
Liabilities associated with non-current assets held for sale and discontinued operations	17	3,265	-3,248	-99.5	3,265
Other liabilities	29,929	21,461	8,468	39.5	20,181
Technical reserves	21,783	23,464	-1,681	-7.2	21,571
Allowances for specific purpose	6,558	6,120	438	7.2	5,681
Share capital	6,647	6,647	-	-	6,647
Reserves	41,109	36,962	4,147	11.2	36,962
Valuation reserves	-299	699	-998		699
Minority interests	1,041	2,461	-1,420	-57.7	791
Net income	3,105	7,250	-4,145	-57.2	7,250
Total Liabilities and Shareholders' Equity	627,701	605,309	22,392	3.7	572,902

(*) Figures restated on a consistent basis, considering the changes in the consolidation area.

Gruppo Intesa Sanpaolo

Quarterly development of the Reclassified consolidated balance sheet

(in millions of euro)

Assets	2008		2007 restated (*)			
	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	54,890	53,385	52,961	63,460	81,930	78,212
Financial assets designated at fair value through profit and loss	20,915	20,499	21,699	22,162	22,837	22,796
Financial assets available for sale	36,906	38,763	40,224	43,441	45,019	45,512
Investments held to maturity	5,976	5,709	5,923	5,847	5,973	5,899
Due from banks	71,130	69,922	66,836	68,281	67,358	67,606
Loans to customers	374,376	362,661	356,372	346,448	350,152	346,954
Investments in associates and companies subject to joint control	3,326	3,371	3,229	2,880	2,832	2,802
Property, equipment and intangible assets	34,854	33,122	32,318	32,360	32,797	33,380
Tax assets	4,172	3,785	3,829	4,979	4,495	4,923
Non-current assets held for sale and discontinued operations	26	310	4,233	7,508	13,045	13,349
Other assets	21,130	17,251	17,685	16,238	13,786	14,422
Total Assets	627,701	608,778	605,309	613,604	640,224	635,855

Liabilities and Shareholders' Equity	2008		2007 restated (*)			
	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	62,786	71,223	73,485	79,414	96,906	87,671
Due to customers and securities issued	394,923	368,721	366,778	358,702	363,506	360,749
Financial liabilities held for trading	29,840	29,989	24,673	27,790	28,642	28,747
Financial liabilities designated at fair value through profit and loss	26,512	26,905	28,157	29,068	29,352	28,467
Tax liabilities	3,750	4,640	3,887	5,637	5,374	6,627
Liabilities associated with non-current assets held for sale and discontinued operations	17	33	3,265	6,278	11,890	12,724
Other liabilities	29,929	27,138	21,461	20,020	18,514	25,250
Technical reserves	21,783	22,540	23,464	22,967	24,013	24,829
Allowances for specific purpose	6,558	6,629	6,120	6,607	6,071	6,485
Share capital	6,647	6,647	6,647	6,647	6,647	6,646
Reserves	41,109	41,154	36,962	8,453	8,424	8,393
Merger reserves	-	-	-	31,093	31,093	31,093
Valuation reserves	-299	-49	699	934	1,283	1,120
Minority interests	1,041	1,460	2,461	3,248	3,223	3,088
Net income	3,105	1,748	7,250	6,746	5,286	3,966
Total Liabilities and Shareholders' Equity	627,701	608,778	605,309	613,604	640,224	635,855

(*) Figures restated on a consistent basis, considering the changes in the consolidation area.

Gruppo Intesa Sanpaolo

Breakdown of financial highlights and financial ratios by business area

Income statement (in millions of euro)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)
Operating income	6,447	6,488	1,144	1,450	145	152	1,043	924	180	200	341	359
Operating costs	-3,251	-3,358	-433	-453	-45	-48	-532	-474	-81	-86	-164	-170
Operating margin	3,196	3,130	711	997	100	104	511	450	99	114	177	189

Balance sheet (in millions of euro)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.06.2008	31.12.2007 restated (*)	30.06.2008	31.12.2007 restated (*)	30.06.2008	31.12.2007 restated (*)	30.06.2008	31.12.2007 restated (*)	30.06.2008	31.12.2007	30.06.2008	31.12.2007 restated (*)
Loans to customers	219,936	211,612	90,607	87,731	34,327	33,906	27,363	23,725	2	8	961	905
Direct customer deposits	227,968	224,874	76,375	67,778	8,959	8,282	28,968	27,210	-	3	6,512	6,999

Profitability ratios (%)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)	30.06.2008	30.06.2007 restated (*)
Cost / Income	50.4	51.8	37.8	31.2	31.0	31.6	51.0	51.3	45.0	43.0	48.1	47.4
ROE before tax (a)	43.5	42.1	18.6	25.5	18.9	17.9	45.3	51.1	71.7	65.3	101.2	94.9
Economic Value Added (EVA®) (in millions of euro)	1,229	1,090	115	246	4	7	206	198	55	62	100	115

(*) Figures restated, where necessary, on a consistent basis, considering the changes in the consolidation area and in business unit constituents.

(a) Ratio between Income (Loss) before tax from continuing operations and Allocated capital. Figure for the period is annualised.