Half-yearly report as at 30 June 2008

This is an English translation of the Italian original "Relazione semestrale al 30 giugno 2008" and has been prepared solely for the convenience of the reader. The Italian version takes precedence and will be made available to interested readers upon request to Intesa Sanpaolo S.p.A.

This document contains some forward-looking statements and forecasts reflecting the Intesa Sanpaolo management's current views with respect to 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;*
- *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 these uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which refer only to the date hereof. Accordingly, there can be no assurance that the Group will achieve its projected results.

Half-yearly report as at 30 June 2008

Intesa Sanpaolo S.p.A.
Registered office: Piazza San Carlo, 156 10121 Torino - Secondary registered office: Via Monte di Pietà, 8 20121 Milano - Share capital 6,646,547,922.56 Euro - Registration number on the Torino Company Register and Fiscal Code 00799960158 - VAT number 10810700152 - Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, included in the National Register of Banks No. 5361 and Parent Company of "Intesa Sanpaolo", included in the National Register of Banking Groups.

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Supervisory Board, Management Board, General Management, Manager responsible for preparing the Company's financial reports and Independent Auditors

Supervisory Board

Chairman	Giovanni BAZOLI
Deputy Chairmen	Antoine BERNHEIM Rodolfo ZICH
Members	Carlo BAREL DI SANT'ALBANO Rosalba CASIRAGHI Marco CIABATTONI (*) Giovanni COSTA Franco DALLA SEGA Gianluca FERRERO Angelo FERRO Pietro GARIBALDI Giulio LUBATTI Giuseppe MAZZARELLO Eugenio PAVARANI Gianluca PONZELLINI Gian Guido SACCHI MORSIANI Ferdinando TARGETTI Livio TORIO Riccardo VARALDO (*)

Management Board

Chairman	Enrico SALZA
Deputy Chairman	Orazio ROSSI
Managing Director and Chief Executive Officer	Corrado PASSERA
Members	Aureliano BENEDETTI (**) Elio CATANIA Giuseppe FONTANA Gian Luigi GARRINO Virgilio MARRONE Emilio OTTOLENGHI Giovanni PERISSINOTTO Marcello SALA

General Management

General Manager and Deputy to the CEO	Pietro MODIANO
General Manager and Chief Operating Officer	Francesco MICHELI

Manager responsible for preparing the Company's financial reports

Ernesto RIVA

Independent Auditors

RECONTA ERNST & YOUNG S.p.A.

(*) Appointed by the Shareholders' Meeting of 30 April 2008 in place of Members Pio Bussolotto, who resigned as of 8 April and Fabrizio Gianni who resigned as of 28 April.

(**) Appointed by the Supervisory Board on 20 May 2008 in place of Member Giovanni Battista Limonta, who resigned as of 13 May.

Intesa Sanpaolo Group - Financial highlights and alternative performance measures

Income statement (in millions of euro)	**30.06.2008**	**30.06.2007** restated (*)	**Changes** amount	%
Net interest income	5,724	5,162	562	10.9
Net fee and commission income	3,137	3,341	-204	-6.1
Profits (losses) on trading	284	801	-517	-64.5
Income from insurance business	186	300	-114	-38.0
Operating income	9,580	9,846	-266	-2.7
Operating costs	-4,818	-4,681	137	2.9
Operating margin	4,762	5,165	-403	-7.8
Net adjustments to loans	-712	-702	10	1.4
Income after tax from discontinued operations	925	3,038	-2,113	-69.6
Net income	3,105	5,286	-2,181	-41.3

Balance sheet (in millions of euro)	**30.06.2008**	**31.12.2007** restated (*)	**Changes** amount	%
Loans to customers	374,376	356,372	18,004	5.1
Direct customer deposits	421,435	394,935	26,500	6.7
Indirect customer deposits	645,449	669,768	-24,319	-3.6
of which: Assets under management	*248,726*	*270,232*	*-21,506*	*-8.0*
Total assets	627,701	605,309	22,392	3.7
Shareholders' equity	50,562	51,558	-996	-1.9

Operating structure	**30.06.2008**	**31.12.2007** restated (*)	**Changes** amount
Number of employees	112,260	112,770	-510
Italy	*75,196*	*76,019*	*-823*
Abroad	*37,064*	*36,751*	*313*
of which: atypical labour contracts	*465*	*475*	*-10*
Number of financial advisors	4,578	4,574	4
Number of branches [(a)]	8,459	8,355	104
Italy	*6,543*	*6,512*	*31*
Abroad	*1,916*	*1,843*	*73*

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

(a) Including Retail Branches, Private Banking Branches, SME Branches and Corporate Branches.

	30.06.2008	30.06.2007 restated (*)	31.12.2007 restated (*)
Profitability ratios (%)			
Cost / Income	50.3	47.5	51.6
Net income / Average shareholders' equity (ROE) [(a)]	11.4	19.1	18.9
Economic Value Added (EVA®)[(b)] (in millions of euro)	1,653	3,958	
Risk ratios (%)			
Net doubtful loans / Loans to customers	0.9		0.9
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	70.8		70.7
Capital ratios (%) [(c)]			
Tier 1 capital [(d)] net of preference shares / Risk-weighted assets (Core Tier 1)	5.7		
Tier 1 capital [(d)] / Risk-weighted assets	6.6		
Total capital [(e)] / Risk-weighted assets	9.5		
Risk-weighted assets (in millions of euro)	389,248		
Basic earnings per share (basic EPS) [(f)] **– euro**	0.24		
Diluted earnings per share (diluted EPS) [(g)] **– euro**	0.24		
Shares			
Number of ordinary shares (thousands)	11,849,332	11,849,332	11,849,332
Share price at period-end - ordinary share (euro)	3.605	5.486	5.397
Average share price for the period - ordinary share (euro)	4.472	5.744	5.579
Average market capitalisation (in millions of euro)	56,874	73,325	71,058
Book value per share (euro) [(h)]	4.268	4.131	4.506
Long-term rating			
Moody's	Aa2		
Standard & Poor's	AA-		
Fitch	AA-		

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

(a) Ratio between net income and average of share capital, share premium reserve, reserves and valuation reserves. The figure for the period, with the exception of non-recurring components, was annualised.

(b) The indicator represents the economic value generated in the period in favour of shareholders, since it is the portion of net income for the period which remains after having remunerated shareholders' equity via the cost of capital. The latter represents the opportunity cost and is determined using t he Capital Asset Pricing Model.

(c) Ratios as at 30 June 2008 are determined using the methodology set out in the Basel 2 Capital Accord, adopting the standardised methods for the calculation of credit risk-weigthed assets and for calculation of operational risk.

(d) Paid-in share capital, share premium reserve and reserves and retained earnings minus treasury shares, goodwill, intangible assets and after the application of prudential filters set out by supervisory regulations.

(e) Tier 1 capital plus eligible subordinated liabilities, valuation reserves, with the application of prudential filters, net of equity investments as set out by supervisory regulations.

(f) Net income attributable to holders of ordinary shares compared to the weighted average number of outstanding ordinary shares.

(g) The dilutive effect is calculated with reference to the programmed issues of new ordinary shares.

(h) Figures for 2007 not restated. Book value per share does not consider treasury shares.

Intesa Sanpaolo Group – Financial highlights and alternative performance measures 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 scope of consolidation and in business unit constituents.

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

The first half of 2008

The macroeconomic scenario and lending and deposit collecting activities

The macroeconomic scenario

The financial crisis generated by the US subprime mortgage market and the rise in energy prices affected the first half of 2008.

The United States remained the centre of events. Even if GDP rose for the whole period, the reduction in private sector employment continued. The crisis in the construction sector did not recede and property prices fell. In the meantime, the weakness of the US dollar and the rise in raw material prices boosted inflation over 4%, with a consequent erosion of the purchasing power and a contraction in purchases of durable consumer goods. Household confidence is extremely low. The crisis of the financial system was temporarily almost ignored in April and May, but at the end of the second quarter it was far from being resolved. In fact, after the conclusion of the first half, it hit the mortgage refinancing companies Fannie Mae and Freddie Mac, whose total assets exceed 1,600 billion dollars. The risk of a liquidity crisis in the agency sector forced the Federal Reserve to concede them access to the discount window and the Treasury to ask for the authorisation to underwrite their share capital with public funds. The US central bank, in the meantime, suspended the loosening of monetary policy.

In the eurozone the trend in industrial production fell rapidly from 2.6% in March to -0.5% year-on-year in June. Activities appeared weaker also in the service sector, whereas certain eurozone countries, like Spain, are also experiencing a severe contraction in the construction sector. After having touched 0.7% quarterly and 2.1% yearly in the first quarter of 2008, in the second quarter GDP declined 0.2% quarterly with a growth trend of 1.5% yearly. With lower growth in employment, consumption is increasingly affected by the erosion in purchasing power caused by inflation, which reached 4.0% in June.

Monetary policy remained stable for the whole quarter. However, in June, the ECB signalled to markets its intention to raise official rates and did so on 3 July. The move was explained by concerns related to expectations of higher inflation, by the acceleration in contractual wages and by the extension of inflation pressures also to sectors which are not directly affected by the rise in raw material prices.

The recent evolution of the international scenario makes it more difficult for Italy to avoid a virtual stagnation in economic activities. In the second quarter the GDP growth rate was practically zero over the twelve months and negative against the previous quarter (-0.3%). Also real figures on production and industry orders, which rose in April, decreased again in May, and available indicators signal that the trend will remain weak also in the forthcoming months. In the wake of the strong start at the beginning of the year, foreign trade will give a considerably positive contribution to growth also in 2008. Conversely, the drive from internal demand is now very weak: household and company confidence declined again in June after a temporary rebound in May, mainly highlighting the concern of businesses over the price rises. Many of the main research centres are convincedthat economic growth will be under one percentage point also in 2009. Inflation pressures, though confined to the energy and food sectors, show no sign of slowing down.

In the first half of 2008, the main emerging countries maintained a sustained GDP growth rate, though lower than that of the second half of 2007. In fact, all four BRIC economies (Brazil, Russia, India and China) registered a GDP growth rate higher than expectations, with China (over 10% in the first half) leading the group, followed by India (8.8% in the first quarter), Russia (8.5%) and Brazil (5.8%). Stable domestic demand and economic links between emerging economies more intense than in the past permitted these countries to be less affected by the slowdown of mature economies. At the same time, emerging economies recorded a significant acceleration of inflation (from 5.2% in June 2007 to 8.5% in June 2008 for BRIC), primarily determined by the rise in prices of imported farm and energy products and, in certain cases, by strong domestic demand.

The deterioration of inflation led to the generalised tightening of monetary policy in terms of both rises in interest rates and measures aimed at containing increases in monetary aggregates. Croatia, Hungary and Ukraine all raised interest rates in the first half of 2008. For the countries with low income per capita of Africa, Asia and the Middle East price rises generated particular concern since, on the one hand, they threaten the macroeconomic stability recently achieved with difficulty, and, on the other hand, generate social tensions as the policy of subsidising food and energy is becoming unsustainable for public finance.

Financial market trends were affected also in the second quarter by the fluctuation of risk aversion and by the repercussions of the process aimed at reducing financial leverage of intermediaries, also European. Interbank rates on longer-term maturities continued to reflect high premiums for liquidity and counterparty risks, which generated significant spreads with respect to official rates and Government bond yields. At the end of the half the three-months euribor steadily exceeded 4.90%.
The spread between swap rates and Government bond yields declined till mid June, when fears for the stability of the financial system re-emerged. At the end of the half the five-year swap rate exceeded the Bund yield by 48 basis points, against 60 of three months before and 20 of the period preceding the crisis. Similarly, the ten-year Bund yield rose almost continuously till mid June, when it reached its period peak of 4.66%, 71 basis points over the 31 March level. A stable phase followed and continued till the beginning of July.
Financial leverage reduction and risk aversion also explain the volatility of spreads among eurozone sovereign securities. On the ten-year Btp and Bund, the gradual contraction in April and May was followed by new tension which brought the spread to 64 basis points, close to the level of the beginning of March.
At the beginning of 2008 the credit market showed an overall downturn highlighting a certain weakness in the cash segments, both Investment Grade and High Yield. The general widening of spreads in the first three months of the year was followed by a shrinking trend in April and May which eased the phenomenon particularly in the Investment Grade segment. In the last weeks concerns linked to the credit crisis re-emerged and had again negative effects on the market, leading to a generalised expansion in risk premiums. Activities in the speculative bond segment were certainly lower, but the rise in risk premiums remained very pronounced in the first half of the year, despite the good recovery of April-May. In all segments volatility remained high.
In the first half of 2008, emerging economies continued to benefit from substantial capital flows in the shape of both direct investments and loans in foreign currency. This contribution, coupled with the persisting weakness of the dollar, favoured a widespread appreciation, which was higher for the currencies of Central-Eastern European countries and of Latin America (first of all Brazil): the Hungarian forint significantly increased its value against both the dollar and the euro following the central bank's decision last February to abandon the controlled fluctuation range, whereas the Slovakian koruna appreciated against both the dollar and the euro. In Asia the context of currencies was less homogeneous: the yuan appreciated further, whilst other currencies depreciated. Also certain high-yield currencies (the Turkish lira and the South-African rand) suffered depreciations. The weak dollar and an acceleration of inflation created difficulties for the policy of a fixed exchange rate with the dollar long pursued by the Gulf oil countries and fuelled rumours of a possible appreciation or the abandon of the fixed dollar exchange rate for these currencies.
The turbulence in international financial markets favoured a generalised rise in spreads against default risk, mainly for markets not appreciated by investors like Argentina and the countries with high balance of trade deficits, that are strongly dependent on funds from abroad to finance their development (including Turkey, Ukraine and certain Central-Eastern European countries).
Despite unstable financial markets and fears of deterioration of the economic situation, rating companies implemented new significant upgradings of sovereign debt in the currency of certain emerging countries. Breakdown by area shows that the upgrading regarded primarily Latin America, with Brazil and Peru attributed Investment Grade ratings. Rating agencies also rewarded the progress of the policy of fiscal consolidation made by certain Central-Eastern European countries (Czech Republic, Slovakia and Hungary) and the strengthening of the financial position of certain oil countries (Saudi Arabia and Russia). At the same time, rating agencies showed more caution towards countries like Kazakhstan, Lithuania and Ukraine, which are highly dependent on loans from abroad, as well as towards Egypt, Morocco and Vietnam, more vulnerable, in view of their particularly low per capita income, to price rises in energy and food.

In the first half of 2008 international stock markets went through a prolonged and marked phase of price correction, due to the combined effect of the financial crisis triggered by subprime mortgages in the USA, the slowing down of the economic growth in OECD countries and the consequent impact of this economic situation on corporate profits, the steep rise in raw material prices, the strong re-emerging of inflation pressures and the tensions on interest rates in a context of higher financial market volatility. European stock markets were highly affected by this negative economic situation: the FTSE 100 index

closed the first half with a 12.9% drop, while the DAX fell 20.4% and the CAC 22.3% in the same period. On the other hand, the drop in the US Stock Market was less pronounced, as the DJ Industrial Average index closed the first half down 5.3%. The poorer performance of the European stock markets compared to the US market was also due to the euro/dollar exchange rate trend and to its effects on competitiveness of EMU (Economic and Monetary Union) exports. Also the Asian stock markets closed the half with declines: the Nikkei 225 highlighted an 11.9% reduction, whereas the correction of the Chinese stock market was very severe, with a 48% drop of the Sse Composite index. Continued growth was not sufficient to sustain equity prices in the emerging markets. The MSCI emerging index decreased by over 20% in the first half of 2008. Asian and Central-European stock markets led the correction phase, with losses close to 50% for the Chinese Stock Market, over 30% for Croatia and 20% for Hungary. The Slovakian Stock Market, instead, remained practically unchanged in the first half, sustained by the highest growth, the lowest inflation and by the optimism boosted by the expected entry in the eurozone. The strong correction of stock markets reflects fears that the slowdown of world economy will soon have negative repercussions also on emerging countries, no longer justifying high equity prices.
In this context, the Italian stock market showed a decidedly negative performance: the S&P MIB index, which includes the 40 largest corporates in the domestic market, closed the quarter down 23.9% (only two companies, Tenaris and Saipem, recorded a positive performance among the blue chips). Mid-cap companies were even more negatively affected than the blue chips: in the half the Midex dropped 26.3%, whereas the STAR segment recorded a smaller (16%) decline. In the first half of 2008, Italian stocks traded recorded a contraction in terms of exchange value exceeding 20%, compared to the first half of 2007. Also the IPO market plummeted, with four new listings, compared to the fifteen operations of the first half of 2007.

Italian lending and deposit collecting activities

In the first half of 2008 interest rates showed an upward trend, gradually incorporating the strong rises in money market yields registered at the end of 2007. This trend was more intense in funding, the cost of which largely reflected the sharp rise of risk premium on bonds. In the same period, the overall lending yields rose, though to a lesser extent, virtually in line with the three-month interbank rate.
With regard to loans to households and non-financial companies, interest rates applied to retail customers recorded an increase virtually equal to those to non-financial companies. In general, lending conditions to enterprises applied by Italian banks did not appear too restrictive.
Funding rates were characterised by an extensive upward trend, on both interest rates on customer deposits (including repurchase agreements) and on bonds.
The stronger upward trend of the overall funding cost determined a contraction of bank spreads to 3.09% from 3.21% last December. At the same time, unit margins of short-term trading recorded fluctuations of the order of 35 basis points: at the end of June the mark-up on one-month Euribor settled at 2.39%, whereas the mark-down rose to 2.72%.
The upward trend in bank rates should continue in forthcoming months, including the effects of the 25 basis point increase of the ECB rate on main refinancing operations, set out at the beginning of July. In particular, funding cost will remain high, reflecting the high funding cost for banks in the interbank market and of bond issues on the euromarket.
In the first half of the year the trend of loans, though still sound, recorded a slowdown. Growth was mainly sustained by robust corporate demand, attributable to the combined effect of the reduction in their self-financing capability, high financing cost (for large corporates) in capital markets and, last but not least, the attractiveness of real costs of bank loans. Conversely, from the beginning of the spring, the economic slowdown and the persisting crisis of credit markets determined a contraction in the evolution of household loans. In the half, bank loans (net of doubtful loans) registered a positive yearly change, but lower with respect to that of the previous half. Growth was anyhow still strong, in both the short-term and longer-term components.
Starting from March the growth rate of household loans decreased considerably compared to the previous months. In particular, residential mortgage demand continued its marked slowdown, affected by the rise in interest rates, by the stagnation of the real estate market and by lower consumer confidence. Consumer loans, on the other hand, were stronger, with a slight acceleration from the lowest growth rate of three months before. The trend was however affected by the reduction in car sales and, in general, by the poor trend of household consumption, affected by a lower-than-inflation growth in salaries of employees. Non-finalised loans (representing about one third of total retail loans), though slowing down, recorded a stronger trend.
Lending and deposit collecting activities with corporates resulted significant, with a rise in loans to non-financial companies only slightly lower than the eurozone average. The rise in bank loans almost

completely sustained the increase in corporate financial debt, as there were almost no bond issues in 2008. The expansion of loans to the production sector favoured the medium- and long-term segment, whereas the growth of the short-term and medium-term (one-five years) components slowed down with respect to the last months of 2007. Breakdown by industry reflects the persistence of strong demand in all sectors, though slowing down compared to the recent past. Loans to the manufacturing industry and to service companies rose.
The expansion of loans was accompanied by the continuing contained levels of risk indicators, with a ratio between doubtful loans and total loans down again in April (the latest figure available). The persistence of high quality of assets with customers is confirmed by the decay rate of loans (ratio between new doubtful loans and existing loans), which in the first quarter was stable or down in all main customer segments, compared to the previous three months.
Growth of direct customer deposits was high in the first half of the year, both in the short-term component and in the bond component, confirming Italian banks' capability of attracting funds from ordinary customers and, therefore, becoming less exposed to liquidity risks.
Consumption slowdown and higher investor risk aversion, in the current phase of high volatility of financial markets, favoured the propensity to save, encouraging at the same time the transfer from asset management products (mainly funds) to bonds: in the six months bank domestic funding activities recorded a strong acceleration compared to the second half of 2007, driven by the bond component.
The good performance of direct customer deposits in the first half of the year contrasted with the subdued trend of indirect customer deposits (third party securities under administration and management at nominal value, net of bank bonds and certificates of deposit), which continued to be affected, as in previous months, by the negative performance of the asset management component (individual portfolio management schemes and mutual funds), the market value of which declined further.

Intesa Sanpaolo in the first half of 2008

The first six months of 2008 closed with a net income of 3,105 million euro, basically in line with management expectations, compared with the net income of 5,286 million euro of the same period of the previous year which included significant capital gains.

Considering results for both periods net of the non-recurring components, which for 2008 refer to out-of-period income deriving from the IMI-SIR dispute (67 million euro), profit from the sale of the stake in Agos (268 million euro), the correlated tax effect (24 million euro) and for 2007 to the positive effects of the recalculation of Employee termination indemnities (278 million euro) and the correlated tax effect (92 million euro), as well as for both periods to income after tax from discontinued operations (925 million euro in 2008 and 3,038 million euro in 2007 net of the tax effect), to merger and restructuring related charges (389 million euro in 2008 and 80 million euro in 2007 net of tax effect) and to the economic effects of the allocation of purchase cost of equity investments (286 million euro in 2008 and 273 million euro in 2007 net of tax effect), net income for the first half of 2008 would be 2,544 million euro, up 5.3% compared to the 2,415 million euro of the same period of 2007.

In short, the result benefited from the continued progress of interest margin, which amply offset the persisting downturn in commissions, but especially it was marginally influenced by the effects of the crisis of financial markets and in particular of structured credit products, on which write-downs in the first half totalled 203 million euro.

More specifically: operating income amounted to 9,580 million euro (9,513 million euro net of non-recurring components) down 2.7% (-3.4% net of non-recurring components) compared to the first half of 2007. Within the various components, net interest income, 5,724 million euro, showed a 10.9% increase year-on-year attributable both to the expansion in intermediated volumes with customers, and to the widening of the spread; net fee and commission income, 3,137 million euro, was affected by the weakness of assets under management on which commissions posted a 19.9% decrease; profits (losses) on trading (284 million euro), despite a considerable reduction with respect to the previous year, showed important signs of recovery in the second quarter of 2008 (259 million euro of profits compared with a negative result in the fourth quarter of 2007 and profits of only 25 million euro in the first quarter of 2008); lastly, income from insurance business (186 million euro) presented a 38% reduction due to the lower amounts under management and the drop in financial management negatively affected by market instability.

Moreover, it should be noted that profits reflected the lower contribution from income from investments carried at equity mostly deriving from the disposal of Agos and Banque Palatine. The decline was in any case offset by the higher contribution of the residual caption Other operating income which benefited from out-of-period income related to the IMI-SIR dispute, described in previous financial reports.

Operating costs (4,818 million euro) presented a 2.8% reduction compared to the figure for the first six months of 2007 net of the positive effects of the recalculation of Employee termination indemnities recorded in the previous year; personnel expenses decreased by 3.7% and adjustments to property, equipment and intangible assets by 7.5%, whereas administrative expenses remained practically stable.

Operating margin thus amounted to 4,762 million euro (4,695 million euro net of non-recurring components) with a 3.9% decrease with respect to the “normalised” 2007 figure.

Adjustments and provisions totalled 800 million euro, down compared to the 928 million euro of 2007. In particular, net adjustments to loans (712 million euro) remained on the same levels as in the first six months of 2007.

Income from continuing operations, which in 2008 also benefited from the profit of 268 million euro deriving essentially from the disposal of Agos, amounted to 4,259 million euro (3,924 million euro in normalised terms) with a 2% contraction with respect to the figure for the first six months of 2007 also net of the non-recurring components.

Net income, after the registration of taxes on income from continuing operations, income (loss) after tax from discontinued operations, merger and restructuring related charges (net of tax), the allocation of the purchase cost of equity investments and minority interests, totalled, as indicated above, 3,105 million euro.

Results of the second quarter of 2008 improved in all operating margins with respect to the figures of the first three months of the year, both net of non-recurring components: operating income showed a 4.7% increase, mostly due to the higher contribution of profits on trading, operating margin rose by 8.1% and income before tax from continuing operations by 4.7%.

With reference to the various business areas, the Banca dei Territori Division, which continues to represent the Group’s “core business”, rose approximately 2% rise in operating margin with respect to the consistent figure, which considers the entrance of Carifirenze. The result was due to the effective containment of operating costs, mostly attributable to savings achieved in personnel expenses, and practically stable revenues, since the positive contribution of net interest income was absorbed by the decline in other revenue components, especially fees and commissions and income from insurance business.

Operating margin of the Corporate & Investment Banking Division fell 28.7%, ascribable to the decrease in profits on trading determined by the indirect effects of the subprime mortgage crisis on activities on the proprietary portfolio. Also the result of Public Finance, down by approximately 4%, was affected by the negative financial market trends. Conversely, the International Subsidiary Banks Division posted an almost 14% rise, thanks to the positive performance of revenues, which amply offset higher growth-related costs.

Eurizon Capital and Banca Fideuram, which recorded decreases in income from continuing operations respectively of approximately 13% and approximately 6%, were negatively affected by the continuing crisis of the asset management industry. Lower commission income completely absorbed the appreciable savings achieved in operating costs.

As to main balance sheet aggregates, the Group's loans to customers exceeded 374 billion euro, with a rise of over 5% from the beginning of the year; direct customer deposits, which exceeded 421 billion euro, also recorded a significant growth rate (+6.7%). Indirect customer deposits amounted to 645 billion euro, down 3.6% with respect to the end of the previous year. Overall, customer financial assets amounted to 1,041 billion euro, up 4 billion euro with respect to 31 December 2007.

Significant events

As already described in the Annual report 2007, at the end of January, Intesa Sanpaolo acquired control of Carifirenze from Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio della Spezia and So.Fi.Ba.R. – Società Finanziaria di Banche Romagnole, by means of a share swap of own ordinary shares. As a result of the stake already held, the share swap, the subsequent Mandatory Public Tender Offer and the exercise of the squeeze-out right on the residual shares, Intesa Sanpaolo now holds an 89.71% stake in the Cassa's share capital and Ente Cassa di Risparmio di Firenze holds the residual stake.

The acquisition of Carifirenze significantly strengthens Intesa Sanpaolo's competitive position in the five regions of Centre-North Italy, where the Cassa has an extensive presence, and specifically in Tuscany. This transaction effectively complements Intesa Sanpaolo's strategy aimed at completing its territorial coverage of Italy, as set out in the Business Plan.

At the end of the six months, the Board of Directors of Carifirenze approved the 2008-2010 Business Plan, in the framework of the integration process of the Cassa within the Banca dei Territori Division of Intesa Sanpaolo. This process involves, among other things, the application of the model of the Banca dei Territori to Carifirenze and the transfer of subsidiary saving banks of Intesa Casse del Centro and 130 Intesa Sanpaolo branches to the Carifirenze Group in its current configuration, as part of the definition of the geographical areas of competence of Carifirenze. The process also entails the disposal of 29 branches as decided by the Italian Competition Authority on 17 January 2008. In particular, the Business Plan of Carifirenze sets out synergies - in which neither the Casse del Centro transfer nor the cost savings from the branch disposal have yet been included - at approximately 180 million euro, when fully operational in 2010, of which, in approximate figures, 60 million euro from revenues and 120 million euro from costs (no synergies foreseen in 2008, approximately 70 million euro expected in 2009, approximately 25 million euro from revenues and approximately 45 million euro from costs).

Upon completion of the integration process, Carifirenze, which already enjoys a leading position in its reference territory, will be a primary bank in Central Italy and rank eighth in Italy with approximately 900 branches, thus playing a key role in the competitive positioning of the Intesa Sanpaolo Group.

As regards the rationalisation of Group structure, various infra-group mergers became effective as of 1 January 2008 and involved both Italian and international subsidiaries.

In Italy, the integration between Banca Intesa Infrastrutture e Sviluppo – which took on the new corporate name of Banca Infrastrutture Innovazione e Sviluppo S.p.A., in short BIIS – and Banca per la Finanza alle Opere Pubbliche e alle Infrastrutture (Banca OPI) came into effect. The operation was realised through the total spin-off of Banca OPI. All assets, liabilities and legal relationships previously referred to Banca OPI were assigned completely and totally unchanged to BIIS, with the exception of the equity investments held by Banca OPI in Fin.OPI (now Equiter) and in SINLOC, which were transferred,

respectively, to Intesa Sanpaolo and Fin.OPI.
Leasint – the company formed from the merger by incorporation of Sanpaolo Leasint into Intesa Leasing – has also been operational from the beginning of the year and is a leading player in Italy with an overall portfolio of over 70,000 clients and 16 billion euro of loans.
In May the acquisition – already agreed upon in 2007 – on the part of Intesa Sanpaolo of MPS Finance (now Intesa Sanpaolo Servizi Transazionali), the company that was in charge of the depositary bank services of Banca Monte dei Paschi di Siena, was finalised at the price of 196 million euro in accordance with the commitments made by the parties in the agreement signed on 31 March 2008.
Again in May, Intesa Sanpaolo and Crédit Agricole finalised the sale to Crédit Agricole of Intesa Sanpaolo's 49% total interest in Agos, their joint venture in the consumer credit business in Italy, for a consideration of 546 million euro. Agos will carry on its business as a subsidiary of Sofinco, a Crédit Agricole company.

The disposal of 198 branches, to comply with decision issued by the Italian Competition Authority relative to the Banca Intesa and SANPAOLO IMI merger, was finalised in the first half.
More specifically, 36 branches of the Intesa Sanpaolo Group were sold to Veneto Banca on 14 February for a total consideration of 274 million euro. This disposal which came into effect as of 18 February 2008 included branches located in the provinces of Imperia (5 branches), Venezia (12), Padova (7), Udine (9) and Rovigo (3). On 21 February the following further disposals were finalised and came into effect as of 25 February 2008: 35 branches, for a total consideration of 395 million euro, to the Credito Valtellinese Group, of which 12 to Credito Artigiano in the province of Pavia and 23 to Credito Piemontese in the provinces of Alessandria (4) and Torino (19); 6 branches, for a total consideration of 54 million euro, to Banca Popolare Alto Adige in the province of Venezia; 43 branches, for a total consideration of 181 million euro, to Banca Popolare di Bari in the provinces of Pesaro (2), Terni (11), Napoli (15), Caserta (10) and Brindisi (5).
The sale to Banca Carige of the remaining 78 branches – in the provinces of Torino (14), Aosta (1), Como (19), Pavia (6), Venezia (18), Padova (15), Rovigo (1) and Sassari (4) – was finalised on 7 March with effect as of 10 March 2008 for a total consideration of 996 million euro.
Lastly, the integration in Eurizon Capital of Eurizon Investimenti (former CAAM Sgr), whose control was acquired at the end of 2007 following the purchase of the activities attributable to the 65% stake of Nextra Investment Management, was finalised in April. The "new" Eurizon Capital controls Eurizon Capital SA – with registered offices in Luxembourg and branches in Chile and Singapore –, Eurizon Alternative Investments Sgr and Eurizon A.I. Sgr, both asset management companies of funds of hedge funds, and Epsilon Sgr, specialised in quantitative asset management.

As concerns presence abroad, in Albania, American Bank of Albania absorbed Banca Italo Albanese; in Serbia, Banca Intesa Beograd merged with Panonska Banka and in Hungary CIB absorbed Inter-Europa Bank. In parallel, the rebranding of International Subsidiary Banks commenced and will proceed in 2008 in every country according to different timing and means, with the sole exception of Albania where it will occur in 2009.
On 27 June Intesa Sanpaolo and the controlling shareholders of JSC Pravex-Bank finalised Intesa Sanpaolo's acquisition of 100% of the share capital of Pravex, in conformance with the agreement executed on 4 February 2008, for an investment exchange value of 500 million euro including the repayment to the sellers of a capital increase carried out in the meantime.
This acquisition enables the entrance in a large market such as Ukraine, a country with approximately 47 million inhabitants.
As at 31 December 2007, Pravex's financial statements, prepared according to IFRS, showed total assets of approximately USD 1,150 million, customer loans of approximately USD 751 million, customer deposits of approximately USD 727 million and shareholders' equity of approximately USD 121 million. For the twelve months ended 31 December 2007, Pravex's net income amounted to approximately USD 5 million.
The transaction is part of the Group's strategy of selective expansion in Central and South-Eastern Europe and the Mediterranean area, where it enjoys strategic coverage through its local retail and commercial subsidiaries with approximately 1,900 branches serving over 8 million customers in 13 countries.

The integration process of the Intesa Sanpaolo Group

The objectives, the means and the timeframe of the Group's integration process and its progress have been extensively described in previous reports.

Particular attention has been dedicated to the unification of the ICT systems, the project which will permit the construction of a single operating platform by the end of 2008.

Certain key steps of this project were completed in the first half of 2008. In fact, migration events, which enable the distribution network to adopt the target platform of models, products, processes and systems, commenced in April.

Preparatory activities were completed in March 2008, exactly as scheduled:

- activation of the unified product catalogue and mailing of the communication to customers of the variations induced by the migration;
- alignment of network and head office operating processes;
- training of resources involved in the migration;
- internal communications to the network through the various channels used by Intesa Sanpaolo (house organ, intranet, web tv);
- preparation of the post migration support units (shadowers, help desk, migration room);
- preparation of the target platform with the planned updates;
- test of migration and data certification procedures.

The roll-out calendar has already led to the transfer of the whole Intesa Sanpaolo network onto the target platform, approximately four months in advance with respect to the initial Master Plan:

- 19 April: migration of the branches in the Areas South Piemonte, Torino and province;
- 10 May: migration of the branches in the Areas Liguria, South Lombardia, Milano province;
- 7 June: migration of the branches in the Areas North-East Lombardia, City of Milano, Toscana, Umbria, Sardegna;
- 21 June: migration of the branches in the Areas Lariano, Lazio, North Piemonte, Sicilia;
- 12 July: migration of the remaining branches (approximately 450).

Branch personnel was supported in the period by post migration central structures and by a task force of resources expert in the target system present all over the Italian territory who worked alongside network personnel in the three weeks subsequent to the migration event.

Already from the first few days of operations, branches guaranteed the substantial continuity of services to customers and regular functioning of administrative activities. The roll-out progressively stabilised and the critical issues which had emerged were promptly addressed and solved by the competent company structures.

Starting from September, the integration programme will continue with the following events:

- the activation of the target ICT system of Intesa Sanpaolo Private Banking (13/9);
- the activation of the target ICT system of Banca di Trento e Bolzano (18/10);
- the kick-off of the territorial reorganisation events with the contribution of Intesa Sanpaolo branches to Cassa di Risparmio di Padova e Rovigo (27/9) and Banco di Napoli (8/11), on the basis of territorial competence.

To permit the complete rationalisation of the ICT systems and operations already from the fourth quarter of 2007, the projects Finance Operations Department Integration and Banca IMI Migration were activated and pursue the objective of integrating the specialised components of the IT and Operations System in support of the Capital Markets business of the new Banca IMI on the Target IT system. In this area, implementation commenced of an operating model which will permit the management and optimisation of quality and processing times of post trading structures; moreover, the integration of the technological infrastructures ensuring disaster recovery and business continuity services will be addressed.

Information provided to the market on financial products

In its Annual report 2007, Intesa Sanpaolo provided extensive and detailed information on its financial position, in particular on fair value measurement of financial assets and liabilities, exposure to structured credit products and transactions performed through Special Purpose Entities. Subsequently, upon request of Commissione Nazionale per le Società e la Borsa (national commission for companies and stock exchange), it illustrated its position in derivatives stipulated with customers in a communication to the market of 11 April 2008. This information was updated, in summarised form, in the Interim statement as at 31 March 2008.

For the Half-yearly report 2008, provisions on information to be provided to the market were issued by Supranational supervisory bodies, by the Bank of Italy (Communication of 18 June 2008) and by Consob (with specific request of 23 July 2008 pursuant to art. 114, par. 5, of TUF [consolidated financial law]).
Mandatory information and that deemed to be useful for a better understanding of the exposure of the Intesa Sanpaolo Group are provided in the specific chapter on risk management.

Information on relations with related parties

Relations with related parties were attentively monitored and no situations emerged other than those typical of standard bank relations with individual and corporate customers. The transactions fell within the scope of the ordinary activities and were entered into at market conditions, based on valuations of mutual economic convenience, in line with the internal procedures defined for this purpose.
In particular, no transactions of an "atypical or unusual nature" were carried out, the relevance/importance of which might give rise to doubts with regard to the safety of the net shareholders' equity and the protection of minority shareholders.
For further details relative to transactions with related parties see the specific chapter in the explanatory notes.

The Intesa Sanpaolo Group

Intesa Sanpaolo

Head Office Departments

Public Finance
- Banca Infrastrutture Innovazione e Sviluppo

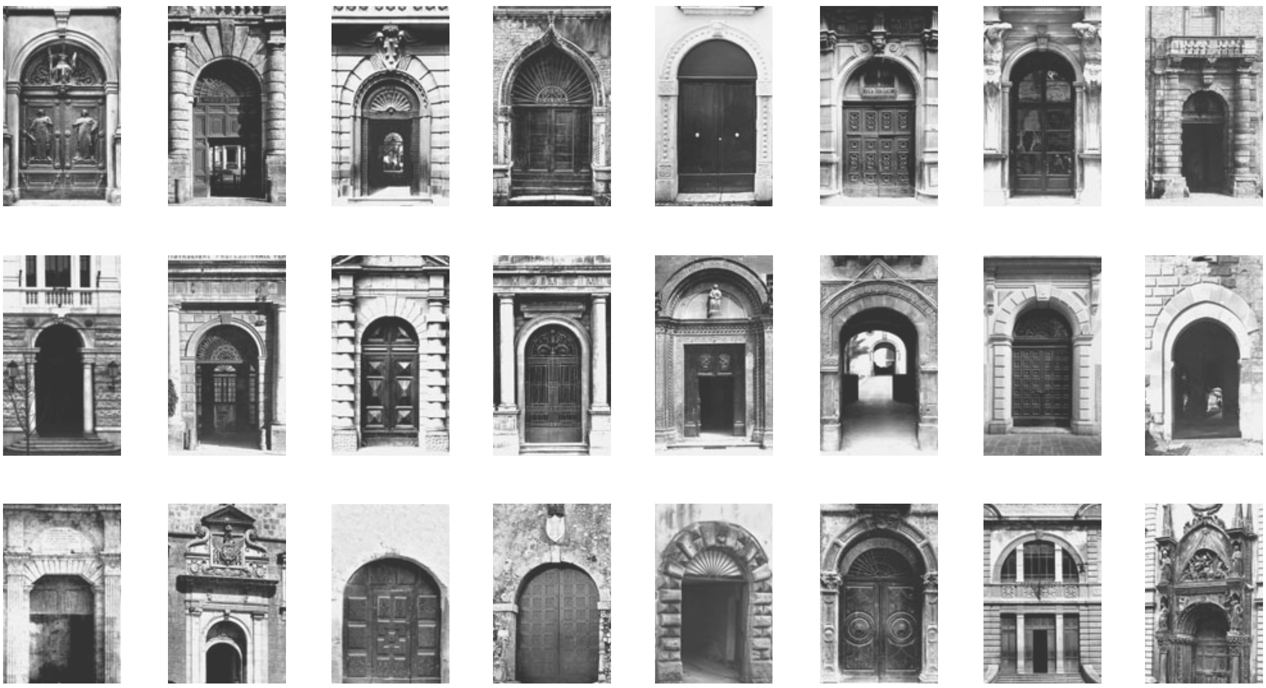
Corporate & Investment Banking Division
- Banca IMI
- Banca Intesa France
- IMI Investimenti
- Intesa Sanpaolo Bank Ireland
- Mediofactoring
- Société Européenne de Banque
- Zao Banca Intesa

Banca dei Territori Division
- Intesa Sanpaolo
- Banca CR Firenze
- Banca dell'Adriatico
- Banca di Trento e Bolzano
- Banco di Napoli
- Cassa dei Risparmi di Forlì e della Romagna
- Cassa di Risparmio del Friuli Venezia Giulia
- Cassa di Risparmio di Padova e Rovigo
- Cassa di Risparmio di Venezia
- Cassa di Risparmio in Bologna
- Casse del Centro
- Banca CIS
- Banca Prossima
- EurizonTutela
- EurizonVita
- Intesa Previdenza
- Intesa Sanpaolo Private Banking
- IntesaTrade
- Leasint
- Mediocredito Italiano
- Neos Banca
- Sanpaolo Bank Luxembourg
- Sanpaolo Fiduciaria
- Setefi
- Sirefid
- Sud Polo Vita

International Subsidiary Banks Division
- American Bank of Albania
- Banca Intesa Beograd
- Bank of Alexandria
- Banka Koper
- Central-European International Bank
- Intesa Sanpaolo Bank Romania
- KMB Bank
- Privredna Banka Zagreb
- UPI Banka
- Všeobecná Úverova Banka

Other Group Subsidiaries
- Banca Fideuram
- Eurizon Capital

Condensed consolidated half-yearly financial statements



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in millions of euro)

Assets	30.06.2008	31.12.2007
10. Cash and cash equivalents	3,154	3,463
20. Financial assets held for trading	54,890	52,759
30. Financial assets designated at fair value through profit and loss	20,915	19,998
40. Financial assets available for sale	36,906	36,914
50. Investments held to maturity	5,976	5,923
60. Due from banks	71,130	62,831
70. Loans to customers	374,376	335,273
80. Hedging derivatives	3,429	3,017
90. Fair value change of financial assets in hedged portfolios (+/-)	-18	12
100. Investments in associates and companies subject to joint control	3,326	3,522
110. Technical insurance reserves reassured with third parties	32	34
120. Property and equipment	5,677	5,191
130. Intangible assets	29,177	25,714
of which		
- goodwill	*21,358*	*17,587*
140. Tax assets	4,172	3,639
a) current	*2,244*	*1,956*
b) deferred	*1,928*	*1,683*
150. Non-current assets held for sale and discontinued operations	26	4,222
160. Other assets	14,533	10,390
Total Assets	**627,701**	**572,902**

(in millions of euro)

Liabilities and Shareholders' Equity	30.06.2008	31.12.2007
10. Due to banks	62,786	67,688
20. Due to customers	222,722	206,592
30. Securities issued	172,201	139,891
40. Financial liabilities held for trading	29,840	24,608
50. Financial liabilities designated at fair value through profit and loss	26,512	27,270
60. Hedging derivatives	3,151	2,234
70. Fair value change of financial liabilities in hedged portfolios (+/-)	-491	-4
80. Tax liabilities	3,750	3,806
a) current	*619*	*683*
b) deferred	*3,131*	*3,123*
90. Liabilities associated with non-current assets held for sale and discontinued operations	17	3,265
100. Other liabilities	27,269	17,951
110. Employee termination indemnities	1,603	1,488
120. Allowances for risks and charges	4,955	4,193
a) post employment benefits	*633*	*486*
b) other allowances	*4,322*	*3,707*
130. Technical reserves	21,783	21,571
140. Valuation reserves	-299	699
150. Reimbursable shares	-	-
160. Equity instruments	-	-
170. Reserves	8,021	5,712
180. Share premium reserve	33,102	33,457
190. Share capital	6,647	6,647
200. Treasury shares (-)	-14	-2,207
210. Minority interests (+/-)	1,041	791
220. Net income (loss)	3,105	7,250
Total Liabilities and Shareholders' Equity	**627,701**	**572,902**

Consolidated income statement

(in millions of euro)

	1st Half 2008	1st Half 2007 (*)
10. Interest and similar income	13,628	11,798
20. Interest and similar expense	-7,446	-6,816
30. Interest margin	**6,182**	**4,982**
40. Fee and commission income	3,573	3,712
50. Fee and commission expense	-624	-673
60. Net fee and commission income	**2,949**	**3,039**
70. Dividend and similar income	509	629
80. Profits (Losses) on trading	-828	324
90. Fair value adjustments in hedge accounting	-11	19
100. Profits (Losses) on disposal or repurchase of	23	-3
a) loans	*-19*	*-29*
b) financial assets available for sale	*27*	*42*
c) investments held to maturity	-	-
d) financial liabilities	*15*	*-16*
110. Profits (Losses) on financial assets and liabilities designated at fair value	130	56
120. Net interest and other banking income	**8,954**	**9,046**
130. Net losses / recoveries on impairment	-593	-567
a) loans	*-604*	*-573*
b) financial assets available for sale	*-28*	*-11*
c) investments held to maturity	-	-
d) other financial activities	*39*	*17*
140. Net income from banking activities	**8,361**	**8,479**
150. Net insurance premiums	955	892
160. Other net insurance income (expense)	-718	-1,122
170. Net income from banking and insurance activities	**8,598**	**8,249**
180. Administrative expenses	-5,030	-4,130
a) personnel expenses	*-3,347*	*-2,614*
b) other administrative expenses	*-1,683*	*-1,516*
190. Net provisions for risks and charges	-104	-215
200. Net adjustments to / recoveries on property and equipment	-205	-211
210. Net adjustments to / recoveries on intangible assets	-491	-433
220. Other operating expenses (income)	172	73
230. Operating expenses	**-5,658**	**-4,916**
240. Profits (Losses) on investments in associates and companies subject to joint control	366	176
250. Valuation differences on property, equipment and intangible assets measured at fair value	-	-
260. Goodwill impairment	-	-
270. Profits (Losses) on disposal of investments	2	2
280. Income (Loss) before tax from continuing operations	**3,308**	**3,511**
290. Taxes on income from continuing operations	-1,034	-1,198
300. Income (Loss) after tax from continuing operations	**2,274**	**2,313**
310. Income (Loss) after tax from discontinued operations	925	3,037
320. Net income (loss)	**3,199**	**5,350**
330. Minority interests	-94	-64
340. Parent Company's net income (loss)	**3,105**	**5,286**
Basic EPS - Euro	**0.24**	**0.41**
Diluted EPS - Euro	**0.24**	**0.41**

(*) Figures restated in accordance to IFRS 5 and to consider the effects of the definitive allocation of the purchase cost of the Sanpaolo IMI Group in accordance to IFRS 3.

Changes in consolidated shareholders' equity as at 30 June 2008

(in millions of euro)

	30.06.2008												
	Share capital		Share premium reserve	Reserves		Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other	available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2008													
- Group	**6,162**	**485**	**33,457**	**5,624**	**88**	**150**	**133**	**342**	**74**	**-**	**-2,207**	**7,250**	**51,558**
- minority interests	**331**	**3**	**121**	**218**	**-**	**6**	**-**	**10**	**-4**	**-**	**-**	**106**	**791**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR													
Reserves													
- Group				2,363								-2,363	**-**
- minority interests				55								-55	**-**
Dividends and other allocations [(a)]												-4,938	**-4,938**
CHANGES IN THE PERIOD													
Changes in reserves													
- Group			-355	-55		-1,302	191		113				**-1,408**
- minority interests	117		20	77		-12	1		4				**207**
Operations on shareholders' equity													
Issue of new shares													
- Group											2,193		**2,193**
- minority interests													
Purchase of treasury shares													
- Group													
- minority interests													
Extraordinary dividends													
Changes in equity instruments													
Derivatives on treasury shares													
Stock options				1									**1**
Net income (loss) for the period													
- Group												3,105	**3,105**
- minority interests												94	**94**
SHAREHOLDERS' EQUITY AS AT 30.06.2008	**6,610**	**488**	**33,243**	**8,283**	**88**	**-1,158**	**325**	**352**	**187**	**-**	**-14**	**3,199**	**51,603**
- Group	**6,162**	**485**	**33,102**	**7,933**	**88**	**-1,152**	**324**	**342**	**187**	**-**	**-14**	**3,105**	**50,562**
- minority interests	**448**	**3**	**141**	**350**	**-**	**-6**	**1**	**10**	**-**	**-**	**-**	**94**	**1,041**

[(a)] The caption includes dividends and the amount attributable to the Allowances for charitable contributions, as well as the dividends of consolidated companies attributable to minority interests.

Changes in consolidated shareholders' equity as at 30 June 2007

(in millions of euro)

	30.06.2007													
	Share capital		Share premium reserve	Reserves		Merger reserves	Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other		available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2007 Gruppo Intesa														
- Group	**3,128**	**485**	**5,559**	**5,141**	**85**	**-**	**628**	**83**	**344**	**154**	**-**	**-**	**2,559**	**18,166**
- minority interests	**327**	**3**	**115**	**277**	**-**	**-**	**6**	**-**	**9**	**5**	**-**	**-**	**110**	**852**
EFFECTS OF THE MERGER														
Banca Intesa capital increase	3,033					31,093								**34,126**
Minority interests former Sanpaolo IMI Group	187		21	-6								-3	54	**253**
Intesa Sanpaolo Group treasury shares												-59		**-59**
AMOUNTS AS AT 1.1.2007 Intesa Sanpaolo Group														
- Group	**6,161**	**485**	**5,559**	**5,141**	**85**	**31,093**	**628**	**83**	**344**	**154**	**-**	**-59**	**2,559**	**52,233**
- minority interests	**514**	**3**	**136**	**271**	**-**	**-**	**6**	**-**	**9**	**5**	**-**	**-3**	**164**	**1,105**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR														
Reserves														
- Group				877									-877	**-**
- minority interests				66									-66	**-**
Dividends and other allocations [(a)]													-1,780	**-1,780**
CHANGES IN THE PERIOD														
Changes in reserves														
- Group	**-**		**-**	-5	-9		-102	152	-2	26				**60**
- minority interests	-124		-17	-44	**-**		-2	**-**	1	-3				**-189**
Operations on shareholders' equity														
Issue of new shares														
- Group	1											52		**53**
- minority interests	7											3		**10**
Purchase of treasury shares														
- Group												-29		**-29**
- minority interests														
Extraordinary dividends			-3,195											**-3,195**
Changes in equity instruments														**-**
Derivatives on treasury shares														**-**
Stock options					7									**7**
Net income (loss) for the period														
- Group													5,286	**5,286**
- minority interests													64	**64**
SHAREHOLDERS' EQUITY AS AT 30.06.2007	**6,559**	**488**	**2,483**	**6,306**	**83**	**31,093**	**530**	**235**	**352**	**182**	**-**	**-36**	**5,350**	**53,625**
- Group	**6,162**	**485**	**2,364**	**6,013**	**83**	**31,093**	**526**	**235**	**342**	**180**	**-**	**-36**	**5,286**	**52,733**
- minority interests	**397**	**3**	**119**	**293**	**-**	**-**	**4**	**-**	**10**	**2**	**-**	**-**	**64**	**892**

[(a)] The caption includes dividends and the amount attributable to the Allowances for charitable contributions, as well as the dividends of consolidated companies attributable to minority interests.

[(*)] Figures restated to consider the effects of the definitive allocation of the purchase cost of the Sanpaolo IMI Group in accordance to IFRS 3.

Consolidated statement of cash flows

(in millions of euro)

	30.06.2008	30.06.2007
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**5,388**	**4,789**
- net income (+/-)	3,199	5,350
- gains/losses on financial assets held for trading and on assets/liabilities designated at fair value through profit and loss (-/+)	360	-299
- gains/losses on hedging activities (-/+)	11	-19
- net losses/recoveries on impairment (+/-)	845	673
- adjustments to/net recoveries on property, equipment and intangible assets (+/-)	697	595
- net provisions for risks and charges and other costs/revenues (+/-)	573	509
- net insurance premiums to be collected (-)	-28	-2
- other insurance revenues/charges to be collected (-/+)	-1,735	1,118
- taxes and duties to be settled (+)	1,329	-52
- net adjustments to/recoveries on disposal groups net of tax effect (-/+)	-	-
- other adjustments (+/-)	137	-3,084
2. Cash flow from / used in financial assets	**-24,541**	**-25,621**
- financial assets held for trading	-1,879	-12,683
- financial assets designated at fair value through profit and loss	680	-56
- financial assets available for sale	2,333	320
- due from banks: repayable on demand	-499	-1,149
- due from banks: other	-3,793	-5,705
- loans to customers	-17,535	-8,839
- other assets	-3,848	2,491
3. Cash flow from / used in financial liabilities	**28,885**	**21,602**
- due to banks: repayable on demand	-1,222	3,227
- due to banks: other	-9,477	12,944
- due to customers	15,512	4,794
- securities issued	12,030	1,699
- financial liabilities held for trading	5,167	3,513
- financial liabilities designated at fair value through profit and loss	-1,647	1,663
- other liabilities	8,522	-6,238
Net cash flow from (used in) operating activities	**9,732**	**770**
B. INVESTING ACTIVITIES		
1. Cash flow from	**1,259**	**4,843**
- sales of investments in associates and companies subject to joint control	405	89
- dividends collected on investments in associates and companies subject to joint control	24	22
- sales/reimbursements of investments held to maturity	-	-
- sales of property and equipment	-	7
- sales of intangible assets	-	-
- sales of subsidiaries and business branches	830	4,725
2. Cash flow used in	**-6,467**	**-969**
- purchases of investments in associates and companies subject to joint control	-572	-53
- purchases of investments held to maturity	-52	-276
- purchases of property and equipment	-691	-148
- purchases of intangible assets	-1,196	-77
- purchases of subsidiaries and business branches	-3,956	-415
Net cash flow from (used in) investing activities	**-5,208**	**3,874**
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	34	-36
- share capital increases	-	1
- dividend distribution and other	-4,867	-4,943
Net cash flow from (used in) financing activities	**-4,833**	**-4,978**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-309**	**-334**
RECONCILIATION		
Cash and cash equivalents at beginning of period	3,463	3,279
Net increase (decrease) in cash and cash equivalents	-309	-334
Cash and cash equivalents: foreign exchange effect	-	4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,154**	**2,949**

LEGEND: (+) from (–) used in

(*) The figure as at 30.06.2008 includes Cash and cash equivalents of the companies entered into the scope of consolidation in the first half of 2008.

EXPLANATORY NOTES

Accounting policies

General principles for the preparation of the report

The "Half-yearly report as at 30 June 2008" has been prepared, in consolidated form, in compliance with art. 154-ter of Legislative Decree 58 of 24 February 1998 and with the application of the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission provided for by Community Regulation 1606 of 19 July 2002. In particular, the present Report is drawn up in compliance with IAS 34 requirements on interim reports.

The accounting principles adopted in the preparation of the Report, for classification, recognition, measurement and derecognition of asset and liability captions, and the means of recognition of revenues and costs, have remained unchanged with respect to those adopted for the Intesa Sanpaolo Group's Annual report 2007, to which, therefore, reference must be made.
The preparation of the Half-yearly report requires the use of estimates and assumptions in the determination of certain cost and income components and for the measurement of assets and liabilities. Again reference must be made to the Annual report 2007. Moreover, please note that in certain valuation processes, in particular the more complex, such as the asset impairment tests, these are generally performed completely at the time of the annual report, when all the necessary information is available, with the exception of the cases in which there are significant impairment indications which require the immediate valuation of losses.

Reconta Ernst & Young reviewed this Half-yearly report.

The Half-yearly report is made up of the condensed consolidated financial statements, prepared in simplified form as permitted by IAS 34, and contains the Balance sheet, the Income statement, the Changes in shareholders' equity, the Statement of cash flows and the Explanatory notes to the report on operations. It is also complemented by information on significant events which occurred in the period, projections for the whole of 2008 as well as the certification of the Manager responsible for preparing the Company's financial reports, pursuant to art. 154 bis of TUF and the Independent Auditors' report.
The Half-yearly report is prepared in euro as functional currency. The amounts indicated in Financial statements and Explanatory notes are expressed in millions of euro, unless otherwise specified.

The Balance sheet as at 30 June 2008 presents under Non-current assets held for sale and discontinued operations mainly the assets/liabilities relative to a business line of the subsidiary Eurizon Vita for which an offer from an Italian insurance group has been accepted and certain real estate properties of subsidiaries.
The Income statement as at 30 June 2008 reports under Income (Loss) after tax from discontinued operations the economic components relative to the branches sold in the half, in compliance with the decisions of the Italian Competition Authority and to those referred to the business line of Eurizon Vita mentioned above.

Income statement figures referred to as at 30 June 2007 are restated instead of those previously published, in compliance with IFRS 5, to account for the aforesaid transactions that are classified in Non-current assets held for sale and discontinued operations and, in compliance with IFRS 3, to consider the definitive allocation of the purchase cost of the Sanpaolo IMI Group. This last adjustment led to a negative variation in net income as at 30 June 2008 of 73 million euro.

Scope of consolidation and consolidation methods

Scope of consolidation

The Consolidated half-yearly report includes Intesa Sanpaolo and the companies which it directly and indirectly controls, jointly controlled or subject to significant influence, comprising – as specifically set out by the new IAS/IFRS principles – also the companies operating in dissimilar sectors from the Parent Company as well as private equity investments. Similarly, special purpose entities/vehicles (SPE/SPV) are included when the requisite of effective control recurs, even if there is no direct or indirect stake in the company.
With respect to the situation as at 31 December 2007, please note the entry into the line-by-line scope of consolidation of:
- the Carifirenze Group;
- Eurizon Investimenti, which in the 2007 financial statements was consolidated only referring to balance sheet figures;
- Pravex Bank, a bank operating in Ukraine, acquired at the end of the first half;
- Intesa Sanpaolo Servizi Transazionali (former MPS Finance Banca Mobiliare), a company acquired in the second quarter which is in charge of the depositary bank services of Montepaschi.

The companies are consolidated starting from the date of acquisition. However, for Pravex and Intesa Sanpaolo Servizi Transazionali, only balance sheet figures are consolidated in consideration of the immateriality of relevant income statement figures as the companies were acquired towards the end of the semester.
Sanpaolo IMI Insurance Brokers, sold, and Finameris-Société d'Investissement et de Financements Immobiliers, which ceased operations, are excluded from the scope of consolidation.
For the sake of completeness, despite the fact that they did not produce any effects on the consolidated financial statements, the following companies are excluded from the scope of consolidation following intergroup reorganisations:
- Banca Opi, de-merged into Banca Infrastrutture Innovazione e Sviluppo;
- Banca Italo Albanese, merged into American Bank of Albania;
- Panonska Banka, merged into Banca Intesa Beograd;
- Sanpaolo Leasint, merged into Leasint S.p.A. (former Intesa Leasing);
- Inter-Europa Bank, merged into Central European International Bank;
- EurizonSolution, merged into Intesa Sanpaolo.

The equity investment in the Bank of Italy, in which the Intesa Sanpaolo Group holds a 42.63% stake, which - considering its peculiarity - is maintained at cost and is therefore not carried at equity, as well as the companies for which the shares have been received as pledges with voting rights exceeding 20%, in consideration of the substance underlying the pledge, which has the purpose of guaranteeing loans and not of exercising control and direction over financial and economic policies in order to benefit from the economic return on the shares, are not consolidated.

Consolidation methods

The methods used for the consolidation of the figures of subsidiaries *(line-by-line consolidation)* and for the consolidation of associates and of companies subject to joint control *(equity method)* have remained unchanged from those adopted for the Intesa Sanpaolo Group’s Annual report 2007 to which, therefore, reference must be made.
The financial statements of the Parent Company and of other companies used to prepare the Half-yearly report as at 30 June 2008 refer to the same date. In certain cases, for subsidiaries which are not material, the latest official figures are used.
Where necessary – and without prejudice to absolutely marginal cases – the financial statements of consolidated companies which are drawn up using different accounting criteria are restated to be compliant with the standards used by the Group.
The financial statements of the companies which do not operate in the eurozone are translated into euro applying to the assets and liabilities in the balance sheet the spot exchange rate at period-end and to the income statement the average exchange rate.

The following table indicates the investments in subsidiaries which are included in the line-by-line scope of consolidation of the Half-yearly report as at 30 June 2008.

Companies	Registered office	Type of relation-ship (a)	Investment direct ownership	% held	% votes available (b)
A. CONSOLIDATED COMPANIES					
Parent Company					
Intesa Sanpaolo S.p.A. Capital Euro 6,646,547,922.56 in shares of Euro 0.52	Torino				
A. 1 Companies subject to full consolidation					
1 Adriano Finance S.r.l. (c) Capital Euro 15,000	Roma	4	Intesa Sanpaolo	5.00	
2 American Bank of Albania (d) Capital ALL 5,562,517,674 in shares of ALL 357	Tirana	1	Intesa Sanpaolo	81.00	
3 Arten Sicav (e)	Luxembourg	4	EurizonLife	91.00	
4 Atlantis Sociedad Anonima Capital ARP 3,489,505 in shares of ARP 1	Buenos Aires	1	Intesa Sanpaolo Holding International Sudameris	18.75 81.25 100.00	
5 B.I. Private Equity Ltd Capital Euro 100,000 in shares of Euro 1	Dublin	1	Private Equity International	100.00	
6 B.O.F. A.S. (f) Capital SKK 500,000 in shares of SKK 2.5	Bratislava	1	Vseobecna Uverova Banka	70.00	
7 B.O.F. poist'ovaci makler s.r.o. Capital SKK 500,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
8 Banca Cis S.p.A. Capital Euro 170,276,569.35 in shares of Euro 51.65	Cagliari	1	Intesa Sanpaolo Mediocredito Italiano	44.63 55.37 100.00	
9 Banca C.R. Firenze Romania S.A.(g) Capital RON 44,338,660,00	Bucharest	1	Cassa di Risparmio di Firenze	56.23	
10 Banca dell'Adriatico S.p.A. Capital Euro 232,652,000 in shares of Euro 1	Pesaro	1	Intesa Sanpaolo	100.00	
11 Banca di Trento e Bolzano S.p.A. Capital Euro 55,103,550,84 in shares of Euro 0.52	Trento	1	Intesa Sanpaolo Finanziaria BTB	8.28 62.99 71.27	
12 Banca Fideuram S.p.A. Capital Euro 186,255,207.16 in shares of Euro 0.19	Roma	1	Intesa Sanpaolo	100.00	
13 Banca IMI S.p.A. Capital Euro 662,464,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
14 Banca Imi Securities Corp Capital Usd 44,500,000 in shares of Usd 1,000	New York	1	Imi Capital Markets USA Corp.	100.00	
15 Banca Infrastrutture Innovazione e Sviluppo S.p.A. Capital Euro 346,300,000 in shares of Euro 1	Roma	1	Intesa Sanpaolo	100.00	
16 Banca Intesa (France) S.A. Capital Euro 160,270,853.25 s	Paris	1	Intesa Sanpaolo	100.00	
17 Banca Intesa a.d., Beograd Capital RSD 18,477,400,000 in shares of RSD 100,000	Novi Beograd	1	Intesa Sanpaolo Holding International Intesa Sanpaolo	77.79 15.21 93.00	
18 Banca Prossima S.p.A. Capital Euro 80,000,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
19 Banco di Napoli S.p.A. Capital Euro 800,000,000 in shares of Euro 10	Napoli	1	Intesa Sanpaolo	100.00	
20 Bank of Alexandria Capital EGP 800,000,000 in shares of EGP 2	Il Cairo	1	Intesa Sanpaolo	80.00	
21 Banka Koper d.d. (h) Capital Euro 22,173,218.16 in shares of Euro 41.73	Koper	1	Intesa Sanpaolo	91.56	
22 Banque Privée Fideuram S.A. Capital Euro 132,530,240	Paris	1	Financiere Fideuram	99.95	
23 BCI U.S. Funding LLC I (i) Capital USD 10,000,000 in "common shares" of USD 10,000	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
24 BCI U.S. Funding LLC II (j) Capital Euro 27,500,000 in "common shares" of Euro 1,000	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
25 BCI U.S. Funding LLC III (k) Capital GBP 6,000,000 in "common shares" of GBP 1,000	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
26 Calit S.r.l. (former Intesa Sec. Npl 2) Capital Euro 600,000	Milano	1	Intesa Sanpaolo	100.00	
27 Canova Sicav (e)	Luxembourg	4	EurizonLife	100.00	
28 Carifano - Cassa di Risparmio di Fano S.p.A. (l) Capital Euro 77,289,674.04 in shares of Euro 5.16	Fano	1	Casse del Centro	30.00	86.63
29 Cassa dei Risparmi di Forlì e della Romagna S.p.A. Capital Euro 150,644,526 in shares of Euro 1	Forlì	1	Intesa Sanpaolo	68.92	
30 Cassa di Risparmio del Friuli Venezia Giulia S.p.A. Capital Euro 180,263,000 in shares of Euro 10	Gorizia	1	Intesa Sanpaolo	100.00	
31 Cassa di Risparmio della Provincia di Viterbo S.p.A. Capital Euro 49,407,056.31 in shares of Euro 0.51	Viterbo	1	Casse del Centro Cassa di Risparmio di Rieti	75.81 0.05 75.86	82.02 0.06 82.08
32 Cassa di Risparmio della Spezia S.p.A. Capital Euro 98,155,000 in shares of Euro 0.67	La Spezia	1	Cassa di Risparmio di Firenze	80.00	
33 Cassa di Risparmio di Ascoli Piceno S.p.A. Capital Euro 70,755,020 in shares of Euro 258.23	Ascoli Piceno	1	Casse del Centro	66.00	
34 Cassa di Risparmio di Città di Castello S.p.A. Capital Euro 23,750,000 in shares of Euro 0.50	Città di Castello (Perugia)	1	Casse del Centro	82.19	

Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	% votes available (b)
35 Cassa di Risparmio di Civitavecchia S.p.A. Capital Euro 34,505,380 in shares of Euro 70	Civitavecchia	1	Cassa di Risparmio di Firenze	51.00	
36 Cassa di Risparmio di Firenze S.p.A. (m) Capital Euro 828,836,017 in shares of Euro 1	Firenze	1	Intesa Sanpaolo	89.71	
37 Cassa di Risparmio di Foligno S.p.A. Capital Euro 17,720,820 in shares of Euro 0.52	Foligno (Perugia)	1	Casse del Centro	70.47	
38 Cassa di Risparmio di Orvieto S.p.A. Capital Euro 20,388,976 in shares of Euro 76	Orvieto (Terni)	1	Cassa di Risparmio di Firenze	73.57	
39 Cassa di Risparmio di Padova e Rovigo S.p.A. Capital Euro 628,869,000 in shares of Euro 10	Padova	1	Intesa Sanpaolo	100.00	
40 Cassa di Risparmio di Pistoia e Pescia S.p.A. (n) Capital Euro 141,987,825 in shares of Euro 0.63	Pistoia	1	Cassa di Risparmio di Firenze	58.79	
41 Cassa di Risparmio di Rieti S.p.A. Capital Euro 47,339,291 in shares of Euro 51.65	Rieti	1	Casse del Centro	85.00	
42 Cassa di Risparmio di Spoleto S.p.A. Capital Euro 42,489,053 in shares of Euro 1	Spoleto (Perugia)	1	Casse del Centro	60.13	
43 Cassa di Risparmio di Terni e Narni S.p.A. Capital Euro 21,000,000 in shares of Euro 6	Terni	1	Casse del Centro	75.00	
44 Cassa di Risparmio di Venezia S.p.A. Capital Euro 254,536,000 in shares of Euro 10	Venezia	1	Intesa Sanpaolo	100.00	
45 Cassa di Risparmio in Bologna S.p.A. Capital Euro 561,692,000 in shares of Euro 10	Bologna	1	Intesa Sanpaolo	100.00	
46 Casse del Centro S.p.A. (former Intesa Casse del Centro) Capital Euro 774,240,078 in shares of Euro 1	Spoleto (Perugia)	1	Intesa Sanpaolo	96.07	
47 Central-European International Bank Ltd. Capital HUF 62,818,570,000 in shares of HUF 1	Budapest	1	Intesa Sanpaolo Holding International	89.10	
			Intesa Sanpaolo	10.90	
				100.00	
48 Centro Factoring S.p.A. Capital Euro 25,200,000 in shares of Euro 4	Firenze	1	Cassa di Risparmio di Firenze	41.77	
			Centro Leasing Banca	14.95	
			Intesa Sanpaolo	10.81	
			Cassa di Risparmio di Pistoia e Pescia	5.73	
			Cassa di Risparmio della Spezia	0.16	
			Cassa dei Risparmi di Forlì e della Romagna	0.11	
			Cassa di Risparmio di Orvieto	0.03	
				73.56	
49 Centro Leasing Banca S.p.A. Capital Euro 155,020,051.5 in shares of Euro 3.54	Firenze	1	Cassa di Risparmio di Firenze	77.49	
			Cassa di Risparmio di Pistoia e Pescia	7.09	
			Cassa di Risparmio di Orvieto	0.93	
			Cassa di Risparmio della Spezia	0.79	
			Cassa di Risparmio di Civitavecchia	0.56	
			Cassa dei Risparmi di Forlì e della Romagna	0.04	
				86.90	
50 Centro Leasing Rete S.p.A. Capital Euro 1,500,000 in shares of Euro 1	Firenze	1	Centro Leasing Banca	100.00	
51 Centrovita Assicurazioni S.p.A. Capital Euro 38,000,000 in shares of Euro 1	Firenze	1	Cassa di Risparmio di Firenze	43.00	
			Cassa di Risparmio di Pistoia e Pescia	8.00	
				51.00	
52 Centurion Financial Services Ltd Capital BAM 560,169	Sarajevo	1	PBZ Card	100.00	
53 Centurion Financne Storitve d.o.o. Capital Euro 1,648,305.79	Ljubljana	1	Banka Koper	75.00	
			PBZ Card	25.00	
				100.00	
54 CIB Car Trading Limited Liability Company Capital HUF 10,000,000	Budapest	1	CIB Credit	100.00	
55 CIB Credit Ltd Capital HUF 50,000,000	Budapest	1	CIB Leasing	98.00	
			CIB Real Estate	2.00	
				100.00	
56 CIB Expert Ltd. Capital HUF 3,000,000	Budapest	1	CIB Real Estate	100.00	
57 CIB Factor Financial Service Ltd. Capital HUF 103,500,000	Budapest	1	CIB REAL Property Utilisation and Services	50.00	
			CIB Service Property Utilisation and Services	50.00	
				100.00	
58 CIB Insurance Broker Ltd. Capital HUF 10,000,000	Budapest	1	CIB Leasing	100.00	
59 CIB Inventory Management Limited Liability Company Capital HUF 100,000,000	Budapest	1	Central-European International Bank	100.00	
60 CIB Investment Fund Management Ltd. Capital HUF 600,000,000	Budapest	1	Central-European International Bank	94.98	
			CIB REAL Property Utilisation and Services	5.02	
				100.00	
61 CIB Leasing Ltd. Capital HUF 1,520,000,000	Budapest	1	CIB Rent Operative Leasing	100.00	
62 CIB Real Estate Ltd. Capital HUF 50,000,000	Budapest	1	CIB Leasing	100.00	
63 CIB REAL Property Utilisation and Services Ltd. Capital HUF 4,400,000,000	Budapest	1	Central-European International Bank	26.00	
			CIB Service Property Utilisation and Services	74.00	
				100.00	
64 CIB Rent Operative Leasing Ltd. Capital HUF 800,000,000	Budapest	1	Central-European International Bank	100.00	

	Companies	Registered office	Type of relation-ship (a)	Investment direct ownership	% held	% votes available (b)
65	CIB Residential Property Leasing Ltd. Capital HUF 50,010,000	Budapest	1	CIB Credit	100.00	
66	CIB Service Property Utilisation and Services Ltd. Capital HUF 15,300,000,000	Budapest	1	Central-European International Bank	100.00	
67	CIL Bajor Co. Ltd. Capital HUF 20,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00 100.00	
68	CIL Danubius Co. Ltd Capital HUF 20,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00 100.00	
69	CIL Nagyteteny Ltd. Capital HUF 3,000,000	Budapest	1	CIB Real Estate CIB Leasing	50.00 50.00 100.00	
70	CIL Vaci ut Property Utilisation Limited Liability Company Capital HUF 3,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00 100.00	
71	CIL - FOOD 2006 Ltd Capital HUF 3,000,000	Budapest	1	CIB Leasing CIB Real Estate	50.00 50.00 100.00	
72	Cimabue Sicav (e)	Luxembourg	4	EurizonLife	100.00	
73	Consumer Finance Holding a.s. Capital SKK 1,600,000,000	Kezmarok	1	Vseobecna Uverova Banka	100.00	
74	Consumer Financial Services S.r.l. Capital Euro 4,830,000	Bologna	1	Neos Banca	100.00	
75	CR Firenze Gestion Internationale S.A. Capital Euro 500,000	Luxembourg	1	Cassa di Risparmio di Firenze Intesa Sanpaolo	80.00 20.00 100.00	
76	Duomo Funding Plc (o)	Dublin	4	Intesa Sanpaolo	-	
77	Eolo Investments B.V. (p)	Amsterdam	4	Eurizon Vita	-	
78	Epsilon Associati SGR S.p.A. Capital Euro 5,200,000 in shares of Euro 0.52	Milano	1	Eurizon Capital SGR	93.75	
79	Equiter S.p.A. (former Fin. OPI S.p.A.) Capital Euro 150,000,000 in shares of Euro 5	Torino	1	Intesa Sanpaolo	100.00	
80	ERFI 2000 Ingatlan kft Capital Huf 2,247,600,000 in shares of Euro 1	Budapest	1	Cib Service Property Utilisation and Services	100.00	
81	Eurizon A.I. SGR S.p.A. Capital Euro 4,420,000 in shares of Euro 130	Milano	1	Eurizon Capital SGR Intesa Sanpaolo	90.00 10.00 100.00	
82	Eurizon Alternative Investments S.G.R. S.p.A. Capital Euro 6,500,000 in shares of Euro 100	Milano	1	Eurizon Capital SGR	100.00	
83	Eurizon Capital S.A. Capital Euro 5,000,000	Luxembourg	1	Eurizon Capital SGR	100.00	
84	Eurizon Capital S.G.R. S.p.A. Capital Euro 15,000,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
85	Eurizon Investimenti SGR S.p.A. Capital Euro 11,001,450 in shares of Euro 51.65	Milano	1	Intesa Sanpaolo	100.00	
86	Eurizon Vita S.p.A. Capital Euro 295,322,508 in shares of Euro 1	Torino	1	Intesa Sanpaolo	99.96	
87	EurizonLife Ltd Capital Euro 625,000	Dublin	1	Eurizon Vita	100.00	
88	EurizonTutela S.p.A. Capital Euro 27,912,258 in shares of Euro 1	Torino	1	Eurizon Vita	100.00	
89	Euro-Tresorerie S.A. Capital Euro 200,038,320 in shares of Euro 15.30	Paris	1	Financiere Fideuram	100.00	
90	Fideuram Asset Management (Ireland) Ltd Capital Euro 1,000,000	Dublin	1	Banca Fideuram	100.00	
91	Fideuram Bank (Suisse) S.A. Capital CHF 15,000,000	Lugano	1	Fideuram Bank Luxembourg	99.97	
92	Fideuram Bank Luxembourg S.A. (former Fideuram Bank S.A.) Capital Euro 30,000,000	Luxembourg	1	Banca Fideuram	100.00	
93	Fideuram Fiduciaria S.p.A. Capital Euro 1,551,000 in shares of Euro 517	Roma	1	Banca Fideuram	100.00	
94	Fideuram Fund Bond Global Emerging Markets (e)	Luxembourg	4	Eurizon Vita	72.02	
95	Fideuram Fund Bond Global High Yield (e)	Luxembourg	4	Eurizon Vita	72.45	
96	Fideuram Fund Equity Europe (e)	Luxembourg	4	Eurizon Vita	81.05	
97	Fideuram Fund Equity Global Emerging Markets (e)	Luxembourg	4	Eurizon Vita	85.99	
98	Fideuram Fund Equity Italy (e)	Luxembourg	4	Eurizon Vita	92.23	
99	Fideuram Fund Equity Japan (e)	Luxembourg	4	Eurizon Vita	84.98	
100	Fideuram Fund Equity Pacific Ex Japan (e)	Luxembourg	4	Eurizon Vita	80.39	
101	Fideuram Fund Equity Usa (e)	Luxembourg	4	Eurizon Vita	80.40	
102	Fideuram Fund Equity Usa Growth	Luxembourg	4	Eurizon Vita	100.00	
103	Fideuram Fund Equity Usa Value	Luxembourg	4	Eurizon Vita	100.00	
104	Fideuram Fund Euro Bond Long Risk (e)	Luxembourg	4	Eurizon Vita	85.03	
105	Fideuram Fund Euro Bond Low Risk (e)	Luxembourg	4	Eurizon Vita	72.41	

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	% votes available (b)
106	Fideuram Fund Euro Bond Medium Risk (e)	Luxembourg	4	Eurizon Vita	69.59	
107	Fideuram Fund Euro Corporate Bond (e)	Luxembourg	4	Eurizon Vita	77.97	
108	Fideuram Fund Euro Defensive Bond (e)	Luxembourg	4	Eurizon Vita	64.96	
109	Fideuram Fund Euro Short Term (e)	Luxembourg	4	Eurizon Vita	64.92	
110	Fideuram Fund Europe Listed Consumer Discretionary Equity (e)	Luxembourg	4	Eurizon Vita	96.99	
111	Fideuram Fund Europe Listed Consumer Staples Equity (e)	Luxembourg	4	Eurizon Vita	96.77	
112	Fideuram Fund Europe Listed Energy Materials Utilities Equity (e)	Luxembourg	4	Eurizon Vita	94.43	
113	Fideuram Fund Europe Listed Financials Equity (e)	Luxembourg	4	Eurizon Vita	96.02	
114	Fideuram Fund Europe Listed Health Care Equity (e)	Luxembourg	4	Eurizon Vita	93.86	
115	Fideuram Fund Europe Listed Industrials Equity (e)	Luxembourg	4	Eurizon Vita	95.39	
116	Fideuram Fund Europe Listed T.T. Equity (e)	Luxembourg	4	Eurizon Vita	94.46	
117	Fideuram Fund Inflation Linked (e)	Luxembourg	4	Eurizon Vita	68.94	
118	Fideuram Fund Zero Coupon 2008 (e)	Luxembourg	4	Eurizon Vita	100.00	
119	Fideuram Fund Zero Coupon 2009 (e)	Luxembourg	4	Eurizon Vita	100.00	
120	Fideuram Fund Zero Coupon 2010 (e)	Luxembourg	4	Eurizon Vita	100.00	
121	Fideuram Fund Zero Coupon 2011 (e)	Luxembourg	4	Eurizon Vita	100.00	
122	Fideuram Fund Zero Coupon 2012 (e)	Luxembourg	4	Eurizon Vita	100.00	
123	Fideuram Fund Zero Coupon 2013 (e)	Luxembourg	4	Eurizon Vita	100.00	
124	Fideuram Fund Zero Coupon 2014 (e)	Luxembourg	4	Eurizon Vita	100.00	
125	Fideuram Fund Zero Coupon 2015 (e)	Luxembourg	4	Eurizon Vita	100.00	
126	Fideuram Fund Zero Coupon 2016 (e)	Luxembourg	4	Eurizon Vita	100.00	
127	Fideuram Fund Zero Coupon 2017 (e)	Luxembourg	4	Eurizon Vita	100.00	
128	Fideuram Fund Zero Coupon 2018 (e)	Luxembourg	4	Eurizon Vita	100.00	
129	Fideuram Fund Zero Coupon 2019 (e)	Luxembourg	4	Eurizon Vita	100.00	
130	Fideuram Fund Zero Coupon 2020 (e)	Luxembourg	4	Eurizon Vita	100.00	
131	Fideuram Fund Zero Coupon 2021 (e)	Luxembourg	4	Eurizon Vita	100.00	
132	Fideuram Fund Zero Coupon 2022 (e)	Luxembourg	4	Eurizon Vita	100.00	
133	Fideuram Fund Zero Coupon 2023 (e)	Luxembourg	4	Eurizon Vita	100.00	
134	Fideuram Fund Zero Coupon 2024 (e)	Luxembourg	4	Eurizon Vita	100.00	
135	Fideuram Fund Zero Coupon 2025 (e)	Luxembourg	4	Eurizon Vita	100.00	
136	Fideuram Fund Zero Coupon 2026 (e)	Luxembourg	4	Eurizon Vita	100.00	
137	Fideuram Fund Zero Coupon 2027 (e)	Luxembourg	4	Eurizon Vita	100.00	
138	Fideuram Fund Zero Coupon 2028 (e)	Luxembourg	4	Eurizon Vita	100.00	
139	Fideuram Fund Zero Coupon 2029 (e)	Luxembourg	4	Eurizon Vita	100.00	
140	Fideuram Fund Zero Coupon 2030 (e)	Luxembourg	4	Eurizon Vita	100.00	
141	Fideuram Fund Zero Coupon 2031 (e)	Luxembourg	4	Eurizon Vita	100.00	
142	Fideuram Fund Zero Coupon 2032 (e)	Luxembourg	4	Eurizon Vita	100.00	
143	Fideuram Fund Zero Coupon 2033 (e)	Luxembourg	4	Eurizon Vita	100.00	
144	Fideuram Fund Zero Coupon 2034 (e)	Luxembourg	4	Eurizon Vita	100.00	
145	Fideuram Fund Zero Coupon 2035 (e)	Luxembourg	4	Eurizon Vita	100.00	
146	Fideuram Fund Zero Coupon 2036 (e)	Luxembourg	4	Eurizon Vita	100.00	
147	Fideuram Fund Zero Coupon 2037 (e)	Luxembourg	4	Eurizon Vita	100.00	
148	Fideuram Fund Zero Coupon 2038 (e)	Luxembourg	4	Eurizon Vita	85.80	
149	Fideuram Gestions S.A. Capital Euro 10,000,000 in shares of Euro 100	Luxembourg	1	Banca Fideuram Eurizon Vita	99.94 0.06 100.00	
150	Fideuram Investimenti S.G.R. S.p.A. Capital Euro 25,850,000 in shares of Euro 517	Roma	1	Banca Fideuram	99.50	
151	Fideuram Wargny Gestion S.A.M. Capital Euro 2,500,000 in shares of Euro 100	Monaco	1	Fideuram Bank Luxembourg	99.96	
152	Financière Fideuram S.A. Capital Euro 346,761,600 in shares of Euro 25	Paris	1	Banca Fideuram	100.00	
153	Finanziaria B.T.B. S.p.A. Capital Euro 56,832,921.60 in shares of Euro 0.52	Trento	1	Intesa Sanpaolo	99.29	
154	Finor Leasing d.o.o. Capital Euro 2,047,000	Koper	1	Banka Koper	100.00	
155	Fondo Caravaggio Sicav (e)	Luxembourg	4	EurizonLife	100.00	
156	Fondo Doppia Opportunità (e)	Luxembourg	4	EurizonLife	100.00	
157	GE.FI.L. - Gestione Fiscalità Locale S.p.A. Capital Euro 2,583,000 in shares of Euro 2	La Spezia	1	Cassa di Risparmio della Spezia	100.00	
158	IE-New York Broker Rt Capital HUF 20,025,000 in shares of HUF 75,000	Budapest	1	Central-European International Bank	100.00	
159	IE-Services Szolgaltato es Kereskedelmi Kft Capital HUF 1,050,000 in shares of HUF 1,000	Budapest	1	Central-European International Bank	100.00	
160	IMI Capital Markets USA Corp. Capital USD 5,000 in shares of USD 1	New York	1	IMI Investments	100.00	

	Companies	Registered office	Type of relation-ship (a)	Investment direct ownership	% held	% votes available (b)
161	IMI Finance Luxembourg S.A. Capital Euro 100,000	Luxembourg	1	IMI Investments	100.00	
162	IMI Investimenti S.p.A. Capital Euro 579,184,200 in shares of Euro 5	Bologna	1	Intesa Sanpaolo	100.00	
163	IMI Investments S.A. Capital USD 150,000,000	Luxembourg	1	Banca IMI	100.00	
164	IMMIT - Immobili Italiani S.p.A. (former Nuova Real Estate) Capital Euro 290,972,537 in shares of Euro 1	Torino	1	Intesa Sanpaolo	100.00	
165	Immobiliare Nuova Sede S.r.L. Capital Euro 51,480	Firenze	1	Cassa di Risparmio di Firenze	100.00	
166	Infogroup S.p.A. Capital Euro 3,000,000 in shares of Euro 1	Firenze	1	Cassa di Risparmio di Firenze Cassa di Risparmio di Pistoia e Pescia Cassa di Risparmio di Civitavecchia Cassa di Risparmio di Orvieto	94.00 4.00 1.00 1.00 100.00	
167	Inter-Europa Beruhazo Kft Capital HUF 7,078,700,000 in shares of HUF 1	Budapest	1	Central-European International Bank	100.00	
168	Inter Europa Ertekesitesi Kft. Capital HUF 30,000,000 in shares of HUF 1	Budapest	1	Central-European International Bank	100.00	
169	Intesa Bank Overseas Ltd. Capital USD 10,000,000	Grand Cayman	1	Intesa Sanpaolo	100.00	
170	Intesa Distribution International Services S.A. Capital Euro 1,500,000	Luxembourg	1	Intesa Distribution Services Société Européenne de Banque	99.97 0.03 100.00	
171	Intesa Distribution Services S.r.l. Capital Euro 5,000,000	Milano	1	Intesa Sanpaolo	100.00	
172	Intesa Funding LLC Capital USD 10,000 in shares of USD 1	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
173	Intesa Global Finance Company Ltd Capital Euro 100,000	Dublin	1	Intesa Sanpaolo Holding International	100.00	
174	Intesa Investimenti S.p.A. Capital Euro 1,000,000,000 in shares of Euro 1,000	Milano	1	Intesa Sanpaolo	100.00	
175	Intesa Lease Sec S.r.l. Capital Euro 60,000	Milano	1	Intesa Sanpaolo	60.00	
176	Intesa Leasing d.o.o. Beograd Capital Euro 5,350,000	Belgrade	1	Banca Intesa a.d., Beograd CIB Leasing	51.00 49.00 100.00	
177	Intesa Preferred Capital Company L.L.C. (q) Capital Euro 46,000,000 in shares of Euro 1	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
178	Intesa Previdenza - Società di Intermediazione Mobiliare S.p.A. Capital 15,300,000 in shares of Euro 500	Milano	1	Intesa Sanpaolo	78.53	
179	Intesa Real Estate S.r.l. Capital Euro 4,625,000	Milano	1	Intesa Sanpaolo	100.00	
180	Intesa Sanpaolo Bank Ireland Plc Capital Euro 400,500,000 in shares of Euro 1	Dublin	1	Intesa Sanpaolo	100.00	
181	Intesa Sanpaolo Holding International S.A. Capital Euro 4,052,848,126	Luxembourg	1	Intesa Sanpaolo	100.00	
182	Intesa Sanpaolo Private Banking S.p.A. Capital Euro 52,000,000 in shares of Euro 4	Milano	1	Intesa Sanpaolo	100.00	
183	Intesa Sanpaolo Romania S.A. Commercial Bank (r) Capital Ron 251,111,110 in shares of Ron 10	Arad	1	Intesa Sanpaolo	99.25	
184	Intesa Sanpaolo Servizi Transazionali S.p.A. Capital Euro 120,000,000 in shares of Euro 1	Siena	1	Intesa Sanpaolo	100.00	
185	Intesa Sec. 2 S.r.l. Capital Euro 15,000	Milano	1	Intesa Sanpaolo	60.00	
186	Intesa Sec. 3 S.r.l. Capital Euro 70,000	Milano	1	Intesa Sanpaolo	60.00	
187	Intesa Sec. Npl S.p.A. Capital Euro 129,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	60.00	
188	Intesa Sec. S.p.A. Capital Euro 100,000 in shares of Euro 100	Milano	1	Intesa Sanpaolo	60.00	
189	IntesaBci Preferred Capital Company L.L.C. III (s) Capital Euro 11,000,000 in shares of Euro 1	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
190	IntesaBci Preferred Securities Investor Trust Capital Euro 1,000 in shares of Euro 1,000	Newark	1	IntesaBci Preferred Capital Company III	100.00	
191	IntesaTrade Sim S.p.A. Capital Euro 30,000,000 in shares of Euro 16	Milano	1	Intesa Sanpaolo	100.00	
192	Inversiones Mobiliarias S.A.- IMSA Capital PEN 26,666,332.83 in shares of PEN 0.03	Lima	1	Intesa Sanpaolo	99.82	
193	Invest Holding d.o.o. Capital HRK 30,000,000	Karlovac	1	Privredna Banka Zagreb	56.38	
194	KMB Bank (Closed Joint-Stock Company) (former Small Business Credit Bank) Capital RUB 3,237,182,000 in shares of RUB 12,350	Moscow	1	Intesa Sanpaolo Holding International	75.00	
195	KMB - Leasing (Closed Joint-Stock Company) Capital RUB 3,000,000 in shares of RUB 100	Moscow	1	KMB Bank	100.00	
196	LDV Holding B.V. Capital Euro 2,700,000 in shares of Euro 450	Amsterdam	1	IMI Investimenti	100.00	

	Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	% votes available (b)
197	Leasint S.p.A. (former Intesa Leasing) Capital Euro 172,043,500 in shares of Euro 1.24	Milano	1	Mediocredito Italiano	100.00	
198	Lelle SPC - Real Estate investment and trading co. Capital HUF 270,000,000 in shares of HUF 100,000	Budapest	1	CIB Real Estate CIB Insurance Broker	99.96 0.04 100.00	
199	Levanna Sicav (e)	Luxembourg	4	EurizonLife	100.00	
200	Lima Sudameris Holding S.A. in liquidation Capital PEN 168,190,806.15	Lima	1	Intesa Sanpaolo IMSA	52.87 47.13 100.00	
201	Lux Gest Asset Management S.A. Capital Euro 200,000	Luxembourg	1	Société Européenne de Banque	100.00	
202	Margit Business Center Limited Liability Company Capital HUF 221,000,000	Budapest	1	Central-European International Bank	100.00	
203	Medimurska Banka d.d. Capital HRK 127,900,000 in shares of HRK 400	Čakovec	1	Privredna Banka Zagreb	96.39	
204	Mediocredito Italiano S.p.A. (former Banca Intesa Mediocredito) Capital Euro 572,043,495 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
205	Mediofactoring S.p.A. (former Intesa Mediofactoring) Capital Euro 220,000,000 in shares of Euro 100	Milano	1	Intesa Sanpaolo	100.00	
206	Neos Banca S.p.A. Capital Euro 89,818,181.70 in shares of Euro 0.26	Bologna	1	Intesa Sanpaolo	100.00	
207	Neos Finance S.p.A. Capital Euro 52,018,308 in shares of Euro 6	Bologna	1	Neos Banca	100.00	
208	NHS Investments S.A. Capital Euro 168,000,000	Luxembourg	1	IMI Investimenti	100.00	
209	OOO Intesa Realty Russia Capital RUB 10,000	Moscow	1	Intesa Sanpaolo	100.00	
210	PBZ Card d.o.o. Capital HRK 50,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
211	PBZ Invest d.o.o. Capital HRK 5,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
212	PBZ Leasing d.o.o. za poslove leasinga Capital HRK 15,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
213	PBZ Nekretnine d.o.o. Capital HRK 3,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
214	PBZ Stambena stedionica d.d. Capital HRK 95,000,000 in shares of HRK 100	Zagreb	1	Privredna Banka Zagreb	100.00	
215	Pravex Bank Joint-Stock Commercial Bank Capital UAH 491,499,139 in shares of UAH 1	Kiev	1	Intesa Sanpaolo	100.00	
216	Private Equity International S.A. (#) Capital Euro 252,999,968	Luxembourg	1	Intesa Sanpaolo	100.00	
217	Privredna Banka Zagreb d.d. Capital HRK 1,907,476,900 in shares of HRK 100	Zagreb	1	Intesa Sanpaolo Holding International	76.59	
218	Recovery a.s. Capital SKK 1,000,000 in shares of SKK 10,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
219	Romulus Funding Corporation (o)	Delaware	4	Intesa Sanpaolo	-	
220	Sanpaolo Bank (Suisse) S.A. Capital CHF 20,000,000	Lugano	1	Sanpaolo Bank	99.98	
221	Sanpaolo Bank S.A. Capital Euro 140,000,000	Luxembourg	1	Intesa Sanpaolo	100.00	
222	Sanpaolo Fiduciaria S.p.A. Capital Euro 1,032,000 in shares of Euro 5.16	Milano	1	Intesa Sanpaolo	100.00	
223	Sanpaolo IMI Bank (International) S.A. Capital Euro 172,238,000	Funchal	1	Intesa Sanpaolo	100.00	
224	Sanpaolo IMI Capital Company I L.l.c. (t) Capital Euro 45,001,000	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
225	Sanpaolo IMI Fondi Chiusi S.G.R. S.p.A. Capital Euro 2,000,000 in shares of Euro 1,000	Bologna	1	IMI Investimenti	100.00	
226	Sanpaolo IMI Investimenti per lo Sviluppo SGR S.p.A. Capital Euro 2,000,000 in shares of Euro 1,000	Napoli	1	IMI Investimenti	100.00	
227	Sanpaolo IMI US Financial Co. Capital USD 1,000 in shares of Euro 1	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
228	Sanpaolo Immobiliere S.A. Capital Euro 250,000	Luxembourg	1	Sanpaolo Bank Eurizon Capital SA	99.99 0.01 100.00	
229	Sanpaolo Invest Ireland Ltd Capital Euro 500,000	Dublin	1	Banca Fideuram	100.00	
230	Sanpaolo Invest SIM S.p.A. Capital Euro 14,980,000 in shares of Euro 140	Roma	1	Banca Fideuram	100.00	
231	Sanpaolo Real Estate S.A. Capital Euro 3,000,000	Luxembourg	1	Sanpaolo Bank	100.00	
232	Scala Advisory S.A. Capital Euro 75,000	Luxembourg	1	Intesa Sanpaolo Société Européenne de Banque	99.97 0.03 100.00	
233	SEB Trust Limited Capital Euro 410,000	St Helier Jersey	1	Société Européenne de Banque	100.00	

	Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	% votes available (b)
234	SEP S.p.A. Capital Euro 1,560,000 in shares of Euro 0.52	Torino	1	Intesa Sanpaolo	100.00	
235	Servitia S.A. Capital Euro 1,500,000	Luxembourg	1	Intesa Sanpaolo Holding International	100.00	
236	Setefi S.p.A. Capital Euro 8,450,000 in shares of Euro 52	Milano	1	Intesa Sanpaolo	100.00	
237	Società Italiana di Revisione e Fiduciaria – S.I.RE.F. S.p.A. Capital 2,600,000 in shares of Euro 0.52	Milano	1	Intesa Sanpaolo	100.00	
238	Société Européenne de Banque S.A. Capital Euro 45,000,000	Luxembourg	1	Intesa Sanpaolo Holding International	100.00	
239	SP Lux Sicav II (e)	Luxembourg	4	EurizonLife	100.00	
240	Split 2 S.r.l. (u)	Treviso	4	Sanpaolo Leasint	-	
241	SPQR II S.r.l. (o)	Roma	4	Banca Opi	-	
242	Sud Polo Vita S.p.A. Capital Euro 84,464,122.20 in shares of Euro 0.20	Torino	1	Intesa Sanpaolo Eurizon Vita	98.79 1.18 99.97	
243	Sudameris S.A. Capital Euro 49,671,600	Paris	1	Intesa Sanpaolo Holding International	99.87	
244	Tiepolo Sicav (e)	Luxembourg	4	EurizonLife	100.00	
245	UPI Banka d.d. Capital BAM 37,146,800 in shares of BAM 100	Sarajevo	1	Intesa Sanpaolo Holding International Privredna Banka Zagreb	58.21 18.95 77.16	
246	Vseobecna Uverova Banka a.s. Capital SKK 12,978,108,000	Bratislava	1	Intesa Sanpaolo Holding International	96.50	
247	VUB Asset Management Sprav. Spol a.s. Capital SKK 50,000,000 in shares of SKK 100,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
248	VUB Factoring a.s. Capital SKK 67,194,000 in shares of SKK 9,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
249	VUB Leasingova a.s. Capital SKK 11,000,000 in shares of SKK 1,000,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
250	ZAO Banca Intesa Closed Joint-stock Company Capital RUB 1,260,000,000 in shares of RUB 1,000	Moscow	1	Intesa Sanpaolo	100.00	

(a) Type of relationship:
1 - majority of voting rights at Ordinary Shareholders' Meeting;
2 - dominant influence at Ordinary Shareholders' Meeting;
3 - agreements with other Shareholders;
4 - other forms of control;
5 - unitary management as defined in Art. 26.1 of "Legislative Decree 87/92";
6 - unitary management as defined in Art. 26.2 of "Legislative Decree 87/92";
7 - joint control;
8 - associate.

(b) Available voting rights at Ordinary Shareholders' Meeting. Voting rights are presented only if other than the equity stake held in the company's capital.

(c) Company for which holds the majority of risks and benefits (sic12).

(d) Please note that there is a put option sold/call option purchased from minority shareholder on 19% of the share capital.The disposal of a 1.39% stake in favour of Società Italiana per le Imprese all'Estero (the Italian company for businesses abroad - SIMEST) was finalised in July 2006, did not lead to the derecognition of the related shareholding in light of the contractual clauses which characterise the transaction.

(e) Collective investment entity in which the EurizonVita Group holds the majority of risks and benefits (SIC 12).

(f) Please note that there is a put option sold/call option purchased from minority shareholders on 30% of share capital.

(g) Please note that there is a put option sold/call option purchased from minority shareholders on 26.77% of share capital.

(h) Please note that there is a put option sold/call option purchased from minority shareholders on 8.26% of share capital.

(i) Considering the "preferred shares" issued by BCI US Funding Trust for a total of 200,001,000 dollars the equity stake equals 4.76%.

(j) Considering the "preferred shares" issued by BCI US Funding Trust for a total of 550,001,000 euro the equity stake equals 4.76%.

(k) Considering the "preferred shares" issued by BCI US Funding Trust for a total of 120,001,000 pounds the equity stake equals 4.76%.

(l) As at 30.06.08 the Parent Company held 8,482,083 shares in pledge (equal to 56.628% of the share capital) .
Such pledged shares do not lead to current economic benefits and therefore do not lead to changes in % held.

(m) Please note that there is a put option sold/call option purchased from minority shareholders on 10.29% of share capital.

(n) Please note that there is a put option sold/call option purchased from minority shareholders on 40% of ordinary shares.

(o) Company for which the majority of risks and benefits is held (SIC 12); the group does not hold any equity stake in the share capital.

(p) SDS - Società a Destinazione Specifica (special purpose entity) for the issuing of structured products to cover Index-Linked products (SIC 12).

(q) Considering the "preferred shares" issued by BCI US Funding Trust for a total of 200,000,000 euro the equity stake equals 18.70%.

(r) The Parent Company holds options for the acquisition of the remaining 0.75% of the stake.

(s) Considering the "preferred shares" issued by BCI US Funding Trust for a total of 500,001,000 euro the equity stake equals 2.15%.

(t) Considering the "preferred shares" issued by BCI US Funding Trust for a total of 1,000,000,000 euro the equity stake equals 4.31%.

(u) SDS - Società a Destinazione Specifica (special purpose entity) for the securitisation of leasing loans (pursuant to Law 130 of 30 April 1999) (SIC 12); the group does not hold any equity stake in the share capital.

(#) Stakes deriving from merchant banking activities.

Business combinations in the period

Concerning the entry in the Group of the Cassa di Risparmio di Firenze group, as detailed in the Annual report 2007 and as specified in other parts of this document, within the strategic operations foreseen in the Business plan, in January 2008 Intesa Sanpaolo purchased 40.3% of Carifirenze's share capital, by means of a share swap of proprietary ordinary shares from Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio della Spezia and So.Fi.Ba.R. – Società Finanziaria di banche Romagnole. The share swap ratio had been set at 1.194 Intesa Sanpaolo ordinary shares for each Carifirenze share.

The Intesa Sanpaolo Ordinary Shareholders' Meeting of 2 October 2007 authorised that proprietary ordinary shares be acquired and made available, up to a maximum number of 800 million. This

framework included the programme for the purchase of approximately 399 million proprietary ordinary shares for the purpose of meeting the commitments of the agreement to acquire the control of Carifirenze.
The purchase programme was executed from 3 October to 7 November 2007. In that period Intesa Sanpaolo purchased 398,904,617 proprietary ordinary shares (equal to 3.366% of the ordinary share capital), for a value of 2,158 million euro.
The transaction was completed on 29 January 2008 with the swap of 398,904,617 proprietary ordinary shares with 334,090,969 Carifirenze ordinary shares.
At the time of execution of the share swap, Intesa Sanpaolo granted Ente Cassa di Risparmio di Firenze a put option which sets forth that Ente shall have the right to sell to Intesa Sanpaolo which, conditional upon the obtaining of the necessary authorisations of the competent Authorities, shall be obliged to buy all Syndicated Shares (currently 85,276,948 shares, that is 10.29% of share capital) held by Ente Firenze at the time of exercise of that option. The Put Option may be exercised by the Ente, at any time until expiry of the shareholders agreement signed with Intesa Sanpaolo, at a price equal to the fair market value set for the Offer indicated below. After that the put option shall be forfeited.
In the period between 10 March and 1 April 2008, Intesa Sanpaolo launched a mandatory public tender offer to buy all the Carifirenze shares at the same price used to determine the exchange ratio, that is 6.735 euro per share. The Offer referred to 255,569,436 ordinary shares of Carifirenze, that is, all the issued ordinary shares of Carifirenze excluding those owned by Intesa Sanpaolo and by Ente Cassa di Risparmio di Firenze. As a result of the offer, Intesa Sanpaolo held, together with Ente Cassa di Risparmio di Firenze, 821,318,695 shares equal to 99.093% of the share capital of Cassa di Risparmio di Firenze. Therefore, Intesa Sanpaolo exercised, on 15 April 2008, the squeeze-out right provided for by art.111 of TUF on all the residual 7,517,322 Carifirenze ordinary shares subject to the Offer and not tendered at a unit price of 6.735 euro "cum dividend" (that is, inclusive of the coupon to receive any dividend related to financial year 2007), i.e. at the unit consideration of the Offer. After the completion of the transaction, Intesa Sanpaolo and Ente Cassa di Risparmio di Firenze hold all the Cassa's shares, with respective stakes of 89.71% and 10.29%.
In consideration of the put option sold to Ente Cassa di Risparmio di Firenze, the equity investment is fully consolidated as required by international accounting standards.
As of 15 April 2008, Borsa Italiana set forth the delisting of the shares of the Cassa from MTA.
For a detailed description of the transaction and of the agreements between Intesa Sanpaolo and Carifirenze or shareholders or directors of the issuer, see the relevant Offer document and the communications disclosed to the market at the time of the transaction.
According to IFRS 3, the cost of the business combination was determined on the basis of the fair value (4.766 euro per share), at the transaction date, of shares sold for a total value of 1,901 million euro, plus the value of the put option determined on the basis of the estimate of the strike price, the consideration paid of the mandatory tender offer and the squeeze out and accessory costs. The cost of the acquisition was therefore determined at 4,205 million euro; the comparison of this amount with Carifirenze's pro quota consolidated net equity, (net of any goodwill previously recorded) equal to 1,131 million euro, determines a difference of 3,074 million euro, to which the implicit goodwill in the portion already held before the share swap, equal to 356 million euro, must be added. The cost of the acquisition must be allocated to assets, liabilities and other intangible assets not recorded in Carifirenze's financial statements, within the limits of their fair values. IFRS 3 states that final allocation of cost must occur within twelve months from the date of acquisition, that is in the 2008 financial statements. In consideration of this provision and of the fact that, as illustrated, the entire acquisition was concluded last April, in this Half-yearly report the purchase price is not allocated to assets, liabilities and goodwill. The entire difference between the purchase cost and the portion of Carifirenze's shareholders' equity was provisionally allocated in the Balance sheet under Goodwill. For the purpose of estimating the economic effects deriving from the amortisation of part of the difference which, in the definitive allocation of the purchase cost, shall be presumably allocated to higher value of assets or new definite life intangibles, an amount of 30 million euro was posted under caption Net adjustments to/recoveries on intangible assets in the Income statement as at 30 June 2008.
In the first half of 2008, the Cassa di Risparmio di Firenze group recorded operating income of 575 million euro and a net income of 98 million euro.
As already indicated, in the second quarter the acquisition by Intesa Sanpaolo of MPS Finance Banca Mobiliare (now Intesa Sanpaolo Servizi Transazionali), a company that was in charge of the depositary bank services of Banca Monte dei Paschi di Siena for a consideration of 196 million euro was finalised in accordance with the commitments made by the parties in the agreement signed on 31 March 2008. A

further 130 million euro relative to the capital of MPS Finance was added, as provided for by the agreement. The 190 million euro difference between the total cost and the company's net book value, which amounted to 136 million euro at the execution of the transaction, was recorded as goodwill.
At the end of the first half, after obtaining the necessary authorisations, Intesa Sanpaolo and the controlling shareholders of JSC Pravex-Bank finalised the acquisition on the part of Intesa Sanpaolo of 100% of the share capital of Pravex, in accordance with the commitments made by the parties to the agreement signed on 4 February 2008, with an investment equal to an exchange value of 500 million euro, inclusive of the reimbursement to the sellers of an increase in share capital which occurred in the meantime. The 401 million euro difference between the amount indicated above and the net book value of the acquired entity as at 30 June 2008, which amounted to 99 million euro, was provisionally recorded as goodwill.
Certain companies in which the Parent Company holds an equity stake exceeding 20% of voting share capital, and in any case of limited absolute amount, are excluded from the scope of consolidation and are classified in Financial assets available for sale since Intesa Sanpaolo, directly or indirectly, exclusively holds rights on a portion of the rewards of the investment, does not have access to management policies and may exercise limited governance rights to safeguard its economic interests.

Criteria for the preparation of segment reporting

The attribution of economic and balance sheet results to the various sectors is based on the accounting principles used in the preparation and presentation of the consolidated financial statements and is consistent with provisions set out in IAS 14. Use of the same accounting standards allowed segment data and consolidated data to be effectively reconciled.

Please note that following the integration of Gruppo Intesa and the Sanpaolo IMI Group and the consequent evolution of the new organisational model, six areas of activities with specific operating characteristics have been identified: Banca dei Territori, Corporate & Investment Banking, Public Finance, International Subsidiary Banks, Eurizon Capital and Banca Fideuram. In addition to these operating areas there are two support structures: Group Finance and the Head office departments concentrated in the Corporate Centre.

To represent results more effectively and favour a better understanding of the components that generated them, for each reportable segment the reclassified income statement (up to income before tax from continuing operations) is presented with values that express the contribution made by each segment to the Group's results.

As concerns the measurement of revenues and costs deriving from inter-segment transactions, the application of a contribution model at multiple Internal Transfer Rates for the various maturities permits the correct attribution of net interest income to the divisions of the Parent Company. Specific agreements with Group companies regulate the application of transfer pricing for economic components relative to transactions which set out the distribution of results between product factories/service units and relationship entities/customer units. Each sector has been charged direct costs and, for the part pertaining to it, operating costs of central organisms other than those typical of holding structures. Therefore, for services carried out by central structures for operating business units, charges have been calculated on the basis of services actually rendered, leaving the allocation to the Corporate Centre of costs related to the performance of direction and control activities.

Furthermore, each Business area has been attributed its allocated capital, represented by the absorption of capital based on RWA (Risk Weighted Assets) determined by applying Bank of Italy provisions according to Basel 2 regulations, adopting standardised methods for the calculation of credit risk-weighted assets and for the calculation of operational risks; for the insurance business reference is made to capital absorbed by insurance risk and for asset management 0.2% of assets under management.

Geographical areas which make up secondary segment reporting disclosures are defined on the basis of the territorial breakdown of Group activities and consider both the economic and strategic importance and the potential of the reference markets. Such areas are identified by geographical groups defined on the basis of the residence of the juridical entities which make up the Group: Italy, Europe, Rest of the World.

Subsequent events

On 8 July a new framework agreement was signed with Trades Unions concerning the application of Ministerial Decrees n. 158/2000 and n. 226/2006 on personnel reductions. The agreement referred to the Banks of the former Carifirenze Group. More specifically, the agreement entails the application to the Solidarity Allowance for the banking industry for those who are entitled to retirement (“window”) within 1 January 2015 and disciplines, among other issues, the means with which those who applied for access to the allowance but who were in excess with respect to the compatibilities defined in the agreement of 1 August 2007 may apply again. The agreement is subject to ratification by the single companies involved. The relevant charges have already been provisioned. Carifirenze provisions, estimated at approximately 20 million euro, will be set up after the signing of the relevant company agreement, presumably in the third quarter of 2008.

At the end of July, Intesa Sanpaolo and Credito Valtellinese signed an agreement for the sale to Credito Valtellinese of the entire stake owned by the Intesa Sanpaolo Group in Cassa di Risparmio di Fano, representing 30% of the latter’s share capital. Under the terms of this agreement, Credito Valtellinese shall also take over the loan which Banca Intesa granted in 2005 – simultaneously with the acquisition of the 30% stake on the part of its subsidiary Intesa Casse del Centro – to a company belonging to a group of local entrepreneurs for the acquisition of 69.9% of Carifano’s share capital, receiving this same interest as a pledge. The consideration for the sale of the 30% stake in Carifano amounts to approximately 100 million euro, in line with the carrying value in the Intesa Sanpaolo consolidated balance sheet. The finalisation of the transaction is subject to obtaining the necessary authorisations.

At the beginning of August, Intesa Sanpaolo launched a securitisation of a portfolio of performing residential mortgages for approximately 8 billion euro through the vehicle Adriano Finance. The structuring of the transaction was done by Intesa Sanpaolo and Banca IMI as Arrangers. Banca IMI was also charged with responsibility for the offer of securities, as Lead Manager and Book Runner. The transaction consists of one single senior tranche (class A) of 7,558 million euro, WAL 4.9 years, listed at the Luxembourg Stock Exchange and rated Aaa and AAA by Moody’s and Standard & Poor’s, respectively, as well as one junior tranche (class B) of 440 million euro. The Notes are issued at a price equal to 100% of the nominal amount of the Notes and pay a floating rate coupon based on the 6 month Euribor rate. Both classes of Notes have been fully underwritten by Intesa Sanpaolo that plans to utilise the Class A Notes as a collateral for a programme of Covered Bonds expected to be launched in the next months.

Economic results

General aspects

A condensed income statement has been prepared for the purpose of permitting a more immediate understanding of results for the period. With respect to the compulsory form provided for by Bank of Italy Circular 262/05, figures for 2007 have been restated on a consistent basis to consider changes in the scope of consolidation and certain captions have been reclassified to make them better suited to illustrate operating development.

Presentation of restated figures

The non-recurring operations in the period mean that the figures for the first half of 2008 cannot be compared to those of the corresponding period of 2007. For the purpose of permitting a consistent comparison, in the tables below income statement figures for the first half of 2007 and for the relevant quarters are restated to account for the components that in 2008 were reclassified to the captions pertaining to the groups of non-current assets held for sale and discontinued operations and the effects of the definitive allocation of the purchase cost of SANPAOLO IMI – and also and any other variations which occurred in the scope of consolidation. Figures for the first half of 2007 not restated are contained in a specific column.

Reclassification criteria of the income statement

To provide a more effective representation of income statement and balance sheet aggregates, certain captions are restated and aggregated with respect to the income statement set out in the financial statement forms. Reclassifications together with the changes in the scope of consolidation – detailed in the reconciliation presented in the attachments to the present volume in compliance with Consob requirements provided for with Communication 6064293 of 28 July 2006 – are listed below.
Reclassifications of the income statement concerned:

- dividends on shares classified as assets available for sale and as assets held for trading are reallocated in Profits (Losses) on trading; likewise, the implicit cost for the financing of the purchase of shares held for trading is transferred from interest to Profits (Losses) on trading;
- the portions of Net interest income, Net fee and commission income and Profits (Losses) on trading related to the insurance business are recorded under a specific caption;
- interest rate differentials matured and collected on currency interest rate swaps which set out the exchange of two floating rates, classified as held for trading, stipulated to hedge floating rate funding in foreign currency, are recorded in Net interest income considering their close correlation;
- Fair value adjustments in hedge accounting are registered in Net interest income due to their close correlation;
- Profits and losses on disposal or repurchase of financial assets available for sale and of financial liabilities are included in profits (losses) on trading;
- Profits (losses) on financial assets and liabilities designated at fair value, are reallocated to Profits (Losses) on trading;
- administrative expenses are net of recoveries from customers;
- Profits and losses on disposal or repurchase of loans are posted in Net adjustments to loans;
- Net impairment losses on other financial activities, related to guarantees, commitments and credit derivatives, are registered in Net adjustments to loans;
- the reversal in time value on loans is recorded in Net interest income instead of being allocated to Net adjustments to loans, since the phenomenon derives directly from the application of the amortised cost criterion in the absence of changes in forecast expected future flows. A consistent approach is used for the time value of Employee termination indemnities and Allowances for risks and charges;
- net impairment of property, equipment and intangible assets, is excluded from Net adjustments to property, equipment and intangible assets – that thus solely express depreciation and amortisation –

and are included in a residual caption which records Net impairment losses on financial assets available for sale, investments held to maturity and other financial activities;

- Profits (Losses) on disposal of investments in associates and companies subject to joint control and Profits (Losses) on disposal of investments are recorded in Profits (losses) on investments held to maturity and on other investments, after the deduction of the net income recorded by investments carried at equity which is posted in a specific caption in operating income;
- integration charges related to the merger between Banca Intesa and SANPAOLO IMI are reclassified net of the tax effect from Personnel expenses and Administrative expenses to a separate caption (Merger and restructuring related charges);
- the economic effect of purchase cost allocation which, net of the tax effect, is indicated in a specific caption. It represents the adjustments to financial assets and liabilities and property, equipment and intangible assets which were measured at fair value as provided for by IFRS 3.

Reclassified consolidated income statement

(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**

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

Quarterly development of the reclassified consolidated income statement

(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 operations	**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 scope of consolidation.

The economic results for the first half of 2008 are compared with those for 2007. In order to have a consistent comparison, figures for the comparison period are restated on a consistent basis to consider the changes in the area of consolidation, mainly attributable to the entry into the Intesa Sanpaolo Group of Cassa di Risparmio di Firenze and to asset management activities acquired by Crédit Agricole (the entry in the Group of the Ukrainian bank Pravex and MPS Finance, now Intesa Sanpaolo Servizi Transazionali, occurred towards the end of first half of 2008 and therefore – since their economic contribution in the period in which they were part of the Group is immaterial – only their balance sheet figures are consolidated).
Moreover, figures for the first two quarters of 2007 are restated backdating the accounting effects of the acquisition of American Bank of Albania, made at the end of June, to 1 January 2007.

Operating income

In the first six months of 2008 the Group's operating income amounted to 9,580 million euro, down 2.7% compared to the same period of the previous year. The rise in net interest income (+10.9%) was accompanied by a contraction in commissions on services (-6.1%) and insurance business (-38%). Moreover, the comparison is considerably affected by the contraction of profits on trading as a consequence of the financial markets crisis which commenced in summer 2007. However, the second quarter of 2008 showed signs of recovery with profits of 259 million euro (compared to only 25 million euro of the first quarter of 2008 and the loss recorded in the last quarter of 2007).

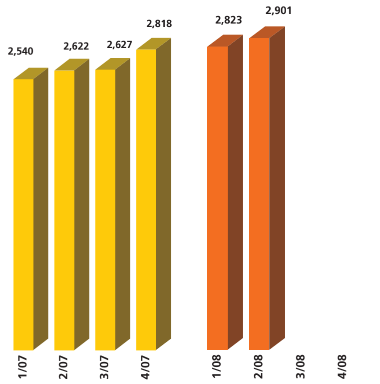
Net interest income

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %	30.06.2007
Relations with customers	7,871	6,963	908	13.0	6,572
Relations with banks	21	-540	561		-488
Securities issued	-3,151	-2,891	260	9.0	-2,785
Differentials on hedging derivatives	-302	45	-347		48
Financial assets held for trading	515	862	-347	-40.3	856
Investments held to maturity	135	120	15	12.5	112
Financial assets available for sale	407	360	47	13.1	351
Non-performing assets	285	284	1	0.4	273
Other net interest income	-48	-47	1	2.1	-48
Interest margin	**5,733**	**5,156**	**577**	**11.2**	**4,891**
Fair value adjustments in hedge accounting	**-9**	**6**	**-15**		**5**
Net interest income	**5,724**	**5,162**	**562**	**10.9**	**4,896**

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

Quarterly development of net interest income



Net interest income in the period amounted to 5,724 million euro, with a 562 million euro rise (+10.9%) compared to the first half of 2007. Growth shown in previous periods continued in the second quarter of 2008: the contribution was 2,901 million euro with a 78 million euro rise (+2.8%) with respect to the first quarter of the year.

Net interest income from operations with customers, which in the table above also includes components related to securities issued and differentials on hedging derivatives, totalled 4,418 million euro, up 301 million euro (+7.3%) with respect to the first half of 2007. The rise benefited from growth in intermediated volumes, especially from the increase in loans to customers and current accounts, and, as concerns interest rates, from the rise in the spread on funding only partly offset by the reduction in the margin on loans. In particular, mark-down on short-term operations with households increased and the margin on short-term operations with companies was defended and decreased to a lower extent than for the entire banking system. Mark-up on short-term lending was stable with households while it increased with companies more than for the entire banking system. Results for the period also considerably benefited from higher net interest income on interbank relations which increased from a negative balance of 540 million euro to a positive balance of 21 million euro following the re-equilibrium of loans to and deposits with banks. Instead, as a result of lower operations due to the financial markets crisis, the contribution to the margin of financial assets held for trading decreased from 862 million euro to 515 million euro (-40.3%).

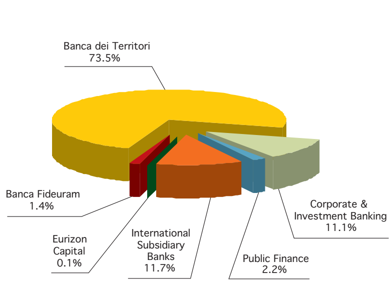
The examination of the second quarter with respect to the previous quarter shows an approximately 4% rise in net interest income with customers, and a positive contribution of the interbank market. The contribution of financial assets held for trading decreased again, though to a lesser extent.

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	4,044	3,777	267	7.1
Corporate & Investment Banking	612	511	101	19.8
Public Finance	120	108	12	11.1
International Subsidiary Banks	645	538	107	19.9
Eurizon Capital	3	5	-2	-40.0
Banca Fideuram	79	59	20	33.9
Total business areas	**5,503**	**4,998**	**505**	**10.1**
Corporate Centre	221	164	57	34.8
Intesa Sanpaolo Group	**5,724**	**5,162**	**562**	**10.9**

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

Business areas



Almost all business areas contributed to the growth of net interest income. In particular, Banca dei Territori, which generates 74% of the income of the business areas, posted a 7.1% rise in net interest income, especially due to the retail and private areas and to leasing and consumer credit. International Subsidiary Banks and Corporate & Investment Banking recorded a considerable rise (+19.9% and

+19.8%, respectively), in particular due to capital market activities. The higher contribution of Banca IMI was significant and reflected the partial repositioning of investments from mutual funds (partly connected to the Group's structured issues which decreased due to the negative financial market trends) to bonds and lower interbank charges. Lastly, the positive, though less significant in absolute terms, trends of Banca Fideuram (+33.9%) and Public Finance (+11.1%) should be noted.

Dividends and profits on investments carried at equity

Dividends collected from unconsolidated equity investments (and with the exclusion of dividends on shares held for trading and on shares available for sale which are reclassified in profits on trading) totalled 24 million euro, from the stake in the capital of the Bank of Italy, while the portion of profits on investments carried at equity was 71 million euro. The overall result (95 million euro) decreased with respect to the 156 million euro of the first half of 2007 mostly as a result of the lower contribution of the equity investments in Agos and Banque Palatine, sold in 2008 and the lower profitability of investments carried at equity.

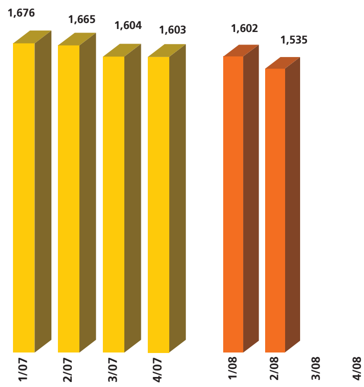
Net fee and commission income

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %	30.06.2007
Guarantees given	127	120	7	5.8	116
Collection and payment services	220	232	-12	-5.2	215
Current accounts	434	461	-27	-5.9	459
Credit and debit cards	232	199	33	16.6	190
Commercial banking activities	**1,013**	**1,012**	**1**	**0.1**	**980**
Dealing and placement of securities	337	309	28	9.1	490
Currency dealing	32	34	-2	-5.9	33
Portfolio management	783	977	-194	-19.9	727
Distribution of insurance products	417	420	-3	-0.7	416
Other	113	122	-9	-7.4	122
Management, dealing and consultancy activities	**1,682**	**1,862**	**-180**	**-9.7**	**1,788**
Other net fee and commission income	**442**	**467**	**-25**	**-5.4**	**451**
Net fee and commission income	**3,137**	**3,341**	**-204**	**-6.1**	**3,219**

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

Quarterly development of net fee and commission income



In the first six months of 2008 net fee and commission income totalled 3,137 million euro, with a 6.1% decline with respect to the 3,341 million euro of the same period of the previous year. Commissions on commercial banking activities remained practically stable whereas commissions on management, dealing and consultancy fell by 9.7%.

Commercial banking activities generated net fee and commission income of 1,013 million euro, with a decline of commissions on current accounts (-5.9%), ascribable to the ever-increasing diffusion of accounts with lower costs for customers, and a rise in commissions on credit and debit cards (+16.6%), which also benefited from the redefinition, with backdated effects, of terms with an international payment circuit.

Management, dealing and consultancy produced net fee and commission income of 1,682 million euro, down with respect to the 1,862 million euro of the first half of 2007. The decrease stemmed from the downturn of assets under management, also as a result of financial market volatility. In fact, the decline was concentrated on portfolio management, which recorded an almost 20% contraction (-194 million euro). Commissions on distribution of insurance products remained on the same levels as in the previous year, while commissions on dealing and placement of securities posted a 9.1% rise.

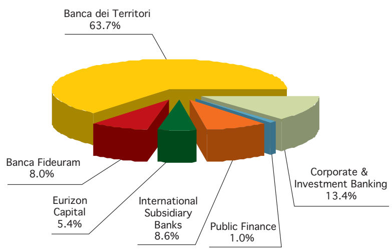
In the second quarter of 2008 the contribution of net fee and commission income (-4.2%) decreased with respect to the first quarter due to a drop in commissions on commercial banking activities (-3.3%) and, especially, a 15% decline in management, dealing and consultancy which were affected by the lower contribution of management fees and the more contained placement of non-Group financial products.

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	2,052	2,177	-125	-5.7
Corporate & Investment Banking	433	449	-16	-3.6
Public Finance	30	27	3	11.1
International Subsidiary Banks	277	236	41	17.4
Eurizon Capital	173	191	-18	-9.4
Banca Fideuram	258	296	-38	-12.8
Total business areas	**3,223**	**3,376**	**-153**	**-4.5**
Corporate Centre	-86	-35	51	
Intesa Sanpaolo Group	**3,137**	**3,341**	**-204**	**-6.1**

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

Business areas



The fall in net fee and commission income with respect to the first half of 2007 is attributable to Banca dei Territori (-5.7%), which produced 64% of net fee and commission income generated by the business units, Banca Fideuram (-12.8%) and Eurizon Capital (-9.4%), affected by the difficulties of the asset management market. A sight drop was also recorded by the Corporate & Investment Banking Division (-3.6%) mostly as a result of the lower fees generated by M&A Advisory and Equity Primary Markets activities. Opposite trends were recorded by International Subsidiary Banks (+17.4%), due to the positive trend of commissions on current accounts and payment cards, and Public Finance (+11.1%).

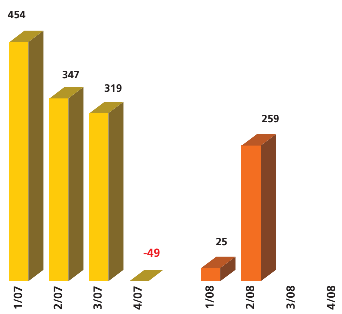
Profits (Losses) on trading

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %	30.06.2007
Trading result (securities and connected credit derivatives, foreign exchange, financial derivatives)	-116	573	-689		545
Other credit derivatives	-36	1	-37		1
Other financial assets / liabilities: foreign exchange differences	241	78	163		77
Profits (Losses) on financial assets / liabilities held for trading	**89**	**652**	**-563**	**-86.3**	**623**
Profits (Losses) on disposal of financial assets available for sale and repurchase of financial liabilities	**117**	**37**	**80**		**35**
Dividend and similar income on shares available for sale	**78**	**112**	**-34**	**-30.4**	**112**
Profits (Losses) on trading	**284**	**801**	**-517**	**-64.5**	**770**

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

Quarterly development of profits (losses) on trading



In the first half of 2008, Profits (Losses) on trading presented a profit of 284 million euro, considerably down compared to the first six months of 2007 which had not been affected by the financial market crisis that began at the beginning of summer 2007.

Trading of securities and financial and credit derivatives presented a negative result of 152 million euro attributable to structured credit derivatives which generated adjustments of 203 million euro. For a more detailed analysis of such products see the specific chapter in the Risk management section. Within trading activities a profit was recorded on trading on interest rate derivatives thanks to a widening in the spreads and to the Group's competitive advantage as a result of the generalised liquidity crisis which affected various market players and practically had no impact on Intesa Sanpaolo. The contribution of foreign exchange derivatives was negative (approximately 100 million euro); the trend must be considered with the exceptional contribution of foreign exchange (241 million euro). The contribution of income on shares available for sale increased (195 million euro) also as a result of the sale of certain investments which were no longer strategic (such as the sale of the stake in Scotiabank Perù which generated a capital gain of 61 million euro).

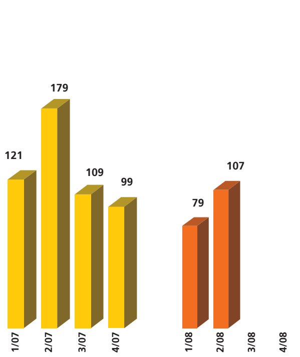
The figure for the second quarter of 2008 shows a practically break-even position with reference to trading of securities and financial and credit derivatives, despite the further adjustments of 83 million euro on structured credit derivatives with respect to the 120 million euro already recorded in the first quarter, therefore confirming a progressive recovery in activities and profitability.

Income from insurance business

(in millions of euro)

	30.06.2008			30.06.2007 restated (*)			Changes		30.06.2007		
	Life	Casualty	**Total**	Life	Casualty	**Total**	**amount**	**%**	Life	Casualty	**Total**
Premiums and payments [(a)]	118	61	179	-142	54	-88	267		-151	42	-109
net premiums	*875*	*80*	*955*	*1,071*	*67*	*1,138*	*-183*	*-16.1*	*837*	*55*	*892*
net charges for claims	*-2,477*	*-19*	*-2,496*	*-2,236*	*-13*	*-2,249*	*247*	*11.0*	*-2,130*	*-13*	*-2,143*
net charges for changes in technical reserves	*1,720*	*-*	*1,720*	*1,023*	*-*	*1,023*	*697*	*68.1*	*1,142*	*-*	*1,142*
Net income from financial instruments designated at fair value through profit and loss [(b)]	-103	-	-103	176	-	176	-279		178	-	178
Net income from securities (including UCITS) classified as Financial assets available for sale and Financial assets held for trading [(c)]	354	5	359	431	3	434	-75	-17.3	408	3	411
Other income/charges from insurance business [(d)]	-218	-31	-249	-193	-29	-222	27	12.2	-188	-29	-217
Income from insurance business	**151**	**35**	**186**	**272**	**28**	**300**	**-114**	**-38.0**	**247**	**16**	**263**

Quarterly development of income from insurance business



[(*)] Figures restated on a consistent basis, considering the changes in the scope of consolidation.

[(a)] The caption includes collections, payments and provisions for the integration of reserves referred solely to products considered insurance products for IAS/IFRS purposes. The corresponding items regarding products which do not present these characteristics are, instead, accounted for using the same method as for financial movements. The related economic components are included in the caption Net income from financial instruments designated at fair value through profit and loss".

[(b)] The caption includes net income from the measurement of assets and liabilities connected to products considered financial products for IAS/IFRS purposes and those deriving from the measurement of assets accounted for applying the so-called Fair Value Option.

[(c)] The caption registers realised profits and interest / dividends collected on financial assets covering products considered insurance products for IAS/IFRS purposes and on the trading portfolio of the insurance company.

[(d)] The caption includes all other income / charges connected to products considered insurance products for IAS/IFRS purposes, including commission expense.

Income from insurance business in the period, which contains revenue items referring to the life and casualty companies of the Group, totalled 186 million euro, down 38% with respect to the first half of 2007.
This result reflects the significant decrease in financial management, attributable to lower amounts under management and portfolio divestment policies which were negatively affected by market instability. Technical management also worsened due to lower new production than in the first half of 2007, with payments on still high levels.
The improvement in the result for the second quarter with respect to the first was especially attributable to the progress of net income from financial instruments designated at fair value through profit and loss (basically at break-even after the -102 million euro of the first quarter), while other charges increased.

Other operating income (expenses)

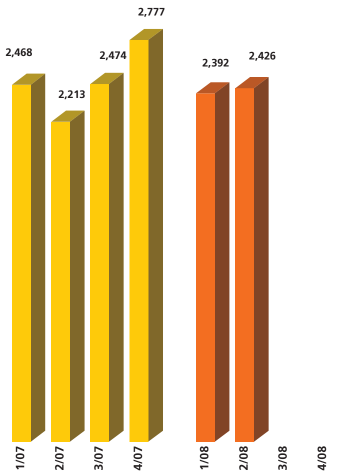
Other operating income (expenses), residual caption which comprises various types of income and expenses which cannot be classified in other operating income captions, presented a positive balance of 154 million euro, with a rise compared to the 86 million euro of the first half of 2007. The rise is attributable to the registration of income of 67 million euro connected to the IMI-SIR dispute as the first sum due from the Rovelli family following the settlement which occurred last year and illustrated in the Annual report 2007.

Operating costs

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %	30.06.2007
Wages and salaries	2,047	2,162	-115	-5.3	2,038
Social security charges	519	544	-25	-4.6	512
Other	323	17	306		15
Personnel expenses	**2,889**	**2,723**	**166**	**6.1**	**2,565**
Information technology expenses	364	387	-23	-5.9	380
Management of real estate assets	360	357	3	0.8	339
General structure costs	262	251	11	4.4	237
Professional and legal expenses	228	207	21	10.1	192
Advertising and promotional expenses	87	98	-11	-11.2	96
Indirect personnel costs	75	63	12	19.0	64
Other costs	142	188	-46	-24.5	170
Indirect taxes and duties	321	330	-9	-2.7	311
Recovery of expenses and charges	-295	-339	-44	-13.0	-310
Administrative expenses	**1,544**	**1,542**	**2**	**0.1**	**1,479**
Property and equipment	217	239	-22	-9.2	224
Intangible assets	168	177	-9	-5.1	171
Adjustments	**385**	**416**	**-31**	**-7.5**	**395**
Operating costs	**4,818**	**4,681**	**137**	**2.9**	**4,439**

Quarterly development of operating costs



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

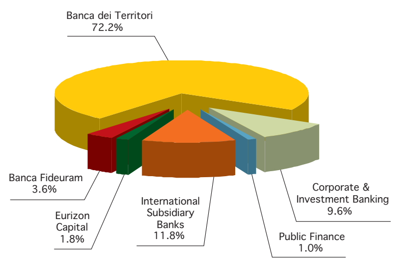
The operating costs of the first half of 2008, net of expenses for the integration between Banca Intesa and SANPAOLO IMI and for the acquisition of Cassa di Risparmio di Firenze posted in a specific caption of the reclassified income statement, totalled 4,818 million euro, with a 2.9% rise with respect to the same period of the previous year. However, it must be noted that the figure for 2007 benefited from the positive effects (278 million euro) deriving from the recalculation of employee termination indemnities required due to the supplementary social security reform. Excluding this component, operating costs posted a 2.8% decline.
The breakdown shows that personnel expenses totalled 2,889 million euro, down 3.7% with respect to the figure for 2007 net of the aforesaid non-recurring component, consistent with the staff optimisation policies under way especially at the Parent Company and the Italian subsidiaries.
Administrative expenses, amounting to 1,544 million euro, remained practically unchanged with respect to the first half of 2007, due, on the one hand, to higher charges for management of real estate assets determined by the increases in energy supplies, higher general structure costs partly connected to an increase in the costs for communications to customers due to the MIFID and to commercial initiatives, as well as a growth in expenses for personnel training and for consultancies, and, on the other hand, to lower information technology and advertising expenses.
Adjustments, amounting to 385 million euro, fell 7.5% with respect to the same period of the previous year.
As concerns quarterly development, the second quarter registered operating charges with a physiological and contained rise of 1.4% compared to the first quarter of 2008. Administrative expenses, on the other hand, dropped 1.2% with respect to the first three months of the year.
The cost/income ratio as at 30 June 2008 totalled 50.3% (50.6% excluding the non-recurring component related to the IMI-SIR dispute), basically in line with the figure as at 30 June 2007 net of the effects of the recalculation of employee termination indemnities.

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	3,251	3,358	-107	-3.2
Corporate & Investment Banking	433	453	-20	-4.4
Public Finance	45	48	-3	-6.3
International Subsidiary Banks	532	474	58	12.2
Eurizon Capital	81	86	-5	-5.8
Banca Fideuram	164	170	-6	-3.5
Total business areas	**4,506**	**4,589**	**-83**	**-1.8**
Corporate Centre	312	92	220	
Intesa Sanpaolo Group	**4,818**	**4,681**	**137**	**2.9**

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

Business areas



The rise in operating costs recorded at Group level was attributable to the Corporate Centre, which presented higher personnel expenses with respect to the first half of 2007 which benefited from the positive effects generated by the recalculation of employee termination indemnities, attributed in 2007 entirely to the Corporate Centre and to International Subsidiary Banks (+12.2%), due to the rise in all components. Conversely, a decrease was posted by the Banca dei Territori Division (-3.2%), which bears 72% of the Group’s operating costs, mostly as a result of lower personnel expenses. The same trend was seen in the costs of Public Finance (-6.3%), thanks to the fall in personnel and administrative expenses, of the Corporate & Investment Banking Division (-4.4%), that benefited from the reduction of all cost components, of Banca Fideuram (-3.5%), due to the decline of personnel expenses, and of Eurizon Capital (-5.8%), which presented a decrease in administrative expenses and adjustments.

Operating margin

In the first half of 2008, operating margin totalled 4,762 million euro, down 7.8% with respect to 30 June 2007. Considering both aggregates net of non-recurring components, for 2008 the IMI-SIR dispute and for 2007 the recalculation of employee termination indemnities, the comparison highlights a more contained 3.9% contraction.

Net provisions for risks and charges

Net provisions for risks and charges amounted to 77 million euro, deriving from revocatory actions, lawsuits and other disputes and are updated on the basis of the litigations under way and the assessment of their possible outcomes. The caption registered a significant decrease with respect to the first half of the previous year, which had been affected by considerable charges for the settlement of major litigations.

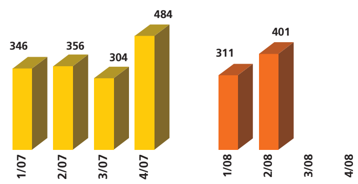
Net adjustments to loans

(in millions of euro)

	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %	30.06.2007
Doubtful loans	-374	-350	24	6.9	-314
Other non-performing loans	-269	-230	39	17.0	-219
Performing loans	-92	-148	-56	-37.8	-138
Net impairment losses on loans	**-735**	**-728**	**7**	**1.0**	**-671**
Net adjustments to guarantees and commitments	**23**	**26**	**-3**	**-11.5**	**26**
Net adjustments to loans	**-712**	**-702**	**10**	**1.4**	**-645**

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

Quarterly development of net adjustments to loans



In the first half of 2008 the Group posted net adjustments to loans of 712 million euro, practically in line with the 702 million euro recorded as at 30 June 2007. Adjustments to doubtful loans and to other non-performing loans presented rises, respectively of 6.9% and 17% while adjustments to performing loans

totalled 92 million euro, with a marked contraction with respect to the figure for the first half of 2007 which had been affected by provisions related to the effects of an initiative aimed at the renegotiation of certain mortgages. Lastly, recoveries on guarantees given show a positive balance of 23 million euro.
Compared to the first quarter, the second quarter shows a rise in adjustments on doubtful loans and a reduction in those on other non-performing loans. Generic adjustments on performing loans present a rise mostly ascribable to the rise in volumes.

Net impairment losses on other assets
Assets other than loans, in the presence of significant impairment indicators, have been subjected to the verification of recoverability of book values. Net impairment losses in the first half totalled 11 million euro on certain securities classified under financial assets available for sale.

Profits (Losses) on investments held to maturity and on other investments
In the first half of 2008, profits on investments held to maturity and on other investments were 297 million euro, compared to only 45 million euro in the first six months of 2007. The amount of the current year is essentially attributable to the profit realised on the sale of Agos (268 million euro).

Income before tax from continuing operations
Income before tax from continuing operations totalled 4,259 million euro, in line with the figure for the first half of 2007. The comparison of the figures net of non-recurring components and of the profit deriving from the sale of Agos presented a 2% contraction.
With respect to the first quarter of 2008, the second quarter, considering figures net of the aforesaid non-recurring components, presented a 4.7% rise (from 1,917 million euro to 2,007 million euro).

Taxes on income from continuing operations
Provisions for taxes for the period, both current and deferred, totalled 1,310 million euro, compared to 1,503 million euro as at 30 June 2007 with a 30.8% tax rate. The figure as at 30 June 2008 considers the effects generated by the new tax regulations introduced by Law Decree 112 of 25 June 2008 converted into Law on 5 August 2008.

Merger and restructuring related charges (net of tax)
Merger and restructuring related charges (net of tax) recorded in the period totalled 389 million euro and were mainly attributable to estimated further future charges (264 million euro) deriving from the access of approximately 1,750 employees to the Solidarity Allowance provided for by Ministerial Decree 158 of 2000 following the new framework agreement signed with Trades Unions on 8 July.

Effect of purchase cost allocation (net of tax)
The caption comprises charges attributable to the revaluation of loans, debts, real estate and the recognition of new intangible assets, in application of IFRS 3, upon registration of acquisitions (SANPAOLO IMI, Cassa di Risparmio di Firenze, Eurizon Investimenti, for the latter two provisionally determined); such costs amounted to 286 million euro and exclusively referred to adjustments to interest and depreciation. In the six months no significant impairment was recorded on the intangible assets and goodwill recorded at the time of the acquisitions.

Income (Loss) from discontinued operations (net of tax)
Income from discontinued operations, amounting to 925 million euro, was generated by the capital gains relative to the sale of 198 branches to Veneto Banca, Credito Valtellinese, Banca Popolare di Bari, Banca Popolare dell'Alto Adige and Banca Carige and income recorded by those branches before their sale. The figure is not comparable with that of last year (3,038 million euro) which, instead, included the capital gains on the sale to Crédit Agricole of the subsidiaries Cariparma and FriulAdria, as well as the net income such subsidiaries had achieved before their sale.

Net income

The half closed with a net income of 3,105 million euro. Due to non-recurring components, the figure is not comparable with the net income of 5,286 million euro as at 30 June 2007.
Considering the results for the two periods net of the aforesaid non-recurring components and of the extraordinary components – that is, merger and restructuring related charges (net of tax), tax effect of purchase cost allocation (net of tax) and income (loss) after tax on discontinued operations – there would be a 5.3% rise.
The second quarter of 2008 posted a net income of 1,357 million euro which, net of extraordinary components, shows a 3.2% growth rate with respect to the same figure for the first quarter of the year.

Balance sheet aggregates

General aspects

A condensed balance sheet has been prepared for the purpose of permitting a more immediate understanding of results for the period. With respect to the compulsory form provided for by Bank of Italy Circular 262/05, figures for 2007 have been restated on a consistent basis to consider changes in the scope of consolidation and certain captions have been aggregated. Moreover, in addition to the effects of the definitive allocation of the purchase cost of SANPAOLO IMI, the changes occurred in the scope of consolidation are also considered.

Aggregations of captions referred to:
- the inclusion of Cash and cash equivalents in the residual caption Other assets;
- the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios in Other assets/liabilities;
- the aggregation in just one caption of Property and equipment and Intangible assets;
- the aggregation of Due to customers and Securities issued in just one caption;
- the aggregation in just one caption of allowances for specific purpose (Employee termination indemnities and Allowances for risks and charges);
- the presentation of Reserves as an aggregate and net of the treasury shares.

The relevant amounts, together with the changes in the scope of consolidation, are indicated in detail in the reconciliation table provided as one of the attachments to the present volume, in compliance with Consob requirements set forth by Communication 6064293 of 28 July 2006.
Again, for the purposes of a more effective representation of the composition of the aggregates, in the detailed tables and/or in the relative comments, derivatives recorded in Financial assets/liabilities held for trading and Due from/Due to banks are presented net.

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 scope of consolidation.

Quarterly development of the reclassified 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 scope of consolidation.

Loans to customers

(in millions of euro)

	30.06.2008		31.12.2007 restated (*)		Changes		31.12.2007
		% breakdown		% breakdown	amount	%	
Current accounts	38,115	10.2	34,040	9.6	4,075	12.0	31,384
Mortgages	168,698	45.0	164,516	46.2	4,182	2.5	155,718
Advances and other loans	147,126	39.3	138,410	38.8	8,716	6.3	129,507
Repurchase agreements	4,008	1.1	3,459	1.0	549	15.9	3,459
Loans represented by securities	7,121	1.9	7,609	2.1	-488	-6.4	7,609
Non-performing loans	9,308	2.5	8,338	2.3	970	11.6	7,596
Loans to customers	**374,376**	**100.0**	**356,372**	**100.0**	**18,004**	**5.1**	**335,273**

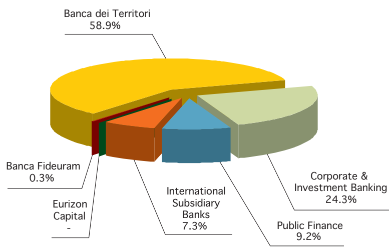
(*) Figures restated on a consistent basis, considering the changes in the scope of consolidation.

At the end of June 2008 the Intesa Sanpaolo Group had achieved a 5.1% growth rate in loans to customers from the beginning of the year. The trend, which led to 374 billion euro of loans to customers, reflected the contribution of almost all components: current accounts, preferred by customers for their flexibility, posted a 12% rise; advances and other loans increased by 6.2%; mortgages presented a 2.5% rise, with a slight deceleration with respect to the first quarter of 2008 due to the slowdown in the real estate market and the rise in interest rates which affected household demand for loans. On the other hand, repurchase agreements and loans represented by securities fell, though from lower absolute levels. Non-performing loans rose, without worsening the quality of the loan portfolio; the incidence on loans to customers was 2.5%, with a slight rise with respect to as at 31 December 2007.
In the domestic medium-/long-term loan market, disbursements to households exceeded 10 billion euro, while those to companies reached almost 6 billion euro.
As at 30 June 2008, the Group's share of the domestic market (calculated on the harmonised time-series defined for countries in the eurozone) was 17.8% for total loans. Neutralising the effects of the exit of the 198 branches, sold in the first quarter of 2008 in compliance with the provision of the Italian Competition Authority, market share recorded a 0.1 percentage point rise with respect to 31 December 2007.

(in millions of euro)

	30.06.2008	31.12.2007	Changes	
		restated (*)	amount	%
Banca dei Territori	219,936	211,612	8,324	3.9
Corporate & Investment Banking	90,607	87,731	2,876	3.3
Public Finance	34,327	33,906	421	1.2
International Subsidiary Banks	27,363	23,725	3,638	15.3
Eurizon Capital	2	8	-6	-75.0
Banca Fideuram	961	905	56	6.2
Total business areas	**373,196**	**357,887**	**15,309**	**4.3**
Corporate Centre	1,180	-1,515	2,695	
Intesa Sanpaolo Group	**374,376**	**356,372**	**18,004**	**5.1**

Business areas



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

Breakdown by business area shows a 3.9% increase achieved by Banca dei Territori, which represents 59% of the total aggregate attributable to the Group's business areas, through medium-/long-term disbursements to retail and private customers, as well as loans to SMEs. There was an upturn also in loans granted by the International Subsidiary Banks (+15.3%), that confirmed the expansion of operations, by the Corporate & Investment Banking Division (+3.3%) thanks to the strategic and marketing actions aimed at increasing the share of wallet and acquiring important transactions with low probabilities of default, and by Public Finance (+1.2%).

Loans to customers: loan portfolio quality

(in millions of euro)

	30.06.2008		31.12.2007 restated (*)		Change	31.12.2007
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure	
Doubtful loans	3,346	0.9	3,146	0.9	200	2,927
Substandard and restructured loans	4,367	1.2	3,972	1.1	395	3,702
Past due loans	1,595	0.4	1,220	0.3	375	967
Non-performing loans	**9,308**	**2.5**	**8,338**	**2.3**	**970**	**7,596**
Performing loans	357,947	95.6	340,425	95.6	17,522	320,068
Loans represented by performing securities	7,121	1.9	7,609	2.1	-488	7,609
Loans to customers	**374,376**	**100.0**	**356,372**	**100.0**	**18,004**	**335,273**

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

At the end of the first half of 2008, Group results confirmed a good asset quality, as in previous quarters, testified by persistently low risk indicators (for a detailed numerical analysis see the chapter on credit quality contained in the "Risk management" section). As at 30 June 2008 coverage of non-performing loans, pursued through prudent provisioning policies extended to all commercial banks, totalled 51%. With respect to the beginning of the year non-performing loans, despite their 11.6% increase, showed a 2.5% incidence on loans to customers.
In particular, doubtful loans totalled 3,346 million euro, with a 200 million euro rise from the beginning of the year; the incidence on total loans to customers was 0.9%, with a degree of coverage of 71%, both unchanged with respect to 31 December 2007.
Substandard and restructured loans, 4,367 million euro, recorded a 395 million euro rise with respect to 31 December 2007; the degree of coverage, adequate to cover the intrinsic risk of this type of portfolio, was 26%.
Past due loans amounted to 1,595 million euro, with a 375 million euro increase and a degree of coverage of almost 10%.
Cumulated collective adjustments on performing loans came to 2,386 million euro. This figure represented approximately 0.7% of gross exposure related to performing loans to customers, stable with respect to the figure recorded at the end of the previous period and congruous to face the risk of performing loans. Risk implicit in performing loans is calculated on the basis of the risk configuration of the entire portfolio analysed via models which consider the Probability of Default (PD) and the Loss Given Default (LGD) for each loan.

Customer financial assets

(in millions of euro)

	30.06.2008		31.12.2007 restated (*)		Changes		31.12.2007
		% breakdown		% breakdown	amount	%	
Direct customer deposits	421,435	40.5	394,935	38.1	26,500	6.7	373,753
Indirect customer deposits	645,449	62.0	669,768	64.6	-24,319	-3.6	657,919
Netting [(a)]	-26,189	-2.5	-27,846	-2.7	-1,657	-6.0	-26,959
Customer financial assets	**1,040,695**	**100.0**	**1,036,857**	**100.0**	**3,838**	**0.4**	**1,004,713**

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

(a) Netting refers to components of indirect deposits which are also included in direct customer deposits (financial liabilities of the insurance business designated at fair value and fund-based bonds designated at fair value issued by Group companies and placed by the networks).

At the end of the first half of 2008 customer financial assets totalled 1,041 billion euro, with a 0.4% increase from the beginning of the year due to the trend of direct customer deposits, which more than offset the decline in indirect customer deposits.
The 3.6% decrease in indirect customer deposits, mostly determined by asset management (-8%) was affected by high financial market volatility which, on the one hand, produced a negative effect on net asset value and, on the other hand, led investors to prefer liquid and low-risk investments.

Direct customer deposits

The table below sets out amounts due to customers, securities issued, included those designated at fair value and certain insurance policies, with mainly financial features.

(in millions of euro)

	30.06.2008	% breakdown	31.12.2007 restated (*)	% breakdown	Changes amount	Changes %	31.12.2007
Current accounts and deposits	192,967	45.8	190,870	48.3	2,097	1.1	178,759
Repurchase agreements and securities lending	23,007	5.5	22,604	5.8	403	1.8	21,319
Bonds	108,804	25.8	102,613	26.0	6,191	6.0	97,350
of which designated at fair value (**)	*3,991*	*0.9*	*4,214*	*1.1*	*-223*	*-5.3*	*4,214*
Certificates of deposit	27,432	6.5	13,516	3.4	13,916		13,315
Subordinated liabilities	19,808	4.7	17,500	4.4	2,308	13.2	16,393
Financial liabilities of the insurance business designated at fair value (**)	22,521	5.3	23,943	6.1	-1,422	-5.9	23,056
Other deposits	26,896	6.4	23,889	6.0	3,007	12.6	23,561
of which designated at fair value (**)	-	-	-	-	-	-	-
Direct customer deposits	**421,435**	**100.0**	**394,935**	**100.0**	**26,500**	**6.7**	**373,753**

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

(**) Figures included in the Balance sheet under the item Financial liabilities designated at fair value through profit and loss.

Direct customer deposits amounted to 421 billion euro, up by almost 27 billion euro (+6.7%) from the beginning of the year, thanks to an increasing customer tendency to hold liquidity at a time of high price volatility. All components registered a rise, with the sole exception of financial liabilities of the insurance business designated at fair value (-5.9%). In particular, certificates of deposit more than doubled, bonds posted a 6% rise, subordinated liabilities and other deposits increased respectively by 13.2% and 12.6%. Progress was also recorded by current accounts (+1.1%) and repurchase agreements and securities lending (+1.8%).

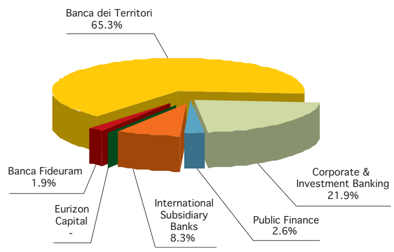
At the end of the first half of 2008 the Group's domestic market share (according to the ECB's harmonised definition) totalled 18.1%. Excluding the effects of the exit of the 198 branches, sold in the first quarter of 2008, in compliance with the provision of the Italian Competition Authority, market share recorded a slight reduction from the beginning of the year of 0.3 percentage points.

(in millions of euro)

	30.06.2008	31.12.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	227,968	224,874	3,094	1.4
Corporate & Investment Banking	76,375	67,778	8,597	12.7
Public Finance	8,959	8,282	677	8.2
International Subsidiary Banks	28,968	27,210	1,758	6.5
Eurizon Capital	-	3	-3	
Banca Fideuram	6,512	6,999	-487	-7.0
Total business areas	**348,782**	**335,146**	**13,636**	**4.1**
Corporate Centre	72,653	59,789	12,864	21.5
Intesa Sanpaolo Group	**421,435**	**394,935**	**26,500**	**6.7**

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

Business areas



The breakdown by business area shows that direct customer deposits increased, mostly thanks to the contribution of Corporate & Investment Banking (+12.7%) and Banca dei Territori (+1.4%), which represent 65% of the total aggregate attributable to the business areas; for both, the most dynamic component was bonds. Significant progress was also recorded by International Subsidiary Banks (+6.5%) and Public Finance (+8.2%), though rises were lower in absolute terms. Higher deposits collected by the Corporate Centre (+21.5%) are ascribable to bond issued placed with institutional customers and certificates of deposit issued by the foreign branches.

Indirect customer deposits

(in millions of euro)

	30.06.2008	% breakdown	31.12.2007 restated (*)	% breakdown	Changes amount	Changes %	31.12.2007
Mutual funds	100,431	15.5	112,305	16.8	-11,874	-10.6	106,942
Open-ended pension funds and individual pension plans	3,019	0.5	1,603	0.2	1,416	88.3	1,518
Portfolio management	72,470	11.2	78,447	11.7	-5,977	-7.6	76,293
Life technical reserves and financial liabilities	62,723	9.7	66,645	9.9	-3,922	-5.9	63,834
Relations with institutional customers	10,083	1.6	11,232	1.7	-1,149	-10.2	16,596
Assets under management	**248,726**	**38.5**	**270,232**	**40.3**	**-21,506**	**-8.0**	**265,183**
Assets under administration and in custody	**396,723**	**61.5**	**399,536**	**59.7**	**-2,813**	**-0.7**	**392,736**
Indirect customer deposits	**645,449**	**100.0**	**669,768**	**100.0**	**-24,319**	**-3.6**	**657,919**

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

Indirect customer deposits decreased by 3.6% since the beginning of the year and reached 645 billion euro. This trend was mostly determined by asset management which posted an 8% drop to 249 billion euro. The reduction of the aggregate, which represents 39% of indirect customer deposits, stemmed from all its main components, heavily affected by the negative market performance. In particular, mutual funds and bonds in funds recorded a 10.6% decrease, individual portfolio management schemes dropped by 7.6%, life insurance policies by 5.9%. In insurance business, during the first half of 2008 the new business of EurizonVita, Intesa Vita, Sud Polo Vita and Centro Vita Assicurazioni was approximately 4.7 billion euro, offset by the progressive ageing of the policy portfolio which increased the significance of the phenomenon of surrendering of policies. Relations with institutional customers also posted a 10.2% decline.

Assets under administration were practically stable from the beginning of the year, at 396 billion euro. The rise in securities and ordinary customer third party assets under administration almost offset the decline registered on certain positions in securities of institutional customers, as well as the effect of negative performance on deposited securities.

Net financial assets held for trading and financial assets designated at fair value through profit and loss

(in millions of euro)

	30.06.2008	% breakdown	31.12.2007 restated (*)	% breakdown	Changes amount	Changes %	31.12.2007
Bonds and other debt securities held for trading and designated at fair value through profit and loss	34,955	76.0	36,077	72.2	-1,122	-3.1	35,251
of which designated at fair value through profit and loss	*12,158*	*26.5*	*11,842*	*23.7*	*316*	*2.7*	*11,066*
Equities and quotas of UCITS held for trading and designated at fair value through profit and loss	15,946	34.7	18,517	37.0	-2,571	-13.9	17,491
of which designated at fair value through profit and loss	*8,738*	*19.0*	*9,835*	*19.7*	*-1,097*	*-11.2*	*8,910*
Other assets designated at fair value through profit and loss	23	0.1	22	-	1	4.5	22
Securities, assets held for trading and financial assets designated at fair value through profit and loss	**50,924**	**110.8**	**54,616**	**109.2**	**-3,692**	**-6.8**	**52,764**
Financial liabilities held for trading	**-2,736**	**-6.0**	**-3,252**	**-6.5**	**-516**	**-15.9**	**-3,252**
Net value of financial derivatives	-2,066	-4.5	-1,582	-3.1	484	30.6	-1,568
Net value of credit derivatives	-157	-0.3	205	0.4	-362		205
Net value of trading derivatives	**-2,223**	**-4.8**	**-1,377**	**-2.7**	**846**	**61.4**	**-1,363**
Financial assets / liabilities, net	**45,965**	**100.0**	**49,987**	**100.0**	**-4,022**	**-8.0**	**48,149**

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

Financial assets held for trading, net of the related liabilities, and financial assets designated at fair value through profit and loss amounted to 46 billion euro, with an 8% decrease with respect to the figure at the end of 2007. Please note, for the sake of completeness, that the aggregate does not include financial liabilities designated at fair value (structured issues of the insurance business, similar to policies with risk borne by the insured party), which are instead included in direct customer deposits.
The downward trend is attributable to securities, assets held for trading and financial assets designated at fair value through profit and loss, in relation to both the debt and the equities component, and to the net value of derivatives held for trading, with the financial and credit components which both fell. Conversely, financial liabilities held for trading, including short selling, decreased.

Financial assets available for sale

Financial assets available for sale totalled 37 billion euro, down by 8.2% on 31 December 2007. The decrease was concentrated in the portfolio of the Group's insurance companies.
The caption was mostly made up of securities available for sale, down with respect to the end of 2007 as a result both of the decline in debt securities not held for trading (-7.7%), which amounted to 31,549 million euro, and of the drop in equities (-20.3%), which totalled 4,327 million euro.
Financial assets available for sale are measured at fair value with balancing entry in the specific shareholders' equity reserve.

(in millions of euro)

	30.06.2008		31.12.2007 restated (*)		Changes		31.12.2007
		% breakdown		% breakdown	amount	%	
Bonds and other debt securities	31,549	85.5	34,184	85.0	-2,635	-7.7	31,175
Equities and quotas of UCITS	4,327	11.7	5,428	13.5	-1,101	-20.3	5,127
Securities available for sale	**35,876**	**97.2**	**39,612**	**98.5**	**-3,736**	**-9.4**	**36,302**
Loans available for sale	**1,030**	**2.8**	**612**	**1.5**	**418**	**68.3**	**612**
Financial assets available for sale	**36,906**	**100.0**	**40,224**	**100.0**	**-3,318**	**-8.2**	**36,914**

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

Net interbank position

At the end of the first half of 2008 the net interbank position was positive for 8.3 billion euro, inverting the sign of the imbalance, which was normally negative in the past. The improvement in the interbank position is connected to the significant progress in funding from customers, as well as the liquidity from the disinvestments of financial portfolios.

Non-current assets held for sale and discontinued operations and related liabilities

(in millions of euro)

	30.06.2008	31.12.2007 restated (*)	Changes		31.12.2007
			amount	%	
Investments in associates and companies subject to joint control	-	627	-627		627
Property and equipment	9	13	-4	-30.8	13
Other discontinued operations	-	-	-	-	-
Individual assets	**9**	**640**	**-631**	**-98.6**	**640**
Discontinued operations	**17**	**3,593**	**-3,576**	**-99.5**	**3,582**
of which: loans to customers	-	*3,353*	*-3,353*		*3,353*
Liabilities associated with non-current assets held for sale and discontinued operations	**-17**	**-3,265**	**-3,248**	**-99.5**	**-3,265**
Non-current assets held for sale and discontinued operations and related liabilities	**9**	**968**	**-959**	**-99.1**	**957**

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

This caption contains assets and related liabilities which no longer refer to continuing operations as they are being disposed. As at 30 June 2008 the caption had significantly decreased with respect to 31 December 2007 due to the completion of the sale of the 198 branches to Veneto Banca, Banca Carige, Credito Valtellinese, Banca Popolare di Bari and Banca Popolare Alto Adige.

Shareholders' equity

As at 30 June 2008 the Group's shareholders' equity, including net income for the period, totalled 50,562 million euro compared to the 51,558 million euro as at 31 December 2007. The change in shareholders' equity is mostly attributable to dividend distribution (0.391 euro to each saving share and 0.380 euro to each ordinary share in circulation, for a total of 4,867 million euro), to the reduction in valuation reserves and to the use of proprietary shares for the acquisition of Cassa di Risparmio di Firenze. No changes in share capital occurred in the semester.

Valuation reserves

As at 30 June 2008 the valuation reserves were negative for 299 million euro due to the drop, from the beginning of the year, in financial assets available for sale, which amounted to -1,301 million euro. Conversely, increases were recorded by cash flow hedges (+191 million euro) and other reserves (+113 million euro), while legally-required revaluations remained stable.
The reserve on financial assets available for sale in the first half of 2008 moved from a positive balance of 149 million euro to a negative balance of 1,152 million euro.
The decrease was mostly concentrated in the Parent Company, which records in this category the investments in shares which have a more strategic or in any case long-term profile, and in Eurizon Vita, which classifies under financial assets available for sale securities pertaining to products under separate management and investments of liquidity.
The considerable decrease in the balance of the caption is mostly attributable to the valuation of listed equities, whose market value decreased due to the persisting weakness of financial markets. With reference to such securities, please note that the sudden and considerable drop in quotations is not associated to financial difficulties of the issuer and therefore, also in consideration of the short period of observation of price decreases, losses do not emerge.

(in millions of euro)

	Valuation reserves as at 31.12.2007	Change in the period	Valuation reserves as at 30.06.2008
Financial assets available for sale	149	-1,301	-1,152
Property and equipment	-	-	-
Cash flow hedges	133	191	324
Legally-required revaluations	343	-1	342
Other	74	113	187
Valuation reserves	**699**	**-998**	**-299**

Regulatory capital

Regulatory capital and related capital ratios as at 30 June 2008 were determined using the instructions issued by the Bank of Italy according to the new Basel 2 provisions.

(in millions of euro)

Regulatory capital and capital ratios	**30.06.2008** (*)
Regulatory capital	
Tier 1 capital	25,712
of which: preferred shares	*3,569*
Tier 2 capital	13,979
Minus items to be deducted	-2,692
REGULATORY CAPITAL	**36,999**
Tier 3 subordinated loans	29
TOTAL REGULATORY CAPITAL	**37,028**
Risk-weighted assets	
Credit and counterparty risks	343,426
Market risks	16,196
Operational risk	29,626
RISK-WEIGHTED ASSETS	**389,248**
Capital ratios %	
Core Tier 1	5.7
Tier 1	6.6
Total capital ratio	9.5

(*) In compliance with the provisions of Bank of Italy Circular 263/2006, in the calculation of capital ratios elements deducted from total capital for supervisory purposes have been deducted separately and for an equal amount from Tier 1 and Tier 2 capital, with the exception of the contributions deriving from the insurance business that refer to relationships which arose prior to 20 July 2006, and as such continue to be deducted from total capital.

At the end of June 2008, regulatory capital – which considers dividend distribution in 2008 – amounted to 36,999 million euro and total capital, including Tier 3 subordinated loans, amounted to 37,028 million euro, against risk-weighted assets of 389,248 million euro, mostly deriving from credit risks and, to a lesser extent, from market and operational risks. The Total capital ratio equalled 9.5%; the Group's Tier 1 ratio totalled 6.6%. The ratio between Tier 1 capital net of preferred shares and risk-weighted assets (Core Tier 1) was 5.7%.
Please note that new perpetual subordinated bonds, of nominal value 1,250 million euro, were issued in the period.
Ratios are determined using the methodology set out in the Basel 2 Capital Accord, adopting the standardised methods for the calculation of credit risk-weighted assets and for the calculation of operational risks. Using the previous (Basel 1) calculation method, ratios would have been slightly lower.

Breakdown of consolidated results by business area and geographical area

The organisation model of the Intesa Sanpaolo Group is based on six Business Units: Banca dei Territori, Corporate & Investment Banking, Public Finance, International Subsidiary Banks, Eurizon Capital, Banca Fideuram. In addition there is the Corporate Centre, which includes the Treasury Department, for guidance, coordination and control of the whole Group.
In line with the provisions of IAS 14 regarding Segment Reporting, a management approach has been taken with primary reporting based on the segmentation into business areas, as this reflects the responsibilities introduced with the Group’s organisational structure. In addition to responding to an organisational logic, the business areas are an aggregation of business lines similar in the type of products and services they sell and in their regulatory context of reference.
Specifically, the ***Banca dei Territori Division***, which is in charge of the traditional lending and deposit collecting activities in Italy and of the related financial services, has the mission to serve retail (households, personal, small businesses) and private customers, in addition to the small and medium-sized enterprises, creating value through widespread coverage of the country, attention to local market needs and maximising the brands of the Business Unit banks and the companies specialised in medium-/long-term credit, leasing and consumer credit. Furthermore, this Division includes EurizonVita, the insurance company which provides insurance services for pension plans and protection of persons and assets.
The ***Corporate & Investment Banking Division***, dedicated to corporate customers and financial institutions in Italy and abroad, has the task of creating value through the offer of corporate banking products and services for their customers and investment banking, capital markets, merchant banking and factoring for the entire Group. The Division is also responsible for proprietary portfolio management.
Public Finance is responsible for customers in government, public entities, local authorities, public utilities, healthcare structures and general contractors and for developing activities related to medium-/long-term lending, project financing, securitisations, financial advisory and purchase of equity stakes in initiatives and investment projects in the reference segments.
The ***International Subsidiary Banks Division*** has the mission of supervising and coordinating activities in markets abroad, where Intesa Sanpaolo is present through subsidiary and partly-owned commercial banks performing retail activities, defining strategies aimed at identifying growth opportunities and managing relations with the centralised structures of the Parent Company and with international branches and representative offices belonging to the Corporate & Investment Banking Division.
Eurizon Capital is the company specialised in providing collective and individual asset management products to the Group’s internal banking networks also focused on strengthening its presence in the open market segment through specific distribution agreements with other networks and institutional investors.
Banca Fideuram, through its network of private bankers, performs asset gathering activities serving customers with medium to high savings potential.

The table below shows the main data summarising the trend of the business areas of the Intesa Sanpaolo Group in the first half of 2008.

The following itemised analysis of the business areas contains a description of the products and services offered, the type of customers served and the initiatives carried out in the first half; it also illustrates income statement figures, the main balance sheet figures as well as the most significant profitability ratios.
In particular, allocated capital and, consequently, EVA® are determined as set forth by the provisions issued by the Bank of Italy in accordance with the new Basel 2 regulations, adopting the standardised methods for the calculation of credit risk-weighted assets for credit risk and for the calculation of operational risks.

(in millions of euro)

	Banca dei Territori	Corporate & Investment Banking	Public Finance	International Subsidiary Banks	Eurizon Capital	Banca Fideuram	Corporate Centre	Total
Operating income								
30.06.2008	6,447	1,144	145	1,043	180	341	280	9,580
30.06.2007 restated (*)	6,488	1,450	152	924	200	359	273	9,846
% change [(a)]	-0.6	-21.1	-4.6	12.9	-10.0	-5.0	2.6	-2.7
Operating costs								
30.06.2008	-3,251	-433	-45	-532	-81	-164	-312	-4,818
30.06.2007 restated (*)	-3,358	-453	-48	-474	-86	-170	-92	-4,681
% change [(a)]	-3.2	-4.4	-6.3	12.2	-5.8	-3.5		2.9
Operating margin								
30.06.2008	3,196	711	100	511	99	177	-32	4,762
30.06.2007 restated (*)	3,130	997	104	450	114	189	181	5,165
% change [(a)]	2.1	-28.7	-3.8	13.6	-13.2	-6.3		-7.8
Income (Loss) before tax from continuing operations								
30.06.2008	2,596	636	90	446	98	159	234	4,259
30.06.2007 restated (*)	2,532	885	89	386	112	169	109	4,282
% change [(a)]	2.5	-28.1	1.1	15.5	-12.5	-5.9		-0.5
Loans to customers								
30.06.2008	219,936	90,607	34,327	27,363	2	961	1,180	374,376
31.12.2007 restated (*)	211,612	87,731	33,906	23,725	8	905	-1,515	356,372
% change [(b)]	3.9	3.3	1.2	15.3	-75.0	6.2		5.1
Direct customer deposits								
30.06.2008	227,968	76,375	8,959	28,968	-	6,512	72,653	421,435
31.12.2007 restated (*)	224,874	67,778	8,282	27,210	3	6,999	59,789	394,935
% change [(b)]	1.4	12.7	8.2	6.5	-	-7.0	21.5	6.7

[(*)] Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations, restated in accordance to IFRS 5.

[(a)] The change expresses the relation between 30.06.2008 and 31.03.2007 restated.

[(b)] The change expresses the relation between 30.06.2008 and 31.12.2007 restated.

BUSINESS AREAS

Banca dei Territori

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Net interest income	4,044	3,777	267	7.1
Dividends and profits (losses) on investments carried at equity	32	56	-24	-42.9
Net fee and commission income	2,052	2,177	-125	-5.7
Profits (Losses) on trading	70	132	-62	-47.0
Income from insurance business	194	297	-103	-34.7
Other operating income (expenses)	55	49	6	12.2
Operating income	**6,447**	**6,488**	**-41**	**-0.6**
Personnel expenses	-1,898	-1,997	-99	-5.0
Other administrative expenses	-1,319	-1,325	-6	-0.5
Adjustments to property, equipment and intangible assets	-34	-36	-2	-5.6
Operating costs	**-3,251**	**-3,358**	**-107**	**-3.2**
Operating margin	**3,196**	**3,130**	**66**	**2.1**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-47	-56	-9	-16.1
Net adjustments to loans	-571	-546	25	4.6
Net impairment losses on other assets	15	1	14	
Profits (Losses) on investments held to maturity and on other investments	3	3	-	-
Income (Loss) before tax from continuing operations	**2,596**	**2,532**	**64**	**2.5**
Allocated capital	12,008	12,133	-125	-1.0
Profitability ratios (%)				
Cost / Income ratio	50.4	51.8	-1.4	-2.7
ROE before tax (annualised)	43.5	42.1	1.4	3.3
EVA® (in millions of euro)	1,229	1,090	139	12.8

(in millions of euro)

	30.06.2008	31.12.2007 restated (*)	Changes amount	Changes %
Loans to customers	219,936	211,612	8,324	3.9
Direct customer deposits	227,968	224,874	3,094	1.4
of which: due to customers	*150,613*	*149,484*	*1,129*	*0.8*
securities issued	*54,836*	*51,445*	*3,391*	*6.6*
financial liabilities designated at fair value through profit and loss	*22,519*	*23,945*	*-1,426*	*-6.0*

(*) Figures restated on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations, restated in accordance to IFRS 5.

In the first half of 2008 the Banca CR Firenze group was fully consolidated and included in Banca dei Territori. Moreover, starting from the beginning of the year, Cassa dei Risparmi di Forlì e della Romagna was organised in divisions and adopted customer segmentation criteria consistent with the other network banks. The IT migration of former Intesa branches to the target system was initiated in the first half and completed in July.

Banca dei Territori's distribution structure is made up of approximately 6,400 branches, including retail, corporate and private branches, extensively spread over the national territory.

The Banca dei Territori closed the first half of 2008 with an income before tax from continuing operations of 2,596 million euro, with a rise compared to the corresponding period of the previous year (+2.5%).

Operating income of 6,447 million euro, representing 67% of the Group's consolidated operating income, was virtually in line with the first six months of 2007 (-0.6%). This result is attributable to the particularly positive performance of net interest income (+7.1%) offset by the poor trend of the other income components, above all commissions (-5.7%) and insurance (-34.7%). More specifically, the increase of net interest income was favoured by the expansion in intermediated volumes with customers, particularly in loans, as well as by the broadening of the mark-down on customer deposits. Net fee and commission income was affected by the negative trend of assets under management as a result both of outflow from mutual funds and individual portfolio management schemes and of unfavourable performance. Moreover, the increasingly customer-oriented commercial policy favoured the distribution of current accounts with more attractive conditions. Finally, negative changes were registered in trading (-47%), mainly due to lower activities in derivatives with corporates, and insurance activities, (-34.7%), mainly as a result of the financial management of the life and casualty companies. Operating costs fell (-3.2%), mainly attributable to the savings achieved on personnel expenses, principally due to the reduction in staff, and determined a 1.4 percentage point improvement in the cost/income ratio, to 50.4%.

Operating margin amounted to 3,196 million euro, with a 2.1% rise compared to the first six months of 2007.

The Division absorbed 49% of Group capital, down from the level recorded in the corresponding period of the previous year. Also in absolute terms, capital slightly decreased and totalled 12,008 million euro, mainly ascribable to the specialised companies reporting to the Division, against a virtually stable capital absorption in retail, private and corporate operations. Lower allocated capital, coupled with the positive performance of operating margin, raised annualised ROE before tax to 43.5%. Value creation increased (+139 million euro) from 1,090 million euro to 1,229 million euro.

Balance sheet figures at the end of June 2008 showed loans to customers of 219,936 million euro (+3.9% from the end of December 2007) through both medium-/long-term disbursements to retail and private customers, represented by mortgages, and by loans to SMEs. Direct customer deposits, 227,968 million euro, rose 1.4% from the beginning of the year, mainly benefiting from the increase in funding through securities.

In the first half of 2008 Retail Area activities mainly focused on the reorganisation of the organisational and IT model and on the simplification and unification of the product catalogue.

In April the process of unification of the product range was completed. In particular, the target offer of current accounts and saving deposits for private customers – four types of current accounts and two deposits free of charge for young people under 18 years – was defined. Moreover, a range of services was developed associated to Zerotondo, which reached almost 885,000 units at the end of June: each existing or newly subscribed account benefited from Bonus Intesa Sanpaolo, the loyalty programme which offers a postponed discount to customers who make purchases with programme partners. With regard to on-line transactions on current accounts, the O-Key device, which provides safety protections in line with the most advanced international standards, was extended to all customers.

In March, the new prepaid card "Flash" was launched: it is addressed in particular to young people, and a special version was dedicated to the European Football Championship. In May the offer was completed with the launch of an innovative version of the card, which, in addition to standard functions, offers on an exclusive basis the possibility of acquiring season tickets and tickets for the League and Cup matches of A.C. Milan. Also a new range of credit cards (Carta Platino, Carta Oro, Clessidra, Carta Blu), characterised by high security systems, was distributed.

In the first months of the year a new unit-linked product was launched, compliant with the MiFID Directive, with the objective of unifying the range of financial products offered and creating a complete and flexible investment solution.

For the customer target represented by young people, in the first months of the year a new financial product, a student loan without particular guarantees, was developed and distributed to university and post-university students of all nationalities - provided they are resident in Italy and aged between 18 and 35.

An important project to boost entrepreneurial activity in young people and women commenced from Piemonte. It entailed the establishment of a specific guarantee allowance and the agreement between the Region, Unioncamere and ABI Regional Commission, and enabled the bank to offer loans with an 80% guarantee granted by FinPiemonte - destined to women without age limit and to young people aged between 18 and 35 with their own business already operational or in a start-up phase - usable to activate plants, make new investments and renew premises.
Flexible solutions were offered to prolong the residual life of floating-rate mortgages and to convert existing floating-rate mortgages to fixed-rate mortgages without charges for customers. Furthermore, holders of fixed- and floating-rate mortgages are granted the possibility of suspending payment of a few instalments and holders of mortgages granted by other banks are offered the possibility of transferring their mortgage to any branch of the bank, free of charge.
With regard to access to credit, the "Credito al Lavoro" project was launched in June and confirms Intesa Sanpaolo's active role in protecting the sustainability of household debts. Thanks to a new service model based on an integrated assessment of customers, the branches are able to define customer profile, through a financial check-up, and offer the most appropriate type of financing, including the "Prestito Multiplo" and the Clessidra credit card with programmed reimbursement.
With the aim of sustaining Small Businesses the following new products were distributed: Finanziamento Liquidità Business, destined to meet liquidity needs and financial restructuring projects, and Finanziamento Investimenti Business, to fund investments linked to entrepreneurial and professional activities. As an incentive to Italian, mostly small, farms the "Progetto Agricoltura" was developed, which includes a range of products, services and initiatives dedicated to farms, including a current account at attractive conditions and a specific consultancy.

In the half the SME Area focused on the Mediocredito Italiano project, completed in March, which led to the establishment of a new bank dedicated to sustain the branch network in the development of SMEs and of the territory.
Cooperation continued with important scientific partners to finance research and innovation through dedicated product lines, that support enterprises in both the development of internal research projects and the acquisition of new technology. Moreover, financing activities continued to promote and sustain alternative energy sources and energy conservation. Credit incentives are addressed to SMEs which invest in the improvement of energy efficiency in production units, but also to individuals (through the Prestito Ecologico launched in March). As for enterprises, a new framework agreement was signed with the Imprese Fotovoltaiche Italiane group, the only industrial company covering the entire line of the photovoltaic market. Another important agreement, signed with the Accor group, is part of the development plan for the tourism and hospitality sector that the Bank intends to promote through targeted actions and initiatives.
Lastly, within the innovative products and services destined to Italian enterprises operating abroad, an initiative was started in the Egyptian market, in cooperation with the Bank of Alexandria, focused on a credit line to finance Egyptian enterprises that purchase Italian machinery, plants and technology.

In the first half of the year the commercial action of the Private Banking Department was focused on the launch of a single, integrated offer of products and services for the Group's private customers, the development and launch of new investment products tailored to meet the needs of customer groups in third party UCITS, in individual portfolio management schemes and in consultancy services. In particular, for protection from the volatility of financial markets, new lines of individual portfolio management schemes, characterised by absolute return investment strategy, were launched and bonds issued by the Group and by primary Italian banks were placed. Furthermore, customer segmentation activities continued, with the identification of a particularly sophisticated segment followed by dedicated managers ("executive" private bankers) and with an offer of customised services and products (including private equity). Lastly, the integration process of the Group private networks commenced and will be completed in 2009.

Banca Prossima, operating in the non-profit sector with 52 local offices and 79 specialists throughout the country, in the first half of 2008 launched the initiative "Subito 5 per mille", an innovative offer for the non-profit organisations beneficiary of the "5 per mille" that, in anticipation of disbursements from the State, have the opportunity of receiving the advance of the "5 per mille" in a simple, timely and cost-effective way. Also the "San Martino" project dedicated to Clerical Entities was launched in the period.

Starting in January 2008, Banca Prossima adhered to the "RID anch'io" initiative, which allows non-profit organisations to utilise "RID" free of charge.

The regional banks Casse del Centro (former Intesa Casse del Centro), Banca di Trento e Bolzano and the Banca CR Firenze group are not included in segment reporting on a divisional basis but are represented as autonomous legal entities, as they are not integrated in the ICT system. In the first half of 2008 Casse del Centro highlighted an income before tax from continuing operations exceeding 112 million euro, 8.5% up with respect to the corresponding period of the previous year, due to the rise in revenues; Banca di Trento e Bolzano achieved an income before tax from continuing operations of 13.7 million euro, with an 8.7% increase on the first half of 2007, also as a result of the positive trend of revenues. Banca CR Firenze posted an income before tax from continuing operations of 207 million euro, 17.8% up due to higher revenues, stable costs and more contained adjustments.
In the first half of 2008 Mediocredito Italiano achieved an operating margin of 186 million euro, with a 3.3% rise with respect to the same period of the previous year. Conversely, income before tax from continuing operations recorded a 4.1% reduction, due to higher net adjustments to loans.
In the six months a project was initiated aimed at the definition of a new mission for Banca CIS which will become a real territorial bank serving businesses and households in Sardinia, with full commercial banking operations and will no longer be concentrated on medium-/long-term credit to companies.
Consumer credit activities were performed through the Neos group, which in the first half of 2008 focused on the improvement of profitability, highlighting an operating margin over 60% up on the first half of 2007, thanks to both an increase of revenues and a reduction of costs.

Banca dei Territori's operating margin also benefited from the contribution of insurance/social security companies. With regard to EurizonVita, first half activities were mainly related to: i) the modernisation and strengthening of the life-product range through "EurizonLife Prospettiva", the new unit-linked product; ii) the adjustments in terms of compliance; iii) the completion of the migration on the "Universo" IT target system of the traditional products dedicated to financial consultant networks. The actions related to the product range were conducted with a view to repositioning investment terms to medium-/long-term maturities, and reallocating the business in the traditional segment to the financial segment, specifically unit-linked policies.
In the first half of 2008 EurizonVita posted an income before tax from continuing operations of 118 million euro, down 36.1% with respect to the corresponding period of the previous year mainly due to the performance of financial management related to traditional products. The investment portfolio and the sales concluded in the period were affected by the unfavourable market context. The insurance policies portfolio, down from the beginning of the year, amounted to 37.1 billion euro, including 21 billion euro in financial unit- and index-linked policies.
Also Sud Polo Vita and Intesa Vita (consolidated at equity) recorded lower results for the half with respect to the same period of 2007 mainly due to the decline of financial operations and, in the case of Intesa Vita, to the slowdown of the new business.
In the first half of 2008 Intesa Previdenza continued its initiatives linked to the reform of supplementary social security. At the end of June 2008 the company managed net assets for 1,696 million euro, approximately half of which related to open-ended funds and the rest to closed-ended funds.
Setefi, the company specialised in the management of electronic payment systems, in the first half of 2008 recorded a 3.6% progress in income before tax from continuing operations, linked to the increase in operations in terms of both issues of credit cards and of transaction volumes.

Corporate & Investment Banking

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Net interest income	612	511	101	19.8
Dividends and profits (losses) on investments carried at equity	11	5	6	
Net fee and commission income	433	449	-16	-3.6
Profits (Losses) on trading	58	450	-392	-87.1
Income from insurance business	-	-	-	-
Other operating income (expenses)	30	35	-5	-14.3
Operating income	**1,144**	**1,450**	**-306**	**-21.1**
Personnel expenses	-187	-198	-11	-5.6
Other administrative expenses	-223	-229	-6	-2.6
Adjustments to property, equipment and intangible assets	-23	-26	-3	-11.5
Operating costs	**-433**	**-453**	**-20**	**-4.4**
Operating margin	**711**	**997**	**-286**	**-28.7**
Goodwill impairment	-1	-1	-	-
Net provisions for risks and charges	-	-4	-4	
Net adjustments to loans	-60	-106	-46	-43.4
Net impairment losses on other assets	-18	-1	17	
Profits (Losses) on investments held to maturity and on other investments	4	-	4	-
Income (Loss) before tax from continuing operations	**636**	**885**	**-249**	**-28.1**
Allocated capital	6,883	6,987	-104	-1.5
Profitability ratios (%)				
Cost / Income ratio	37.8	31.2	6.6	21.2
ROE before tax (annualised)	18.6	25.5	-7.0	-27.3
EVA® (in millions of euro)	115	246	-131	-53.3

(in millions of euro)

	30.06.2008	31.12.2007 restated (*)	Changes amount	Changes %
Loans to customers	90,607	87,731	2,876	3.3
Direct customer deposits	76,375	67,778	8,597	12.7
of which: due to customers	*33,441*	*34,527*	*-1,086*	*-3.1*
securities issued	*38,943*	*29,037*	*9,906*	*34.1*
financial liabilities designated at fair value through profit and loss	*3,991*	*4,214*	*-223*	*-5.3*

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

Starting from the beginning of the year, the Corporate & Investment Banking Division included in its organisational structure the activities referred to proprietary portfolio management. This portfolio registered significant capital losses following the indirect effects of the persisting financial market crisis.

With regard to the income statement, the Corporate & Investment Banking Division closed the first half of 2008 with an operating income of 1,144 million euro (12% of the Group’s consolidated figure), down 21.1% with respect to the same period of the previous year. The reduction is attributable to profits on trading and especially to the strongly negative performance of the Structured Credit Products business

line within the Proprietary Trading area, determined by fair value measurement of the securities portfolio. Excluding profits on trading, the Division's income rose by 8.6%.
Net interest income amounted to 612 million euro, with a 19.8% rise with respect to the corresponding period of the previous year, notwithstanding higher competition in the reference markets. The rise was mainly driven by the expansion of lending and funding volumes and, to a lesser extent, by loan repricing policies. Net fee and commission income, 433 million euro, highlighted a reduction with respect to the same period of the previous year (-3.6%), due to the negative evolution of the investment banking segment (above all M&A Advisory and Equity Primary Markets), against a positive trend of commissions collected from commercial banking activities. Profits on trading, 308 million euro excluding the component referred to the proprietary portfolio, fell 15.4% due to the lower contribution from corporate finance and equity capital market activities performed by Banca IMI, and by merchant banking results that were slightly lower compared with those of the first six months of 2007. The reduction in personnel expenses (-5.6%) and other administrative expenses (-2.6%) led to significant savings in operating costs, amounting to 433 million euro, down 4.4%.
As a result of the trend in revenues and costs described above, operating margin, 711 million euro, recorded a 28.7% reduction (+19.4% excluding profits on trading). Net adjustments to loans dropped sharply (-43.4%), confirming the strategic decision of privileging a selective approach to disbursements of loans as well as the improvement of the risk profile of the portfolio under management. Income before tax from continuing operations, 636 million euro, fell 28.1% compared to the corresponding period of the previous year (+32.9% excluding profits on trading).
The Division absorbed 28% of Group capital, slightly down with respect to the first half of 2007. In absolute terms, capital registered a drop resulting from the reduction in market risks correlated to capital market activities that balanced the slight rise in credit risks, referred to the cash component, determined by the increase in the loans of the large corporate segment and the corporate foreign network. The sector's performance, affected by the negative results in proprietary trading, was reflected in a decline of annualised ROE before tax from 25.5% to 18.6% (+4.6 percentage points excluding the proprietary trading area) and in a reduction in value creation from 246 million euro to 115 million euro (+95 million euro excluding the proprietary trading area).
The cost/income ratio was 37.8% against 31.2% in the first half of 2007. Excluding the results of the proprietary portfolio the indicator shows an improvement (1.8 percentage points).
Volumes intermediated by the Division showed a 7.4% increase from the beginning of 2008. This development is related to the rise in customer deposits (+12.7%), which benefited from the good performance of operations in securities, and from the increase in loans to customers (+3.3%), favoured by strategic and marketing actions aimed at increasing the share of wallet and the acquisition of important deals with low probability of default.

The Corporate Relations Department, with a market share exceeding 25%, and an even greater share in the foreign multinational segment, confirmed also in the first half of 2008 its absolute leadership. In the period it continued to reduce higher-risk assets expanding loans with counterparties with better rating. The service model confirmed its effectiveness in the development of structured finance operations (in particular syndicated lending, acquisition finance and project finance) and investment banking also in the mid corporate segment: in the half, 45 operations were concluded, despite strong market tensions, in line with the first half of 2007, and privileged equity investments rather than loans. Commercial activities were supported by the launch of products to sustain growth and strengthen corporate capitalisation (mezzanines in partnership with DAM Capital) and with initiatives in support of the opening of capital to third party investors. Lastly, with regard to the Italian large corporate segment, the Bank took part in all operations concluded in the first six months of 2008, notwithstanding the unfavourable market context for capital market operations. The integration of the International Network branches, starting point for the development of international operations, allowed the support to customers in new markets to be strengthened.

The distribution structure of the International Network Department directly covers 34 countries and is made up of 14 wholesale branches, 22 representative offices, four subsidiaries and one advisory firm. Within syndicated loan activities, in the half the Department took part in 10 operations as mandated lead arranger, nine of which concluded in Europe. Regarding the plan of integration and rationalisation of the structures, the Paris representative office was closed and its activities were transferred to Banca Intesa France, which is undertaking procedures to be transformed into a branch of the Parent Company by 30 September.
The Department is responsible for the operations of the following banks abroad:

- Société Européenne de Banque, which recorded a net income of 14 million euro in the first half of 2008, up by over 50% compared to the same period of 2007, benefiting from the revenues generated by the sale of Servitia to Holding International;
- Intesa Sanpaolo Bank Ireland, which recorded a net income of 29 million euro, up 19.9% compared to the first six months of 2007 thanks to both the increase in revenues, above all net interest income, and the reduction in operating costs;
- Zao Banca Intesa, which recorded a net income of almost 2 million euro, up by approximately 40% with respect to the corresponding period of 2007, thanks to higher revenues, (+23.5%);
- Banca Intesa France, which posted a higher operating income (+20.6%) with respect to the first half of 2007, favoured by the performance of commissions, and a net income of 6 million euro, with significant rise compared to the same period of the previous year.

Within the Financial Institutions Department, in the half the policy continued to pursue maximum selectivity, focused on operations linked to equity products or debt capital markets with high commission profile and with lending basically on short maturities. The selection of business opportunities generated a significant reduction in granting liquidity lines in favour of banking counterparties. In the period a further rationalisation was initiated regarding the utilisation of credit lines in favour of customers exposed to risks directly or indirectly linked to subprime mortgages in the United States. In particular, in addition to the renewal of many existing credit lines with spreads higher than those expiring, the Department acted as mandated lead arranger for a few operations referred to European and domestic customers whilst, in the equity capital market segment, through Banca IMI, it took part in syndicates to guarantee capital increases of some important Italian and foreign financial institutions. Moreover, it successfully completed the distribution of the shares of a real estate closed-end fund managed by a primary European real estate management company and acted as advisor and underwriter for the capital increase of an Italian medium-sized bank. With regard to international payments, in the first half of 2008 interbank flows and commercial payments showed a low but constant growth, determined by the renegotiation of the agreements with the providers initiated in 2007 and continued in the period with certain important foreign banks. In custody activities the outflow of funds from traditional mutual funds slowed down whereas alternative mutual funds continued to expand and real estate funds confirm their strong growth trend. With the role of correspondent bank, operating volumes increased as a result of both distribution activities in Italy of foreign SICAVs and the already consolidated trend of Italian managers to create new, more attractive and profitable, multi-manager-funds.

Despite a 30% fall in M&A activities in Italy, through Banca IMI, the Investment Banking Department acted as advisor for Clessidra SGR, Fingiochi, Mer Mec, Prime Industrie, Nice and Tiscali. In capital increases and placement of securities, it led the capital increase of Tiscali and the IPO of MolMed S.p.A., acted as sponsor of GreenergyCapital in the listing process on the MTA and coordinated and led 11 Public Offers, including those on Banca CR Firenze, Jolly Hotels, Linificio and Canapificio Nazionale, Polynt, Sirti and Tas. In specialist and corporate broking activities, it confirmed its leadership in the Italian market with 30 mandates. In relation to its activities in debt capital markets it took part in the placement with institutional investors of the E.on bond issue, of the 30-year EMTN issued by the Municipality of Turin, of the Republic of Greece bonds and of the Banco Popolare real estate fund. In leveraged & acquisition finance activities, credit facilities were granted in support of the acquisition of Guala Closures, Giochi Preziosi, Polynt, Ducati, CIFA, Mer Mec., Finn Power Oy and Nicotra group. In project & industry specialised lending the Department took part in important deals such as the acquisition of a railway company in England, the re-financing of the existing debt and new disbursements for an Italian shipping company, the financing for the Delhi airport and, lastly, the financing of an Italian company operating in the high-speed railway transport. Moreover, it was given mandates for the construction of 16 wind power parks in Puglia and Sicily and of a thermoelectric power station. In the real estate segment, credit facilities were provided for the construction of the Galleria Commerciale in Rome and in favour of Fintecna Immobiliare to sustain the purchase and development of the "Compendio" of Rome. Furthermore, loan agency activities were intense and focused on the acquisition of important mandates as agent bank, in particular Polynt, Finmeccanica, Numonyx, Trevi Finanziaria, Sofiter, Assiteca, Leolandia (Minitalia), IVS, Autogrill, Centro Energia Ferrara and Banca IFIS.

Concerning the Merchant Banking Department, as at 30 June 2008 the portfolio held directly and through subsidiaries amounted to 2.5 billion euro, of which 2.3 billion euro invested in 73 companies and 0.2 billion euro in 46 private equity funds. New private equity investments include the entry in the capital of Goglio and NTV – Nuovo Trasporto Viaggiatori, the company established to offer an alternative service to Trenitalia on the main high-speed lines currently under implementation, and the underwriting of a stake in MolMed. Institutional investments include the purchase of Telecom Italia, for a total of 100 million euro, and of RCS, the investment in the Acotel Group, as well as in the companies Noverca Holding (10%) and Noverca Italia (34%), the operating company through which the Acotel Group is preparing to enter the mobile virtual network operator market in Italy. Moreover, the entry, through the acquisition of a 15% stake in the company Lauro Ventuno, in the Giochi Preziosi Group should be noted. Disinvestments include the sale of the interest held in Speed (newco which held a 38.9% stake in Pirelli Tyre), with a capital gain of 19 million euro, the disinvestment from I2 Capital, following the option call exercised by Intek, and from NCH. With regard to investments in private equity funds managed by subsidiary SGRs, the new Atlante Ventures closed-end fund was launched: it is addressed to investments in the SMEs which are characterised by high perspective growth rates, high technological development or innovative entrepreneurial formulas. As at 30 June 2008 the four closed-end funds under management held a portfolio of 18 equity investments in SMEs, for an invested exchange value of 97 million euro.

The Corporate & Investment Banking Division also comprises the activities of the Capital Markets Department which includes Banca IMI and the capital markets and investment banking business units of the Parent Company Intesa Sanpaolo. In the first half of 2008 capital market activities registered positive results in risk management and financial product distribution. In particular, credit activities recorded an expansion, thanks to effective risk management and intense market making activities towards institutional customers which led Banca IMI to be preferred counterparty in the European market for the Italian credits. Also fixed-income segment activities highlighted rising results with respect to the first half of 2007. With regard to distribution, sales to financial institutions were characterised by intense activity in both domestic and international markets, particularly in the secondary credit product market. With reference to the Group network, contrary to what occurred in 2007, preference was given to interest rate products rather than to equity products: issues structured and placed totalled 10.8 billion euro, of which 9.1 billion euro indexed to interest rates, the rest to equity. Activities for corporate customers recorded higher volumes thanks to the development of the large corporate segment. The strong falls of main indices and financial market turbulence determined a contraction of the activities performed by the desks of the Market Hub, the structure involved in brokerage activities on cash and derivative products traded on the domestic and international markets.

Lastly, the Corporate & Investment Banking Division is responsible for the operations carried out by Mediofactoring (former Intesa Mediofactoring) which, compared to as at 30 June 2007, registered a 6% increase of the outstanding, represented by the stock of receivables acquired and not yet collected. This led to a significant rise in loans to customers (+22.1% in period-end terms, +12.1% in average terms) also thanks to the higher incidence of financing of the loans sold. By contrast, overall turnover as at 30 June 2008 recorded a 2.8% reduction, with a shift in favour of lending with recourse in which the risk of debtor’s default is borne by the seller. Operating income amounted to 65 million euro, down 3.3%, due to the reduction in net fee and commission income (-5.4%) affected by the decrease in turnover and by more attractive conditions conceded to customers and not balanced by the rise in net interest income (+6.6%), which benefited from the expansion of average loans for the period. Net income, in the presence of lower net adjustments and provisions, amounted to 26 million euro, up by 8.3% compared to the first half of 2007.

Public Finance

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Net interest income	120	108	12	11.1
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	30	27	3	11.1
Profits (Losses) on trading	-5	11	-16	
Income from insurance business	-	-	-	-
Other operating income (expenses)	-	6	-6	
Operating income	**145**	**152**	**-7**	**-4.6**
Personnel expenses	-17	-19	-2	-10.5
Other administrative expenses	-28	-29	-1	-3.4
Adjustments to property, equipment and intangible assets	-	-	-	-
Operating costs	**-45**	**-48**	**-3**	**-6.3**
Operating margin	**100**	**104**	**-4**	**-3.8**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	1	-	1	-
Net adjustments to loans	-11	-9	2	22.2
Net impairment losses on other assets	-	-6	-6	
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**90**	**89**	**1**	**1.1**
Allocated capital	957	1,004	-47	-4.7
Profitability ratios (%)				
Cost / Income ratio	31.0	31.6	-0.6	-1.9
ROE before tax	18.9	17.9	1.0	5.8
EVA® (in millions of euro)	4	7	-3	-42.9

(in millions of euro)

	30.06.2008	31.12.2007 restated (*)	Changes amount	Changes %
Loans to customers	34,327	33,906	421	1.2
Direct customer deposits	8,959	8,282	677	8.2
of which: due to customers	*6,719*	*6,262*	*457*	*7.3*
securities issued	*2,240*	*2,020*	*220*	*10.9*

(*) Figures restated on a consistent basis, considering the changes in business unit constituents.

In the first half of 2008 the Public Finance Business Unit performed its activities, for customers in government, public entities, local authorities, public utilities, general contractors, and public and private healthcare structures, through Banca Infrastrutture Innovazione e Sviluppo (BIIS), the leading Italian bank in public finance and one of the first in Europe, formed on 1 January 2008 from the merger of Banca OPI with Banca Intesa Infrastrutture e Sviluppo.

In the first half of 2008 Public Finance highlighted a virtually stable business in a difficult market context, characterised by the persistence of the partial interruption of large public works, as well as by greater diffidence towards more advanced financial instruments (also due to the effect on public opinion of some negative events, which actually involved only certain market players).

Public Finance closed the first half of 2008 with an operating income of 145 million euro, down 7 million euro (-4.6%) with respect to the corresponding period of the previous year, mainly due to the negative trend of profits on trading resulting not only from the unfavourable market situation but also from the adoption of the new methodology for the calculation of credit risk adjustments on derivatives with customers. Excluding profits on trading, the Business Unit's income rose by 6.4%. In particular, net interest income (120 million euro), recorded an 11.1% rise with respect to the first six months of the previous year, mainly due to the increase in average loans to customers (+7.7%). Net fee and commission income, equal to 30 million euro, registered a 3 million euro increase (+11.1%), as a result of the development of structuring activities and the rise in operations in the more traditional collection and payment services.
Operating costs amounted to 45 million euro, down 3 million euro (6.3%), mainly thanks to the higher staff efficiency following the integration. The cost/income ratio equalled 31%, consistent overall with the mix of transactional operations, of lending/funding and structured finance activities managed by the Business Unit. Consequently, operating margin, 100 million euro, recorded a 3.8% reduction (+12.9% excluding profits on trading) with respect to the first half of 2007. Income before tax from continuing operations amounted to 90 million euro up 1.1% (+21.8% excluding profits on trading).
The capital allocated amounted to 957 million euro, down from the first half of 2007 particularly as a result of the reduction of credit risks attributable to the rebalancing of the portfolio towards higher-rating counterparties. Annualised ROE before tax showed a rise from the values of the corresponding period of the previous year due to trends described in economic results and capital optimisation.

With regard to the main balance sheet figures, loans to customers, 34,327 million euro, rose 1.2% from the beginning of the year. Also direct customer deposits, 8,959 million euro, recorded an 8.2% increase, mainly thanks to the rise in due to customers in relation to higher liquidity connected to treasury activities.

In the first half of the year, in order to assist and promote the development of large infrastructures in the country, the advisory and consultancy activities, aimed at favouring the realisation of the Brescia-Milano, Pedemontana Lombarda, Pedemontana Veneta and Cremona-Mantova motorways, continued. Moreover, disbursements in favour of ANAS continued for the realisation and modernisation of some of the main Italian roads and motorways.
In support of health services, universities and scientific research, there was significant financing in favour of Università Commerciale Luigi Bocconi in Milan and ALER (Aziende Lombarda per l'Edilizia Residenziale); consultancy activities, in favour of the Fondazione Parco Tecnologico Padano, for the feasibility study of the project of the new University Pole at Lodi, continued.
For the improvement of public and public utility services the Business Unit acquired the mandate, as lead arranger with another institute, and as agent bank, for the project financing contract in favour of Irisacqua S.r.l. and destined to the investments set out by the "Piano d'Ambito" which will benefit from specific funds granted by the European Investment Bank. The financing operation in favour of Acque Potabili Siciliane stands in the same context.
Advisory activities in favour of GORI, a concessionary for the management of the integrated water system in the Ambito Territoriale Ottimale Sarnese Vesuviano, continued. With reference to the alternative energy sector with low environmental impact, the Bank is taking part in various projects for the realisation of wind-power and photovoltaic plants. In Trentino Alto Adige, BIIS was chosen by Dolomiti Energia as the bank organising the financing linked to the acquisition of thermoelectric power plants from Enel and Edison. The financing to Valdigne Energie for the realisation of new hydroelectric plants in Valle d'Aosta falls in the same context.
In support of the financial balance in the public sector, it continued stipulations and disbursements to finance long-term investments to numerous Local Entities (including the Marche Region, the Province of Milan and the Municipalities of Turin, Brescia and Rome); as lead manager of a syndicate of primary banks, it implemented the restructuring of the Campania Region's debt. For the purpose of permitting also Local Entities to access more advanced and efficient types of financing, Public Finance assisted the Municipality of Turin, as arranger and bookrunner, jointly with the Intesa Sanpaolo Group's Investment Banking Department, in the activation of an EMTN programme; during June the Municipality finalised the launch of the first eurobond.

The Business Unit was also awarded the tender called by the Province of Rome, which led to the underwriting of an agreement to enable smaller municipalities to obtain loans at better conditions than obtainable singularly; similarly Public Finance was awarded, with another bank, the tender called by the Municipality of Reggio Emilia, for the underwriting of bonds to be issued during two years; lastly, it took part in the financing to the Real Estate Fund of the Municipality of Milan, targeted to the acquisition, and subsequent development, of real estate assets owned by the Municipality.
Within the priority investment programmes for Defence, that benefit from State subsidies, disbursements continued in favour of suppliers of defence systems (Alenia Aeronautica, Agusta and Thales Alenia Space Italia) and in support of interventions in areas hit by natural disasters in favour of regions like Liguria, Sicily, Lombardy, Tuscany, Calabria and Lazio.
Among urban projects and projects for territorial development, it stipulated a syndicated loan as lead manager of the project, for the realisation of a new pavilion in the exhibition area in Bologna.
Disbursements in favour of Ente Autonomo del Porto of Trieste continued and the mandate was received for the construction and management of two tourist ports in Campania.
With regard to the small project segment, i.e. project financing activities applied to low-value but important projects for the development of local territories, two new contracts were signed for the realisation of hotel and recreation infrastructures.
Public and infrastructure finance activities abroad include: financing road and railway infrastructures in Croatia, Greece, Portugal, Russia, Slovenia, Turkey and Hungary.
In the energy sector initiatives were carried out in Finland, Kazakhstan and Spain.

International Subsidiary Banks

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Net interest income	645	538	107	19.9
Dividends and profits (losses) on investments carried at equity	-	1	-1	
Net fee and commission income	277	236	41	17.4
Profits (Losses) on trading	125	151	-26	-17.2
Income from insurance business	-	-	-	-
Other operating income (expenses)	-4	-2	2	
Operating income	**1,043**	**924**	**119**	**12.9**
Personnel expenses	-266	-236	30	12.7
Other administrative expenses	-199	-180	19	10.6
Adjustments to property, equipment and intangible assets	-67	-58	9	15.5
Operating costs	**-532**	**-474**	**58**	**12.2**
Operating margin	**511**	**450**	**61**	**13.6**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-1	-6	-5	-83.3
Net adjustments to loans	-68	-62	6	9.7
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	4	4	-	-
Income (Loss) before tax from continuing operations	**446**	**386**	**60**	**15.5**
Allocated capital	1,978	1,523	455	29.9
Profitability ratios (%)				
Cost / Income ratio	51.0	51.3	-0.3	-0.6
ROE before tax (annualised)	45.3	51.1	-5.8	-11.3
EVA® (in millions of euro)	206	198	8	4.0

(in millions of euro)

	30.06.2008	31.12.2007	Changes amount	Changes %
Loans to customers	27,363	23,725	3,638	15.3
Direct customer deposits	28,968	27,210	1,758	6.5
of which: due to customers	*27,269*	*25,984*	*1,285*	*4.9*
securities issued	*1,699*	*1,226*	*473*	*38.6*

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

The International Subsidiary Banks Division is responsible for activities in foreign markets where the Group is operational through commercial banking subsidiaries, mainly active in retail banking. The distribution structure, including recent acquisitions, directly covers 13 countries and is made up of 1,870 branches.
Consistent with the Business Plan, the integration between the banking subsidiaries operating in Serbia (Banca Intesa Beograd and Panonska Banka), in Albania (Banca Italo Albanese and American Bank of Albania), in Hungary (Central-European International Bank and Inter-Europa Bank) and in Bosnia (UPI Banka and LTG) occurred with effect as of 1 January 2008. For the purpose of guaranteeing a consistent comparison, the figures related to the first half of 2007 were restated, backdating the accounting effects of the acquisition of American Bank of Albania, made at the end of June, to 1 January 2007.

On 27 June Intesa Sanpaolo acquired 100% of the share capital of JSC Pravex-Bank, an Ukrainian commercial bank entirely dedicated to retail banking activities with households, which provides personal loans, mortgages, car loans and revolving credit cards and is one of the major Ukrainian providers of point-of-sale consumer finance. In consideration of acquisition date and of the fact that the economic figures are negligible, the company is consolidated only with reference to balance sheet figures.

In the first half of 2008 the Division's activities showed high growth rates in all economic margins and operating aggregates.
Operating income recorded a 12.9% increase compared to the first half of 2007 to 1,043 million euro.
Specifically, net interest income reached 645 million euro, with a 19.9% rise compared to the 538 million euro of the first six months of the previous year. The increase is attributable to the growth in intermediated volumes (+10.6%), sustained by the rise in loans to customers (+15.3%) and in direct customer deposits (+6.5%). The rise in net interest income is attributable for 29 million euro to Vseobecna Uverova Banka, for 26 million euro to Banca Intesa Beograd and for 19 million euro to KMB Bank.
Net fee and commission income grew by 17.4% (277 million euro compared to 236 million euro) specifically due to Privredna Banka Zagreb (+10 million euro), Vseobecna Uverova Banka and Central-European International Bank (+9 million euro each) and Banca Intesa Beograd (+5 million euro). This trend benefited from higher revenues connected to the positive development of loans to customers, as well as to the increase in insurance products and mutual funds operations.
Profits on trading decreased to 125 million euro from 151 million euro in the first six months of 2007, mainly due to the poor performance recorded by Bank of Alexandria (-24 million euro), Privredna Banka (-13 million euro) and Vseobecna Uverova Banka (-5 million euro), attributable to the financial market crisis.
Operating costs grew by 12.2% reaching 532 million euro. Personnel expenses increased by 12.7% following the expansion of the distribution network, the adjustment of salaries to inflation and a different incentive policy. Administrative expenses and amortisation and depreciation recorded an increase of respectively 10.6% and 15.5%, primarily determined by the rise in operating centres, with a consequent impact on logistic, infrastructure and IT expenses.
Consequently, operating margin rose to 511 million euro (+13.6%). Considering net adjustments to loans at 68 million euro, up 9.7%, income before tax from continuing operations amounted to 446 million euro (+15.5%).
Allocated capital represented 8% of the Group's capital, and amounted to 1,978 million euro, up on the level recorded in the first six months of the previous year in relation to the development of operations. The trend of economic results and capital determined a reduction in the annualised ROE before tax to 45.3% (from 51.1% of the corresponding period of last year). Value creation, expressed in terms of EVA®, increased slightly to 206 million euro.

In the first half of 2008, Banka Koper recorded an operating income of 46 million euro, with an 11.2% rise on the corresponding period of 2007. This rise was due to higher net interest income (+12.4%), which benefited from a 29.4% increase in average volumes with customers, and greater fee and commission income (+8.6%) on custody, guarantee and payment services. Operating costs recorded a 7.9% increase as a result of the rise in personnel expenses, due to an increase in the number of employees and, to a lesser extent, in amortisation and depreciation on fixed assets. Net adjustments to loans posted a 2 million euro rise compared to the first six months of 2007. Net income equalled 13 million euro, in line with the result of the first six months of 2007.

The Vseobecna Uverova Banka (VUB) group recorded an operating margin of 116 million euro, with a 23.8% increase compared to the first half of 2007. Operating income grew by 18.1%, partly as a result of local currency appreciation and partly due to the positive performance of net interest income, which benefited from the increase in average volumes with customers (+47% loans to customers; +21% customer deposits) and spreads, and net fee and commission income, which rose in all segments. Operating costs amounted to 103 million euro, up 12.3% (+6% excluding the effect of currency appreciation) due to higher personnel expenses and higher amortisation of intangibles deriving from the acquisition of a leasing company. Net income amounted to 78 million euro, up 21.9%.

The Central-European International Bank (CIB) group recorded an operating income of 267 million euro, up 10.1% compared to the first half of the previous year. The expansion in revenues is due to the increase in profits on trading (+15.5%) attributable to the rise in coupons from derivatives and in profits on foreign exchange. Moreover, net fee and commission income increased (+13.4%), benefiting from higher operations in loans (especially project finance), and net interest income (+4%), thanks to the rise in average intermediated volumes with customers (+23% loans to customers; +4% customer deposits) which offset the reduction in the spread following the increase in system competitiveness. The rise in operating costs (+8.9%) was determined by personnel expenses, administrative expenses as well as higher amortisation on new investments in software. Taking account of higher net adjustments to loans, net income amounted to 81 million euro (+1.8% compared to the first half of the previous year.

In the first half of 2008, the Privredna Banka Zagreb (PBZ) group's operating income reached 225 million euro (+4.3% compared to the same period of the previous year). More specifically, net interest income (+11%) benefited from the growth in intermediated volumes and spreads, whereas net fee and commission income (+14.6%) was driven by the development of credit cards. The rise in net interest income and net fee and commission income was absorbed by the reduction in profits on trading (-56.1%). Operating costs rose 8.3%, linked to the increase in personnel expenses due to the rise in the number of employees, amortisation and depreciation and administrative expenses, deriving from the expansion of the distribution network and from higher logistic and service costs. The above-mentioned trends brought operating margin to 111 million euro (+0.5%). Net income amounted to 84 million euro, down 3.9% due to lower net write-backs and a non-recurring income generated by the sale of a real estate in the first half of the previous year.

Banca Intesa Beograd registered an operating margin of 67 million euro for the first six months of 2008, almost more than double the figure for the same period of 2007. The increase in operating income (+47.9%) amply offset the rise in operating costs (+5.4%) determined by higher personnel expenses (+6.2%) and administrative expenses (+4.9%). Revenues were positively influenced by the favourable trend of net interest income (+54%) that benefited from the increase in average volumes with customers (+50.4% loans to customers; +31.4% customer deposits) following the expansion in operations and the rise in spreads. Increases were also recorded by profits on trading, thanks to higher income from foreign exchange trading and from a capital gain generated by the sale of an equity investment, and net fee and commission income, thanks to the good trend in credit cards and payment services. Net income amounted to 47 million euro against 23 million euro in the corresponding period of 2007.

Intesa Sanpaolo Banka Bosna i Hercegovina closed the first half of 2008 with an operating margin of 3.1 million euro, with a 3.4% increase compared to the corresponding period of the previous year. The rise in revenues (+12.5%) is attributable to net interest income (+13.5%), that benefited from higher average loans to customers (+51.9%), and to net fee and commission income (+26.1%) on current accounts, guarantees and bank transfers. Operating costs, due to the expansion of the branch network according to the Business Plan, rose by 16.4%, attributable to personnel and administrative expenses. After higher net adjustments to loans (+13.8%), partly due to additional provisions for consumer credit, net income amounted to 0.6 million euro, against 0.3 million euro in the first six months of 2007.

American Bank of Albania recorded a 78.1% increase in operating margin (9.8 million euro). This performance was achieved through the rise in net interest income attributable to the expansion in average volumes with customers (+19.3% loans to customers; +24.6% customer deposits) and in spreads. Operating costs rose 9.7% due to higher administrative expenses linked to the expansion of the branch network and to advertising costs.

In the first half of 2008 Intesa Sanpaolo Bank Romania registered an operating margin of 5.8 million euro, a 56.7% rise over the corresponding period of 2007. Operating income (+40.1%) benefited from the good performance of net interest income (+67.5%) linked to the increase in average volumes with customers (+82.9% loans to customers) and in spreads. Also net fee and commission income rose (+19.5%), driven by higher operations on loans and, to a lesser degree, on bank transfers and guarantees. The growth in operating costs (+32.4%) can be attributed to the rise in human resources and to the development of the distribution network. Net income amounted to 4.1 million euro (+20.6% with respect to the first six months of 2007).

KMB Bank is a leading bank in lending and leasing activities for small and medium-sized enterprises in the Russian Federation. In the first half of 2008 the income statement closed with a net income of 8.1 million euro, down (-7.6%) with respect to the corresponding period of the previous year. In detail, the rise in net interest income benefited from higher intermediated volumes (+59.2% average loans to customers; +70.7% direct customer deposits), which more than offset the contraction in spreads attributable to the generalised reduction in market interest rates. Operating costs rose by 49.2% due to the increase in personnel expenses determined by the rise in the number of employees and in administrative expenses, in particular real estate and IT, following the expansion of operations. Net adjustments to loans rose 68.4%.

Bank of Alexandria's net income was 44 million euro, against 40 million euro in the first half of 2007. Operating income decreased (-19.5%), following the depreciation of the currency and the reduction in profits on trading mainly for the valuation component. This decline absorbed the increase in net interest income, up to 41 million euro against the 38 million euro of the first half of 2007 and in net fee and commission income (+31.2%), up in the payment systems and mutual funds component. Operating costs rose 8%; in particular, personnel expenses increased by 9.3%, while administrative expenses rose 10.4% due to the expansion of the network.

Eurizon Capital

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2008	30.06.2007 restated (*)	Changes amount	Changes %
Net interest income	3	5	-2	-40.0
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	173	191	-18	-9.4
Profits (Losses) on trading	4	3	1	33.3
Income from insurance business	-	-	-	-
Other operating income (expenses)	-	1	-1	
Operating income	**180**	**200**	**-20**	**-10.0**
Personnel expenses	-32	-31	1	3.2
Other administrative expenses	-48	-53	-5	-9.4
Adjustments to property, equipment and intangible assets	-1	-2	-1	-50.0
Operating costs	**-81**	**-86**	**-5**	**-5.8**
Operating margin	**99**	**114**	**-15**	**-13.2**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-1	-2	-1	-50.0
Net adjustments to loans	-	-	-	-
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**98**	**112**	**-14**	**-12.5**
Allocated capital	275	346	-71	-20.5
Profitability ratios (%)				
Cost / Income ratio	45.0	43.0	2.0	4.7
ROE before tax (annualised)	71.7	65.3	6.4	9.8
EVA® (in millions of euro)	55	62	-7	-11.3

(in millions of euro)

	30.06.2008	31.12.2007	Changes amount	Changes %
Assets under management	153,839	180,693	-26,854	-14.9

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

In the framework of the reorganisation of the Group's asset management sector, aimed at centralising individual and collective management activities in Eurizon Capital, Eurizon Investimenti SGR, a company included in the Business Unit's perimeter at the end of 2007, was merged into Eurizon Capital SGR on 7 April 2008.

In the first half of 2008 Eurizon Capital activated the plan for the merger of Eurizon Investimenti and therefore developed specific products addressed to all company areas, in order to harmonise the operating logics and IT systems of the two structures and create a single commercial policy. Initiatives in the half also concerned the rationalisation of the product range. In particular, in the funds of funds, "Eurizon Garantito Marzo 2013" was launched, the fourth fund guaranteed by Eurizon Capital SGR, which can be subscribed exclusively in the first three months of the year and guarantees at maturity 100% of the highest value of the quota recorded during the subscription period. At the end of April the

distribution started for a non-harmonised new fund which completes the range of the "Rendimento Assoluto" line.
Distribution started in February for the speculative multi-strategy fund of funds named "Eurizon Weekly Strategy – Fondo Speculativo" managed by Eurizon Alternative Investments SGR, which is aimed at achieving, through a dynamic allocation of assets, a higher return compared to the money market, at a medium volatility level. For institutional customers, segments were set up to cover the foreign exchange risk (Class ZH). Moreover, the rationalisation of the umbrella Sanpaolo International Fund, which changed its name to Eurizon EasyFund, became effective and was structured in two lines: the "Limited Tracking Error" (LTE line), a broad range of segments that covers all the main financial markets and the "Flex Multiasset", line made up of seven segments mainly addressed to retail customers. The rationalisation of the mutual funds range became effective from the end of April and was realised through the merger of funds, according to a logic of simplification. The new mutual funds range of Eurizon Capital is currently made up of 67 funds (with respect to the initial number of 122), divided into different systems tailored to meet customer needs which correspond to specific asset management regulations.
As regards asset management, from the beginning of the year the distribution started of the new range of management schemes for the network branches compliant with the Markets in Financial Instruments Directive (MiFID), the new discipline of the financial instruments market for investor protection. This range represents a simple and complete offer, which meets customer needs in terms of investment objective, risk aversion and time horizon; it consists of six lines: one monetary, one equity, three of asset allocation and one personalised.
With the purpose of complying with the MiFID legislation, the actions taken in individual portfolio management schemes for private customers focused on the two most successful products: "PrivateSolution" and "Investimento Private".
Starting from the beginning of the year, Eurizon Capital SGR took responsibility for bank asset management activities performed with the brands of Banca di Trento e Bolzano, Cassa di Risparmio di Padova e Rovigo and Cassa di Risparmio di Venezia and, starting from April, that of Eurizon Investimenti.

Overall assets under management of Eurizon Capital (including Eurizon Investimenti) totalled 153.8 billion euro at the end of June 2008, down 14.9% from the beginning of the year, due to both the outflow of mutual funds, which affected all the main players in the sector, UCITS, retail and institutional asset management activities and almost all types of funds, and to the performance effect.
Operating income for the first half of 2008, amounting to 180 million euro, decreased 10% compared to the corresponding period of the previous year, because of a downturn in all main components. Income before tax from continuing operations, excluding taxes and integration charges, totalled 98 million euro, down 12.5% with respect to the same period of 2007. Capital absorbed amounted to 275 million euro, down 20.5% compared to the first six months of 2007 due to the reduction in volumes under management. Annualised ROE before tax reached 71.7%, in line with the high values characteristic of this Business Unit, due to limited absorption of capital compared to the considerable volumes of assets managed by the company and placed by the geographically widespread banking networks of the Group. EVA®, which measures value creation, decreased from 62 million euro to 55 million euro.

Banca Fideuram

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2008	30.06.2007	Changes	
			amount	%
Net interest income	79	59	20	33.9
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	258	296	-38	-12.8
Profits (Losses) on trading	2	4	-2	-50.0
Income from insurance business	-	-	-	-
Other operating income (expenses)	2	-	2	-
Operating income	**341**	**359**	**-18**	**-5.0**
Personnel expenses	-62	-73	-11	-15.1
Other administrative expenses	-94	-89	5	5.6
Adjustments to property, equipment and intangible assets	-8	-8	-	-
Operating costs	**-164**	**-170**	**-6**	**-3.5**
Operating margin	**177**	**189**	**-12**	**-6.3**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-18	-20	-2	-10.0
Net adjustments to loans	-	-	-	-
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**159**	**169**	**-10**	**-5.9**
Allocated capital	316	359	-43	-12.0
Profitability ratios (%)				
Cost / Income ratio	48.1	47.4	0.7	1.5
ROE before tax (annualised)	101.2	94.9	6.3	6.6
EVA® (in millions of euro)	100	115	-15	-13.0

(in millions of euro)

	30.06.2008	31.12.2007	Changes	
			amount	%
Assets under management	44,187	50,753	-6,566	-12.9

The initiatives taken by Banca Fideuram in the first half of 2008 were carried out in coherence with the objective of consolidating market leadership through the development of its key strengths. In particular, actions on the product range were taken to strengthen the core business, to develop highly innovative products, to identify very advanced multi-manager solutions as well as to provide investment services tailored for private customers. These actions led, on the one hand, to the review of existing products to adjust them to the market context (supplementary social security reform and the coming into force of the MiFID legislation) and, on the other hand, to the development of a product range dedicated to private customers, in confirmation of the strategic importance of private banking within the group. With regard to insurance products, actions were addressed to new solutions characterised by a higher consultancy content and by greater flexibility.
Within the plan for the reorganisation of the group's French activities, Banque Privée Fideuram transferred the equity investment held in the Monegasque SGR Fideuram Wargny Gestion SAM to the subsidiary Fideuram Bank (Luxembourg). At the end of May a reorganisation project was approved regarding the presence on the Monaco market, which provides for the transformation of Fideuram

Wargny Gestion SAM into a bank, with the simultaneous contribution of assets to Banca Fideuram's Monaco branch.
At the end of June 2008 assets under management totalled 64.6 billion euro, down 5.7% with respect to the end of December 2007 due to the negative performance of financial markets.
The net flow for the period was positive and amounted to 383 million euro: assets under management highlighted an outflow of 3,294 million euro against an outflow of 1,018 million euro in the first half of 2007, whereas assets under administration recorded a collection of 3,677 million euro, sharply up with respect to the 1,584 million euro of the first six months of 2007. The number of private bankers reached 4,293 units, up 13 units from the beginning of the year.
Income before tax from continuing operations amounted to 159 million euro, with a 5.9% reduction with respect to the same period of the previous year. This result is mainly due to the decline in net fee and commission income, linked to the reduction in average assets under management and to a repositioning of the product mix towards products less profitable for the bank, which absorbed the improvement in net interest income (attributable to the growth in intermediated volumes, the rise in market interest rates and the higher profitability of assets).
The capital absorbed in the first half of 2008 by Banca Fideuram amounted to 316 million euro, down 12% on the same period of the previous year. Economic results, coupled with the above-mentioned capital absorption, determined an increase in annualised ROE before tax to 101.2%. High profitability is typical of the asset gathering segment which collects large saving volumes against a limited absorption of capital.

Corporate Centre

The Corporate Centre is responsible not only for direction, coordination and control of the whole Group, but also for treasury.

The Corporate Centre closed the first half of 2008 with an operating income of 280 million euro, up 2.6% with respect to the corresponding period of the previous year, mainly thanks to other operating income (largely attributable to the computation of a payment linked to the IMI-SIR dispute) which offset lower dividends and profits on investments carried at equity. Operating costs rose due to personnel expenses, which in the first six months of 2007 included the benefits generated by the actuarial recalculation of employee termination indemnities (excluding this, personnel expenses would result lower by approximately 5%). Net provisions for risks and charges recorded a significant reduction with respect to the first half of the previous year, which had been affected by considerable charges for the settlement of major litigations. Profits on investments held to maturity and on other investments benefited from the capital gain generated by the sale of Agos. Overall, income before tax from continuing operations amounted to 234 million euro, against 109 million euro for the first six months of 2007.

The Treasury Department includes the service activities in euro and in foreign currencies, the integrated management of requirements/surpluses of liquidity, financial risks and settlement risks. With reference to the latter, in the first half of 2008 Intesa Sanpaolo continued to play a primary role, within the interbank payment systems, as direct member and supplier of settlement services to Group and non-Group Italian and foreign banks. The definitive transfer of the Italian community to TARGET 2, the new European gross settlement system, centralised all settlement activities in the Treasury, with on average approximately 45 billion euro of settlements and 16,000 transactions each day. In addition to the systems already in operation, the Treasury is taking part in various Italian and European working groups involved in the study and possible development of single European platforms for the settlement of transactions in securities (Target2 Securities – T2S) and for the centralised and dynamic collateral management (Correspondent Central Banking Model 2 – CCBM2). The utilisation of the loans within the ABACO project constitutes a consolidated reality for Treasury operations, with the utilisation of pools of eligible assets essentially as collateral for intraday advances.

With regard to the money market, the first half of 2008 was characterised by the effects of the persisting market crisis and the consequent intervention of the central banks, aimed at maintaining an adequate level of liquidity in the system. The rise in inflation risks forced the ECB to announce an increase in interest rates (implemented in July with a 25 basis point rise) and the FED to conclude, with the cut at the end of April, the downward cycle of its monetary policy. In this context the Bank continued its intense activities to prolong average funding maturity concurrently with the revision of its Liquidity Policy, aimed at providing more effective and detailed instruments for management and monitoring of liquidity risk in both ordinary and stress situations.

With regard to Credit Portfolio Management and Structured Operations activities, in the first half Intesa Sanpaolo structured as arranger the securitisation of a portfolio made up of 91,766 performing residential mortgages. These mortgages were transferred in bulk to a vehicle company established pursuant to Law 130/99 of which Intesa Sanpaolo holds a 5% minority stake. The sale without recourse of the portfolio to the vehicle company named Adriano Finance occurred on 28 March 2008 with economic effects as of 19 March, for an amount of approximately 8 billion euro. The sale price, corresponding to the book value of the loans at the date of effect, was settled by the SPV at the date of issue of the RMBS. The securities were subscribed by the Bank on 4 August and will constitute a liquidity reserve being eligible for refinancing with the ECB. Later, they will be transferred to the vehicle ISP CB Ipotecario S.r.l. as cover pool of a programme of Guaranteed Bank Bonds (GBO) to generate medium-/long-term funding.

In management of treasury securities and liquidity portfolios, the persisting liquidity crisis imposed a cautious stance aimed at maintaining a very contained average duration, with composition mainly limited to securities eligible for central banks. With the purpose of improving access to liquidity markets, in June the Bank obtained from the Bank of England the authorisation to take part in its monetary policy operations. In the half the Bank continued to participate in the open market operations called by the European Central Bank on weekly, quarterly and half-yearly maturities. A portion of the portfolio, even if it can be used with the central banks, is however maintained available and refinanced through funding at maturity, in order to guarantee adequate liquidity reserves for the Group.

The "funding" macro-area is responsible for medium-/long-term funding, through both domestic bond issues and recourse to international markets.
In the first half of 2008 the total amount of Intesa Sanpaolo's bond issues placed in the domestic market amounted to 5.9 billion euro, of which 800 million euro of subordinated Lower Tier 2 securities. Within securities placed, plain vanilla securities represented 87.5% of the total whereas structured bonds 12.5%. Breakdown by average maturity showed a concentration on three-year maturity with an incidence of 46.4%, whereas two-year bonds represented 25.7% and five-year bonds 27.9%. With regard to medium-/long-term funding operations on the international markets, in the first half of 2008, operations were concluded for a total exceeding 19 billion euro, of which approximately 7 billion euro with one-year maturity by the New York, London and Hong Kong branches through the issue of certificates of deposit in local currency. Private European placements, through the Medium Term Notes (MTN) programme of Intesa Sanpaolo and through securitisation and non-securitisation contracts, amounted to 5.4 billion euro. Irish subsidiaries issued 22.2% of the total (guaranteed by the Parent Company), whereas the rest was directly issued by Intesa Sanpaolo. Moreover, in the first half four public issues were finalised for a total of 6.5 billion euro, including the issue of a perpetual Tier 1 subordinated loan. 64% of medium-term funding (excluding one-year maturity collection) is fixed-rate, whilst 27% is floating-rate, 7% is structured and 2% is zero coupon. Private placements include zero coupon securities, mainly targeted at insurance companies, for a total of approximately 392 million euro in present value.

With regard to management of human resources, in the first half of 2008, the incentive-driven exit plans continued, mainly through extraordinary recourse to the Solidarity Allowance of the banking sector (pursuant to Ministerial Decrees 158 of 2000 and 226 of 2006) as defined by agreements signed on 1 December 2006 and 1 August 2007.
Lastly, for the purpose of fully meeting the objectives of structural reduction of the labour cost as set out in the Business Plan, a new agreement was signed with the Trades Unions on 8 July 2008, whereby a further 2500 excess employees emerge with respect to the staff present on 31 March 2008.
This agreement, which also includes the banks of the Banca CR Firenze group and Banca Fideuram, provides for the exit of those who are entitled to retirement within 31 March 2008 and for the access to the Solidarity Allowance for those entitled to retirement (the so-called window) within 1 December 2015, giving the pre-emption right to those whose applications for the Allowance were in excess of the limits defined in the previous agreement of 1 August 2007.

As anticipated in the 2007 Annual Report, at the end of the previous year Intesa Sanpaolo started a project for the setting up and subsequent listing of a real estate investment company (SIIQ). The listing process for that company, which was named IMMIT Immobili Italiani, was initiated last February.
However, in June Intesa Sanpaolo and IMMIT Immobili Italiani decided on the total withdrawal of the public offer for the sale of IMMIT ordinary shares. Notwithstanding appreciation and interest shown by investors, the negative conditions of financial markets during the period of the offer did not permit the Company's solidity and prospects to be fully valued. The listing remains an objective and will be proposed when the financial markets are more stable.

GEOGRAPHICAL AREAS

(in millions of euro)

	Italy	Europe	Rest of the World	Total
Operating income				
30.06.2008	7,984	1,559	37	9,580
30.06.2007 restated (*)	8,247	1,398	201	9,846
% change [(a)]	-3.2	11.5	-81.6	-2.7
Loans to customers				
30.06.2008	322,297	43,439	8,640	374,376
31.12.2007 restated (*)	313,929	34,831	7,612	356,372
% change [(b)]	2.7	24.7	13.5	5.1
Direct customer deposits				
30.06.2008	308,600	80,829	32,006	421,435
31.12.2007 restated (*)	299,137	73,348	22,450	394,935
% change [(b)]	3.2	10.2	42.6	6.7

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

(a) The change expresses the relation between 30.06.2008 and 30.06.2007 restated.

(b) The change expresses the relation between 30.06.2008 and 31.12.2007 restated.

With regard to secondary segment reporting, based on geographical area, the activities of the Intesa Sanpaolo Group are mostly concentrated in the domestic market. In fact, 83% of revenues, 86% of loans to customers and 73% of direct customer deposits were realised in Italy. Abroad, the Group has a significant presence in Central and South-Eastern Europe (Croatia, Slovenia, Slovakia, Serbia, Hungary, Bosnia and Herzegovina, Albania and Romania), in the Russian Federation and in the Mediterranean area (Egypt).

As regards the performance of operations in the first half of 2008, Europe demonstrated sharp growth both in operating income and in volumes of loans and deposits. Moreover, trading activities in the rest of the world increased.

Risk management

BASIC PRINCIPLES

The policies relating to risk acceptance are defined by the Parent Company's Administrative Bodies (Supervisory Board and Management Board), with support from specific Committees.

The Parent Company is in charge of overall direction, management and control of risks. Group companies that generate credit and/or financial risks are assigned autonomy limits and each has its own control structure.

In 2007, risk measurement and management tools were integrated, enabling the preparation of a control framework for Group risks capable of assessing risks accepted according to the regulatory and economic prospects. The comparison with capital endowment allows monitoring of the Group's capital adequacy, which is periodically reported to Top Management.

From an operating standpoint, measurement of risks and their quantification in capital measures support company decisions through a system of capital allocation to business lines and contribute to the calculation of risk-adjusted profitability measures (RORAC - Return On Risk Adjusted Capital) applied to the single desk, the various banking books and the business lines; these therefore represent a key system to orient management decisions and define the Group's financial structure.

BASEL 2 REGULATIONS AND THE INTERNAL PROJECT

In June 2004, the Basel Committee on Banking Supervision published the final version of the Capital Accord ("Basel 2"), adopted by the European Union at the end of 2005 through the Directive on Capital Adequacy and by Italy with Legislative Decree 297 of 27 December 2006.

The new Accord came into effect as of 1 January 2007, but the Intesa Sanpaolo Group exercised the faculty provided for by Community regulations to maintain the previous system until 1 January 2008; consequently, starting from 31 March 2008, for the purpose of calculating solvency ratios, risk-weighted assets are determined on the basis of the application of the new rules defined by Basel 2 regulations.

Very briefly, the Accord provides for new quantitative rules to establish the minimum capital requirement to cover credit, market and operational risks:

- for credit risks, the new rules introduce a greater degree of correlation between capital requirements and risks by acknowledging ratings and other credit risk measurement tools. The Accord sets out a Standardised approach together with two increasingly sophisticated approaches based on internal risk management (IRB) tools;
- for market risks, the legal regulations previously in force continue to apply;
- the new Accord introduces capital absorption for operational risks, which can also be measured using three increasingly analytical approaches (Basic Indicator, Standardised and Advanced Measurement – AMA).

Lastly, capital adequacy must also be ensured for a wider range of risks which must at least include: financial risks in the banking book, liquidity risks, strategic risks, risks on equity investments and insurance activities, risks deriving from securitisations, residual credit risks and reputation risks.

The regulations are designed to promote the adoption of more sophisticated methods, in both credit risks and operational risks, through a lower absorption of capital. However, in order to access these options, the banks must satisfy a set of minimum requirements for risk management and control methodologies, to be verified by the Supervisory authority.

The greatest advantages will come from the management and operating results obtained from the systematic application of the new methodologies that should make it possible to improve risk management and control capabilities as well as increase the efficiency and effectiveness of customer service.

In order to profit from these opportunities, in 2007 Intesa Sanpaolo launched the "Basel 2 Project", with the mission of preparing the Group for the adoption of advanced approaches, building on the pre-merger experiences of Intesa and SANPAOLO IMI.

With respect to credit risks, the Corporate rating model and the Group's credit process were defined in 2007, in compliance with the rules of the New Accord. The latter sets out the use of internal ratings as the essential element in credit approval and management decisions. The process started application in October 2007 and will permit to submit the request for the validation of the "Foundation" approach of the Internal Rating Based methodology in the second half of 2008. The completion of the rating models and credit processes for the Retail segments and the loss given default models on a unified basis for the entire Group is programmed for 2008, with the objective of accessing advanced models in 2009.
For operational risks, preparatory works are in their final phases and will permit the submission of the request for validation for the Advanced Method in the second half of 2008.
Again in the second half of 2008, the Group will present the first report of the prudential control process for capital adequacy as "class 1" banking group, according to Bank of Italy classification, based on the extensive use of internal methodologies for measurement of risk, internal capital and total capital available.
Before the Bank of Italy issues the authorisation for the use of internal risk measurement tools for the determination of capital requirements with advanced approaches, capital requirements are calculated through the aforesaid Standardised approach which entails:
- calculation of credit risk-weighted assets calibrated on the risk profile of the counterparties, through the use of ECAI ratings for the determination of risk weights; for unrated counterparties weighting rules are similar to the current ones, applying different risk weights on the basis of the type of counterparty and a preferred treatment for retail and mortgage exposures;
- new credit risk mitigation techniques, which permit a considerable expansion in the range of eligible instruments (on- and off-balance sheet netting, financial collaterals, personal guarantees/credit derivatives, mortgages on residential, commercial, industrial and other properties), accompanied however by a more specific indication of the juridical, economic and organisational eligibility requirements for the recognition for prudential purposes and methods to calculate risk mitigation associated to their use;
- introduction of a specific capital requirement for operational risks, calculated as a percentage of gross income, which varies across the single standardised Business Lines in which the various activities of Group companies have been broken down.

The Group's capital requirements calculated using standardised methods include a limited benefit connected to the application of the new Basel 2 regulations, since the reduction in the requirement for credit risk is almost equivalent to the new estimated requirement for operational risk.

CREDIT RISKS

The long experience matured by Intesa and SANPAOLO IMI concerning risk management techniques enables the Group to have a large set of risk measurement and management techniques and instruments, capable of ensuring analytical control over the quality of loans to customers and financial institutions, and loans subject to country risk.
With particular reference to loans to customers, risk management uses different rating models on the basis of the borrower's segment (corporate, Italian public sector entities, Small Businesses, Mortgages, Personal Loans), and in terms of industry and size.
Credit strategies and policies address:
- portfolio diversification, limiting the concentration of exposures on single counterparties/groups, single sectors or geographical areas;
- efficient selection of the single borrowers via an attentive creditworthiness analysis aimed at containing default risk, notwithstanding the objective of privileging commercial lending or loans to support new production capacity with respect to merely financial interventions;
- control of relationship characteristics, carried out with information technology procedures and systematic surveillance of the relationships which present irregularities, both aimed at rapidly identifying any signs of deterioration in risk exposures.

The quality of the loan portfolio is constantly monitored by specific operating checks for all the phases of loan management (analysis, granting, monitoring, management of non-performing loans).
The management of credit risk profiles of the loan portfolio is assured, starting from the analysis and granting phases, by:
- regulations on Credit policies;

- checks on the existence of the necessary conditions for creditworthiness, with particular focus on the client's current and prospective capacity to produce satisfactory income and congruous cash flows;
- the assessment of the nature and size of proposed loans, considering the actual requirements of the counterparty requesting the loan, the course of the relationship already in progress and the presence of any relationship between the client and other borrowers.

Credit quality

The overall non-performing loan portfolio is continually monitored through a predetermined control system and periodic managerial reporting. In particular, such activities are performed using measurement methods and performance controls that permit the construction of synthetic risk indicators. They interact with processes and procedures for loan management and for credit risk control and allow timely assessments to be formulated when any anomalies arise or persist.
The positions to which the synthetic risk index attributes a high risk valuation, which is confirmed over time, are intercepted and are allocated in different categories based on the risk profile. Exposures with entities in default or in basically similar situations are classified in doubtful loans; exposures with entities in temporary difficulties, deemed solvable in a congruous period of time, are classified in substandard loans; positions for which the bank (or a group of banks), due to the deterioration of the economic and financial conditions of the borrower, permits a modification in the original contractual terms, are classified in restructured loans. Lastly, non-performing loans include loans past due by over 180 days.

(in millions of euro)

	30.06.2008			31.12.2007 restated (*)			Changes
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Doubtful loans	11,468	-8,122	3,346	10,743	-7,597	3,146	200
Substandard and restructured loans	5,896	-1,529	4,367	5,538	-1,566	3,972	395
Past due loans	1,766	-171	1,595	1,356	-136	1,220	375
Non-performing loans	**19,130**	**-9,822**	**9,308**	**17,637**	**-9,299**	**8,338**	**970**
Performing loans	360,333	-2,386	357,947	342,744	-2,319	340,425	17,522
Loans represented by performing securities	7,131	-10	7,121	7,617	-8	7,609	-488
Loans to customers	**386,594**	**-12,218**	**374,376**	**367,998**	**-11,626**	**356,372**	**18,004**

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

The table confirms, also for the period under examination, the high credit quality for the Group. Despite a 970 million euro increase in non-performing loans, the relative coverage totalled 51.3%. In particular, doubtful loans represented only 0.9% of total loans to customers (percentage in line with that at 31 December 2007), with a degree of coverage of approximately 71%. Substandard and restructured loans, up 395 million euro with respect to 31 December 2007 restated, are assisted by provisions of 26%. Past due loans increased, with a degree of coverage of approximately 10%. Lump-sum adjustments on the banking book of performing loans correspond to 0.7% of gross exposures, unchanged with respect to the end of the previous year and congruous to cover the intrinsic risk of performing loans. Risk implicit in performing loans is calculated collectively on the basis of the risk configuration of the entire portfolio analysed via models which consider the Probability of Default (PD) and the Loss Given Default (LGD) for each loan.

MARKET RISKS

TRADING BOOK

The activities for the quantification of trading risks are based on daily and period estimates of sensitivity 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;
- equity and market indices;
- investment funds;
- foreign exchange rates;
- implied volatilities;
- spreads in credit default swaps;
- spreads in issued bonds;
- correlation instruments;
- dividend derivatives;
- ABS.

For certain of the abovementioned risk factors, the Supervisory authority validated the internal models for the regulatory measurement of capital absorption of both Intesa Sanpaolo (internal model extended during 2007 to the books of the former SANPAOLO IMI Finance Department) and Banca IMI (the internal model, previously validated for the former Banca Caboto component, was extended, in the first quarter of 2008, to the former Banca IMI portfolios). Moreover, also the model relative to credit derivatives (credit default swaps) has been validated for Intesa Sanpaolo.

The analysis of market risk profiles relative to the trading book uses various quantitative indicators and VaR is the most important. Since VaR is a synthetic indicator which does not fully identify all types of potential loss, risk management has been enriched with other measures, in particular simulation measures for the quantification of risks from illiquid parameters (dividends, correlation, ABS, hedge funds).

The following paragraphs provide the estimates and evolution of operating VaR, defined as the sum of VaR and of simulation on illiquid parameters. VaR estimates are calculated daily based on simulations of historical time-series, a 99% confidence level and 1-day holding period.

In the second quarter of 2008, the market risks originated by Intesa Sanpaolo and Banca IMI increased with respect to the averages for the first quarter of the 2008. The operating VaR for the period totalled 45.3 million euro (average for the second quarter of 2008). The value increases to approximately 52 million euro considering estimated risk of CDOs - Collaterised Debt Obligations - (period-end figure of 5.5 million euro).

Estimated risk of the CDO book is calculated with a specific methodology, considering the market dislocation and peculiarities of the underlying markets; even though such methodology is not directly comparable with other operating VaR estimates, it is similar to an illiquid parameter simulation.

Daily operating VaR of the trading portfolio for Intesa Sanpaolo and Banca IMI [(a)]

(in millions of euro)

	2008				2007			
	average 2nd quarter	minimum 2nd quarter	maximum 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Intesa Sanpaolo	32.4	28.0	35.3	23.7	23.5	20.0	18.5	16.5
Banca IMI	12.9	8.0	15.4	9.0	8.2	6.7	6.1	6.9
Group	**45.3**	**36.0**	**49.7**	**32.7**	**31.7**	**26.7**	**24.6**	**23.4**

[(a)] Each line in the table sets out past estimates of daily operating VaR calculated on the quarterly historical time-series respectively of Intesa Sanpaolo and Banca IMI; minimum and maximum values for Intesa Sanpaolo and Banca IMI are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

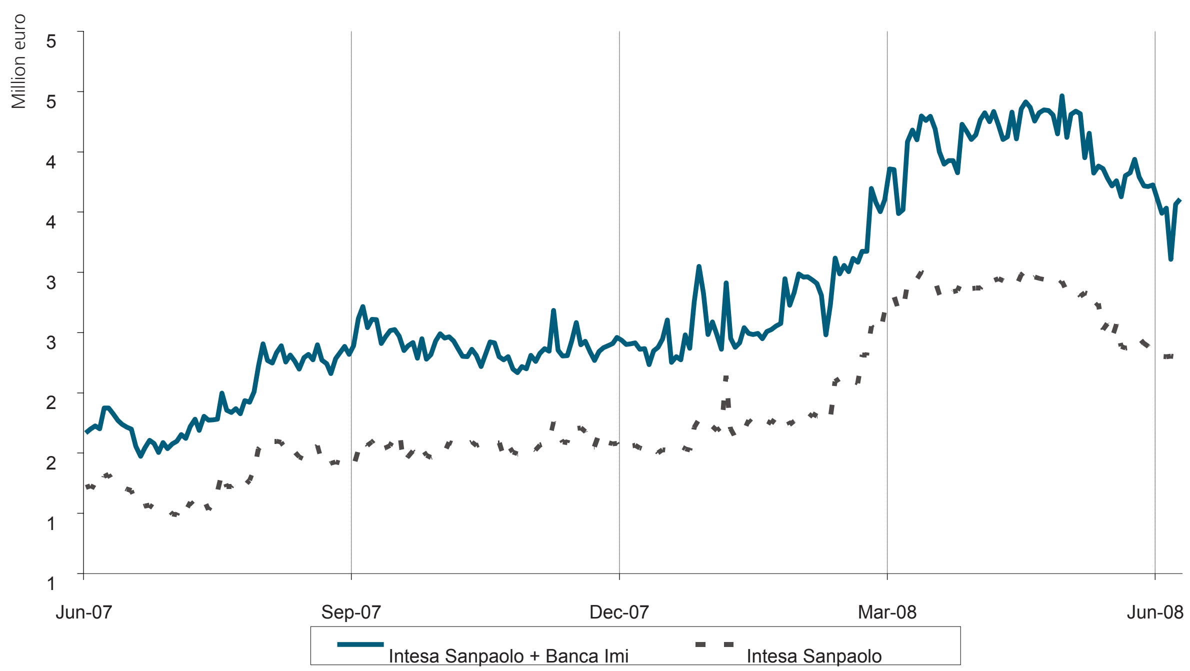
For Intesa Sanpaolo the breakdown of risk profile in the second quarter of 2008 with regard to the various factors shows the prevalence of the hedge fund risk, which made up 27% of total operating VaR; for Banca IMI interest rate and share risks were the most significant and each represented 26% of total VaR.

2nd quarter 2008	Shares	Rates	Credit spread	Foreign Exchange	Hedge fund	Other parameters
Intesa Sanpaolo	19%	17%	9%	10%	27%	18%
Banca IMI	26%	26%	19%	4%	-	25%
Group	**22%**	**20%**	**12%**	**8%**	**18%**	**20%**

[a] Each line in the table sets out the contribution of risk factors considering the overall operating VaR 100%, calculated as the average of daily estimates in the second quarter 2008, broken down between Intesa Sanpaolo and Banca IMI.

Operating VaR in the last twelve months is set out below. The average level for the second quarter of 2008 increased due to higher market volatility and positions taken on shares and interest rates. VaR decreased at the end of the period due to the close of positions on the equity market.

Daily evolution of market risks – operating VaR



Risk control relative to the trading activities of Intesa SanPaolo and Banca IMI also uses scenario analyses and stress tests. The impact on the income statement of selected scenarios relative to the evolution of stock prices, interest rates, credit spreads and foreign exchange rates at the end of June are summarised in the following table.

In particular:
- for positions on stock markets, a "bearish" scenario, that is, a 5% decrease in stock prices with a simultaneous 10% increase in volatility would have led to a 17 million euro loss; a "bullish" scenario, that is, a 5% rise in stock prices with a simultaneous 10% decrease in volatility would have led to a 3 million euro loss;
- for exposures to interest rates, a parallel ±25 basis point shift in the yield curve would have led to an 11 million euro loss, assuming an upward shift, and an 11 million euro profit in case of a downward shift;

- for exposures affected by changes in credit spreads, a 25 basis point widening in spreads would lead to a 59 million euro loss, of which 28 million euro attributable to structured credit products (SCP);
- lastly, with reference to exposures on the EUR/USD market, the portfolio's position was basically protected from both devaluation and revaluation of the US Dollar due to the effect of option structures aimed at protecting from directional movements.

(in millions of euro)

	Equity		**Interest rates**		**Credit spreads**		**Foreign Exchange rates**	
	volatility +10% and prices -5%	**volatility -10% and prices +5%**	**-25bp**	**+25bp**	**-25bp**	**+25bp**	**-10%**	**+10%**
Group	-17	-3	11	-11	59	-59	7	0
of which SCP					*28*	*-28*		

INFORMATION ON FINANCIAL PRODUCTS

As mentioned in the introduction to this Report, the current negative phase of financial markets and the difficulties which affected certain, even primary, financial institutions, led supranational and national Supervisory authorities to recommend utmost transparency in the disclosure with shareholders and investors of credit and market risk exposure accepted in the various forms, directly or through vehicles.
The information below is required by the Bank of Italy (communication of 18 June 2008), and by Consob with a letter of 23 July 2008, and also considers the recommendations contained in the Report of the Financial Stability Forum of April 2008, recalled by both Supervisory authorities.

DETERMINATION OF THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Information in this chapter integrates the accounting principles adopted by the Intesa Sanpaolo Group, and explicitly explains valuation concepts and parameters.
In the preparation of information, a clear and simple approach is adopted, avoiding where possible excessive technicalities.
Since these are, in any case, new and complex disclosures, it was decided to facilitate the reader by updating the Glossary attached to the Annual report 2007, with new mathematical and English terms normally used by practitioners.
The production of a Glossary illustrating the technical terms and the acronyms used is required by Consob in the mentioned communication.

General Principles

IAS/IFRS prescribe that products in the trading portfolio must be recorded at fair value through profit and loss.
The existence of official prices in an active market[1] represents the best evidence of fair value and these prices must be used with priority (effective market quotes) for the registration of financial assets and liabilities in the trading portfolio. If there is no active market, fair value is determined using valuation techniques aimed at ultimately establishing what the transaction price would have been on the measurement date, in an arm-length exchange, motivated by normal business considerations. Such techniques include:

- reference to market values indirectly connected to the instrument to be valued and presumed from products with the same risk profile (comparable approach);
- valuations performed using – even partly – inputs not identified from parameters observed on the market, which are estimated also by way of assumptions made by the person making the assessment (Mark-to-Model).

The choice between the aforesaid methodologies is not optional, since they must be applied according to a hierarchy: more specifically, if a published price quotation in an active market exists, one of the other valuation approaches may not normally be used.

Hierarchy of fair value

As described above, the hierarchy of measurement models, i.e. of the approaches adopted for fair value measurement attributes absolute priority to effective market quotes for valuation of assets and liabilities or for similar assets and liabilities (comparable approach) and a lower priority to non-observable and, therefore, more discretional inputs (mark-to-model approach).
Consequently, fair value is determined using one of the following approaches with a clear order of preference.

1. Effective market quotes

In this case the valuation is the price of the same financial instrument to be measured on the basis of prices quoted on an active market.
The percentage (determined in relation to fair value in case of derivatives) of instruments valued with this methodology on the total of instruments measured at fair value is set out below:

[1] A financial instrument is considered as quoted on an active market if the quotations, reflecting normal market transactions, are promptly and regularly available through organised markets (exchanges), brokers, intermediaries, companies operating in the sector, quotation services or authorised bodies, and such prices represent effective and regular market transactions taking place over a normal period of reference. The criteria to determine price reliability are described in the paragraph on identification, certification and treatment of market data.

Financial assets:		
- cash	68.0%	59.7 billion euro
- derivatives	2.4%	0.7 billion euro
Financial liabilities:		
- cash	11.5%	3.4 billion euro
- derivatives	4.0%	1.2 billion euro

2. *Valuation Techniques: Comparable Approach*

In this case the valuation is not based on the price of the same financial instrument to be measured, but on prices or credit spreads presumed from official quotes of instruments which are similar in terms of risk factors, using a given calculation methodology (pricing model).
The use of this approach requires the search for transactions on active markets relative to instruments which are comparable in terms of risk factors with the instrument to be measured.
Calculation methodologies (pricing models) used in the comparable approach reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretional parameters – parameters for which values may not be presumed from quotes of financial instruments present on active markets or fixed at levels capable of reproducing quotes on active markets – which significantly influence the final valuation.
The percentage (determined in relation to fair value in case of derivatives) of instruments valued with this methodology on the total of instruments measured at fair value is set out below:

Financial assets:		
- cash	26.9%	23.6 billion euro
- derivatives	96.6%	27.3 billion euro
Financial liabilities:		
- cash	88.5%	25.9 billion euro
- derivatives	94.7%	28.6 billion euro

3. *Valuation Techniques: Mark-to-Model Approach*

In this case valuations are based on various inputs, which are not presumed directly from parameters which may be observed on the market and therefore imply estimates and assumptions on the part of the valuator.
In particular, with this approach the valuation of the financial instrument uses a calculation methodology (pricing model) which is based on specific assumptions of:

- the development of future cash-flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
- the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where these are not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The percentage (determined in relation to fair value in case of derivatives) of instruments valued with this methodology on the total of instruments measured at fair value is set out below:

Financial assets:		
- cash	5.1%	4.5 billion euro
- derivatives	1.0%	0.3 billion euro
Financial liabilities:		
- cash	---	
- derivatives	1.3%	0.4 billion euro

The valuation process of financial instruments

The valuation process of financial instruments entails various phases which are summarised below.

1. ***Identification, certification and treatment of market data and the sources for measurements***

   The fair value calculation process and the need to distinguish between products which may be measured on the basis of effective market quotes rather than through the application of comparable or mark-to-model approaches, highlight the need to establish univocal principles in the determination of market parameters.

   To this end the Market Data Reference Guide – a document prepared and updated by the Risk Management Department on the basis of the Group's Internal Regulations approved by the Administrative bodies of the Parent Company and Group Companies – establishes the processes necessary to identify market parameters and the means according to which such parameters must be extracted and used. Such market data may be both elementary and derived data. In particular, for each reference category (asset class), the regulation determines the relative requisites, as well as the cut-off and certification means.

   The document defines the collection of the contribution sources deemed adequate for the assessment of financial instruments. Adequacy is guaranteed by the respect of reference requirements, which are based on comparability, availability and transparency of the data, or the possibility of extracting the figure from one or more info providing systems, of measuring the contribution bid-ask, and lastly, for OTC products, of verifying the comparability of the contribution sources.

   For each market parameter category the cut-off time is determined univocally, with reference to the timing of definition of the parameter, the reference bid/ask side and the number of contributions necessary to verify the price.

   The use of all market parameters in Intesa Sanpaolo is subordinated to their certification (Validation Process) by the Risk Management Department (RMD), in terms of specific controls (verifying the integrity of data contained on the proprietary platform with respect to the source of contribution), reliability tests (consistency of each single figure with similar or comparable figures) and verification of concrete application means.

2. ***Certification of pricing models and Model Risk Assessment***

   This phase is principally aimed at verifying the consistency and the adherence of the various measurement techniques used by the Bank with current market practice, at highlighting any critical aspects in the pricing models used and at determining any adjustments necessary for valuation.

   The validation process is particularly important at the start of activities in a new financial instrument which requires the development of further pricing models, and when the Bank decides to use a new model to measure payoffs previously managed with models deemed to be less adequate. In general, all models used by the Bank for the assessment must be submitted to an internal certification process which involves various competent structures. The possibility of independent certification issued by high standing financial service companies is also provided for in highly-complex cases and/or in presence of market turbulence (so-called market dislocation). For example, Intesa Sanpaolo used a similar validation for CDO exposures.

   The new measurement models entail not only an in-depth analysis of financial aspects but also a full understanding of numerical aspects, replicating, where deemed necessary, the pricing libraries of Front Office systems, after the analysis of available literature and the independent derivation of the necessary analytical results, considering also numerical-implementation aspects. Moreover, the types of payoff connected to the model are analysed in detail together with the pertinent figures (verifying presence, liquidity and frequency of update of contributions), as well as the means of calibration chosen. In fact, one of the fundamental requirements for the certification of a pricing model is its capability of replicating available market prices, optimising its internal parameters (or meta-data) to capture to the best information provided by quoted instruments (calibration procedure). Once the quality of repricing of the elementary instruments selected for calibration is certified, the influence of the model's parameters (parameters which are not quoted or observable on the markets) on the pricing of complex instruments is analysed. Lastly, where possible, market tests are performed comparing the prices of complex financial instruments obtained from the model with the available quotes.

If the analysis described above does not identify any evident criticalities, the model is deemed to be validated and may be used for official measurements.
Instead, if the analysis highlights limits or alerts for a specific pricing model which are not so severe as to deem analytical tools used inadequate, the Risk Management Department performs further analyses to determine adjustments due to the so-called "model risk". For a more detailed description see the specific paragraph below.

3. Monitoring consistency of pricing models over time

Once a pricing model for complex financial instruments is certified and operational, it is necessary to periodically monitor its adherence to the market in order to highlight any gaps promptly and start the necessary verifications and interventions.

– *Repricing of elementary instruments contributed*

Adherence to the market of a calibrated pricing model is controlled by verifying that the model effectively reproduces all market prices deemed to be relevant and sufficiently liquid. With particular reference to interest rate derivatives, an automatic repricing system for elementary financial instruments is also operational in the Bank's Front Office systems, which allows the systematic verification of any gaps between the models and the market and their possible impact on the risk positions in the books.
Where significant gaps arise and the price of a given elementary instrument falls outside the market's bid-ask quotes, the analysis of the impact on the risk positions of the respective trading portfolios is performed and the adjustment to be applied to the valuations of the respective portfolios is quantified.

– *Comparison with benchmarks*

The monitoring methodology described above is further strengthened by extensive benchmarking of data used. In particular, access to the services of a qualified outside provider (Markit) enable to obtain detailed information on the parameters contributed by primary market counterparties and referred to interest rate instruments (cap/floor, European and Bermuda swaption, CMS), equities (options on indices and on single stocks) and for CDS. Such information are far richer than those normally available from standard contribution sources, for example in terms of maturities, underlying assets and strikes. Any significant gaps are quantified with respect to the average bid-ask spread supplied by the outside provider and therefore treated as in the case of repricing of elementary instruments contributed. The possibility of extending the comparison with benchmarks also to other instruments or underlying assets is constantly monitored.

Information on valuation models which are concretely used for measurement of financial instruments

1. Pricing model for non-contributed securities

Pricing of non-contributed securities (that is, securities without official quotes expressed by an active market) occurs through the use of an appropriate credit spread test (in application of the so-called comparable approach): given a non-contributed security, the level of the credit spread is estimated starting from contributed and liquid financial instruments with similar characteristics. The hierarchy of sources which are used to estimate the level of the credit spread are the following:
1. contributed and liquid securities (benchmark) of the same issuer;
2. Credit Default Swaps on the same reference entity;
3. contributed and liquid securities of an issuer with the same rating and belonging to the same sector.

In any case the different seniority of the security is considered to be priced relatively to the issuer's debt structure.

The pricing of a non-contributed security also considers its lower liquidity, intended as the additional negative premium (with respect to benchmarks and CDS which are used to derive the credit spread, which are liquid instruments) to be paid to the counterparty in case of sale of the security on the market. It is periodically estimated through backtesting of prices of less liquid securities, verifying the spreads of new issues and in recent and significant transactions with high standing counterparties. This leads to the identification of a matrix of illiquidity premiums defined according to the rating and the sector of the issuer and the maturity of the security which is added to the credit spread described above.

2. *Models for pricing interest rate, foreign exchange, equity and inflation derivatives*

Interest rate, foreign exchange, equity and inflation derivatives, if not traded on regulated markets, are Over The Counter (OTC) instruments, which are bilaterally exchanged with market counterparties and are valued through specific pricing models, fed by input parameters (such as yield, foreign exchange and volatility curves) observed on the market and subject to the monitoring processes illustrated above. In terms of fair value hierarchy, prices determined in this way fall in the Comparable Approach category.
The table below illustrates the main models used to price OTC derivatives on the basis of the category of underlying asset.

Category of Underlying Asset	Pricing Model Used	Main Models Input parameters
Interest rate	Net Present Value, Black, SABR, Libor Market Model, Hull-White at 1 and 2 factors, Mixture of Hull-White at 1 and 2 factors, Bivariate lognormal, Rendistato	Interest rate curves (considering: deposits, FRA, Futures, OIS and swap), cap/floor and swaption volatility, correlation between interest rates
Foreign exchange rate	Garman-Kohlhagen, Lognormal with Uncertain Volatility	Interest rate curves, spot and forward FX, FX volatility
Equity	Net present Value, Black-Scholes Generalised, Heston	Underlying asset spot rate, interest rate curves, expected dividends, underlying asset volatility, correlation between underlying assets
Inflation	Bifactorial	Nominal interest rate curves, inflation rate curves, interest rate volatility, inflation rate volatility, seasonality ratios of consumer price index

Moreover, the determination of fair value must consider not only market factors and the nature of the contract (maturity, type of contract, etc.), but also the credit quality of the counterparty. In particular:
- mark-to-market, i.e. pricing using risk-free curves;
- fair value, which considers counterparty credit risk and future exposures of the contract.

The difference between fair value and mark-to-market – so-called Credit Risk Adjustment (CRA) – is the discounted value of the expected future loss, considering that the future exposure has a volatility related to that of the markets. The application of this methodology occurs as follows:
- in case of positive net present exposure, the CRA is calculated starting from the latter, from market spreads and in function of the average residual life of the contract;
- in case of net present exposure close to zero or negative, CRA is determined assuming that the future exposure may be estimated through Basel 2 add-on factors.

3. *Model for pricing structured credit products*

Regarding ABS, if significant prices are not available (level 1, effective market quotes), valuation techniques consider parameters which may be presumed from the market (level 2, comparable approach).
Spreads are presumed from new issuers and/or collected from the major investment banks, verifying the consistency of such valuations with the prices presumed from the market (level 1).
In addition to these quantitative controls, the definition of the price and its verification is further strengthened by a qualitative analysis relative to the performance of the underlying asset presumed from periodic investor reports. Moreover, there is a further step which considers the illiquidity of non-contributed securities with respect to those quoted on active markets, and therefore appropriate penalisations in terms of basis point per annum are added to the spreads. Such penalisations are identified on the basis of the complexity of the structure, of the attributed rating and of the sector of the collateral.
Lastly, prices calculated in this way are subject to backtesting with actual sale prices to verify adherence to the levels expressed by the market.
With reference to complex credit derivatives (CDO), in light of the phenomena of market dislocation of financial and credit markets, Intesa Sanpaolo recently dedicated particular attention to pricing methodologies, and prepared a new Fair Value Policy which was applied starting from the 2007

financial statements. In the first half of 2008 no material changes were made in the Policy, even though the on-going improvement of input treatment continued, for the purpose of ensuring constant adherence to market figures. The Fair Value Policy also defined specific policies relative to inputs necessary for valuations.

Regarding CDO pricing, Intesa Sanpaolo uses a quantitative model which estimates losses on collateral with a simulation of the relevant cash flows which uses copula functions.
The most significant factors considered in the simulation – for each collateral – are the risk-neutral probability of default derived from market spreads, recovery rates, the correlation between the value of collaterals present in the structure and the expected residual life of the contract.
For spreads, the valuation process incorporates, as promptly as possible, all market inputs: synthetic indices are used such as ABX, consensus parameters calculated by multicontribution platforms, market spread estimates made available by primary dealers.
The Market Data Reference Guide, which sets out credit spread contribution sources, was moreover integrated with specific policies for the other inputs such as correlations and recovery rates.
For specific types of collateral, such as trust preferred securities, the probability of default is estimated using the Expected Default Frequency from Moody's - KMV.

For the purpose of incorporating high market dislocation and intense market illiquidity phenomena in valuations, a series of corrections have been prepared for valuations referred to the main input parameters; in particular:
- stress of recovery rates: expected recovery rates on the assets held as collateral in every deal have been decreased by 25% (75% for underlying REITS);
- stress of asset value correlation: inter and intra correlations have been increased by 15% or 25% depending on the type of product;
- stress of spreads: spreads, used to determine the marginal distributions of defaults have been increased by 10%;
- stress of expected residual lives: the latter have been increased by 1 year.

Each of these modules contributes to the definition of a sensitivity grid of the value to the single parameter; results are then aggregated assuming independence between the single elements.

After this valuation, credit analyses on underlying assets were fine-tuned to incorporate further valuation elements not included in the quantitative models. In particular, a Qualitative Credit Review is provided for and entails an accurate analysis of credit aspects referred to the specific structure of the ABS/CDO and to the collateral present. This has the purpose of identifying any present or future weak points which emerge from the characteristics of the underlying assets, which could have been missed by rating agencies and as such not fully considered in the valuations described in the previous point. The results of this analysis are condensed in certain objective elements (such as Past Due, Weighted Average Delinquency, etc.) which are summarised in an indicator representing credit quality. On the basis of the value of this synthetic indicator, specific thresholds have been identified which correspond to a number of downgrades, so to proceed to a consistent adjustment in the valuation. Finally, for this class of products, Top Management has the possibility of deciding a further adjustment which must be based on prices observed from counterparties and on expert opinions.

Adjustments adopted to reflect model risk and other uncertainties related to the valuation

In general, model risk is represented by the possibility that the valuation of a complex instrument is materially influenced by the model chosen. In fact, since there are often alternative models which may be used for pricing the same instrument and since there is no standard practice on the market for measuring complex financial instruments, it is possible that models which price elementary instruments with the same quality may give rise to different prices for exotic instruments. In these cases, where possible, alternative models are compared, and where necessary, model inputs are subjected to stress tests, thus obtaining useful elements to quantify fair value adjustments. Such adjustments, expressed in terms of measurable financial indicators (vega, delta, correlation shift), are periodically reviewed also in the light of market trends, or the introduction of new liquid instruments, different calculation methodologies and, in general, methodological advances which may also lead to considerable changes in selected models and in their implementation.

These fair value adjustments, due to model risks, are part of a Mark to Market Adjustment Policy adopted for the purpose of considering, in addition to model risk described above, also other factors eligible to influence valuation and essentially attributable to:

- high and/or complex risk profile;
- position illiquidity determined by temporary or structural conditions or in relation to the entity of exchange values held (in case of excessive concentration) and
- valuation difficulties due to the lack of liquid and observable market parameters.

In particular, in the presence of product illiquidity, the fair value is adjusted.
This adjustment is generally not very relevant for instruments for which the valuation is supplied directly by the market. For this purpose quoted securities with a high liquidity are valued directly at mid price, whereas for quoted securities with low liquidity and unquoted securities the bid price is used for long positions and the ask price for short positions.
Conversely, for derivatives for which fair value is determined with a valuation technique, the adjustment may be calculated with different means according to the availability on the market of bid and ask quotes and products with similar characteristics in terms of contract type, underlying asset, currency, maturity and volumes traded which may be used as benchmarks.
Where none of the indications above is available, stress tests are performed on input parameters deemed to be relevant in the model.
The main factors considered to be illiquid (in addition to the inputs for the valuation of structured credit derivatives, illustrated above) and for which the respective adjustments have been calculated, are represented by: correlation of CMS Spread Options, certain inflation rates, Rendistato as well as volatility of Caps/Floors on 1-month and 12-month Euribor.

The adjustment management process is formalised with appropriate calculation methodologies on the basis of the different configurations of the points set out above.
The criteria for the release is subordinated to the elimination of the factors indicated above and disciplined by the Risk Management Department.
Such processes are a combination of quantitative elements that are rigidly specified and qualitative elements which must necessarily derive from management assessments.
For new products, the decision to apply Mark-to-Market Adjustment processes is taken by the New Product Committee upon the proposal of the Risk Management Department.

STRUCTURED CREDIT PRODUCTS

The business model: objectives, strategies and relevance

For Intesa Sanpaolo structured credit operations have always been instrumental to proprietary trading activities and had been carried out in the past with a typical carry-trade approach aimed at generating appreciable returns on investment of excess capital in assets deemed to have good credit quality. This activity was always performed within operating limits which guaranteed the consistency of outstanding volumes with the Group's overall risk propensity. Such limits have been progressively tightened so that in particular the component represented by investments in CDOs is insignificant and has been constantly decreasing since 2003. Conversely, the Group never applied the Originate-to-Distribute model with reference to these products. Consequently, the most recent strategies regarding structured credit products focus on management of existing investments and do not involve a review of a reference business model.

In the first half of 2008 the approach applied with good results in the second half of 2007 was confirmed. Its guidelines consist of:

- gradual portfolio reduction, through a systematic process of sales and unwinding which exploits the prepayments and instalments of structures in the portfolio;
- risk profile management achieved via "short" positions on derivative markets with reference to the indices representative of the US real estate market (ABX and CMBX) and to certain selected single-names whose trend is deemed to be particularly affected by the dynamics of the structured credit market.

It must be noted that a systematic process of sales and unwinding is possible because of the limited volume of the structured credit portfolio on total Group assets and of the high incidence of unfunded structures in the portfolio. This last characteristic does not generate pressures on the liquidity position.

Moreover, in the first months of 2008, in a less turbulent market context with respect to 2007, specific strategies have been elaborated to devise the most opportune decisions for each transaction in terms of risk retention rather than disposal or, at least partial, hedging. The analysis of seniority rights in case of early reimbursement played a fundamental role in this valuation.

Highlights

Before illustrating results as at 30 June 2008 in detail, please note that the quali-quantitative composition of investments in structured credit products (affected to different extents by the events occurred in financial markets starting from the second half of 2007), was practically unchanged compared to the end of last year and of the first quarter of 2008. Compared to as at 31 March, only a minimum portion of such investments (under 5%) was downgraded. The high overall quality of the portfolio was confirmed at the end of the period, and is documented by the following indicators:

– 100% of exposure is Investment Grade;
– 86% of such exposures has a Super senior (51%) or AAA (35%) rating;
– only 3% has a BBB rating;
– 43% of exposure presents a vintage[2] prior to 2005;
– 30% had a 2005 vintage;
– only 9% of exposure referred to the US Residential area, and 25% referred to the US non residential area;
– the remaining exposure (64% of the total) almost fully (60%) referred to the European area[3].

Considering underlying contract types, approximately one third of the exposure is represented by ABS (15%) and RMBS (16%); the rest is almost entirely made up of CDOs (27%) and CLOs (37%); CMBS represent 5% of the total.

As concerns valuation methods, unfunded positions are measured using the Mark-to-Model Approach with the sole exception of "short" positions on ABX and CMBX indices, which have been measured on the basis of effective market quotes. For funded products, the use of effective market quotes was considered possible in 46% of cases; the use of valuation methods occurred through the Comparable Approach in 39% of cases or through the Mark-to-Model Approach (15% of cases). For further details on

[2] Date of generation of the collateral underlying the securitisation. It is an important factor in the assessment of the risk of the mortgages underlying securitisations since, especially in the US, the phenomenon of mortgages granted to entities with inadequate income and with low prior assessment of documentation became significant as of 2005.

[3] With particular reference to RMBS pertaining to the European area, please note that 18% referred to Spain and 14% to the United Kingdom.

adopted valuation methods see details on the determination of the fair value of financial assets and liabilities provided in the previous pages.

Almost all the structured credit products affected by the financial crisis are classified under the trading[4] portfolio; the related economic effects shown in the tables below exclusively impacted on "Profits (Losses) on trading - Caption 80" and as such were also recorded in Profits (Losses) on trading in the reclassified income statement.
The information set out below refers to the entire Group; where present, any effects and positions, which are in any case immaterial, ascribable to entities other than the Parent Company, are specifically highlighted in the comments and/or in the detailed tables.

In the summary tables provided below, table (a) sets out risk exposure as at 30 June 2008 and income statement captions (sum of realised charges and profits, write-downs and write-backs) of the first half, compared with the corresponding values recorded as at 31 December 2007.
Table (b) sets out figures related to s.c. structured packages, normally made up of an asset (security) whose credit risk is entirely hedged by a specific credit default swap. Risk exposure in the table refers to the protection seller and not to the issuer of the asset hedged. For a more complete description of exposures of this type see the specific paragraphs (Monoline risk and Non monoline packages) and the relative tables.
The conversion into euro of values expressed in USD as at 31 December 2007 occurred at an exchange rate of 1.4721 euro per dollar and as at 30 June 2008 at an exchange rate of 1.5764 euro per dollar.

[4] Excluding:
- certain securities classified as available for sale: mostly positions pertaining to the Romulus vehicle, entity subject to full consolidation, already present as at 31 December 2007 (see the note under the Table US Subprime exposure and subsequent references); the available for sale portfolio also includes a position of the Parent Company, coming from the aforementioned vehicle (see ii of para. "Contagion" area) as well as a limited number of securities ascribable to Carifirenze (see ii of par. Other structured credit products);
- a credit line of 63 million euro not included in the summary table, granted to a bank involved in the origination of subprime and Alt-A mortgages (see v. of para. "Contagion" area) which was actually fully reimbursed on 1 July 2008;
- a portion of securities held by Banca Intesa Infrastrutture Innovazione e Sviluppo, not included in the summary table, classified almost fully under Loans & Receivables not implying any particular risks (see para. Monoline risk).

Structured credit products: summary tables

a) Exposure in funded and unfunded ABS/CDOs

(in millions of euro)

Detailed table	30.06.2008		31.12.2007	
	Risk exposure (*) (including write-downs and write-backs)	**Income Statement Profits (Losses) on trading**	**Risk exposure** (*) (including write-downs and write-backs)	**Income Statement Profits (Losses) on trading**
US subprime exposure	**-14**	**-6**	**-49**	**-163**
Contagion area	**480**	**-75**	**687**	**-163**
- Multisector CDOs	268	-30	393	-57
- Alt-A	75	-2	93	-20
- TruPS	92	-40	146	-85
- Prime CMOs	45	-3	55	-1
Other structured credit products	**5,109**	**-102**	**5,395**	**-178**
- Funded European/US ABS/CDOs	2,312	-67	2,363	-93
- Unfunded super senior CDOs	3,021	-20	3,173	-87
- Other	-224	-15	-141	2
Total	**5,575**	**-183**	**6,033**	**-504**
in addition to:				
"Short" positions of funds	-	17	-	40
Total	**5,575**	**-166**	**6,033**	**-464**

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at reference date. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

b) Exposure in packages

(in millions of euro)

Detailed table	30.06.2008		31.12.2007	
	Credit exposure to protection seller (CDS fair value) post write-down	**Income Statement Profits (Losses) on trading**	**Credit exposure to protection seller** (CDS fair value) post write-down	**Income Statement Profits (Losses) on trading**
Monoline risk	12	-34	61	-25
Non monoline packages	197	-3	454	-5
Total	**209**	**-37**	**515**	**-30**

Though the following paragraphs and tables provide a more detailed description of the performance attributable to the different products included in the scope of the present disclosure, first of all it must be noted that exposure to higher risk positions decreased (US Subprime and positions included in the so-called "contagion" area).

As concerns the income statement, in the six months, the incidence of the loss attributable in particular to US Subprime exposures drastically dropped compared to as at 31 December 2007, in absolute and relative terms, due to the valuations recorded at the end of 2007 and hedge effectiveness in the period.

More specifically, the negative result of the structured credit products in the six months (-203 million euro) is mostly attributable to the following three areas:

– CDOs (-72 million euro) with an important presence of US RMBS not classified as subprime (see i. of par. "Contagion" area) and TRUPS in collateral (see iii. of par. "Contagion" area) which experimented an almost constant downturn in the six months as the crisis in the real estate market also spread medium and high credit quality borrowers;

- European ABS (-60 million euro) which, in particular in the first quarter, saw a continuous and "creeping" widening in the spreads due to concerns related to the economic slowdown under way in Europe and to persisting market illiquidity;
- exposure to monoline insurers (-34 million euro), due to higher credit risk adjustments allocated on the positive mark-to-market implied in protection purchases (credit default swaps) which the Group signed with this class of operators; the rise of this credit risk adjustment mostly occurred in the second quarter at the time of the marked widening of monoline spreads registered in the credit default swap market.

US subprime exposure

Please note that a universally agreed-upon definition of subprime mortgages does not exist. In general, this expression indicates mortgaged lending which is riskier since it is granted to borrowers that have previously defaulted or because the debt-to-income or loan-to-value ratio is high.
As at 30 June 2008 , the Intesa Sanpaolo Group:

- did not have mortgages definable as subprime in its portfolio, since the Group's policy does not envisage granting of this kind;
- did not issue guarantees connected to the aforementioned products.

That said, for US subprime exposure, Intesa Sanpaolo intends the products - cash investments (securities and funded CDOs) and derivative positions (unfunded CDOs) with collateral mainly made up of US residential mortgages other than in the "prime" sector (i.e. Home Equity Loans, residential mortgages with B&C ratings and similar) granted in the years 2005/06/07, irrespective of the FICO score[5] and the Loan-to-Value[6] (LTV) as well as those with collateral made up of US residential mortgages granted before 2005, with FICO score under 629 and Loan-to-Value exceeding 90% (the weight of this second class of products in the Intesa Sanpaolo Group's portfolio as at 30 June 2008 was again not significant, as had occurred as at 31 December 2007).
The risk on these investments was managed and reduced via "short" positions on ABX indices.

[5] Indicator of the borrower's credit quality (usually between 300 and 850) used in the United States to classify credit, based on the statistical analysis of credit archives referred to individuals.

[6] The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.

US subprime exposure

(in millions of euro)

Product	Position as at 30.06.2008		Income statement as at 30.06.2008 Profits (Losses) on trading			
	Nominal value	Risk exposure (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total First half	Total *of which 2Q*
Funded ABS	22	3	-1	-3	-4	*-2*
Funded CDOs	24	1	-	-5	-5	*-1*
Unfunded super senior CDOs (1)	188	23	-	-18	-18	*-6*
Other (2)	9	6	-	-	-	*-*
"Long" positions	**243**	**33**	**-1**	**-26**	**-27**	***-9***
ABX hedges	74	47	87	-66	21	*2*
"Short" positions	**74**	**47**	**87**	**-66**	**21**	***2***
	"long"	**"short"**				
Net position	**169**	**14**	**86**	**-92**	**-6**	***-7***

(1) With Mezzanine collateral. Including a position with underlying made up for approximately one third of subprime mortgages. This table includes the sole portion represented by subprime mortgages, whereas the residual exposure is reported in the "contagion" area.

(2) Risk position of the Romulus vehicle (fully consolidated entity), classified in securities available for sale. The relevant fair value decrease was recorded in the specific reserve under shareholders' equity.
Romulus is an asset-backed commercial paper conduit vehicle, set up to offer customers an alternative financing channel via access to the international commercial paper market. As at 30 June 2008, the portfolio of investments included 280 million euro of financial assets available for sale and 967 million euro of loans to customers. Of the 280 million euro of securities, in terms of nominal value, 9 million euro was attributable to the US subprime segment, 16 million euro to the so-called "contagion" area (See Table Multisector CDOs), 255 to other structured credit products. Negative fair value changes recorded on securities available for sale totalled 41 million euro and were recorded in the specific reserve under shareholders' equity, of which 3 million euro recorded on positions included in the subprime segment, 4 million euro on positions attributed to the "contagion" area (See Table Multisector CDOs), 34 million euro on securities which fall under other structured credit products.

The net nominal "long" position of 169 million euro as at 30 June 2008 compares with 62 million euro, reported as at 31 March 2008 (49 million euro as at 31 December 2007); the rise is mostly attributable to the close of "short" positions on ABX indices occurred in the second quarter. In terms of risk exposure, as at 30 June 2008 there is a gross "long" position of 33 million euro, which, considering outstanding "short" hedging positions on ABX indices, of 47 million euro, leads to a net "short" position of 14 million euro, compared to a net "short" position of 28 million euro as at 31 March 2008 (49 million euro as at 31 December 2007).
In the first half, the overall impact on the income statement ascribable to these positions was -6 million euro, of which -7 million euro in the second quarter. Such values compare with the 163 million euro loss recorded as at 31 December 2007.
With regard to the Funded ABS component, please note that 46% has a AAA rating, 46% a BBB and the remaining 8% a CC rating. The original LTV equalled 93%, while average delinquency[7] at 30, 60 and 90 days was respectively equal to 5%, 4% and 12%. The cumulated loss[8] equalled 17.6%.
Some positions are in part quoted on active markets (funded ABS and hedges on ABX indices), measured on the basis of prices quoted by such markets, in part not quoted on an active market (funded and unfunded super senior CDOs) which are therefore measured using the Mark-to-Model Approach.

"Contagion" area

As described above, the subprime mortgage crisis led to a sort of "contagion effect" which affected first of all products with underlying US residential mortgages present in the Intesa Sanpaolo Group's portfolio described below:

i. ***Multisector CDOs***: such products are almost entirely represented by unfunded super senior CDOs, with collateral represented by US RMBS (57%), CMBS (9.2 %), HY CBOs (4.3%), Consumer ABS (1.1%), European ABS (20.7%).
Over 59% of the US RMBS component had a vintage prior to 2005 and an immaterial exposure to subprime (on average 4.1%).

[7] Current state of irregular payments at 30, 60 and 90 days.
[8] Cumulated loss realised on the collateral of the instrument at a certain date.

Such transactions, had AAA (66%) and A (34%) rating and a protection (attachment point[9]) on average of 32%.

"Contagion area": Multisector CDOs

(in millions of euro)

Product	Position as at 30.06.2008		Income statement as at 30.06.2008 Profits (Losses) on trading			
	Nominal value	Risk exposure (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					First half	*of which 2Q*
Unfunded super senior CDOs	357	273	-	-32	-32	*-17*
Other (funded) (1)	16	12	-	-	-	-
"Long" positions	**373**	**285**	**-**	**-32**	**-32**	***-17***
CMBX hedges	**25**	**17**	**-6**	**8**	**2**	***2***
"Short" positions of funds	**-**	**177**	**-**	**17**	**17**	***8***
	"long"	**"long"**				
Net position (2)	**348**	**268**	**-6**	**-7**	**-13**	***-7***

(1) Risk position of the Romulus vehicle (fully consolidated entity), classified in securities available for sale. The relevant fair value decrease was recorded in the specific reserve under shareholders' equity.

(2) "Short" positions of funds do not inlcude figures related to nominal value.

Considering unrealised gains/losses, as well as hedges on CMBX indices entered into in the second quarter[10], net risk exposure as at 30 June 2008 totalled 268 million euro, compared to 393 million euro as at 31 December 2007.
In the six months, the overall impact on the income statement ascribable to these positions (including those on CMBX indices) was -30 million euro, of which -15 million euro in the second quarter. Considering, for the sake of completeness, the Group's investment in funds, which had taken "short" positions on the US credit market, and which had an impact on the income statement of +17 million euro, the balance of the impact on the income statement for the first half was -13 million euro, of which -7 million euro in the second quarter. Such figures compare with the 17 million euro loss posted as at 31 December 2007.
With the exception of funded positions pertaining to the Romulus vehicle and of "short" hedging positions, all valued using effective market quotes[11], this area includes unfunded instruments, measured using the Mark-to-Model Approach.

ii. *Alt-A - Alternative A Loans*: ABS (securities) with underlying US residential mortgages normally of high quality, characterised however by penalising factors, mostly for incomplete documentation, which do not permit their classification in standard prime contracts.
100% of the positions in the Group's portfolio have a 2005 vintage and AAA rating.

[9] Level over which a protection seller covers the losses of the protection buyer.

[10] But not in "short" positions of Funds.

[11] "Short" positions of Funds are measured using NAV (Net Asset Value) at the reference date, prudentially adjusted on the basis of parameters such as Lock Up clauses and NAV volatility.

"Contagion" area: Alt-A - Alternative A Loans

(in millions of euro)

Product	Position as at 30.06.2008		Income statement as at 30.06.2008 Profits (Losses) on trading			
	Nominal value	Risk exposure (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					First half	*of which 2Q*
Alt-A Agency	44	43	-	-1	-1	-
Alt-A No Agency	39	32	-	-1	-1	-
Other (1)	8	-	-	-	-	-
"Long" positions	**91**	**75**	**-**	**-2**	**-2**	**-**

(1) Risk position classified in securities available for sale, pertaining to the Parent Company, from the Romulus vehicle, transferred to fair value in 2008.

Considering unrealised gains/losses, net risk exposure as at 30 June 2008 totalled 75 million euro, compared to 93 million euro as at 31 December 2007.
In the six months the overall impact on the income statement ascribable to these positions was -2 million euro, all pertaining to the first quarter. Such figures compare with the 20 million euro loss recorded as at 31 December 2007.
The Alt-A No Agency component presents an original average LTV of 70% and average delinquency at 30, 60 and 90 days equal respectively to 3%, 1% and 2%. Cumulated loss equalled 0.8%.
The entire portfolio classified in this area is valued on the basis of effective market quotes, since these instruments are quoted on active markets.

iii. ***TruPS – Trust Preferred Securities of REITs (Real Estate Investment Trust):*** financial instruments similar to preferred shares issued by US real estate trustees to finance residential or commercial initiatives.
Positions in the Group's portfolio have AA and A+ rating (unfunded CDOs) and AAA rating (funded CDOs) and have on average an attachment point of 43%.

"Contagion" area: TruPS – Trust Preferred Securities of REITs

(in millions of euro)

Product	Position as at 30.06.2008		Income statement as at 30.6.2008 Profits (Losses) on trading			
	Nominal value	Risk exposure (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					First half	*of which 2Q*
Funded CDOs	3	3	-	-	-	-
Unfunded super senior CDOs	208	89	-	-40	-40	-16
"Long" positions	**211**	**92**	**-**	**-40**	**-40**	***-16***

Considering unrealised gains/losses, net risk exposure as at 30 June 2008 totalled 92 million euro, compared to 146 million euro as at 31 December 2007.
In the six months, the overall impact on the income statement ascribable to these positions was -40 million euro, of which -16 million euro in the second quarter. Such figures compare with the 85 million euro loss recorded as at 31 December 2007.
The significant loss attributable to the instruments in this area mostly derived from the widening in the spreads used for the calculation of marginal probability distributions and from the defaults which in particular affected two positions.
Such products are almost entirely represented by unfunded super senior CDOs measured using the so-called Mark-to-Model Approach.

iv. ***Prime CMOs***: securities issued with guarantee mostly represented by loans assisted by mortgages on US residential buildings.
They have a 2005 vintage and AAA rating.

"Contagion" area: Prime CMOs

(in millions of euro)

Product	Position as at 30.06.2008		Income statement as at 30.6.2008 Profits (Losses) on trading			
	Nominal value	Risk exposure (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					First half	*of which 2Q*
CMOs (Prime)	49	45	-	-3	-3	*-3*
"Long" positions	**49**	**45**	**-**	**-3**	**-3**	***-3***

Considering unrealised gains/losses, net risk exposure as at 30 June 2008 totalled 45 million euro, compared to 55 million euro as at 31 December 2007.
In the six months, the overall impact on the income statement ascribable to these positions was -3 million euro, all pertaining to the second quarter. Such figures compare with the one million euro loss recorded as at 31 December 2007.
The Prime CMOs component presents an original average LTV of 65% and average delinquency at 30, 60 and 90 days equal respectively to 0.5%, 0.3% and 0,2%. Cumulated loss equalled 0.7%.
The entire portfolio classified in this area is valued on the basis of effective market quotes, since these instruments are quoted on active markets.

v. ***Credit line*** of 63 million euro (68 million euro as at 31 December 2007), granted to a bank involved in the origination of subprime and Alt–A mortgages, on which no specific provisioning has been made also considering the imminent acquisition by a primary banking group. It is entirely used as at 30 June 2008. On 1 July 2008, the amount disbursed, increased by the relevant interest, was entirely reimbursed following the closing of the aforementioned acquisition.

Monoline risk

Intesa Sanpaolo presents no direct exposure to monoline insurers (insurance companies specialised in the coverage of default risk of bonds issued by both public entities and corporates), but only indirect positions connected to hedging derivatives purchased from monoline insurers to buy protection on the default risk of assets held by the Group, which therefore only generate counterparty risk. Such hedging derivatives are part of two types of activities performed by Intesa Sanpaolo: packages and fully hedged credit derivatives transactions.
Intesa Sanpaolo's activities in packages are made up of the purchase of assets (typically bonds), whose credit risk is entirely hedged by a specific credit default swap (CDS). Therefore, these products only present counterparty risk referred to the entity which provided the hedge and their rationale lies in the eventual existence of asymmetries between the cash and derivatives market, of the same underlying asset, which it is possible to exploit without direct exposure to market risks.
Both the security and the connected derivative have been valued with the Mark-to-Model methodologies also considering any available prices, if lower; such valuations did not have any impact on Profits (Losses) on trading, with the exception of those referred to the counterparty risk component, mostly due to transactions in which the hedge was stipulated with monoline insurers for which a credit risk adjustment has been calculated, determined on the basis of the cost of a protection CDS on the default of the monoline insurer, with nominal value equal to the current and potential future exposure (so-called add-on) and expiry equal to the average residual life of the underlying assets.
As at 30 June 2008, credit risk exposure on the aforesaid protection purchases from monoline insurers amounted to 47 million euro, compared to 54 million euro recorded as at 31 December 2007. It was written down for 43 million euro (for 14 million euro as at 31 December 2007), with a negative impact on the income statement for the first half of 29 million euro (-23 million euro in the second quarter).
Even though, as illustrated above, packages do not lead to market risk connected with the nature of the underlying asset, for the sake of completeness, please note that, assets which are part of packages include, for 163 million euro of nominal value, securities with US RMBS collateral with a significant subprime content[12].

[12] The percentage in US subprime was 32.9%.

Intesa Sanpaolo's activities in fully hedged derivatives are made up of the simultaneous purchase and sale of protection on the same reference entity (underlying asset) with two different counterparties. Also in this case, market risk generated by the underlying asset does not affect the bank which solely bears counterparty risk generated by the "short" position in the protection purchase. The rationale for these transactions lies in the possibility of exploiting certain segmentations in the international market, without incurring in directional risks.
As at 30 June 2008, credit risk exposure on the aforesaid protection purchases from monoline insurers amounted to 24 million euro, compared to 32 million euro as at 31 December 2007. On this exposure, write-downs of 16 million euro were recorded, compared to 11 million euro as at 31 December 2007, with a negative impact on the income statement for the first half of 5 million euro (-3 million euro in the second quarter). The risks of this exposure are further mitigated by the fact that Intesa Sanpaolo has a "right of substitution" of the monoline insurer, which is however prudently not considered in the valuation.
In conclusion, as at 30 June 2008, credit risk exposure with monoline insurers due to counterparty risk amounted to 71 million euro, compared to 86 million euro as at 31 December 2007; this exposure has been provisioned with 59 million euro for the downgrade of the counterparty, compared with the 25 million euro of 31 December 2007, with a negative impact on the income statement for the first half of 34 million euro, (-26 million euro in the second quarter).
Please note that protection single name CDS amounting to approximately 22 million euro (13 million euro as at 31 December 2007) have also been purchased and that 62% of exposure to monoline insurers referred to MBIA, while the remaining 38% referred to other monoline insurers with ratings from BBB to AAA.

Monoline risk

(in millions of euro)

Product	**Position as at 30.06.2008**				**Income statement as at 30.06.2008 Profits (Losses) on trading**	
	Nominal value of the underlying asset	**Fair value of the underlying asset**	**Credit risk exposure to monoline insurers** (fair value of the CDS) pre write-down	**Credit risk exposure to monoline insurers** (fair value of the CDS) post write-down	**Fair value write-down of the hedge from Monoline insurers**	
					First half	*of which 2Q*
Positions in packages:						
Subprime	163	119	44	4	-27	*-22*
Other underlying assets (1)	43	40	3	-	-2	*-1*
Sub-total	**206**	**159**	**47**	**4**	**-29**	***-23***
Positions in other derivatives:						
Other underlying assets	300	276	24	8	-5	*-3*
Total	**506**	**435**	**71**	**12**	**-34**	***-26***

(1) Underlying other than US RMBS, both European and US.

Lastly, for the sake of completeness, please note that there is another form of exposure to monoline insurers, which, however, does not generate particular risk situations. It stems from the investment in securities for which the monoline insurer provides a credit enhancement[13] to the issuing vehicle, for the purpose of making the issue "eligible" for certain types of investors through the achievement of a certain rating (normally AAA). Such securities[14], nominal value as at 30 June 2008: 524 million euro (1,273 million euro as at 31 December 2007[15]), were made up for 77% of ABS with underlying Italian health receivables and for the remaining portion by financings of infrastructures; are all recorded in the banking book, approximately 80% in the Loans & Receivables (L&R) portfolio and for the remaining portion in securities available for sale. The positions were granted primarily on the basis of the

[13] Techniques or instruments used by an issuer to improve the rating of its issues (establishment of deposits for guarantee, granting of liquidity lines, etc.).

[14] Wholly held by Banca Infrastrutture Innovazione e Sviluppo.

[15] The considerable decrease is attributable to the entire reimbursement of two securitisations of health receivables from regions, occurred in the six months.

creditworthiness of the underlying borrower and therefore, irrespective of the credit enhancement offered by the monoline insurer. Please note that, to date, there are no creditworthiness deteriorations in single issuers/borrowers which might suggest the application of particular measures such as prudential provisions. For this purpose, it must be noted that all such issues have an Investment Grade rating and that ABS with underlying Italian health receivables are also all assisted by delegated regional payment.

Non-monoline packages

This category includes packages with assets with specific hedges stipulated with primary international banks generally with a AA rating (in one case AAA and in one case A rating). Underlying assets are mostly made up of CLOs and ABS CDOs with a limited portion of US Subprime (equal to approximately 22%).

Non-monoline packages

(in millions of euro)

Product	Position as at 30.06.2008				Income statement as at 30.06.2008 Profits (Losses) on trading	
	Nominal value of the underlying asset	Fair value of the underlying asset	Credit risk exposure to protection sellers (fair value of the CDS) pre write-down	Credit risk exposure to protection sellers (fair value of the CDS) post write-down	Fair value write-down of the hedge	
					First half	*of which 2Q*
Positions in packages:						
Subprime	1,474	1,269	205	197	-3	*-4*
Total	**1,474**	**1,269**	**205**	**197**	**-3**	***-4***

As at 30 June 2008 these positions amounted to 1,474 million euro in terms of nominal value. On the same date, the credit exposure to these institutions amounted to 205 million euro (459 million euro as at 31 December 2007) and was written down by 8 million euro (5 million euro as at 31 December 2007) in application of systematic adjustments which are made on the entire derivatives universe to incorporate the credit risk adjustment in fair value which, in this particular case, reflects a minimum[16] counterparty risk. Consequently, a negative impact of 3 million euro was recorded in the income statement for the period, with a -4 million euro contribution in the second quarter (compared to a 5 million euro loss recorded as at 31 December 2007).

Other structured credit products

As mentioned in the introduction, the effects of the crisis which hit US financial markets progressively spread first to products with collateral represented by non subprime US residential mortgages and then extended to the entire sector of structured credit products, including instruments with underlying assets not originated in the US.

The various types of products attributable to this last segment are described below. In the first half they negatively affected the income statement for 102 million euro, with a -20 million euro contribution in the second quarter, compared to a 178 million euro loss recorded as at 31 December 2007.

i ABS/funded CDOs

- European ABS/CDOs

  The portfolio as at 30 June 2008 amounted to 2,353[17] million euro of nominal value (2,298 million euro as at 31 December 2007); 15% concentrated on ABS of receivables (Credit Card, Leasing, Personal Loan, etc.), 34% RMBS (of which almost half, 47%, was Italian), 11% CMBS, 15% CDOs and 25% CLOs (mainly of small and medium enterprises). It is a portfolio characterised by high credit quality (AAA 79%, AA/A 19%, BBB/BB 2%). In the six months, their impact on the income statement amounted to -60 million euro[18] (entirely represented by

[16] Also due to the presence of many transactions which have a specific collateral agreement.

[17] Of which 655 million euro pertaining to Banca IMI and 10 million euro pertaining to Carifirenze, the latter are classified in securities available for sale.

[18] Of which -5 million euro ascribable to Banca IMI.

valuation effects), with a zero contribution in the second quarter, compared to a 78 million euro loss as at 31 December 2007.
The collateral of the CMBS portfolio is mostly made up of Offices (44%), Retail/Shopping Centres (27%), Mixed Use (10%), Nursing Homes (8%), Residential (6%), Industrial (4%).
The measurement of the European ABS/CDO portfolio is based on effective market quotes in 41% of cases, on comparable approach in 43% and on Mark-to-Model in the remaining 16%.

- US ABS/CDOs
  Securities with US underlying, with collateral represented by Credit Card (62.8%), CMBS (21.9%) and High Yield CLO (15.3%). The portfolio, 94 million euro of nominal value as at 30 June 2008, (148 million euro as at 31 December 2007) comprised 56% of AAA, 28% of AA/A and 16% BBB positions. In the six months, the relative impact on the income statement amounted to -7 million euro (-5 from sales on the market, -2 from valuation), with a -1 million euro contribution in the second quarter, compared to a 15 million euro loss recorded as at 31 December 2007.
  The collateral of the CMBS portfolio is entirely made up of Small Commercial Loans.
  The measurement of the US ABS/CDO portfolio is based on effective market quotes in 85% of cases, and on Mark-to-Model in the remaining 15%.

ii. Funded ABS/CDOs ascribable to the Romulus vehicle
Securities classified in available for sale with mainly US underlying: Credit Cards, Leveraged Loans, Student Loans. As at 30 June 2008, they amounted to 255 million euro of nominal value (279 million euro as at 31 December 2007) and the overall relevant fair value decrease for 34 million euro (of which 16 million euro at the end of 2007) was recorded in the specific reserve under shareholder's equity. The portfolio comprises 99% of AAA exposures.
Such securities are entirely measured on the basis of effective market quotes.

iii. Unfunded super senior Multisector CDOs
This component, 703 million euro of nominal value as at 30 June 2008 (760 million euro as at 31 December 2007), comprised super senior positions with High Grade, widely diversified collateral or characterised by high credit quality RMBS and therefore not included, as such, in the "contagion" area. Collateral is mostly invested in CMBS and corporate loans for 68.1%, average collateral represented by US RMBS totalled only 21.4% while the subprime component was 3.2%. Such structures presented an average attachment point of 18.1% all with a AAA rating, and 89% with a pre-2005 vintage. In the period, their impact on the income statement amounted to -5 million euro (+1 million euro from realised net income, -6 million euro from valuation), with a -2 million euro contribution in the second quarter, compared to a 16 million euro loss as at 31 December 2007.
Such positions are valued on a Mark-to-Model basis.

iv. Unfunded super senior Corporate Risk CDOs
Super senior in this residual category were mostly characterised by collateral subject to corporate risk and amounted to 2,420 million euro of nominal value as at 30 June 2008 (2,488 million euro as at 31 December 2007). More in detail, the US collateral component was 34.1% (mainly represented by CLOs, 74.6%), the European component was 37.6% (of which 44% referred to Italian consumer credit and 38.5% to CLOs) and the emerging markets' component was 28.3% (bonds and project finance). Such structures presented an average attachment point of 37%. In the six months, their impact on the income statement amounted to -15 million euro (+2 million euro from realised net income, -17 million euro from valuation), with a -4 million euro contribution in the second quarter, compared to a 71 million euro loss as at 31 December 2007.
Such positions are valued on a Mark-to-Model basis.

v. Other unfunded positions
These comprise net "short" positions almost entirely on mezzanine tranches of unfunded CDOs with mainly European underlying, for a total of 434 million euro of nominal value as at 30 June 2008 (396 million euro as at 31 December 2007). In the period, their impact on the income statement amounted to -15 million euro (-2 million euro of realised net charges, -13 million euro from valuation, mostly attributable to two "long" positions included in the category), with a -13 million euro contribution in the second quarter, compared to a net income of 2 million euro as at 31 December 2007.
Such positions are valued on a Mark-to-Model basis.

Other structured credit products

(in millions of euro)

Product	Position as at 30.06.2008		Income statement as at 30.06.2008 Profits (Losses) on trading			
	Nominal value	Risk exposure (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					First half	*of which 2Q*
Funded European ABS/CDOs	2,353	2,226	-	-60	-60	-
Funded US ABS/CDOs	94	86	-5	-2	-7	*-1*
Funded Romulus vehicle ABS/CDOs	255	221	-	-	-	-
Unfunded super senior multisector CDOs	703	683	1	-6	-5	*-2*
Unfunded super senior corporate risk CDOs	2,420	2,338	2	-17	-15	*-4*
Other unfunded "short" positions	434	445	-2	-13	-15	*-13*
"Long" positions	**5,391**	**5,109**	**-4**	**-98**	**-102**	***-20***

Outlook for the second half

The financial situation with particular reference to activities connected with structured credit products is destined to remain difficult also in the second half in consideration of the trends of the European and US economies and persisting difficulties in the US residential mortgage sector, which is not expected to show signs of recovery before next year.

In this context it seems difficult that the Intesa Sanpaolo Group will be able to count on a recovery in the value of structured credit products still in the books in the current year.

At the same time, it is not expected that there will be material impacts on the income statement. This expectation is supported by the following considerations:

- the already-high levels of write-downs to structures connected to US residential mortgages;
- the good credit quality of the European ABS portfolio and, within it, the marginal exposure to mortgages disbursed in countries which in the last few years experienced the highest price rises accompanied by a somewhat less rigorous control in disbursement quality (Spain, UK and Ireland).
- the exposure in CMBS is limited, concentrated on higher creditworthiness classes and is currently valued on a stringent basis; moreover, hedging strategies, based on the use of derivatives on representative market indices have been devised for exposures in US CMBS;
- structured credit or credit with collateral represented by US corporate loans are almost all of the highest credit quality (super senior).

Expectations for the second quarter are also sustained by evidence available at the time of preparation of this report (mid August). Such evidence shows that this part of the third quarter was characterised by a marginal loss in the Structured Credit portfolio due to a recovery in the Credit Risk Adjustment allocated to exposures with monoline insurers (which saw an improvement in spreads quoted on the credit default swap market in this first phase of the quarter) which almost offset new write-downs generated by the widening in the spreads on the European ABS and US residential mortgage markets.

In terms of quantitative scenario analysis, as already described in the paragraph dedicated to management of market risks originated from the trading portfolio, the negative impact on the fair value of the structured credit book deriving from a 25bps widening in credit spreads is estimated in 28 million euro.

INFORMATION ON ACTIVITIES PERFORMED THROUGH SPECIAL PURPOSE ENTITIES (SPEs)

With letter of 23 July 2008, Consob asked to provide specific information on "consolidated "Special Purpose Entities (SPE).
For the purpose of this analysis, legal entities established to pursue a specific, clearly-defined and limited objective are considered Special Purpose Entities:
- to raise finance on the market by issuing specific financial instruments;
- to acquire, sell, manage specific assets, separating them from the financial statements of the Originator;
- to develop and/or finance a specific business initiative, capable of generating, through an economic activity, cash flows which permit the complete reimbursement of the debt;
- to finance the acquisition of a target company which, through its economic activity, will be capable of generating cash flows for the SPE which permit the complete reimbursement of the debt;
- to manage the credit risk connected to their portfolio of financial assets through both protection purchases and sales with counterparties represented by SPEs (used by both the American market and the European market for synthetic portfolio securitisations). In such transactions the Bank accepts credit risk or counterparty risk with the SPE, depending on the nature of transaction.

The sponsor of the transaction is normally an entity which requests the structuring of a transaction in a SPE for the purpose of reaching certain objectives. In some cases the Bank is the sponsor and establishes a SPE with the objective of raising finance, securitising its assets, offering customers a financial service.
There are no changes in the consolidation criteria with respect to those adopted in the previous year.

The types of transactions in SPEs related to Intesa Sanpaolo's current operations are set out below.

Funding SPEs

Entities established abroad to raise finance on particular markets, the SPEs issue financial instruments, normally guaranteed by Intesa Sanpaolo, and reverse funding to the Parent Company.
These SPEs, which are controlled by Intesa Sanpaolo and are part of the Group's scope of consolidation *ex* IAS 27, are:
BCI US Funding LLC I, BCI US Funding LLC II, BCI US Funding LLC III, Intesa Funding LLC , San Paolo IMI US Financial CO., IntesaBCI Preferred Capital Company LLCIII, IntesaBCI Preferred Securities Investor Trust, SanPaolo IMI Capital Company LLC1.
All these SPEs have registered offices in the US.
With respect to as at 31 December 2007 please note the extinguishment of liabilities of the vehicles Intesa Bank Overseas and Intesa Preferred Capital Company LLC., companies for which the closure process has commenced.
The table below sets out the information requested by Consob, as at 30 June 2008.

(in millions of euro)

FUNDING SPEs		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
BCI US FUNDING LLCI	Funding	138	-	-	-	(1)	132	132			
BCI US FUNDING LLCII	Funding	585	-	-	-	(1)	558	558			
BCI US FUNDING LLCIII	Funding	165	-	-	-	(1)	157	157			
INTESA FUNDING LLC	Funding	5,376	-	-	-	(1)	5,376	5,376			
SANPAOLO IMI US FINANCIAL CO	Funding	5,089	-	-	-	(1)	5,070	5,070			
INTESABCI PREFERRED CAPITAL COMPANY LLC III	Funding	547	-	-	-	(1)	532	532	532	Loan receivable	Amo. Cost
INTESABCI PREFERRED SECURITIES INVESTOR TRUST	Funding	534	-	-	-	(1)	534	534			
SANPAOLO IMI CAPITAL COMPANY LLC1	Funding	1,098	-	-	-	(1)	1,052	1,052			

(1) Subordinated guarantee given by Intesa Sanpaolo.

The total assets of these vehicles are almost entirely made up by loans to the Parent Company Intesa Sanpaolo.
Total funding of SPEs above had a 3.4% incidence on total direct customer deposits in consolidated financial statements.

SPEs for insurance products

These are entities (UCITS) established for the purpose of investing internal funds of unit linked and index linked products of Eurizon Vita and Eurizon Life. The latter retain the majority of the risk and rewards; SPEs for insurance products are consolidated ex IAS27 / SIC 12.
In the Group there are 63 entities of this type with total assets of approximately 11.2 billion euro (of which 9.4 billion euro relative to funds which report to Fideuram Gestions).
Assets of funds of Fideuram Gestions are made up for approximately 71% of bonds and for approximately 29% of equities. The assets of other funds in which Eurizon Vita/Eurizon Life hold the majority of quotas in circulation are invested in mutual funds for a portion which in general does not exceed 30% (excluding the SPLux Sicav 2 Equity 100 fund, which has 86% of its portfolio invested in funds) and in bonds and liquidity for the remaining part.
In any case, these funds do not hold securities with underlying subprime mortgages or in any other structured credit products affected by the financial crisis which hit the US market.
The incidence of total assets of SPEs for insurance products with respect to the Group's total consolidated assets was approximately 1.8%.

Securitisation SPEs

These are funding SPEs which permit an entity to raise resources with the securitisation of part of its assets. In particular, the spin-off of a package of balance sheet assets (generally loans) and its subsequent transfer to a vehicle which, to finance the purchase, issues securities later placed on the market or through a private placement. Resources raised in this way are reversed to the seller while commitments with underwriters, are met using the cash flows generated by the loans sold.
SPEs of this type, which are part of the scope of consolidation as at 30 June 2008 ex IAS 27 or SIC 12, are: Intesa Sec S.p.A., Intesa Sec 2 S.r.l., Intesa Sec 3 S.r.l., Intesa Sec NPL S.p.A., Intesa Lease Sec S.r.l., Split 2 S.r.l.; furthermore, please note that the companies ISP CB Ipotecario S.r.l., ISP CB Pubblico S.r.l. and ISP Sec 4 S.r.l., were not operational as at 30 June 2008.
The company Sec NPL 2 S.r.l., now Calit S.r.l., following the resolution of the Shareholders' Meeting of 7 May 2008, modified its corporate purpose, which is now financial and operating leasing of equipment and real estate assets.
These companies, incorporated under Italian law, have been used to securitise the performing assets (mortgage loans, leasing contracts) or non-performing assets (mortgage loans) of Intesa Sanpaolo or Group companies.
Augusto, Colombo and Diocleziano are securitisation vehicles of assets (residential mortgages), mostly to finance of long-term mortgages and public works, of companies subject to joint control and later sold. Securities held are measured at fair value, as in previous years.
The table below sets out the information requested by Consob, as at 30 June 2008.

(in millions of euro)

SECURITISATION SPEs		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
	Type of asset	Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
INTESA SEC SPA (1)	performing mortgages	40	-	-	-	(6)	13	35			Fair value
INTESA SEC 2 SRL (2)	residential mortgages	665	1	-	-	-	-	593	17	HFT	Fair value
INTESA SEC 3 SRL (3)	residential mortgages	3,774	-	-	-	-	-	3,644	142	HFT	Fair value
INTESA SEC NPL SPA (4)	non-performing loans	142	38	-	-	-	-	159	117	AFS	Fair value
INTESA LEASE SEC SRL	leasing contracts	392	4	-	-	-	-	368	24	HFT	Fair value
SPLIT 2 SRL	performing leasing contracts	879						875	40	18 HTM+22HFT	Cost/fair value
ISP CB IPOTECARIO SRL	mortgaged loans (5)										
ISP CB PUBBLICO SRL	public entities financing (5)										
ISP SEC 4 SRL	performing residential mortgages (5)										
AUGUSTO SRL (7)	long-term mortgages (100%)	42	10	-	-	-	-	51	19	AFS	Fair value
COLOMBO SRL	public works financing	111	7	-	-	-	-	119 (8)			
DIOCLEZIANO SRL	long-term mortgages (82%) public works (12%) Indus. (6%)	147	28	-	-	-	-	158	47	AFS	Fair value

(1) ISP made the commitment to support the vehicle, through a limited recourse subordinated financing, in relation to any higher charge or liability of fiscal, legal, regulatory or supervisory nature other than t he securities and operating costs deriving from the securitisation.
(2) ISP made the commitment to support the vehicle, through a limited recourse subordinated financing, in relation to any higher charge or liability of fiscal, legal, regulatory or supervisory nature other than the securities and operating cost deriving from the securitisation. ISP also granted a subordinated loan of 37 million euro with which the vehicle set up the cash reserve which makes up the credit enhancement of the operation required by the rating agencies.
(3) ISP granted a limited recourse subordinated financing of 22.9 million euro with which Intesa SEC3 set up the cash reserve which makes up the credit enhancement of the operation required by the rating agencies.
(4) ISP granted a guarantee and indemnity contract of 0.9 million euro, in case of declarations or guarantees which lead to a reduction in loan value. Moreover, the bank made the commitment to support the vehicle, through a limited recourse subordinated financing, in relation to any higher charge or liability of fiscal, legal, regulatory or supervisory nature relative to the life of the company other than the securities and operating costs deriving from the securitisation (1.2 million euro). Cumulated losses shall be absorbed by tranche E (equity) held by ISP whose value was adjusted in previous years.
(5) Companies which had not started operations as at 30/06/08. Pursuant to the Articles of Association the first financial statements will be closed as at 31/12/2008.
(6) Stand-by letter of credit/surety given by ISP to Calyon Milano as guarantee of a liquidity line granted in favour of the vehicle company by Calyon Milano.
(7) The company issued two series of bonds with diverse portfolios as underlying assets. The figures represent the sum of the issues.
(8) Figure as at 31 December 2007.

For the securitisations prior to 1 January 2004 (Intesa Sec, Intesa Sec 2, Intesa Sec Npl and Intesa Lease Sec.), the Group availed itself of the exemption from compliance to IAS/IFRS permitted on first-time adoption by IFRS 1 and, thus, assets or liabilities sold and derecognised, based on previous accounting principles and deriving from securitisations, have not been recorded in the financial statements. For transactions stipulated after that date provisions of IAS 39 on derecognition of financial assets and liabilities are applied.

Total assets of the companies Intesa Sec S.p.A., Intesa Sec 2 S.r.l., Intesa Sec 3 S.r.l., Intesa Sec NPL S.p.A., Intesa Lease Sec S.r.l., Split 2 S.r.l. are almost entirely made up of securitised assets (respectively performing mortgages for IntesaSec, performing residential mortgages for Intesa Sec2 and Intesa Sec 3., doubtful mortgages for Intesa Sec Npl, performing leasing contracts for Intesa Lease Sec. and Split 2) and by liquidity. Total assets of Augusto, Colombo and Diocleziano are instead almost entirely made up by long-term mortgages.
The incidence of total assets of consolidated SPEs not derecognised (Intesa SEC3 Srl, Split 2 Srl.) with respect to the Group's total consolidated assets was approximately 0.7%.
For the sake of completeness, please note the presence of Cr Firenze Mutui srl., securitisation vehicle with own underlying assets (performing mortgages) belonging to the Carifirenze Group, acquired in the first half of 2008. The vehicle, consolidated at equity, presented total assets of 214 million euro.

As amply illustrated in "Significant subsequent events", at the beginning of this month Intesa Sanpaolo securitised performing residential long-term mortgages for 8 billion euro through the vehicle Adriano Finance, in two tranches of securities: one senior (class A) of 7,558 million euro and one junior (class B) of 440 million euro.

Furthermore, Intesa Sanpaolo controls pursuant to the aforesaid SIC 12: Romulus Funding Corporation, a company which acquires financial assets, represented by loans or securities, with eligibility criteria originated by Bank customers, financing the purchase via the issue of Asset Backed Commercial Papers; Duomo Funding PLC, an entity which performs an activity similar to that of Romulus Funding Plc. but, is limited to the European market, and is financed with funding contracts with Romulus.
Intesa Sanpaolo, for the guarantee given to Romulus, set up in the Annual report 2007 an allowance for risks and charges of 8 million euro.
In the first half an AFS security of the vehicle was transferred to the Parent Company, which impaired it for approximately 7.5 million euro; an amount equal to the allowance for risks and charges set up at the end of 2007 was reversed to the income statement.
The table below sets out the information requested by Consob, as at 30 June 2008.

(in millions of euro)

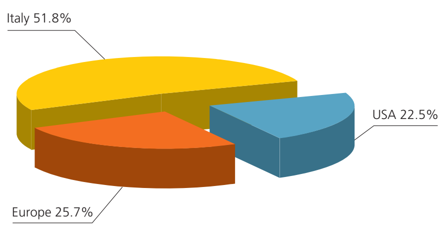
ROMULUS AND DUOMO		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
ROMULUS FUNDING CORP.	Asset back commercial paper conduit	1,209 (1)		881	345		73	1,241	960	Loan receivable	Amortised cost
DUOMO FUNDING CORP.	purchase of assets and Romolus financing	918		1,083	1,025		-	-	-		

(1) of which 913 million euro for loans disbursed to Duomo, for transactions reported in the latter's financial statements.

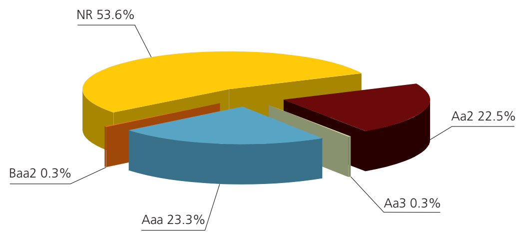
Total assets of the Romulus vehicle are made up of loans to Duomo for 913 million euro, of loan receivable securities for 54 million euro, measured at amortised cost (fair value of the same amount as at 30 June 2008), of assets available for sale for 239 million euro, measured at fair value (charged to the shareholders' equity reserve for 41 million euro) and of liquidity and other assets for 3 million euro.
Total assets of Duomo are made up of loans to Intesa Sanpaolo for 426 million euro, as collateral for an intergroup protection sale on the risk of a primary insurance company, of loans to the subsidiary Intesa Sanpaolo Bank Ireland for 175 million euro, of loan receivable debt securities for 299 million euro (fair value of the same amount as at 30 June 2008), of loans to customers for 17 million euro and of liquidity and other assets for one million euro.
The incidence of total assets of the SPEs above with respect to the Group's total consolidated assets was 0.1%.

With regard to the portfolios of assets held by the two vehicles, the integrative information requested by Consob is given below.

Breakdown by geographical area



Breakdown of assets by rating



Please note that eligible assets in the portfolios of the Romulus and Duomo vehicles, even though in part (approximately 54%) not assisted by an external rating, in any case presented a quality that permits commercial paper issued to maintain the A-1+/P-1 ratings.

47% of the portfolio of securities available for sale in these vehicles had a 2002 vintage, 8% a 2003 vintage and the remaining 44% a 2007 vintage.

Intesa Sanpaolo does not hold any stake in SPQR II S.r.l. but the company is consolidated since the Group has retained the majority of costs and benefits (SIC 12).
The table below sets out the information requested by Consob, with reference to 30 June 2008.

(in millions of euro)

SPQR 2		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
SPQR II SRL	performing AFS securities	2,026	-	-	-	-	-	1,917	1,917	AFS (1)	Fair value

(1) Securities issued by the vehicle have been repurchased by BIIS and classified in the Loan receivable category. For the purposes of the financial statements these are eliminated and represented under assets sold and not derecognised AFS.

The assets of the vehicle are almost entirely made up of a portfolio of debentures issued by Italian public entities, of a nominal value of approximately 2 billion euro, sold to the vehicle by Banca OPI (now Banca Intesa Infrastrutture e Sviluppo). The vehicle, in turn, issued senior and junior bonds; both types of securities were repurchased by Banca OPI (now BIIS), which destined the senior class as collateral to its funding with the European Central Bank, via transactions closed through the Parent Company Intesa Sanpaolo.
The incidence of total assets of securitisation SPEs with respect to the Group's total consolidated assets was approximately 0.3%.

Lastly, Intesa Sanpaolo acquired protection on its credit exposures from the vehicles:
- "Da Vinci", synthetic securitisation aimed at covering and actively managing its risk exposure in the aircraft and aeronautic sector;
- "Vespucci", synthetic securitisation on an asset backed-securities portfolio and collateralised debt obligations aimed at managing trading activity in structured credit products.

As at 30 June 2008 the Intesa Sanpaolo Group exposure to "da Vinci" amounted to 24 million euro (of which 6 million euro relative to debt securities and 18 million euro to guarantees given) and that to "Vespucci" to 72 million euro, entirely referred to debt securities.

Financial Engineering SPEs

These SPEs undertake investments and funding which allow better risk/return combinations than those generated by standard transactions, due to their particular structure aimed at optimising accounting, tax and/or regulatory issues. These structures have been established to respond to the needs of primary customers and to provide solutions that offer financing at competitive interest rates and investments with higher returns.

Intesa Sanpaolo controls and consolidates Intesa Investimenti S.p.A., a company established to invest in quotas of Italian and international UCITS, in quotas and shares of other Italian and international entities and in Government securities of G7 countries, with the simultaneous subscription of a commitment to resell at a future date and at a predetermined price; all assisted by swaps aimed at assuring an adequate profitability of the investment. Intesa Sanpaolo replicates every transaction, again with a repurchase agreement with Intesa Investimenti, whose shares are in turn the object of an analogous contract with investing customers. Currently the shareholders' equity of the company is entirely deposited with Intesa Sanpaolo.
The table below sets out the information requested by Consob, with reference to as at 30 June 2008, which did not present changes with respect to the situation at the end of 2007.

(in millions of euro)

FINANCIAL ENGINEERING		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
INTESA INVESTIMENTI SPA	Financial Engineering	1,059	-	-	-	-	-	-	-		

The assets of the vehicle are almost entirely made up of term deposits with the Parent Company Intesa Sanpaolo.

Other unconsolidated Special purpose Entities

Project Financing SPEs

These are financing instruments for "capital intensive" projects, which are based on the economic or financial validity of the industrial or infrastructural project, and are independent from the standing/creditworthiness of the sponsors who developed the "entrepreneurial" idea. The financing of the initiative is based on the project's capacity to generate positive cash flows, sufficient to reimburse loans received and guarantee an adequate risk-adjusted return on invested capital.
Such vehicles are established by sponsor "entrepreneurs", mostly abroad to benefit from operating and legal/bureaucratic efficiency.
Intesa Sanpaolo has financed some of these entities, as normal borrowers, without acting as sponsor.
None of these SPEs is consolidated, since the Bank does not hold any stake or interest in the share capital of these companies and no presumed control assumptions apply. Where there are guarantees represented by pledges of shares of the SPE, contractual terms exclude the possibility of exercise of voting rights by the Bank.

Asset Backed SPEs

These are transactions aimed at acquisition / construction / management of physical assets by SPEs financed by one or more entities. Their recovery prospects mostly depend upon the cash flows generated by the assets. The assets generate cash flows in their recurring operations (e.g. rentals, goods transportation contracts, etc.) or in their non-recurring operations (e.g. a real estate disposal plan). Generally the assets are also the real guarantee for the financing obtained from the vehicle.
Intesa Sanpaolo has financed entities of this type, as normal borrowers, without any direct equity investments or any other interests which might lead to presume the role of sponsor. The risk accepted is always a normal credit risk and the benefits are represented by the return on the financing granted.
The Group consolidates only those entities in which it holds the majority of voting rights. The SPEs of this type are held solely by an international subsidiary (the volume of this type of assets amounted to approximately 105 million euro).

Leveraged & Acquisition Finance SPEs

For the description of the transactions which involve these vehicles see the specific section dedicated to Leveraged Finance transactions.

SPE Credit Derivatives

Credit derivatives are contracts which permit the synthetic transfer of credit risk of a specific borrower from the protection buyer to the protection seller. Especially in structures connected to synthetic securitisations, it is possible to achieve the transfer of credit risk of a portfolio of assets from a SPE to the Bank, both by the simple sale of protection derivatives or by the purchase of securities with embedded

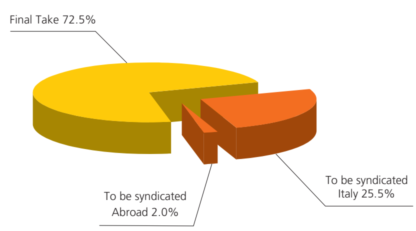
credit derivatives. In certain cases (e.g. monoline) the SPE is protection seller and offers the Bank the possibility of hedging risk on portfolios of assets.
There are never equity investments or other interests which might lead to the role of sponsor.
None of these SPEs is consolidated, since there are never any equity investments or forms of indirect control by the Bank. The relations with the parties are fundamentally based on the stipulation of derivative contracts or the acquisition of securities with embedded credit derivatives. This never leads to the transfer to the Bank of most of the risks and benefits deriving from the activities of the vehicle.

From the above, it is clear that the use of Special Purpose Entities is part of the ordinary operations of the Intesa Sanpaolo Group, for both funding and lending activities.
Such activities, performed both via consolidated SPEs, and with unconsolidated SPEs are qualitatively and quantitatively significant.
However, it must be underlined that this does not lead to risks which are appreciably higher than activities performed without the use of SPEs.

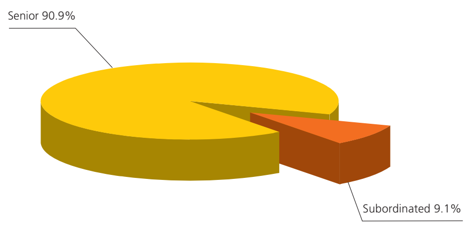
LEVERAGED FINANCE TRANSACTIONS

Since there is no univocal and universally agreed-upon definition of leveraged finance transactions, Intesa Sanpaolo decided to include in this category the exposures (loans granted and disbursed in relation to structured financing, normally medium/long term) to legal entities in which the majority of share capital is held by private equity funds.
Positions are mostly aimed at supporting Leveraged Buy Out projects (therefore with high leverage), connected with the acquisition of companies or business lines also through special purpose entities (SPEs), which, after the acquisition of the equity stake in the target company, are normally merged by incorporation into the latter. The target companies generally have good economic prospects, stable cash flows in the medium term and low original leverage levels. Intesa Sanpaolo has financed entities of this type, as normal borrowers, without acting as sponsor.
None of these SPEs is consolidated, since the guarantees to support the transaction are solely instrumental for the granting of the financing and are never directed to the acquisition of direct or indirect control over the vehicle.
As at 30 June 2008, 103 transactions, for a total amount granted of 5,092 million euro, meet the above definition.
Such exposures are mostly classified in the loan portfolio. These also include the portions of syndicated loans underwritten or under syndication destined from the outset to be sold. In line with information requests, breakdown of exposures by geographic area, economic sector and by level of subordination is set out below.

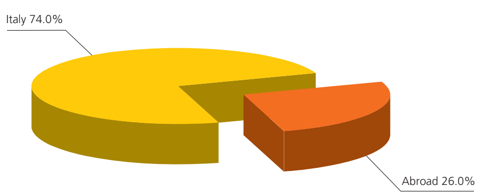
Breakdown by type of risk



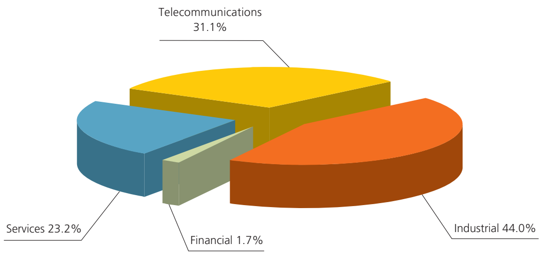
Breakdown by subordination level



Breakdown by geographical area



Breakdown by economic sector



INFORMATION ON TRADING TRANSACTIONS IN DERIVATIVES WITH CUSTOMERS

The Intesa Sanpaolo Group is active in the sale of "over the counter" (OTC) derivatives to various customer segments, through three main poles (in terms of volumes traded):

- Banca dei Territori Division, for the sale of derivative products to retail and business customers with consolidated turnover under 150 million euro, through the branch network of Intesa Sanpaolo and of the Group's Italian banks. Derivatives sold by the network are hedged back to back with a swap house which, in most cases, is Banca IMI;
- Corporate Division, for the sale of derivative products to corporate customers with consolidated turnover over 150 million euro, through the branch network of Intesa Sanpaolo and the Group's Italian banks. Derivatives sold by the network are hedged back to back with Banca IMI;
- Public Finance Business Unit, for the sale of derivative products to public entities, through Banca Infrastrutture Innovazione e Sviluppo. Derivatives sold are hedged back to back with Banca IMI.

Customer needs that the Intesa Sanpaolo Group aims to satisfy through derivative instruments are diverse and depend on customer segment. In short, the following picture emerges:

1) retail and business customers served by Banca dei Territori acquire derivative instruments to hedge financial risks, with a few typical differences:
   i) companies stipulate derivative contracts to hedge risks, mostly interest rate and foreign exchange risk;
   ii) normally, individuals enter into derivative contracts solely to hedge interest rate risk on retail mortgages;
2) customers of the Corporate Division (mostly large businesses, mainly qualified operators) sign derivative contracts for hedging/managing risks, mostly interest rate and foreign exchange risk;
3) entities of the Public Administration, served by Banca Infrastrutture Innovazione e Sviluppo, sign derivative contracts to manage their liquidity and modify/hedge their debt positions.

The centres of responsibility which sign contracts with customers (essentially, Intesa Sanpaolo, network banks, as well as Banca Infrastrutture Innovazione e Sviluppo) do not take market risks, since these are systematically hedged back to back, in most cases with the Group's securities house, Banca IMI. The latter hedges the risks transferred to it dynamically and collectively, in respect of assigned limits, for the purpose of maximising financial effectiveness. Counterparty risk is not transferred.

Considering only relations with customers, as at 30 June 2008, the Intesa Sanpaolo Group presented, in relation to derivatives trading with retail customers, non-financial companies and public entities (therefore excluding banks, financial and insurance companies), a positive fair value, considering netting agreements, of 1,208 million euro (1,364 million euro as at 31 December 2007). The notional value of such derivatives totalled 26,116 million euro (40,131 million euro as at 31 December 2007). Of these, notional value of plain vanilla contracts was 13,708 million euro (25,715 million euro as at 31 December 2007) and of structured contracts was 12,408 million euro (14,416 million euro as at 31 December 2007). Please note that the fair value of structured contracts outstanding with the 10 customers with the highest exposures was 247 million euro (213 million euro as at 31 December 2007). The same indicator, referred to total plain vanilla contracts, was 433 million euro.

Conversely, negative fair value determined with the same criteria, for the same types of contracts, with the same counterparties, totalled 899 million euro at 30 June 2008 (883 million at 31 December 2007). The notional value of such derivatives totalled 36,209 million euro (30,057 million euro as at 31 December 2007). Of these, notional value of plain vanilla contracts was 31,140 million euro (25,123 million euro as at 31 December 2007), and of structured contracts was 5,069 million euro (4,934 million euro as at 31 December 2007).

The fair value of derivative financial instruments stipulated with customers was determined considering, as for all other OTC derivatives, the creditworthiness of the single counterparty (s.c. Credit Risk Adjustment). On contracts outstanding as at 30 June 2008, this implied the registration in the income statement, under profits from trading, of adjustments of 39 million euro, compared to the 33 million euro as at 31 December 2007, with a negative impact, in the first half, of 6 million euro. Adjustments are recorded, for every single contract, on the market value determined using the risk free curves.

As concerns the means of calculation of the aforesaid Credit Risk Adjustment and, in general, the various methodologies used in the determination of the fair value of financial instruments, see the specific paragraphs in this chapter.

Please note that contracts made up of combinations of more elementary derivative instruments have been considered "structured" and that the aforesaid figures do not include fair value of derivatives embedded in structured bond issues as well as the relative hedges with banks and financial companies.

BANKING BOOK

Market risk originated by the banking book arises primarily in the Parent Company and in the main subsidiaries that carry out retail and corporate banking. 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 (former Fin.OPI), IMI Investimenti and Intesa Sanpaolo Holding International.

The following methods are used to measure financial risks of the Group's banking book:

- Value at Risk (VaR);
- Sensitivity analysis.

Value at Risk is calculated as the maximum "unexpected" potential loss in the portfolio's market value that could be recorded over a 10-day holding period with a 99% confidence level (parametric VaR).

Shift sensitivity analysis quantifies the change in value of a financial portfolio resulting from adverse movements in the main risk factors (interest rate, foreign exchange, equity and volatility). For interest rate risk, an adverse movement is defined as a parallel and uniform shift of ±100 basis points of the interest rate curve. The measurements include the risk originated by customer sight loans and deposits.

Furthermore, sensitivity of the interest margin is measured by quantifying the impact on net interest income of a parallel and instantaneous shock in the interest rate curve of ±100 basis points, over a period of 12 months.

Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first one refers to the fair value hedge of assets and liabilities specifically identified (micro-hedging), mainly bonds issued or acquired by the bank and loans to customers. Moreover, macro-hedging is carried out on the stable portion of on demand deposits and in order to cover the risk of fair value changes intrinsic in the instalments under accrual generated by floating rate operations. The Bank is exposed to this risk in the period from the date in which the rate is set and the date of payment of the relevant interests.

Another hedging method used is the cash flow hedge which has the purpose of stabilising interest flow on variable rate funding to the extent that the latter finances fixed-rate investments (macro cash flow hedge). In other cases, cash flow hedges are applied to specific assets or liabilities.

The main types of derivative contracts used are interest rate swaps (IRS), overnight index swaps (OIS), cross-currency swaps (CCS) and options on interest rates stipulated with third parties or with other Group companies. The latter, in turn, replicate the transactions on the market so that the hedging deals meet the criteria to qualify as IAS-compliant for consolidated financial statements.

The Risk Management Department is in charge of measuring the effectiveness of interest rate risk hedges for the purpose of hedge accounting.

In the first half of 2008, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity analysis, registered an average value of 382 million euro and 421 million euro at the end of June; these figures compare with a figure of 369 million euro at the end of 2007.

Interest margin sensitivity – in the event of a 100 basis points rise in interest rates – amounted to +71 million euro (-68 million euro in case of reduction) at the end of June, far lower than at the end of 2007 (+204 million euro and -205 million euro, respectively in case of increase/decrease of interest rates), mostly as a result of the reduction in the mismatch generated by on demand deposits through hedges with fixed income investments.

Interest rate risk, measured in terms of VaR, in the first half of 2008 was on average 121 million euro (104 million euro the figure at the end of 2007), with a minimum value of 95 million euro and a maximum value of 156 million euro. At the end of June 2008 VaR was 134 million euro.

Price risk generated by minority stakes in listed companies, mostly held in the AFS (Available for Sale) category, measured in terms of VaR, registered an average of 130 million euro (113 million euro at the end of 2007) in the first six months of 2008, with minimum and maximum value of respectively 110 million euro and 156 million euro. VaR at the end of June 2008 amounted to 114 million euro.

OPERATIONAL RISKS AND LEGAL RISKS

Operational risk is defined as the risk of suffering losses due to inadequacy or failures of processes, human resources and internal systems, or as a result of external events. Operational risks include legal risk, that is, the risk of losses deriving from breach of laws or regulations, contractual or out-of-contract responsibilities or other disputes; strategic and reputation risks are not included.

The Group has a centralised function within the Risk Management Department for the management of the Group's operational risks. This function is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profile, the verification of mitigation effectiveness and reporting to Top Management.
In compliance with current requirements, the Group's organisational units have been involved into the process and each of them was assigned the responsibility for the identification, assessment, management and mitigation of its operational risks; specific officers and departments have been identified within these organisational units to be responsible for Operational Risk Management (collection and structured census of information relative to operational events, scenario analyses and evaluation of the business environment and internal control factors).
To support the operational risk management process continuously, in the first six months various training sessions were held for persons actively involved into the operational risk management and mitigation process.

Intesa Sanpaolo's Internal Model is designed to combine all the main quantitative (internal and external historical incurred loss data) and qualitative information sources (self-assessment: scenario analysis and operating valuation context). The quantitative component is based on the assessment of historical data on internal events and external events (including participation in consortium initiatives such as "Database Italiano Perdite Operative" – Italian Operating Loss Database – managed by the Italian Banking Association and Operational Riskdata eXchange Association).
The qualitative component focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured collection of subjective estimates with the aim of assessing relevant scenarios identified starting from the proprietary risk classification system based on the types of events provided for by the New Capital Accord.
Capital at Risk is therefore identified as the minimum amount at Group level, net of insurance cover, required to bear the maximum potential loss (worst loss); Capital at Risk is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-Risk of operational losses), applied on quantitative and qualitative figures with a 1-year holding period, and on a 99.96% confidence level (99.90% for the regulatory figure).
The Intesa Sanpaolo Group has activated a traditional operational risk transfer policy (insurance) with the objective of mitigating the impact of any unexpected losses, and thus contributing to the reduction of Capital at Risk.
At the end of June capital absorption for operational risks was determined with the Traditional Standardised Approach (with an approximately 2.5 billion euro incidence at Group level).

Legal risks

Concerning legal risks, there were no significant changes with respect to the Annual report 2007, to which reference should be made.

INSURANCE RISKS

Life branch

The typical risks of a life insurance portfolio can be divided into three main categories: premium risk, life underwriting risk and reserve risk.
Premium risks are protected initially during definition of the technical features and product pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at portfolio level, including all of the liabilities).
Actuarial and demographic risks are managed by a regular statistical analysis of the evolution of liabilities in the contracts in the banking book, divided by type of risks and through simulations of expected profitability on the assets which cover technical reserves.
Reserve risk is guarded against through the exact calculation of mathematical reserves, with a series of detailed checks as well as overall verifications, by comparing results with the estimates produced on a monthly basis.
The mathematical reserves are calculated on almost the entire portfolio, on a contract-by-contract basis, and the methodology used to determine the reserves takes account of all the future commitments of the company.

Casualty branch

The risks of casualty branch banking book are essentially premium risk and reserve risk.
Premium risks are protected initially during definition of the technical features and product pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at the portfolio level, including all of the liabilities).
Reserve risk is guarded against through the exact calculation of mathematical reserves.

ALM and financial risks

In line with the growing focus in the insurance sector on the issues of value, risk and capital in recent years, a series of initiatives with the objective of both strengthening risk governance and managing and controlling risk-based capital has been launched.
With reference to investment portfolios, set up both as coverage of obligations with the insured and in relation to free capital, the Investment Policy is the control and monitoring instrument for market and credit risks.
The Policy defines the goals and the operating limits that are needed to distinguish the investments in terms of eligible assets and asset allocation, breakdown by rating classes and credit risk, concentration risk by issuer and sector, market risks, in turn measured in terms of sensitivity to variations in risk factors and Value at Risk on a 1-year holding period.
In order to measure and manage all risks (underwriting and financial), a simulation tool, named FAP (Financial Analysis Program), is also used with the objective of measuring the intrinsic value, fair value of the liabilities and economic capital. The FAP is based on a dynamic Asset Liability Management (ALM) model and, through this engine, FAP fully seizes the sensitivity of liabilities to changes in market risk factors and permits an effective management of hedging assets.

Investment portfolios

The investments of the companies of the Intesa Sanpaolo Group operating in the insurance segment are made with their free capital and to cover the contractual obligations with customers. These essentially refer to traditional revaluable life insurance policies, Index- and Unit-linked policies, pension funds and casualty policies.
As at 30 June 2008 the investment portfolios of Group companies, recorded at book value, amounted to 46,041 million euro; of these, the share regarding traditional revaluable life policies and free capital (Class C portfolio or portfolio at risk) amounted to 18,057 million euro, while the other component (Class D portfolio or portfolio with total risk retained by the insured) mostly comprised investments related to pension funds, index- and unit-linked policies and totalled 27,984 million euro.
Considering the various types of risks, the analysis of investment portfolios, described below, concentrates on the assets included in the "at-risk portfolio".
In terms of breakdown by asset class, approximately 94% of assets was made up of bonds, while assets subject to equity price risk represented approximately 6% of the total.
Fair value of derivatives amounted to approximately -2 million euro, of which -4 million euro relative to hedging derivatives and +2 million euro relative to effective management derivatives included in those

originally destined to hedge Index-Linked insurance policies and subsequently transferred to the "class C banking book" as they were no longer representative of the technical commitments with the insured parties. There are no positions in derivatives held for speculation since they are not authorised.
The banking book represented by bonds had an average duration of approximately 3.7 years.
Breakdown of bonds in the banking book in terms of fair value sensitivity to interest rate movements showed that a +100 bp parallel shift in the yield curve leads to an approximately 834 million euro decrease. On the basis of this hypothetical scenario, the value of hedging derivatives in the banking book undergoes an approximately 140 million euro rise which partly offsets the corresponding loss on the bonds.
The investment portfolio presented an extremely high asset quality. AAA/AA bonds represented approximately 76% of total investments and A bonds approximately 14%. Low investment grade securities (BBB) were 3% of the total and the portion of speculative grade or unrated was minimum (approximately 1%).
High credit quality can also be seen in the breakdown of exposure by issuer/counterparty: securities issued by Governments and Central banks represented approximately 74% of the total investments, while financial companies (mostly banks) contributed almost 16% of exposure whereas industrial securities made up approximately 4%.
At the end of first half of 2008 the investments of the free capital of EurizonVita amounted to 985 million euro at fair value, and presented a risk, in terms of VaR (99% confidence level, 10-day holding period), equal to 18.3 million euro.

The shareholder base, transactions with related parties and other information

Shareholder base

As at 30 June 2008, shareholders of Intesa Sanpaolo with stakes exceeding 2% - threshold of the voting capital of a listed company that, if exceeded, requires communication to both the company and Consob, pursuant to Italian regulations (art.120 of the Consolidated Law on Finance "TUF") – are detailed in the following table.

Shareholder	Ordinary shares (*)	% held on ordinary share capital
Compagnia di San Paolo	943,225,000	7.960%
Carlo Tassara S.p.A.	697,548,241	5.886%
Crédit Agricole S.A.	659,542,636	5.566%
Assicurazioni Generali S.p.A.	601,201,246	5.075%
Fondazione Cariplo	554,578,319	4.680%
Fondazione C.R. di Padova e Rovigo	545,264,450	4.602%
Ente C.R. Firenze	400,287,395	3.378%
Fondazione C.R. in Bologna	323,334,757	2.729%
Giovanni Agnelli e C. Sapaz (**)	289,916,165	2.447%

(*) Held directly or indirectly.

(**) In July 2008 the equity stake decreased under the 2% threshold.

Transactions with related parties

Procedural features

The Management Board has adopted the Intesa Sanpaolo "Regulations on the management of transactions with related parties" approved by the Supervisory Board and intended for all companies within the Group. It sets out the criteria for identifying related parties, the assessment and decision-making rules as well as the principles to be followed in subsequently providing information to Corporate bodies and to the market. In the six months changes to the Regulations have been made in order to strengthen the coverage of group controls.

Complying with the criteria set out in IAS 24, the Regulations define the rules for identifying in a practical manner the various entities belonging to the categories foreseen by this accounting principle (companies related through controlling or joint stakes, joint ventures, pension funds, Key Managers, close family members of Key Managers and related significant shareholding positions).

In this regard, it has been decided that the category of Key Managers will include not only Management and Supervisory Board Members but also General Managers, the Manager responsible for preparing the Company's financial reports, the heads of business units, the heads of governance areas, the heads of head office departments that report directly to the CEO and to the Chairman of the Management Board, the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Transactions and Special Projects.

The Regulations approved in 2007 stated that no Bank shareholder, alone or jointly with others, was able to exercise control or significant influence as per IAS 24. The Management and Supervisory Boards have consequently decided it is best to extend, as a form of self-regulation, the application of the rules regarding transactions with related parties to a broader circle than the one foreseen by the reference regulations, in order to include Shareholders and their groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the bank's voting share capital greater than 2% (calculated considering only shares owned).

This formula shall lead to the development of a higher standard for monitoring transactions with the main shareholders, subjecting these transactions to the rules applied to transactions with related parties.
The Regulations consider the various preliminary assessments that must be respected by the Parent Company and subsidiaries when carrying out transactions with related parties, in order to fulfil the demands of substantial correctness in the transactions themselves. Among other things, they require a detailed examination of the motives and interests behind the transactions and their potential effects on the balance sheet, income statement and financial situation.
As far as decision-making profiles are concerned, the transactions exclusively attributed to the Management Board are those that are "significant" and carried out by the Parent Company with its own related parties. The transactions that are considered significant are those of greatest economic, capital and financial impact, identified on the basis of qualitative and/or quantitative criteria, depending on the various types of transactions – in particular:

1) if the total value exceeds 3 million euro (or a total exceeding 20 million euro if the transactions are with companies in the Banking Group or in the group, reduced to half for companies that are not wholly-owned):
   a) the purchase and sale of real estate;
   b) the underwriting, purchase or sale of stakes in the company, even if they do not involve changes to the Banking Group;
   c) the purchase and sale of companies, business lines or entire business portfolios;
   d) the framework agreements regulating the performance of services or the placement or distribution of products/services with annual duration and implicit renewal, i.e. multi-year;
2) if the total exceeds 25% of the Tier 1 capital/shareholder's equity of each company and, in any case, higher than 25 million euro, the investment in companies in the Banking Group or in the group through capital interventions, hybrid capital instruments, eligible subordinated liabilities in the subsidiary's regulatory capital through overdrafts that are not for the purpose of supporting the subsidiary's core business;
3) if the total exceeds 0.50% of the consolidated regulatory capital, the granting of overdrafts to related parties that are not part of the Banking Group;
4) if the monetary value exceeds 20 million euro, both financial and commercial transactions, other than those mentioned above and excluding credit transactions and bank funding operations carried out at market conditions.

Stricter limits regard non-performing exposures (substandard, doubtful and restructured loans).
Finally, the Management Board always has jurisdiction over transactions that, due to their subject, the nature of the parties, the consideration paid and methods or timeframes, may have effects on safeguarding company assets or on the thoroughness or correctness of information, including accounting information, regarding Intesa Sanpaolo (any such transactions are also included in information provided to the market in accordance with Article 71 bis of Issuers Regulation 11971/99).
Furthermore, in compliance with the provisions of the Self-Disciplinary Code, transactions having a value in excess of twice the levels established as being under the jurisdiction of the Management Board are also subject to the prior opinion of the Control Committee formed within the Supervisory Board.
In any case, the Control Committee must review transactions that are under the jurisdiction of the Management Board if any economic conditions have been identified that differ from those of the market, except when subsidiaries are involved.
The Regulations also establish that decision-making bodies can make use, whenever opportune, of independent experts to assess the degree of significance of the transaction, its specific economic or structural features and the nature of the related party.
Concerning transactions carried out by subsidiaries, the Regulations specify which cases require that a decision be requested from the Board of Directors of the companies involved. Each company may also choose to include specific internal control measures in its own decision-making process. It is also expected to adopt a set of rules equivalent to the ones drawn up by the Parent Company to regulate the transactions initiated by the company itself with its "own related parties".
Based on recent changes to the Regulations, the prior opinion of the Control Committee of the Parent Bank is also expected for the most significant transactions by subsidiaries with related parties of the Parent Company.
Moreover, the Regulations define the general criteria for the information to be provided, at least quarterly – also pursuant to Article 150 of the Consolidated Law on Finance – to the Management Board and by the latter to the Supervisory Board regarding transactions with related parties completed in the reference

period by the Parent Company or by subsidiaries. Differentiated quantitative thresholds must be decided for each type of transaction.
All of the above is aimed at providing a complete overview of the most significant transactions, as well as the volumes and the main features of all those delegated.
Finally, please note that if the related party is one of the players that has direction, administration or control functions, the special decision-making procedure set out in Article 136 of the Consolidated Law on Banking also applies. It subjects the transaction to the prior unanimous decision of the Management Board and to the favourable vote by all Supervisory Board Members.
In accordance with the abovementioned Article 136, anyone who carries out direction, administration or control functions at banks or companies that are part of the Banking Group cannot directly or indirectly enter into contracts which lead to obligations with the company they belong to or carry out financing transactions with another company or bank in the Banking Group without approval from the administrative and control bodies of the company or bank that is party to the contract; in these cases, moreover, the contract or the act must have the approval of the Parent Company. As provided for by Law 262/2005 and Legislative Decree 303/2006, the special decision-making procedure has also been applied to contracts entered into by the Bank or companies in the Banking Group with companies controlled by board members or companies in which board members have administration, direction or control functions. Moreover, it also applies to the controlling companies and controlled companies (unless the contracts which lead to the obligation are drawn up between companies belonging to the same Banking Group or refer to transactions on the interbank market).
The abovementioned provision also confirms the requirements foreseen by the Italian Civil Code regarding the personal interests of Directors, insofar as article 2391 requires each Board Member to report every instance of interest possessed, in his/her own name or through third parties, that may come into play in a significant manner in carrying out his/her function, with reference to a specific transaction.
In accordance with the abovementioned provision, the Management Board has jurisdiction over decisions regarding transactions – including those with related parties – in which the Managing Director possesses an interest on his/her own or through a third party and must therefore abstain from the decision as per art. 2391.

Information on transactions with related parties

In the first half of 2008 relations with related parties were attentively monitored and no situations emerged other than those typical of standard bank relations with individual and corporate customers. The transactions fell within the scope of the ordinary activities and were usually entered into at market conditions, based on valuations of mutual economic convenience, in line with the internal procedures mentioned above.
In the period, no transactions of "atypical or unusual nature" were carried out, the importance/relevance of which might give rise to doubts with regard to the safety of the net shareholders' equity or the protection of minority interests (any atypical or unusual transactions must also be disclosed to the market pursuant to art. 71 bis of Issuers Regulation 11971/99).
Policy as concerns the relations between various economic entities which make up the Group remained unchanged, and also the relationships with other related parties other than subsidiaries, associates and companies subject to joint control were unchanged. Normally, these transactions are regulated at market rates or are aligned with the most favourable conditions applied to personnel, when the necessary conditions exist. Transactions with infra-group related parties, as they are netted at the level of the consolidated financial statements, are not included in this report.
Receivable and payable balances with related parties as at 30 June 2008 within the consolidated accounts, amount to a total that is insignificant compared to the size of the Group's equity. Likewise, the weight of income and charges with related parties on consolidated operating margin is insignificant.
The following tables set out the impact of transactions with related parties, as classified by IAS 24, including Shareholders with voting rights exceeding 2%, on the Group's balance sheet and income statement figures.

	30.06.2008	
	Amount (in millions of euro)	**Impact** (%)
Total financial assets	20,437	3.6
Total other assets	7	ns
Total financial liabilities	5,820	1.1
Total other liabilities	47	0.2

	30.06.2008	
	Amount (in millions of euro)	Impact (%)
Total interest income	92	0.7
Total interest expense	22	0.3
Total fee and commission income	15	0.4
Total fee and commission expense	1	0.1

The table below reports the main terms of reference of transactions with each category of related party, as classified by IAS 24, net of infra-group operations, as well as information on Shareholders and their groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the Bank's voting share capital exceeding 2% (calculated considering only shares owned) and on parties that are not related pursuant to IAS 24, but are in any case included as a form of self-regulation, aimed at the development of a higher standard for monitoring transactions with the main shareholders, subjecting these transactions to the rules applied to transactions with related parties.

(in millions of euro)

	Financial assets held for trading	Financial assets available for sale	Investments held to maturity	Loans to customers	Due from banks	Financial liabilities held for trading	Due to customers	Due to banks	Guarantees given
Subsidiaries	-	8	-	33	-	103	15	-	2
Companies subject to joint control	5	19	-	25	1,848	1	29	48	2
Associates	22	41	-	3,916	24	45	761	14	409
Key Managers and control bodies	-	-	-	1	-	-	21	-	-
Other related parties	65	5	-	219	-	1	1,190	-	5
Total related parties	**93**	**73**	**-**	**4,194**	**1,872**	**150**	**2,016**	**62**	**418**
Shareholders (*)	1,525	2,150	-	8,887	1,602	1,141	1,515	845	670

(*) Shareholders and their groups that hold a stake in the Bank's voting share capital exceeding 2% (calculated considering only shares owned).

Relations between the Intesa Sanpaolo Group and Managers refer to the Group's normal business activities and are defined applying, where conditions recur, the terms reserved to all employees, in full respect and transparency of terms applied, or, in relation to independent professionals, with which a term contract exists, applying the terms reserved to professionals of similar standing, in full compliance with relevant regulations.

Concerning transactions with subsidiaries not subject to full consolidation and transactions with associates, please note that these are normal internal business activities of a multifunctional banking group.

The category "Other related parties" includes the Bank's pension funds, the close relations of board members, entities controlled by or related to the latter.

There were no particularly significant transactions with related parties in the period.

However, the main transactions finalised by the Parent Company or subsidiaries with related parties (net of infra-group operations which are eliminated in the consolidated financial statements) are set out below.

In March the Bank completed the sale of the 19.19% stake held in Speed S.p.A. to Pirelli & C. (Pirelli group), an associated company, for a consideration of 83.4 million euro.

The most significant relations with associates in the period include the loans granted to Telco, Luxco-Bidco 2-Guala Closures and their subsidiaries, as well as to RCS Mediagroup.

In March, Sud Polo benefited from a partial de-merger of a business line of Intesa Vita, a transaction described in the Bank's Annual report 2007.

With regard to transactions with companies subject to joint control, please note that on 30 May 2008, in execution of the agreements signed in 2007 and after having obtained the necessary authorisations, Intesa Sanpaolo finalised the sale to Crédit Agricole S.A. of its entire 49% interest in Agos, their joint venture in the consumer credit business in Italy, for a consideration of 546 million euro. An increase in share capital was subscribed in favour of International Entertainment, a joint venture operating in the cinema product market. There is an agreement, signed with Centrofactoring, in favour of Findomestic Banca which provides for the with recourse ("pro solvendo") advance of amounts due to retailers from Findomestic following sales with consumer credit granted by Findomestic.

Moreover, in the period, credit lines and a leasing contract were granted to Nuovo Trasporti Viaggiatori aimed at the development of a passenger high-speed railway company.

Financing was disbursed at market interest rates.

The stock option plan

On 14 November 2005 the Board of Directors of SANPAOLO IMI exercised the power delegated by the Shareholders' Meeting of 30 April 2002 to resolve upon a stock option plan and assigned options to executives who held key positions within the Group. Following the resolution of the Shareholders' Meeting of 1 December 2006, the plan - redefined after the merger - provides for the assignment of 30,059,750 rights which may be exercised after the payment of the dividend for financial year 2008 and no later than 30 April 2012 at a price of 3.951 euro.

On 28 May 2008, Banca Fideuram's Board of Directors, in substitution of provisions of the stock option plan approved on 16 March 2005, resolved to grant the Private Bankers of the Fideuram and Sanpaolo Invest networks who reach the required targets, a cash settlement of 0.50 euro for each option to be paid in 2009 at the end of the four-year incentive plan (corresponding to total disbursement of approximately 1.3 million euro). The decision to settle the stock option plan in cash became necessary in the light of the changes during the three years in which the plan was in force.
Banca Fideuram's Shareholders' Meeting of 10 July 2008 therefore revoked the previous Shareholders' Meeting resolution of 10 April 2008 with which it had authorised the purchase and the disposal of shares of the Bank to be destined to service the stock option plan.

Purchases of own shares

On 7 November 2007, the programme for the purchase of own ordinary shares to be used in the swap for the acquisition of control of Cassa di Risparmio di Firenze ("Carifirenze"), as authorised by the Shareholders' Meeting held on 2 October 2007 was concluded with the purchase of a total of 398,904,617 own ordinary shares of Intesa Sanpaolo (equal to 3.366% of the ordinary share capital), for 2,158 million euro, net of commissions.
On 29 January 2008 Intesa Sanpaolo completed the swap of 398,904,617 own ordinary shares with 334,090,969 Cassa di Risparmio di Firenze ordinary shares owned by Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio di La Spezia and Sofibar, equal to 40.3% of the share capital of Carifirenze. Intesa Sanpaolo consequently acquired the control of Carifirenze, owning – at that date – total shareholding equal to 58.9% of Carifirenze's share capital, due to the combination of the aforementioned share swap and the stake already held (approximately 18.6%).

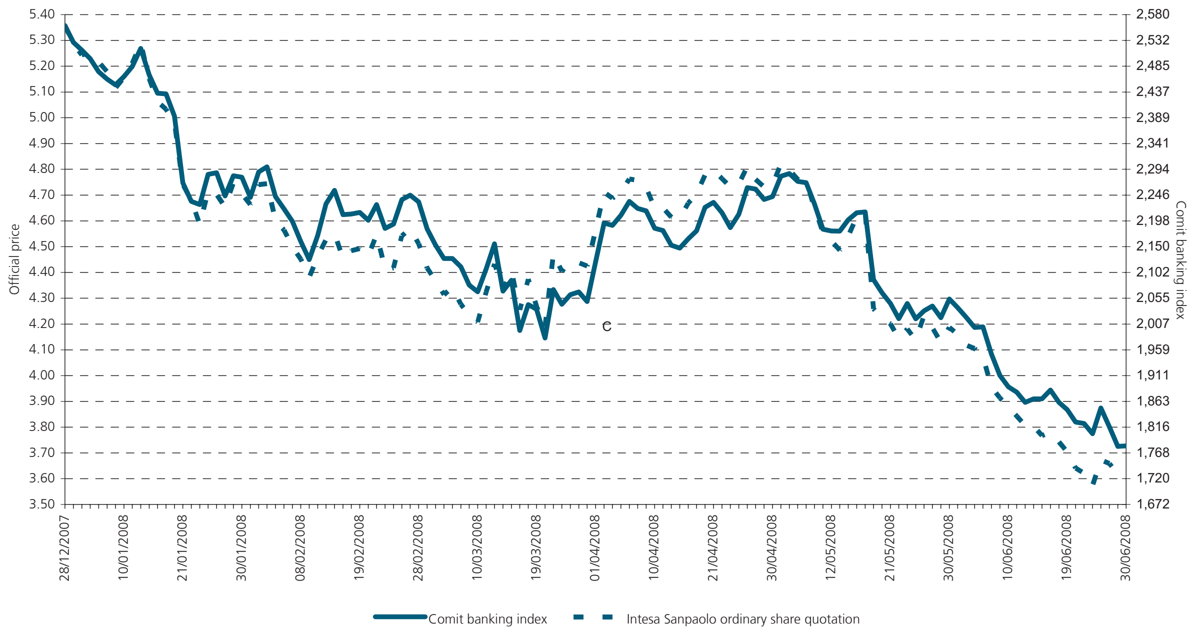
On 20 March the Parent Company's Management Board authorised Banca IMI to purchase and sell shares of the controlling company Intesa Sanpaolo for trading purposes up to a maximum of 30 million shares, for an exchange value of 180 million euro.

Stock price performance

The financial crisis generated by the US subprime mortgage market, the slowdown of world economies and the rise in energy prices negatively affected stock markets. From the beginning of the year, the DJ Eurostoxx index recorded a 22.5% decrease, affected by the particularly negative trend of the banking sector (-31.1% the European banking index in the same period). Despite their limited exposure to subprime mortgages, in the first six months of the year Italian banks recorded a performance practically in line with the European average (-30.4%).

From the beginning of 2008, in a context of generalised negative trends of international financial markets and declining banking sector indices, the price of the Intesa Sanpaolo ordinary share registered a progressive decrease – interrupted by a recovery which commenced in the last ten days of March, following the publication of the 2007 results, and continued throughout April - which became more marked after the date of payment of the dividend, also following the high remuneration for shareholders, and closed the first half with a 32.7% fall with respect to the end of 2007.
At the end of the first half of 2008, the price of the Intesa Sanpaolo saving share dropped 32.9% compared to the end of 2007, with a discount with respect to the ordinary share which was practically unchanged at approximately 9% of the end of 2007.
At the end of the first half of 2008, the capitalisation of Intesa Sanpaolo amounted to 45.8 billion euro compared to the 68.1 billion euro at the end of 2007.

Intesa Sanpaolo ordinary shares quotation and banking index



Earnings per share

Intesa Sanpaolo's share capital is made up of ordinary and saving shares carrying different rights for the allocation of net income, which have been taken into account for the determination of the portion of net income attributable to each category of share.

Net income attributable to each type of share was determined considering the most recent dividends resolved upon for each type of share and then allocating the residual portion of net income, in the hypothetical assumption of its total distribution, to the same extent to all shares.

The indicator Earnings per share (EPS) is presented both in the "basic" and in the "diluted" formulation: basic EPS is calculated by dividing income theoretically attributable to holders of different categories of shares by the weighted average number of the shares outstanding; diluted EPS is calculated considering the dilutive effect of the forecast issues of ordinary shares, which, in any case, do not determine material effects and permit, therefore, the full convergence of the two ratios.

	30.06.2008		**30.06.2007** (*)	
	Ordinary shares	**Saving shares**	**Ordinary shares**	**Saving shares**
Weighted average number of shares	11,779,102,720	932,374,550	11,839,261,873	932,412,064
Income attributable to the various categories of shares *(millions of euro)*	2,874	231	4,895	391
Basic EPS (*euro*)	0.24	0.25	0.41	0.42
Diluted EPS (*euro*)	0.24	0.25	0.41	0.42
Basic EPS annualised (**) (*euro*)	0.49	0.50	0.83	0.84
Diluted EPS annualised (**) (*euro*)	0.49	0.50	0.83	0.84

(*) Figures restated in accordance to IFRS 5 and to consider the effects of the definitive allocation of the purchase cost of the Sanpaolo IMI Group in accordance to IFRS 3.

(**) Net income is not indicative of forecast net income for the whole of 2008, since it is obtained by annualising net income for the period.

Price/book value

The index identifies the value attributed by the market to the share capital of a listed company and, therefore, indirectly to the entire value of its activities. Though it is affected by the exogenous factors which influence stock prices, the index measures the highest or lowest confidence financial analysts and the financial community have in the profitability prospects and the capital strength of the company.

(in millions of euro)

	30.06.2008	1st half 2008	2007	2006	2005	2004	2003	2002
Market capitalisation	45,781	56,874	68,588	33,724	26,258	20,414	17,140	16,856
Shareholders' equity	50,562	51,060	51,558	17,435	15,337	15,328	14,521	14,061
Price / book value	**0.91**	**1.11**	**1.33**	**1.93**	**1.71**	**1.33**	**1.18**	**1.20**

Figures for the periods prior to 2007 refer to Gruppo Intesa and have not been restated to consider the merger. Average shareholders' equity for the years prior to 2005 has not been restated to consider IAS/IFRS.

Rating

In the first half of 2008 all ratings assigned to Intesa Sanpaolo remained unchanged with respect to the end of 2007.

	Rating Agency		
	Moody's	Standard & Poor's	Fitch
Short-term debt	P-1	A-1+	F1+
Long-term debt	Aa2	AA-	AA-
Outlook	Stable	Stable	Stable
Financial strength	B-	-	-
Individual	-	-	B
Support	-	-	1

Projections for the whole year

A gradual deceleration in bank intermediated funds is forecast for the remaining months of 2008, consistent with expectations of a deterioration in the economic situation. In particular, the rise in bank loans is expected to slow down further, not only as a result of the weak economic situation which hinders demand for consumption and investments, but also of a more prudent attitude by banks in granting loans, especially to companies. For these, the deceleration in demand for funds should be gradual, mostly with reference to long-term loans. In parallel, the evolution in loans to households is expected to be weak for the whole of 2008, despite the stimulus from offer policies aimed at expanding the customer base and the product range, in addition to possible legislative measures supporting the purchasing power of the income of subordinated labour.

Despite the general slowdown, direct customer deposits are expected to show a quite solid growth rate also in 2008. This trend is mostly attributable to investor risk-aversion which will favour low-risk, short-term instruments. Bond issues will continue to expand at considerable rates, also thanks to the continued substitution in investor portfolios of mutual funds and fund-invested individual portfolio management schemes with bank bonds.

As concerns asset management, a downward trend is again expected for this year, continuing that of 2006 and 2007. In particular, mutual funds, affected by the net outflow of funds in the first part of the year, should confirm the crisis of this market.

The income statement of banks should show quite contained rises in 2008, basically reflecting the contribution of net interest income and operating costs. In particular, interest margin, despite an evident slowdown, will continue to be the highest contributor to overall income growth, while income from services is projected as scarcely brilliant, reflecting increasing competition between intermediaries and the containment of commission flows and the weakness of asset management. For costs, the processes aimed at improving efficiency are expected to consolidate. As to adjustments and prudential provisions, in 2008 banks are expected to take a more prudent stance than in previous years, reflecting the rise in market and credit risks, due to the slowdown in the economy and the developments, still somewhat unpredictable, of the financial market crisis under way.

In the context outlined above, the evolution of banking activities in the second part of the year is also related to the risk of a more marked slowdown in the economic cycle and of a possible worsening in the financial crisis originated by subprime mortgages. As concerns the first aspect, bank operations could be affected by a further decline in demand for loans, both from households, due to the effect of the reduction in consumption and the fall in the real estate market, and from companies, due to the lower need to finance working capital and investments. In parallel, household deposits could grow, also driven by stock market trends. Such a development would lead to a decrease in bank intermediation, in particular on the markets, with repercussions on income from services. An exacerbation of the credit market crisis would also prolong liquidity tensions for European banks, through further increases in the already-high interbank and bond issue funding costs. This could determine a progressively more restrictive stance in credit-granting, with significant repercussions on economic activity and, consequently, on bank profitability.

For the Intesa Sanpaolo Group, 2008 is expected to be a difficult year, significantly affected by the risks intrinsic in the reference scenario, but also a year in which to reap benefits from the distinctive competencies of a bank which is a leader in Italy and has a European dimension with considerable capital soundness, high asset quality, an extensive and highly professional territorial presence, and a growing customer base thanks to the excellence reached in services offered. This year is also the second year of operations from the merger of the Intesa and Sanpaolo IMI groups, which will see the completion of most of the integration plans that modified the organisational structure, rationalising the scope of consolidation and optimising the cost structure.

Therefore, unless there are radical, and currently unforeseen, changes in the macroeconomic situation, the second half should mark a recovery in the trend of revenues, especially interest margin and profits on trading, to be connected to a more attentive pricing policy and a hopefully higher financial market

stability. Greater difficulties are expected in the defence of commission income, that will continue to be affected by the fall in asset management, as in the first half of the year.
This evolution in revenues, accompanied by the seasonal rise in the second half of costs, which should in any case be more contained than in the same period of the previous year, should lead to a positive trend in operating income and to an improvement with respect to the values achieved in the half-yearly report.
The Group's contained risk exposure, through prudential credit-granting policies and attentive customer monitoring, should limit negative impacts on the income statement.
Regarding the trends of balance sheet aggregates, lending and deposit collecting activities are expected to show a balanced growth. A net inflow is forecast in indirect customer deposits, confirming the shift of customer investment portfolios, which favour short-term and easier-to-liquidate products over asset management products.

The Management Board

28 August 2008

Certification of the condensed consolidated half-yearly financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned Corrado Passera (as Managing Director and CEO) and Ernesto Riva (as Manager responsible for preparing the Company's financial reports) of Intesa Sanpaolo, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:
   - the adequacy in relation to the Company features and
   - the actual application

   of the administrative and accounting procedures employed to draw up the condensed consolidated half-yearly financial statements, in the first half of 2008.

2. The verification of the adequacy and effective application of administrative and accounting procedures employed to draw up the condensed half-yearly financial statements as at 30 June 2008 was performed in a context of redefinition of the company processes and IT systems following the merger between Banca Intesa and SANPAOLO IMI and occurred on the basis of methodologies defined by Intesa Sanpaolo which are consistent with the COSO and, for the IT component, COBIT frameworks, which are the international commonly accepted models for internal control systems[1].

3. The undersigned also certify that the:

3.1 condensed consolidated half-yearly financial statements:
- have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation n. 1606/2002 of 19 July 2002;
- correspond to the results of the books and accounts;
- have been prepared according to IAS/IFRS issued by IASB, endorsed by the European Commission, and as such are suitable to provide a true and fair representation of the situation of the assets and liabilities, the economic and financial situation of the issuer and of the companies included in the consolidation;

3.2 The half-yearly report on operations contains indications of the more significant events in the first six months of the year and their impact on the condensed half-yearly financial statements, together with a description of the main risks and uncertainties faced in the remaining six months of the year as well as information on significant related party transactions.

28 August 2008

Corrado Passera	Ernesto Riva
Managing Director and CEO	Manager responsible for preparing the Company's financial reports

[1] The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The COBIT Framework - Control OBjectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

Independent Auditors' Report

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Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Intesa Sanpaolo S.p.A.

1. We have reviewed the interim condensed consolidated financial statements of Intesa Sanpaolo S.p.A. and its subsidiaries (the "Intesa Sanpaolo Group") as of June 30, 2008, comprising the balance sheet, the statements of income, changes in shareholders' equity and cash flows and the related explanatory notes. Management Board of Intesa Sanpaolo S.p.A. is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review consists primarily of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management and by applying analytical and other review procedures. A review does not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we express on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year, reference should be made to our audit report issued on March 27, 2008. As described in the explanatory notes, the comparative data of the interim consolidated financial statements of the corresponding period of the prior year, on which we issued our report on September 24, 2007, have been restated in conformity with International Financial Reporting Standards. Moreover, the explanatory notes include certain additional comparative financial information, restated to take into account changes in the consolidation area; we have not examined such financial information.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Intesa Sanpaolo S.p.A. as of June 30, 2008 are not prepared, in all material respects, in conformity with IAS 34.

Turin, August 29, 2008

Reconta Ernst & Young S.p.A.
Signed by: Guido Celona, partner

This report has been translated into the English language solely for the convenience of international readers

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Attachments

Reconciliation between reclassified financial statements and official financial statements

Reconciliation between the income statement and the figures restated according to IFRS 3 and IFRS 5

Table of significant equity investments in unlisted companies pursuant to art. 126 of Issuers Regulation 11971 of 14 May 1999

Reconciliation between reclassified financial statements and official financial statements

Reconciliation between the Intesa Sanpaolo Group's reclassified consolidated balance sheet and official consolidated balance sheet

(in millions of euro)

Captions of the reclassified consolidated balance sheet - Assets	Captions of the consolidated balance sheet - Assets	30.06.2008	31.12.2007 restated (*)
Financial assets held for trading		54,890	52,961
	Caption 20 - Financial assets held for trading	*54,890*	*52,759*
	Changes in the scope of consolidation (Carifirenze: 200 million euro; ISP Servizi Transaz.: 2 million euro)		*202*
Financial assets designated at fair value through profit and loss		20,915	21,699
	Caption 30 - Financial assets designated at fair value through profit and loss	*20,915*	*19,998*
	Changes in the scope of consolidation (Carifirenze: 1,703 million euro) and other changes		*1,701*
Financial assets available for sale		36,906	40,224
	Caption 40 - Financial assets available for sale	*36,906*	*36,914*
	Changes in the scope of consolidation (Carifirenze: 3,357 million euro) and other changes		*3,310*
Investments held to maturity		5,976	5,923
	Caption 50 - Investments held to maturity	*5,976*	*5,923*
Due from banks		71,130	66,836
	Caption 60 - Due from banks	*71,130*	*62,831*
	Changes in the scope of consolidation (Carifirenze: 1,252 million euro; ISP Servizi Transaz.: 2,608 million euro;		*4,005*
Loans to customers		374,376	356,372
	Caption 70 - Loans to customers	*374,376*	*335,273*
	Changes in the scope of consolidation (Carifirenze: 20,383 million euro; ISP Servizi Transaz.: 206 million euro;		*21,099*
Investments in associates and companies subject to joint control		3,326	3,229
	Caption 100 - Investments in associates and companies subject to joint control	*3,326*	*3,522*
	Changes in the scope of consolidation (Carifirenze: -293 million euro)		*-293*
Property, equipment and intangible assets		34,854	32,318
	Caption 120 - Property and equipment	*5,677*	*5,191*
	Caption 130 - Intangible assets	*29,177*	*25,714*
	Changes in the scope of consolidation (Carifirenze: 989 million euro; ISP Servizi Transaz.: 2 million euro; Pravex: 67 million euro) and other changes		*1,413*
Tax assets		4,172	3,829
	Caption 140 - Tax assets	*4,172*	*3,639*
	Changes in the scope of consolidation (Carifirenze: 188 million euro; ISP Servizi Transaz.: 2 million euro)		*190*
Non-current assets held for sale and discontinued operations		26	4,233
	Caption 150 - Non-current assets held for sale and discontinued operations	*26*	*4,222*
	Other changes		*11*
Other assets		21,130	17,685
	Caption 10 - Cash and cash equivalents	*3,154*	*3,463*
	+ Caption 160 - Other assets	*14,533*	*10,390*
	+ Caption 110 - Technical insurance reserves reassured with third parties	*32*	*34*
	+ Caption 80 - Hedging derivatives	*3,429*	*3,017*
	+ Caption 90 - Fair value change of financial assets in hedged portfolios	*-18*	*12*
	Changes in the scope of consolidation (Carifirenze: 704 million euro; ISP Servizi Transaz.: 8 million euro; Pravex: 57 million euro)		*769*
Total Assets	**Total Assets**	**627,701**	**605,309**

Captions of the reclassified consolidated balance sheet - Liabilities and Shareholders' Equity	Captions of the consolidated balance sheet - Liabilities and Shareholders' Equity	30.06.2008	31.12.2007 restated (*)
Due to banks		62,786	73,485
	Caption 10 - Due to banks	*62,786*	*67,688*
	Changes in the scope of consolidation (Carifirenze: 4,281 million euro; ISP Servizi Transaz.: 1,375 million euro;		*5,797*
Due to customers and securities issued		394,923	366,778
	Caption 20 - Due to customers	*222,722*	*206,592*
	+ Caption 30 - Securities issued	*172,201*	*139,891*
	Changes in the scope of consolidation (Carifirenze: 18,516 million euro; ISP Servizi Transaz.: 1,233 million euro;		*20,295*
Financial liabilities held for trading		29,840	24,673
	Caption 40 - Financial liabilities held for trading	*29,840*	*24,608*
	Changes in the scope of consolidation (Carifirenze: 56 million euro; ISP Servizi Transaz.: 9 million euro)		*65*
Financial liabilities designated at fair value through profit and loss		26,512	28,157
	Caption 50 - Financial liabilities designated at fair value through profit and loss	*26,512*	*27,270*
	Changes in the scope of consolidation (Carifirenze: 889 million euro) and other changes		*887*
Tax liabilities		3,750	3,887
	Caption 80 - Tax liabilities	*3,750*	*3,806*
	Changes in the scope of consolidation (Carifirenze: 70 million euro; ISP Servizi Transaz.: 4 million euro; Pravex: 7 million euro)		*81*
Liabilities associated with non-current *assets held for sale and discontinued operations*		17	3,265
	Caption 90 - Liabilities associated with non-current assets held for sale and discontinued operations	*17*	*3,265*
Other liabilities		29,929	21,461
	Caption 100 - Other liabilities	*27,269*	*17,951*
	+ Caption 60 - Hedging derivatives	*3,151*	*2,234*
	+ Caption 70 - Fair value change of financial liabilities in hedged portfolios	*-491*	*-4*
	Changes in the scope of consolidation (Carifirenze: 1,199 million euro; ISP Servizi Transaz.: 66 million euro; Pravex: 5 million euro) and other changes		*1,280*
Allowances for specific purpose		6,558	6,120
	Caption 110 - Employee termination indemnities	*1,603*	*1,488*
	Caption 120 - Allowances for risks and charges	*4,955*	*4,193*
	Changes in the scope of consolidation (Carifirenze: 439 million euro)		*439*
Technical reserves		21,783	23,464
	Caption 130 - Technical reserves	*21,783*	*21,571*
	Changes in the scope of consolidation (Carifirenze: 1,901 million euro) and other changes		*1,893*
Share capital		6,647	6,647
	Caption 190 - Share capital	*6,647*	*6,647*
Reserves (net of treasury shares)		41,109	36,962
	Caption 170 - Reserves	*8,021*	*5,712*
	Caption 180 - Share premium reserve	*33,102*	*33,457*
	– Caption 200 - Treasury shares	*-14*	*-2,207*
Valuation reserves		-299	699
	Caption 140 - Valuation reserves	*-299*	*699*
Minority interests		1,041	2,461
	Caption 210 - Minority interests	*1,041*	*791*
	Changes in the scope of consolidation (Carifirenze: 1,471 million euro; ISP Servizi Transaz.: 141 million euro;		*1,670*
Net income (loss)		3,105	7,250
	Caption 220 - Net income (loss)	*3,105*	*7,250*
Total Liabilities and Shareholders' Equity	**Total Liabilities and Shareholders' Equity**	**627,701**	**605,309**

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

Reconciliation between the Intesa Sanpaolo Group’s reclassified consolidated income statement and official consolidated income statement

(in millions of euro)

Captions of the reclassified consolidated income statement	Captions of the consolidated income statement	30.06.2008	30.06.2007 restated (*)
Net interest income		5,724	5,162
	Caption 30 - Interest margin	6,182	4,982
	- Caption 30 (partial) - Figurative cost for the funding of shares held for trading	44	62
	+ Caption 80 (partial) - Interest rate differentials on currency interest rate swap	-31	49
	+ Caption 90 - Fair value adjustments in hedge accounting	-11	19
	+ Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)	123	106
	+ Caption 180 a) (partial) - Personnel expenses (Time value employee termination indemnities)	-50	-42
	+ Caption 190 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)	-27	-22
	- Caption 30 (partial) - Interest margin (Effect of purchase cost allocation)	100	136
	- Caption 30 (partial) - Contribution of insurance business	-606	-479
	Changes in the scope of consolidation (Carifirenze: 340 million euro; ABA: 10 million euro; Eurizon Investimenti: 1 million euro)	-	351
Dividends		24	23
	Caption 70 - Dividend and similar income	509	629
	- Caption 70 (partial) - Contribution of insurance business	-102	-93
	– Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading	-383	-513
Profits (Losses) on investments carried at equity		71	133
	+ Caption 240 (partial) - Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	71	141
	Changes in the scope of consolidation (Eurizon Investimenti: -9 million euro) and other changes	-	-8
Net fee and commission income		3,137	3,341
	Caption 60 - Net fee and commission income	2,949	3,039
	- Caption 60 (partial) - Contribution of insurance business	188	123
	Changes in the scope of consolidation (Carifirenze: 124 million euro; Eurizon Investimenti: 54 million euro; ABA: 1 million euro)	-	179
Profits (Losses) on trading		284	801
	Caption 80 - Profits (Losses) on trading	-828	324
	+ Caption 100 b) - Profits (Losses) on disposal or repurchase of financial assets available for sale	27	42
	+ Caption 100 d) - Profits (Losses) on disposal or repurchase of financial liabilities	15	-16
	+ Caption 110 - Profits (Losses) on financial assets and liabilities designed at fair value	130	56
	+ Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading	383	513
	- Caption 80 (partial) - Interest rate differentials on currency interest rate swap	31	-49
	+ Caption 30 (partial) - Figurative cost for the funding of shares held for trading	-44	-62
	- Caption 100b (partial) Loss(es) on repurchase of financial liabilities (Effect of purchase cost allocation)	-1	6
	- Caption 80 (partial) - Contribution of insurance business	571	-44
	Changes in the scope of consolidation (Carifirenze: 20 million euro; Eurizon Investimenti: 11 million euro)	-	31
Income from insurance business		186	300
	+ Caption 150 - Net insurance premiums	955	892
	+ Caption 160 - Other net insurance income (expense)	-718	-1,122
	+ Caption 30 (partial) - Contribution of insurance business	606	479
	+ Caption 60 (partial) - Contribution of insurance business	-188	-123
	+ Caption 70 (partial) - Contribution of insurance business	102	137
	+ Caption 80 (partial) - Contribution of insurance business	-571	-
	Changes in the scope of consolidation (Carifirenze: 29 million euro) and other changes	-	37
Other operating income (expenses)		154	86
	Caption 220 - Other operating income (expenses)	172	73
	– Caption 220 (partial) - Other operating income (expenses) (Recovery of expenses and taxes and duties)	-18	-7
	Changes in the scope of consolidation (Carifirenze: 18 million euro; Eurizon Investimenti: 2 million euro)	-	20
Operating income		**9,580**	**9,846**
Personnel expenses		-2,889	-2,723
	Caption 180 a) - Personnel expenses	-3,347	-2,614
	– Caption 180 a) (partial) - Personnel expenses (merger and restructuring related charges)	402	52
	– Caption 180 a) (partial) - Personnel expenses (Time value employee termination indemnities and other captions)	50	42
	– Caption 180 a) (partial) - Personnel expenses (Effect of purchase cost allocation)	6	-
	Changes in the scope of consolidation (Carifirenze: -189 million euro; Eurizon Investimenti: -11 million euro; ABA: -3 million euro)	-	-203
Other administrative expenses		-1,544	-1,542
	Caption 180 b) - Other administrative expenses	-1,683	-1,516
	- Caption 180 b) (partial) - Other administrative expenses (merger and restructuring related charges)	121	71
	+ Caption 220 (partial) Other operating income (expenses) (Recovery of expenses and taxes and duties)	18	7
	Changes in the scope of consolidation (Carifirenze: -80 million euro; Eurizon Investimenti: -27 million euro) and other changes	-	-104
Adjustments to property, equipment and intangible assets		-385	-416
	Caption 200 - Net adjustments to/recoveries on property and equipment	-205	-211
	+ Caption 210 - Net adjustments to/recoveries on intangible assets	-491	-433
	– Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (merger and restructuring related charges)	5	-
	– Caption 210 (partial) - Adjustments to intangible assets (merger and restructuring related charges)	15	-
	– Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (impairment)	-	1
	– Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment)	1	-
	– Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (Effect of purchase cost allocation)	-18	-14
	– Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (Effect of purchase cost allocation)	308	262
	Changes in the scope of consolidation (Carifirenze: -19 million euro; Eurizon Investimenti: -1 million euro ABA: -1 million euro	-	-21
Operating costs		**-4,818**	**-4,681**
Operating margin		**4,762**	**5,165**
Net provisions for risks and charges		-77	-204
	Caption 190 - Net provisions for risks and charges	-104	-215
	– Caption 190 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)	27	22
	Changes in the scope of consolidation (Carifirenze: -8 million euro; Eurizon Investimenti: -3 million euro)	-	-11
Net adjustments to loans		-712	-702
	Caption 100 a) - Profits (Losses) on disposal or repurchase of loans	-19	-29
	+ Caption 130 a) - Net losses/recoveries on impairment of loans	-604	-573
	– Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)	-123	-106
	+ Caption 130 d) - Net losses/recoveries on impairment of other financial activities	39	17
	- Caption 130 d) - Net losses/recoveries on impairment of other financial activities	-18	10
	+ Caption 220 (partial) Other operating income (expenses) (Recovery of expenses)	-	-
	– Caption 100 a) (partial) - Profits (Losses) on purchase/disposal of loans (Effect of purchase cost allocation)	13	38
	Changes in the scope of consolidation (Carifirenze: -59 million euro)	-	-59
Net impairment losses on other assets		-11	-22
	Caption 130 b) - Net losses/recoveries on impairment of financial assets available for sale	-28	-11
	+ Caption 130 d) (partial) - Net losses/recoveries on impairment of other financial activities	18	-10
	+ Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (impairment)	-	-1
	+ Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment)	-1	-
Profits (Losses) on investments held to maturity and on other investments		297	45
	Caption 100 c) - Profits (Losses) on disposal or repurchase of investments held to maturity	-	-
	+ Caption 240 - Profits (Losses) on investments in associates and companies subject to joint control	366	176
	-- Caption 240 (partial) - Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	-71	-141
	+ Caption 270 - Profits (Losses) on disposal of investments	2	2
	– Caption 270 (partial) - Profits (Losses) on disposal of investments (Effect of purchase cost allocation)	-	6
	Changes in the scope of consolidation (Carifirenze: 2 million euro)	-	2
Income (Loss) before tax from continuing operations		**4,259**	**4,282**
Taxes on income from continuing operations		-1,310	-1,503
	Caption 290 - Taxes on income from continuing operations	-1,034	-1,198
	- Caption 290 (partial) - Taxes on income from continuing operations (merger and restructuring related charges)	-154	-43
	– Caption 290 (partial) - Taxes on income from continuing operations (Effect of purchase cost allocation)	-122	-161
	Changes in the scope of consolidation (Carifirenze: -77 million euro; Eurizon Investimenti: -13 million euro; ABA: -2 million euro) and other changes	-	-101
Effect of purchase cost allocation (net of tax)		-286	-273
	+ Caption 30 (partial) - Interest margin (Effect of purchase cost allocation)	-100	-136
	+ Caption 100b (partial) Loss(es) on repurchase of financial liabilities (Effect of purchase cost allocation)	1	-6
	+ Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (Effect of purchase cost allocation)	18	14
	+ Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (Effect of purchase cost allocation)	-308	-262
	+ Caption 100 a) (partial) - Profits (Losses) on disposal or repurchase of loans (Effect of purchase cost allocation)	-13	-38
	+ Caption 180 a) (partial) - Personnel expenses (Effect of purchase cost allocation)	-6	-
	+ Caption 270 (partial) - Profits (Losses) on disposal of investments (Effect of purchase cost allocation)	-	-6
	+ Caption 290 (partial) - Taxes on income from continuing operations (Effect of purchase cost allocation)	122	161
Merger and restructuring related charges (net of taxes)		-389	-80
	+ Caption 180 a) (partial) - Personnel expenses (merger and restructuring related charges)	-402	-52
	+ Caption 180 b) (partial) - Other administrative expenses (merger and restructuring related charges)	-121	-71
	+ Caption 200 (partial) - Net adjustments to property and equipment (merger and restructuring related charges)	-5	-
	+ Caption 210 (partial) - Net adjustments to intangible assets (merger and restructuring related charges)	-15	-
	+ Caption 290 (partial) - Taxes on income from continuing operations (merger and restructuring related charges)	154	43
Income (Loss) after tax from discontinued operations		925	3,038
	Caption 310 - Income (Loss) after tax from discontinued operations	925	3,037
	Other changes	-	1
Minority interests		-94	-178
	Caption 330 - Minority interests	-94	-64
	Changes in the scope of consolidation (Carifirenze: -104 million euro; Eurizon Investimenti: -4 million euro; ABA: -4 million euro) and other changes	-	-114
		-	-
Net income	**Caption 340 - Parent Company's net income (loss)**	**3,105**	**5,286**

(*) Figures restated on a consistent basis considering i) the changes in the scope of consolidation, ii) the definitive allocation of the purchase cost of the former Sanpaolo IMI Group and iii) the effects due to application of IFRS 5.

Reconciliation between the income statement and the figures restated according to IFRS 3 and IFRS 5

Reconciliation between the Intesa Sanpaolo Group's consolidated income statement as at 30 June 2007 and the figures restated according to IFRS 3 and IFRS 5

(in millions of euro)

	30.06.2007 published	Impact of IFRS 3 adoption	Impact of IFRS 5 adoption	30.06.2007
10. Interest and similar income	12,037	-132	-107	11,798
20. Interest and similar expense	-6,834	-4	22	-6,816
30. Interest margin	**5,203**	**-136**	**-85**	**4,982**
40. Fee and commission income	3,769	-	-57	3,712
50. Fee and commission expense	-673	-	-	-673
60. Net fee and commission income	**3,096**	**-**	**-57**	**3,039**
70. Dividend and similar income	629	-	-	629
80. Profits (Losses) on trading	324	-	-	324
90. Fair value adjustments in hedge accounting	19	-	-	19
100. Profits (Losses) on disposal or repurchase of	3	-6	-	-3
a) loans	*-29*	-	-	*-29*
b) financial assets available for sale	*42*	-	-	*42*
c) investments held to maturity	-	-	-	-
d) financial liabilities	*-10*	-6	-	*-16*
110. Profits (Losses) on financial assets and liabilities designated at fair value	56	-	-	56
120. Net interest and other banking income	**9,330**	**-142**	**-142**	**9,046**
130. Net losses / recoveries on impairment	-531	-38	2	-567
a) loans	*-537*	*-38*	*2*	*-573*
b) financial assets available for sale	*-11*	-	-	*-11*
c) investments held to maturity	-	-	-	-
d) other financial activities	*17*	-	-	*17*
140. Net income from banking activities	**8,799**	**-180**	**-140**	**8,479**
150. Net insurance premiums	892	-	-	892
160. Other net insurance income (expense)	-1,122	-	-	-1,122
170. Net income from banking and insurance activities	**8,569**	**-180**	**-140**	**8,249**
180. Administrative expenses	-4,216	-	86	-4,130
a) personnel expenses	*-2,659*	-	*45*	*-2,614*
b) other administrative expenses	*-1,557*	-	*41*	*-1,516*
190. Net provisions for risks and charges	-215	-	-	-215
200. Net adjustments to / recoveries on property and equipment	-225	14	-	-211
210. Net adjustments to / recoveries on intangible assets	-171	-262	-	-433
220. Other operating expenses (income)	73	-	-	73
230. Operating expenses	**-4,754**	**-248**	**86**	**-4,916**
240. Profits (Losses) on investments in associates and companies subject to joint control	176	-	-	176
250. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-
260. Goodwill impairment	-	-	-	-
270. Profits (Losses) on disposal of investments	8	-6	-	2
280. Income (Loss) before tax from continuing operations	**3,999**	**-434**	**-54**	**3,511**
290. Taxes on income from continuing operations	-1,382	161	23	-1,198
300. Income (Loss) after tax from continuing operations	**2,617**	**-273**	**-31**	**2,313**
Effect of purchase cost allocation (net of tax)	-200	200	-	-
310. Income (Loss) after tax from discontinued operations	3,006	-	31	3,037
320. Net income (loss)	**5,423**	**-73**	**-**	**5,350**
330. Minority interests	-64	-	-	-64
340. Parent Company's net income (loss)	**5,359**	**-73**	**-**	**5,286**

Table of significant equity investments in unlisted companies pursuant to art. 126 of Issuers Regulation 11971 of 14 May 1999

Table of significant equity investments in unlisted companies pursuant to art. 126 of Issuers Regulation 11971 of 14 May 1999

(List of equity investments in excess of 10% of the voting share capital in unlisted companies held directly and indirectly or for whatever reason)

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
21 Investimenti SpA	11.76		Intesa Sanpaolo	Holding
A.M.P. Srl		100.00	C.R. Pistoia e Pescia	Pledge
Accessible Luxury Holdings 1 SA	15.65		Intesa Sanpaolo	Holding
Adar Holding SpA	16.91		Intesa Sanpaolo	Pledge
Aeroporti Holding Srl		35.31	IMI Investimenti	Holding
Agricola del Varano Srl		26.58	C.R. Padova e Rovigo	Pledge
Agricola Investimenti Srl in liquidation	100.00		Intesa Sanpaolo	Holding
Agromedimurje D.D.		10.21	Medimurska Banka	Holding
AL.FA. - Un'altra Famiglia Dopo Di Noi - Impresa Sociale Srl	42.86		Intesa Sanpaolo	Holding
AL.GIO.FIN SpA	20.00		Intesa Sanpaolo	Pledge
Alfa-Ex Ingatlanhasznosito Es Forgalmazo Kft.		21.20	Central-European International Bank Ltd	Pledge
Alfieri Associates Investors Servicos de Consultoria SA	20.00		Intesa Sanpaolo	Holding
Allfunds Bank SA	50.00		Intesa Sanpaolo	Holding
Alpas Srl		100.00	C.R. Pistoia e Pescia	Pledge
Alpifin Srl in liquidation / composition with creditors		10.44	C.R. Friuli Venezia Giulia - Carifvg	Holding
Alstom Hrvatska D.O.O.		20.07	Invest Holding	Holding
American Bank Of Albania	79.59		Intesa Sanpaolo	Holding
Argol SpA	33.67		Intesa Sanpaolo	Pledge
Associazione Nazionale per L'enciclopedia della Banca e della Borsa	11.80		Intesa Sanpaolo	Holding
		0.35	Banca Fideuram	Holding
Asteimmobili,it SpA	13.28		Intesa Sanpaolo	Holding
Atlantis SA		81.25	Sudameris	Holding
		18.75	Intesa Sanpaolo Holding International	Holding
Aurum Toscana Srl		100.00	Banco di Napoli	Pledge
Autostrade Lombarde SpA	39.30		Intesa Sanpaolo	Holding
B.O.F. A.S.		70.00	Vseobecna Uverova Banka	Holding
B.O.F. Poist'ovaci Makler S.R.O.		100.00	B.O.F. A.S.	Holding
Bamcard D.D.		20.03	Upi Banka	Holding
Banca C.R. Firenze Romania SA		56.23	C.R. Firenze	Holding
BANCA C.I.S. SpA	44.63		Intesa Sanpaolo	Holding
		55.37	Mediocredito Italiano	Holding
Banca dell'ADRIATICO SpA	100.00		Intesa Sanpaolo	Holding
Banca di Trento e Bolzano SpA	8.29		Intesa Sanpaolo	Holding
		62.96	Finanziaria B.T.B	Holding
Banca d'Italia	30.35		Intesa Sanpaolo	Holding
		0.22	C.R. Ascoli Piceno	Holding
		0.08	C.R. Viterbo	Holding
		0.11	C.R. Foligno	Holding
		0.15	C.R. Terni e Narni	Holding
		0.03	Carifano - C.R. Fano	Holding
		0.08	C.R. Citta' di Castello	Holding
		0.03	C.R. Spoleto	Holding
		0.62	C.R. Friuli Venezia Giulia - Carifvg	Holding
		0.88	C.R. Venezia	Holding
		0.20	C.R. Forli' e Romagna - Cariromagna	Holding
		1.20	C.R. Padova e Rovigo	Holding
		6.20	C.R. Bologna	Holding
		1.89	C.R. Firenze	Holding
		0.04	C.R. Civitavecchia	Holding
		0.08	C.R. Orvieto	Holding
		0.09	Cassa di Risparmio della Spezia	Holding
		0.38	C.R. Pistoia e Pescia	Holding
Banca Fideuram SpA	100.00		Intesa Sanpaolo	Holding
Banca IMI SpA	100.00		Intesa Sanpaolo	Holding
Banca IMI Securities Corp.		100.00	IMI Capital Markets Usa Corp.	Holding
Banca Impresa Lazio SpA	12.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Banca Infrastrutture Innovazione e Sviluppo SpA (former Bca Intesa Infrastrutt. e Svil.)	100.00		Intesa Sanpaolo	Holding
Banca Intesa (France) SA	100.00		Intesa Sanpaolo	Holding
Banca Intesa A.D. Beograd	15.21		Intesa Sanpaolo	Holding
		77.79	Intesa Sanpaolo Holding International	Holding
Banca Prossima SpA	100.00		Intesa Sanpaolo	Holding
Banco di Napoli SpA	100.00		Intesa Sanpaolo	Holding
Bank of Alexandria	80.00		Intesa Sanpaolo	Holding
Banka Koper D.D.	91.56		Intesa Sanpaolo	Holding
Banque Espirito Santo et de la Venetie SA	18.00		Intesa Sanpaolo	Holding
Banque Galliere Sa in liquidation		17.50	C.R. Bologna	Holding
Banque Privee Fideuram Wargny SA		99.95	Financiere Fideuram	Holding
Bci U.S. Funding Llc I	100.00		Intesa Sanpaolo	Holding
Bci U.S. Funding Llc Ii	100.00		Intesa Sanpaolo	Holding
Bci U.S. Funding Llc Iii	100.00		Intesa Sanpaolo	Holding
Beato Edoardo Materiali Ferrosi Srl		50.00	C.R. Padova e Rovigo	Pledge
		50.00	C.R. Venezia	Pledge
Belisce D.D.		13.41	Privredna Banka Zagreb	Holding
Bi Private Equity Ltd		100.00	Private Equity International	Holding
Biessefin SpA in liquidation	36.10		Intesa Sanpaolo	Pledge
Binda SpA in liquidation	11.25		Intesa Sanpaolo	Holding
	0.20		Intesa Sanpaolo	Pledge
		ns	Cormano	Holding
		0.01	C.R. Forli' e Romagna - Cariromagna	Pledge
		0.01	Banco Di Napoli	Pledge
		0.01	Banca IMI	Holding
		0.01	C.R. Firenze	Pledge
Blue Gem Luxembourg 1 Sar.L.		50.00	Eurizon Vita	Holding
Bn Finrete SpA in liquidation	99.00		Intesa Sanpaolo	Holding
Bosna Reosiguranje D.D.		14.63	Upi Banka	Holding
Business Incubator Beocin D.O.O. for Services, Mediation and Development of S/M Entreprises		11.11	Banca Intesa A.D. - Beograd	Holding
C D I Calitri Denim Industries SpA under bankruptcy procedures		14.29	Isveimer	Holding
Cala Capitana Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Calit Srl (former Intesa Sec. Npl 2 Srl)	100.00		Intesa Sanpaolo	Holding
Camigliati Scuola Management Territoriale S.C.R.L.		20.00	Intesa Formazione	Holding
Cantiere Celli Srl		80.00	C.R. Venezia	Pledge
Cantiere Darsena Italia SpA in liquidation and composition with creditors	20.00		Intesa Sanpaolo	Holding
Caprera Srl	100.00		Intesa Sanpaolo	Pledge
Carifano - Cassa di Risparmio di Fano SpA	56.63		Intesa Sanpaolo (46.63% in Ord. Shareholders' Meeting)	Pledge
		30.00	Casse del Centro	Holding
		0.37	C.R. Foligno	Pledge
Cartitalia Srl under bankruptcy procedures		51.00	Cormano	Holding
Cassa dei Risparmi di Forli' e della Romagna SpA - Cariromagna	68.92		Intesa Sanpaolo	Holding
Cassa di Risparmio del Friuli Venezia Giulia SpA - Carifvg	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio della Provincia di Chieti SpA	20.00		Intesa Sanpaolo	Holding
Cassa di Risparmio della Provincia di Viterbo SpA		82.02	Casse del Centro	Holding
		0.06	C.R. Rieti	Holding
Cassa di Risparmio della Provincia di Viterbo SpA		0.01	C.R. Citta' Di Castello	Holding
Cassa di Risparmio della Spezia SpA		80.00	C.R. Firenze	Holding
Cassa di Risparmio di Ascoli Piceno SpA		66.00	Casse del Centro	Holding
Cassa di Risparmio di Citta' Di Castello SpA		82.19	Casse del Centro	Holding
Cassa di Risparmio di Civitavecchia SpA		51.00	C.R. Firenze	Holding
Cassa di Risparmio di Fermo SpA	33.33		Intesa Sanpaolo	Holding
Cassa di Risparmio di Firenze SpA	89.71		Intesa Sanpaolo	Holding
Cassa di Risparmio di Foligno SpA		70.47	Casse del Centro	Holding
Cassa di Risparmio di Orvieto SpA		73.57	C.R. Firenze	Holding
Cassa di Risparmio di Padova e Rovigo SpA	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio di Pistoia e Pescia SpA		60.00	C.R. Firenze	Holding
Cassa di Risparmio di Rieti SpA		85.00	Casse del Centro	Holding
Cassa di Risparmio di Spoleto SpA		60.13	Casse del Centro (64.95% on ord. shares)	Holding
Cassa di Risparmio di Terni e Narni SpA		75.00	Casse del Centro	Holding
Cassa di Risparmio di Venezia SpA	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio in Bologna SpA	100.00		Intesa Sanpaolo	Holding
Casse del Centro SpA (former Intesa Casse del Centro SpA)	96.07		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Ce.Spe.Vi. Srl - Centro di Sperimentazione per il Vivaismo		20.00	C.R. Pistoia e Pescia	Holding
Cedar Street Securities Corp.		100.00	Banca IMI Securities Corp.	Holding
Celeasing Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Cen.Ser. Centro Servizi SpA		11.76	C.R. Padova e Rovigo	Holding
Centradia Group Ltd in liquidation	30.45		Intesa Sanpaolo	Holding
Central-European International Bank Ltd	10.90		Intesa Sanpaolo	Holding
		89.10	Intesa Sanpaolo Holding International	Holding
Centrale dei Bilanci - Srl	24.26		Intesa Sanpaolo	Holding
		0.15	Banca C.I.S.	Holding
		0.25	C.R. Firenze	Holding
Centro Factoring SpA	10.81		Intesa Sanpaolo	Holding
		0.11	C.R. Forli' e Romagna - Cariromagna	Holding
		0.12	Carifano - C.R. Fano	Holding
		41.77	C.R. Firenze	Holding
		5.73	C.R. Pistoia e Pescia	Holding
		0.03	C.R. Orvieto	Holding
		0.16	Cassa di Risparmio della Spezia	Holding
		14.95	Centro Leasing Banca	Holding
Centro Leasing Banca SpA		77.49	C.R. Firenze	Holding
		7.09	C.R. Pistoia e Pescia	Holding
		0.93	C.R. Orvieto	Holding
		0.79	Cassa di Risparmio della Spezia	Holding
		0.56	C.R. Civitavecchia	Holding
		0.04	C.R. Forli' e Romagna - Cariromagna	Holding
Centro Leasing Gmbh		100.00	Centro Leasing Banca	Holding
Centro Leasing Rete SpA		100.00	Centro Leasing Banca	Holding
Centrovita Assicurazioni SpA		43.00	C.R. Firenze	Holding
		8.00	C.R. Pistoia e Pescia	Holding
Centurion Financijske Usluge D.O.O. (also Centurion Financial Services Ltd)		100.00	Pbz Card	Holding
Centurion Financne Storitve D.O.O.		75.00	Banka Koper	Holding
		25.00	Pbz Card	Holding
Chess Ventures Ltd	49.75		Intesa Sanpaolo	Holding
China International Packaging Leasing Co. Ltd (Leasepack)		17.50	Intesa Sanpaolo Holding International	Holding
Cib Car Trading Limited Liability Company		100.00	Cib Credit	Holding
Cib Credit Ltd		2.00	Cib Real Estate	Holding
		98.00	Cib Leasing	Holding
Cib Expert Ltd		100.00	Cib Real Estate	Holding
Cib Factor Financial Service Ltd		50.00	Cib Service Property Utilisation And Services Ltd	Holding
		50.00	Cib Real Property Utilisation And Services	Holding
Cib Insurance Broker Ltd		100.00	Cib Leasing	Holding
Cib Inventory Management Limited Liability Company		100.00	Central-European International Bank	Holding
Cib Investment Fund Management Ltd		5.03	Cib Real Property Utilisation And Services	Holding
		94.98	Central-European International Bank	Holding
Cib Leasing Ltd		100.00	Cib Rent Operative Leasing	Holding
Cib Real Estate Ltd		100.00	Cib Leasing	Holding
Cib Real Property Utilisation and Services Ltd		74.00	Cib Service Property Utilisation And Services	Holding
		26.00	Central-European International Bank	Holding
Cib Rent Operative Leasing Ltd		100.00	Central-European International Bank	Holding
Cib Residential Property Leasing Ltd		100.00	Cib Credit	Holding
Cib Service Property Utilisation and Services Ltd		100.00	Central-European International Bank	Holding
Cil-Food 2006 Ltd		50.00	Cib Leasing	Holding
		50.00	Cib Real Estate	Holding
Cil Bajor Co. Ltd		50.00	Cib Insurance Broker	Holding
		50.00	Cib Real Estate	Holding
Cil Danubius Co. Ltd		50.00	Cib Insurance Broker	Holding
		50.00	Cib Real Estate	Holding
Cil Mnm Ltd		96.67	Cib Real Estate	Holding
Cil Nagyteteny Ltd		50.00	Cib Leasing	Holding
		50.00	Cib Real Estate	Holding
Cil Vaci ut Property Utilisation Limited Liability Company		50.00	Cib Insurance Broker	Holding
		50.00	Cib Real Estate	Holding
Cil-Log Ltd		50.00	Cib Leasing	Holding
		50.00	Cib Real Estate	Holding
Cimos International D.D.		13.56	Banka Koper	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Citylife SpA		60.00	C.R. Firenze	Holding
		40.00	Infogroup - Informatica e Servizi Telematici	Holding
Cofragef Sa - Compagnie Francaise de Gestion Financiere in liquidation		99.76	Banca Intesa (France)	Holding
Collegamento Ferroviario Genova-Milano SpA		20.00	Banca Intesa Infrastrutture e Sviluppo	Holding
Cometa Srl		100.00	C.R. Bologna	Pledge
Consorzio per gli studi universitari a uistanza "F. Corongiu"		33.33	Banca C.I.S.	Holding
Consorzio Aeroporto Foligno-Spoleto		12.50	C.R. Foligno	Holding
Consorzio Agrario Interprovinciale Forli'- Cesena E Rimini Scrl		10.39	C.R. Forli' e Romagna - Cariromagna	Holding
Consorzio Bancario Sir SpA in liquidation	32.86		Intesa Sanpaolo	Holding
		5.63	Banca C.I.S.	Holding
		ns	Banca Di Trento e Bolzano	Holding
		0.69	Isveimer	Holding
Consorzio Triveneto SpA	15.00		Intesa Sanpaolo	Holding
Consul Service Srl in liquidation		98.41	Banca C.I.S.	Holding
Consumer Finance Holding A.S.		100.00	Vseobecna Uverova Banka A.S.	Holding
Consumer Financial Services Srl - Cfs		100.00	Neos Banca	Holding
Cormano Srl	70.82		Intesa Sanpaolo	Holding
		6.40	C.R. Bologna	Holding
Cosecon SpA		10.00	C.R. Padova e Rovigo	Holding
Cotonificio Bresciano Ottolini - C.B.O. Srl in liquidation	97.58		Intesa Sanpaolo	Holding
Cr Firenze Gestion Internationale SA	20.00		Intesa Sanpaolo	Holding
		80.00	C.R. Firenze	Holding
Domina Group SpA in liquid./under bankruptcy procedures	98.61		Intesa Sanpaolo	Pledge
Dulevo SpA under bankruptcy procedures	16.30		Intesa Sanpaolo	Holding
	81.91		Intesa Sanpaolo	Pledge
Edilmarket Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Edm Srl under bankruptcy procedures		25.00	C.R. Spoleto	Pledge
Eleven SpA	100.00		Intesa Sanpaolo	Pledge
Emerald Uk Limited Partnership	11.14		Intesa Sanpaolo	Holding
		7.43	IMI Investimenti	Holding
Emil Europe '92 Srl in liquidation		93.48	C.R. Bologna	Holding
Emporium Srl		51.27	C.R. Padova e Rovigo	Pledge
Endeavour Holdings Srl		10.73	Private Equity International Sa	Holding
Enerpoint Energy Srl		50.00	Equiter	Holding
Enerpoint SpA		20.00	Equiter	Holding
Ente Nazionale delle Sementi Elette	49.41		Intesa Sanpaolo	Holding
		7.85	C.R. Bologna	Holding
Epsilon Associati SGR SpA		93.75	Eurizon Capital SGR	Holding
Equinox Investment Company S.C.P.A.		28.98	Private Equity International Sa	Holding
Equipe Investments SpA		100.00	C.R. Padova e Rovigo	Pledge
Equiter SpA (former Fin.Opi SpA - Finanziaria per le Opere Pubbliche e le Infrastrutture)	100.00		Intesa Sanpaolo	Holding
Equitypar-Companhia de Partecipacoes Sa		12.50	Intesa Brasil Empreendimentos	Holding
Erfi 2000 Ingatlan Kft		100.00	Cib Service Property Utilisation And Services	Holding
Erre-Effe-Ti SpA	100.00		Intesa Sanpaolo	Pledge
Esaote SpA (former Imaging SpA)	37.95		Intesa Sanpaolo	Holding
		19.99	IMI Investimenti	Holding
Esped Spedizioni Srl in liquidation		29.80	C.R. Padova e Rovigo	Pledge
Eurizon A.I. SGR SpA (former Caam A.I. SGR)	10.00		Intesa Sanpaolo	Holding
		90.00	Eurizon Capital SGR	Holding
Eurizon Alternative Investments SGR SpA		100.00	Eurizon Capital SGR	Holding
Eurizon Capital SA		100.00	Eurizon Capital SGR	Holding
Eurizon Capital SGR SpA	100.00		Intesa Sanpaolo	Holding
Eurizon Investimenti SGR SpA (former Caam SGR)	100.00		Intesa Sanpaolo	Holding
Eurizon Vita SpA	99.96		Intesa Sanpaolo	Holding
Eurizonlife Limited		100.00	Eurizon Vita	Holding
Eurizontutela SpA		100.00	Eurizon Vita	Holding
Euro-Tresorerie		100.00	Financiere Fideuram	Holding
Euromilano SpA	37.50		Intesa Sanpaolo	Holding
Europay Hrvatska D.O.O. in liquidation		12.50	Privredna Banka Zagreb	Holding
Europrogetti e Finanza SpA	15.97		Intesa Sanpaolo	Holding
Evoluzione 94 SpA in liquidation	24.10		Intesa Sanpaolo	Holding
		2.55	C.R. Bologna	Holding
		1.97	C.R. Friuli Venezia Giulia - Carifvg	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
F.I.L.A. Fabbrica Italiana Lapis ed Affini SpA	24.75	0.00	Intesa Sanpaolo	Holding
F2i - Fondi Italiani per le Infrastrutture SGR SpA		14.29	Banca Infrastrutture Innovazione e Sviluppo	Holding
Femi SpA		100.00	C.R. Bologna	Pledge
Fides SpA under bankruptcy procedures		20.00	Isveimer	Holding
Fideuram Asset Management (Ireland) Ltd		100.00	Banca Fideuram	Holding
Fideuram Bank (Suisse) SA		99.97	Fideuram Bank Luxembourg	Holding
Fideuram Bank Luxembourg SA		100.00	Banca Fideuram	Holding
Fideuram Fiduciaria SpA		100.00	Banca Fideuram	Holding
Fideuram Gestions SA		99.94	Banca Fideuram	Holding
		0.06	Eurizon Vita	Holding
Fideuram Investimenti SGR SpA		99.50	Banca Fideuram	Holding
Fideuram Wargny Gestion SAM		99.96	Fideuram Bank Luxembourg	Holding
Fidi Toscana SpA	0.23		Intesa Sanpaolo	Holding
		8.88	C.R. Firenze	Holding
		1.58	C.R. Pistoia e Pescia	Holding
Fidia-Fondo Interbancario d'investim. Az. SGR SpA	25.00		Intesa Sanpaolo	Holding
Fin.Ser. SpA		15.00	C.R. Padova e Rovigo	Holding
Fin.Tess. SpA under bankruptcy procedures		98.00	C.R. Padova e Rovigo	Pledge
Financiere Fideuram SA		100.00	Banca Fideuram	Holding
Finanziaria B.T.B SpA	99.29		Intesa Sanpaolo	Holding
Finanziaria Lago SpA	12.50		Intesa Sanpaolo	Holding
Finbox Srl		49.00	IMI Investimenti	Holding
Findomestic Banca SpA		47.17	C.R. Firenze	Holding
		2.83	C.R. Pistoia e Pescia	Holding
Fineurop SpA	15.00	0.00	Intesa Sanpaolo	Holding
Finor Leasing D.O.O.		100.00	Banka Koper D.D.	Holding
Finsimpla SpA	100.00		Intesa Sanpaolo	Pledge
Fonti di Gaverina SpA	60.64		Intesa Sanpaolo	Pledge
Formula Sport Group Srl in liquidation	52.00		Intesa Sanpaolo	Pledge
Garibaldi Srl	100.00		Intesa Sanpaolo	Pledge
Ge.Fi.L. - Gestione Fiscalita' Locale SpA		100.00	Cassa di Risparmio della Spezia	Holding
Ge.I.Po. Srl	90.00		Intesa Sanpaolo	Pledge
Geni SpA under bankruptcy procedures	35.91		Intesa Sanpaolo	Holding
Gepafin SpA-Garanzie Partecipazioni e Finanziamenti		8.26	C.R. Spoleto	Holding
		1.33	C.R. Citta' Di Castello	Holding
		7.33	C.R. Foligno	Holding
		7.73	C.R. Terni e Narni	Holding
		0.40	C.R. Firenze	Holding
		0.84	C.R. Orvieto	Holding
Gestiones Y Recuperaciones de Activos Sa		99.94	Inversiones Mobiliarias	Holding
Goglio Luigi Milano SpA		16.07	IMI Investimenti	Holding
Granarolo SpA	19.78		Intesa Sanpaolo	Holding
Green Initiative Carbon Assets (Gica) Sa		25.00	Equiter	Holding
Grin Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Guinness Peat Aviation Atr Ltd		12.50	Intesa Sanpaolo Bank Ireland	Holding
H.I.I.T. Holding Italiana Investimenti Tecnologici SpA	100.00		Intesa Sanpaolo	Pledge
Horizonte Club Italia Srl		100.00	Banco Di Napoli	Pledge
Hrok - Hrvatsky Registar Obveza Po Kreditima D.O.O. Za Poslovne Usluge		14.00	Privredna Banka Zagreb	Holding
I.G.V. SpA	100.00		Intesa Sanpaolo	Pledge
I.Tre - Iniziative Immobiliari Industriali SpA		20.00	C.R. Padova e Rovigo	Holding
Iam Piaggio SpA in extraordinary administration	16.58		Intesa Sanpaolo	Holding
		3.86	Banca Fideuram	Holding
Idra Partecipazioni SpA in liquidation	23.82		Intesa Sanpaolo	Holding
		14.80	Ldv Holding	Holding
Ie-New York Broker Rt.		100.00	Central-European International Bank	Holding
Ie-Services Szolgaltato es Kereskedelmi Kft.		100.00	Central-European International Bank	Holding
Ifas Gruppo SpA in liquidation	45.00		Intesa Sanpaolo	Holding
Il Mondo dei Fiori Srl	100.00		Intesa Sanpaolo	Pledge
IMI Bank A.G. in liquidation		100.00	Sanpaolo Bank	Holding
IMI Capital Markets Usa Corp.		100.00	IMI Investments	Holding
IMI Finance Luxembourg SA		100.00	IMI Investments	Holding
IMI Investimenti SpA	100.00		Intesa Sanpaolo	Holding
IMI Investments SA		100.00	Banca IMI	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Imifin SpA in liquidation	100.00		Intesa Sanpaolo	Holding
Immit - Immobili Italiani SpA (former Nuova Real Estate SpA)	100.00		Intesa Sanpaolo	Holding
Immobiliare 21 Srl	100.00		Intesa Sanpaolo	Holding
Immobiliare Bella Riva Srl	100.00		Intesa Sanpaolo	Holding
Immobiliare Femar SpA in liquidation		38.57	C.R. Padova e Rovigo	Pledge
Immobiliare Nettuno SpA		100.00	C.R. Bologna	Holding
Immobiliare Novoli SpA		25.00	C.R. Firenze	Holding
Immobiliare Nuova Sede Srl		100.00	C.R. Firenze	Holding
Immobiliare Peonia Rosa Srl	57.00		Intesa Sanpaolo	Pledge
Imp Industria Meccanica di Precisione Srl	100.00		Intesa Sanpaolo	Pledge
Impianti Srl in liquidation	26.27		Intesa Sanpaolo	Holding
		1.69	Banca Di Trento e Bolzano	Holding
		5.25	Isveimer	Holding
Impresa Castelli Srl in liquidation	36.60		Intesa Sanpaolo	Pledge
Infogroup SpA - Informatica e Servizi Telematici		94.00	C.R. Firenze	Holding
		4.00	C.R. Pistoia e Pescia	Holding
		1.00	C.R. Civitavecchia	Holding
		1.00	C.R. Orvieto	Holding
Informatica Umbra Srl		8.33	C.R. Foligno	Holding
		8.33	C.R. Spoleto	Holding
Infragruppo SpA		21.71	IMI Investimenti	Holding
		51.24	C.R. Padova e Rovigo	Pledge
Iniziative Urbane SpA		11.11	Banca Di Trento e Bolzano	Holding
Integrated Shipping Company - I.S.Co. SpA	100.00		Intesa Sanpaolo	Pledge
Inter-Europa Beruhazo Kft.		100.00	Central-European International Bank	Holding
Inter-Europa Ertekesitesi Kft.		100.00	Central-European International Bank	Holding
Interhold Srl	100.00		Intesa Sanpaolo	Pledge
Interline Turismo Club Srl	100.00		Intesa Sanpaolo	Pledge
International Business Science Company Soc. Cons. A R.L. - I.B.S.C.		18.18	C.R. Friuli Venezia Giulia - Carifvg	Holding
International Entertainment SpA	50.00		Intesa Sanpaolo	Holding
Interporto di Vado Intermodal Operator Soc. Cons. per Azioni	98.49		Intesa Sanpaolo	Pledge
Intesa Bank Ireland Plc (in Voluntary Liquidation)	100.00		Intesa Sanpaolo	Holding
Intesa Bank Overseas Ltd	100.00		Intesa Sanpaolo	Holding
Intesa Brasil Empreendimentos SA	100.00		Intesa Sanpaolo	Holding
Intesa Distribution International Services SA		0.03	Societe' Europeenne De Banque	Holding
		99.97	Intesa Distribution Services	Holding
Intesa Distribution Services Srl	100.00		Intesa Sanpaolo	Holding
Intesa Funding Llc	100.00		Intesa Sanpaolo	Holding
Intesa Global Finance Company Ltd		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Investimenti SpA	100.00		Intesa Sanpaolo	Holding
Intesa Lease Sec Srl	60.00		Intesa Sanpaolo	Holding
Intesa Leasing D.O.O. Beograd		51.00	Banca Intesa A.D. - Beograd	Holding
		49.00	Cib Leasing	Holding
Intesa Preferred Capital Company Llc	100.00		Intesa Sanpaolo	Holding
Intesa Previdenza - Sim SpA	78.53		Intesa Sanpaolo	Holding
Intesa Real Estate Srl	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Bank Ireland Plc	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Eurodesk Sprl (former Cbe Service)	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Formazione S.C.P.A.	80.00		Intesa Sanpaolo	Holding
		20.00	Casse del Centro	Holding
Intesa Sanpaolo Holding International Sa	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Private Banking SpA	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Romania Sa (former Bca Comerciala Sanpaolo IMI Bank Romania Sa)	99.25		Intesa Sanpaolo	Holding
Intesa Sanpaolo Servizi Transazionali SpA (former Mps Finance Banca Mobiliare)	100.00		Intesa Sanpaolo	Holding
Intesa Sec. SpA	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 2 Srl	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 3 Srl	60.00		Intesa Sanpaolo	Holding
Intesa Sec. Npl SpA	60.00		Intesa Sanpaolo	Holding
Intesa Soditic Trade Finance Limited		50.00	Intesa Sanpaolo Holding International	Holding
Intesa Vita SpA	50.00		Intesa Sanpaolo (44.44% in Ord. Shareholders' Meeting)	Holding
Intesabci Preferred Capital Company Llc Iii Delaware	100.00		Intesa Sanpaolo	Holding
Intesabci Preferred Securities Investor Trust		100.00	Intesabci Preferred Capital Company Llc Iii Delaware	Holding
Intesatrade S.I.M. SpA	100.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Inversiones Mobiliarias Sa "Imsa"	99.82		Intesa Sanpaolo	Holding
Invest Holding D.O.O. Karlovak		56.38	Privredna Banka Zagreb	Holding
Investitori Associati Sa in liquidation	16.67		Intesa Sanpaolo	Holding
Ion Investment Fund 1 Ltd	20.00		Intesa Sanpaolo	Holding
Ipef Partners Ltd in liquidation - London	40.50		Intesa Sanpaolo	Holding
Isc Euroservice Gmbh in liquidation	80.00		Intesa Sanpaolo	Holding
Iscaim Srl in liquidation (former Immob. dell'isola Cattaneo & C.)	48.57		Intesa Sanpaolo	Pledge
Isp Cb Ipotecario Srl	100.00		Intesa Sanpaolo	Holding
Isp Cb Pubblico Srl	60.00		Intesa Sanpaolo	Holding
Isp Sec. 4 Srl	100.00		Intesa Sanpaolo	Holding
Istituto per il Credito Sportivo	10.81		Intesa Sanpaolo	Holding
Isveimer SpA in liquidation	65.47		Intesa Sanpaolo	Holding
		0.04	C.R. Ascoli Piceno	Holding
Italfondiario SpA	11.25		Intesa Sanpaolo	Holding
Italia Generali Costruzioni Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Italian Equity Advisors SpA under bankruptcy procedures	17.16		Intesa Sanpaolo	Pledge
Ittica Ugento SpA under bankruptcy procedures		26.96	Banco Di Napoli	Pledge
Kish Receivables Co.		20.83	Tobuk	Holding
Kmb-Leasing (Closed Joint Stock Company)		100.00	Kmb Bank-Small Business Credit Bank	Holding
Kmb Bank-Small Business Credit Bank (Closed Joint Stock Company)		75.00	Intesa Sanpaolo Holding International	Holding
La Compagnia Finanziaria SpA	10.28		Intesa Sanpaolo	Holding
Lauro Ventuno SpA	15.00		Intesa Sanpaolo	Holding
Laviosa Minerals SpA		14.08	C.R. Firenze	Pledge
Ldv Holding B.V.		100.00	IMI Investimenti	Holding
Leasint SpA (former Intesa Leasing SpA)		100.00	Mediocredito Italiano	Holding
Leiballi Carni SpA		33.33	C.R. Padova e Rovigo	Pledge
Lelle Spc - Real Estate Investment and Trading Co.		99.96	Cib Real Estate	Holding
		0.04	Cib Insurance Broker	Holding
Leonardo Technology SpA	25.00		Intesa Sanpaolo	Holding
Lima Sudameris Holding Sa in liquidation	52.87		Intesa Sanpaolo	Holding
		47.13	Inversiones Mobiliarias	Holding
Lux Gest Asset Management SA		100.00	Societe' Europeenne De Banque	Holding
Luxi Privilege Conseil SA		50.00	Societe' Europeenne De Banque	Holding
M V Agusta Motor SpA	46.94		Intesa Sanpaolo	Pledge
Macrifin SpA	95.56		Intesa Sanpaolo	Pledge
Mandarin Capital Management SA		20.00	Private Equity International	Holding
Mandarin Capital Partners (Sca) Sicar		20.60	Private Equity International	Holding
Marche Capital SpA	11.99		Intesa Sanpaolo	Holding
Marco Holding Srl	100.00		Intesa Sanpaolo	Pledge
Margit Business Center Limited Liability Company		100.00	Central-European International Bank	Holding
Marina Fiorita SpA		92.22	C.R. Venezia	Pledge
Mater-Bi SpA	34.48		Intesa Sanpaolo	Holding
Mecaer Meccanica Aereonautica SpA		16.42	IMI Investimenti	Holding
Medimurska Banka D.D.		96.39	Privredna Banka Zagreb	Holding
Medinvest Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Mediocredito Italiano SpA (former Banca Intesa Mediocredito SpA)	100.00		Intesa Sanpaolo	Holding
Mediofactoring SpA (former Intesa Mediofactoring SpA)	100.00		Intesa Sanpaolo	Holding
Mega International SpA in composition with creditors		48.00	Neos Banca	Holding
Menhir Llp		14.60	Private Equity International	Holding
Merloni Termosanitari SpA	6.05		Intesa Sanpaolo	Holding
		7.42	IMI Investimenti	Holding
Mezzanove Capital (Sca) Sicar		26.84	Private Equity International	Holding
Mezzanove Capital Management S.À.R.L.		47.00	Private Equity International	Holding
Mirano Costruzioni Srl in liquidation		100.00	C.R. Venezia	Pledge
Misr Alexandria for Financial Investments Co.		25.00	Bank Of Alexandria	Holding
Misr Financial Investments Co.		17.70	Bank Of Alexandria	Pledge
Misr International Towers Co.		27.86	Bank Of Alexandria	Holding
Montalbano Technology SpA	13.64		Intesa Sanpaolo	Pledge
Monte Mario 2000 Srl		47.50	Intesa Real Estate	Holding
Myremi Srl		100.00	Banco Di Napoli	Holding
N.H. Italia Srl	42.75		Intesa Sanpaolo	Holding
Naga 008 SpA	100.00		Intesa Sanpaolo	Pledge
Napredak Osiguranje D.D. in liquidation		19.05	Upi Banka	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Neos Banca SpA	100.00		Intesa Sanpaolo	Pledge
Neos Finance SpA		100.00	Neos Banca	Holding
Netsystem.Com SpA	35.74		Intesa Sanpaolo	Holding
Network Impresa SpA		18.95	C.R. Padova e Rovigo	Pledge
Newcosmit SpA	51.00		Intesa Sanpaolo	Holding
Nhs Investments SA		100.00	IMI Investimenti	Holding
Nicotra SpA	100.00		Intesa Sanpaolo	Holding
Noverca Italia Srl	34.00		Intesa Sanpaolo	Pledge
Nuova Cartiera di Arbatax SpA in extraordinary administration		16.00	Banca C.I.S.	Holding
O.M.S.O. SpA Officina Macchine per Stampa su Oggetti	20.50		Intesa Sanpaolo	Holding
Obiettivo Nordest Sicav SpA	33.54		Intesa Sanpaolo	Holding
Olympia 1893 Srl (former Immobiliare Olympia '93 Srl)	100.00		Intesa Sanpaolo	Holding
Ooo Intesa Realty Russia	100.00		Intesa Sanpaolo	Holding
P.B. Srl in liquidation	42.24		Intesa Sanpaolo	Holding
		4.96	C.R. Firenze	Holding
Pbz Card D.O.O.		100.00	Privredna Banka Zagreb	Holding
Pbz Croatia Osiguranje Public Limited Company For Compulsory Pension Fund Management		50.00	Privredna Banka Zagreb	Holding
Pbz Invest D.O.O.		100.00	Privredna Banka Zagreb	Holding
Pbz Leasing D.O.O. Za Poslove Leasinga		100.00	Privredna Banka Zagreb	Holding
Pbz Nekretnine D.O.O.		100.00	Privredna Banka Zagreb	Holding
Pbz Stambena Stedionica D.D.		100.00	Privredna Banka Zagreb	Holding
Penghua Fund Management Co. Ltd	49.00		Intesa Sanpaolo	Holding
Petrochemical Investments Ltd in liquidation	100.00		Intesa Sanpaolo	Holding
Phonix Beteiligungs Gmbh - in liquidation	100.00		Intesa Sanpaolo	Holding
Pietra Srl	22.22		Intesa Sanpaolo	Holding
Pirelli Re Integrated Facility Management Netherlands B.V.	50.00		Intesa Sanpaolo	Holding
Pravex Bank Jsc	100.00		Intesa Sanpaolo	Holding
Praxis Calcolo SpA		14.52	IMI Investimenti	Holding
		14.52	Ldv Holding	Holding
Primorske Novice D.O.O.		17.12	Banka Koper	Holding
Private Equity International Sa	100.00		Intesa Sanpaolo	Holding
Privredna Banka Zagreb D.D.		76.59	Intesa Sanpaolo Holding International	Holding
Pro Mac SpA		5.20	Banca IMI	Pledge
		5.20	C.R. Firenze	Holding
Progema - Promozione Gestione Management Srl in liquidation		10.00	Neos Banca	Holding
		10.00	Sep - Servizi e Progetti	Holding
Progetti SpA	24.00		Intesa Sanpaolo	Pledge
Progetto Milano Bastioni SpA	14.10		Intesa Sanpaolo	Holding
Projekt D.D.		67.01	Upi Banka	Holding
Protera Srl		11.47	C.R. Firenze	Pledge
Quadrante SpA	50.00		Intesa Sanpaolo	Holding
Rcn Finanziaria SpA	23.96		Intesa Sanpaolo	Holding
Recovery A.S.		100.00	Vseobecna Uverova Banka	Pledge
Renee Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Resco Uno Srl	100.00		Intesa Sanpaolo	Holding
S.A.F.I. Srl		20.00	Centro Leasing Rete	Pledge
Sabaudia 29 Srl under bankruptcy procedures	95.00		Intesa Sanpaolo	Holding
SAGA SPA	45.00		Intesa Sanpaolo	Pledge
SAGO SPA in liquidation	26.67		Intesa Sanpaolo	Holding
San Francesco Srl	100.00		Intesa Sanpaolo	Pledge
Sanpaolo Bank (Suisse) SA		99.98	Sanpaolo Bank	Holding
Sanpaolo Bank SA	100.00		Intesa Sanpaolo	Holding
Sanpaolo Fiduciaria SpA	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Bank (International) SA	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Capital Company I, L.L.C.	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Equity Management SA		100.00	IMI Investimenti	Holding
Sanpaolo IMI Fondi Chiusi SGR SpA		100.00	IMI Investimenti	Holding
Sanpaolo IMI Investimenti Per Lo Sviluppo SGR SpA		100.00	IMI Investimenti	Holding
Sanpaolo IMI Private Equity Scheme B.V.		20.00	Sanpaolo IMI Equity Management	Holding
		23.50	Ldv Holding	Holding
		8.00	C.R. Firenze	Holding
Sanpaolo IMI U.S. Financial Co.	100.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Sanpaolo Immobiliere SA		0.01	Eurizon Capital	Holding
		99.99	Sanpaolo Bank	Holding
Sanpaolo Invest Ireland Limited		100.00	Banca Fideuram	Holding
Sanpaolo Invest S.I.M. SpA		100.00	Banca Fideuram	Holding
Sanpaolo Leasint G.M.B.H. in liquidation		100.00	Leasint	Holding
Sanpaolo Real Estate SA		100.00	Sanpaolo Bank	Holding
Santa Chiara Srl		100.00	Banco Di Napoli	Pledge
Saper Participacoes Ltda		37.90	Intesa Brasil Empreendimentos	Holding
Scala Advisory SA		0.03	Societe' Europeenne De Banque	Holding
	99.97		Intesa Sanpaolo	Holding
Scotiabank Peru' Saa. (former Banco Wiese Sudameris)	11.20		Intesa Sanpaolo	Holding
		8.71	Lima Sudameris Holding	Holding
		ns	Inversiones Mobiliarias	Holding
Scuola di Vela S. Teresa Srl		12.39	Cassa di Risparmio della Spezia	Holding
Seaser SpA		100.00	Banca Intesa Infrastrutture e Sviluppo	Pledge
Seb Trust Ltd		100.00	Societe' Europeenne De Banque	Holding
Sep - Servizi E Progetti SpA	100.00		Intesa Sanpaolo	Holding
Servitia SA		100.00	Societe' Europeenne De Banque Sa	Holding
Setefi - Servizi Telematici Finanziari per il Terziario SpA	100.00		Intesa Sanpaolo	Holding
Shanghai Sino-Italy Business Advisory Company Limited	40.00		Intesa Sanpaolo	Holding
Si Holding SpA	36.74		Intesa Sanpaolo	Holding
		0.25	C.R. Forli' e Romagna - Cariromagna	Holding
		5.26	C.R. Firenze	Holding
Sia - Ssb SpA	26.83		Intesa Sanpaolo	Holding
		0.03	C.R. Rieti	Holding
		0.02	C.R. Terni e Narni	Holding
		0.13	Banca Di Trento e Bolzano	Holding
		0.02	C.R. Ascoli Piceno	Holding
		0.03	C.R. Viterbo	Holding
		1.39	Banca IMI	Holding
		0.02	C.R. Foligno	Holding
		ns	Banca C.I.S.	Holding
		0.02	C.R. Citta' Di Castello	Holding
		0.01	C.R. Spoleto	Holding
		0.02	Banca Fideuram	Holding
		0.04	C.R. Forli' e Romagna - Cariromagna	Holding
		0.49	C.R. Firenze	Holding
Sicil Power SpA	97.00		Intesa Sanpaolo	Pledge
Sirti SpA	100.00		Intesa Sanpaolo	Pledge
Sistemi Tecnologici Holding SpA	100.00		Intesa Sanpaolo	Pledge
Siteba - Sistemi Telematici Bancari SpA	18.31		Intesa Sanpaolo	Holding
		0.09	C.R. Rieti	Holding
		0.06	C.R. Terni e Narni	Holding
		0.09	Carifano - C.R. Fano	Holding
		0.05	C.R. Foligno	Holding
		0.16	Banca Di Trento e Bolzano	Holding
		1.19	C.R. Firenze	Holding
Slovak Banking Credit Bureau S.R.O.		33.33	Vseobecna Uverova Banka	Holding
Soa Nordest Organismo di Attestazione SpA		15.00	C.R. Padova e Rovigo	Holding
Societa' Aree Industriali ed Artigianali - Sai.A. SpA	10.35		Intesa Sanpaolo	Holding
Soc. Azionaria Gest. Aerop. Torino S.A.G.A.T. SpA		12.40	IMI Investimenti	Holding
Societa' Europea di Sviluppo Srl	90.00		Intesa Sanpaolo	Pledge
Societa' Gestione per il Realizzo SpA	38.33		Intesa Sanpaolo	Holding
		0.95	Carifano - C.R. Fano	Holding
		0.63	Banca Fideuram	Holding
		0.42	C.R. Firenze	Holding
		0.16	C.R. Civitavecchia	Holding
Societa' Italiana di Revisione e Fiduciaria S.I.Re.F. SpA	100.00		Intesa Sanpaolo	Holding
Societa' Paola A R.L.		100.00	C.R. Padova e Rovigo	Pledge
Societe' Europeenne de Banque Sa		100.00	Intesa Sanpaolo Holding International	Holding
Soprarno S.G.R. SpA		47.50	C.R. Firenze	Holding
Speroni Beni Stabili Srl		100.00	Mediocredito Italiano	Pledge

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Spezia Risorse SpA		20.00	Ge.Fi.L. - Gestione Fiscalita' Locale	Holding
Spinoffer Real Estate Srl	100.00		Intesa Sanpaolo	Pledge
Sti SpA (former Elsag Sti SpA)		11.29	Cassa di Risparmio della Spezia	Holding
Strutture Centrali Srl	25.00		Intesa Sanpaolo	Pledge
Sud Polo Vita SpA	98.79		Intesa Sanpaolo	Holding
		1.18	Eurizon Vita	Holding
Sudameris Inmobiliaria SA		100.00	Sudameris	Holding
Sudameris SA		99.87	Intesa Sanpaolo Holding International	Holding
Sviluppo Como SpA	15.00		Intesa Sanpaolo	Holding
Sviluppo Garibaldi Repubblica SpA in liquidation	33.00		Intesa Sanpaolo	Holding
Sviluppo Imprese Centro Italia S.G.R. SpA		15.00	C.R. Firenze	Holding
Sviluppo Industriale SpA		29.19	C.R. Pistoia e Pescia	Holding
Tamma - Industrie Alimentari Di Capitanata Srl	54.60		Intesa Sanpaolo	Pledge
Tebe Tours SpA		100.00	C.R. Firenze	Holding
Tecnoalimenti Soc. Cons. Per Azioni	20.00		Intesa Sanpaolo	Holding
Tecnobiomedica SpA	26.27		Intesa Sanpaolo	Holding
Tecnocitta' Srl in liquidation	12.00		Intesa Sanpaolo	Holding
Tecnofarmaci SpA	20.50		Intesa Sanpaolo	Holding
Tecnoforge SpA	14.77		Intesa Sanpaolo	Pledge
Tecnogen SpA	23.05		Intesa Sanpaolo	Holding
Tecnoitalia Srl	100.00		Intesa Sanpaolo	Pledge
Tecnotessile Soc. Naz. Di Ricerca Tecnolog. A R.L.	40.00		Intesa Sanpaolo	Holding
Tehnolosko-Inovacijski Centar D.O.O.		11.20	Privredna Banka Zagreb	Holding
Telco SpA	10.65		Intesa Sanpaolo	Holding
Termomeccanica SpA	27.50		Intesa Sanpaolo	Holding
		5.37	Cassa di Risparmio della Spezia	Holding
Timavo e Tivene Srl (former P.Ind Srl)	100.00		Intesa Sanpaolo	Pledge
Tize' Centro Vacanze Srl		50.00	C.R. Forli' e Romagna - Cariromagna	Pledge
		50.00	C.R. Padova e Rovigo	Pledge
Tlx SpA		50.00	Banca IMI	Holding
To.Ro. Tosco Romagnola Soc. Cons. a R.L.		11.88	C.R. Forli' e Romagna - Cariromagna	Holding
Tobuk Ltd		100.00	Intesa Sanpaolo Bank Ireland	Holding
Tornabuoni Srl	100.00		Intesa Sanpaolo	Pledge
Tre Re SpA in liquidation	39.99		Intesa Sanpaolo	Pledge
Trigoria 2000 Srl in liquidation	95.00		Intesa Sanpaolo	Pledge
Unicar Furgonature SpA		40.52	C.R. Forli' e Romagna - Cariromagna	Pledge
Union Life Insurance Company Ltd	19.90		Intesa Sanpaolo	Holding
United Valves Co. (Butterfly) in liquidation		25.00	Bank Of Alexandria	Holding
Uno a Erre Italia SpA	13.51		Intesa Sanpaolo	Holding
		11.14	Mediocredito Italiano	Holding
Upa Servizi SpA		44.32	C.R. Padova e Rovigo	Holding
Upi Banka D.D.		58.21	Intesa Sanpaolo Holding International	Holding
		18.95	Privredna Banka Zagreb	Holding
V.I.I.T. Veicolo Italiano Investimenti Tecnologici SpA	100.00		Intesa Sanpaolo	Pledge
Ver Capital S.G.R. SpA		16.00	C.R. Firenze	Holding
Villaggio Turistico Internazionale Srl (former Sviluppo Marino Srl)	100.00		Intesa Sanpaolo	Pledge
Villanova SpA	49.67		Intesa Sanpaolo	Pledge
Vseobecna Uverova Banka A.S. - Vub		96.50	Intesa Sanpaolo Holding International	Holding
Vub Asset Management Spravcovska Spolocnost A.S.		100.00	Vseobecna Uverova Banka	Holding
Vub Factoring A.S.		100.00	Vseobecna Uverova Banka	Holding
Vub Generali Dochodkova Spravcovska Spolocnost A.S.		50.00	Vseobecna Uverova Banka	Holding
Vub Leasingova A.S.		100.00	Vseobecna Uverova Banka	Holding
West Trade Center SA	100.00		Intesa Sanpaolo	Holding
Zao Banca Intesa Closed Joint-Stock Company	100.00		Intesa Sanpaolo	Holding
Zao International Business Consulting in liquidation	55.00		Intesa Sanpaolo	Holding

ns = not significant as the percentage is less than 0.001

Glossary

(as used in the "Report" and with the exclusion of the terms that have become commonplace in the Italian language or which are used in a context that already clarifies their meaning)

ABS – Asset Backed Securities
Financial instruments whose yield and redemption are guaranteed by assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively earmarked for the satisfaction of the rights incorporated in the financial instruments themselves.
Examples of such assets are mortgaged loans, credit card loans, short-term receivables, car loans.

ABS of receivables
ABS securities whose collateral is made up of receivables.

Acquisition finance
Leveraged buy-out financing.

Additional return
Form of remuneration of junior securities deriving from securitisation transactions. In addition to a fixed dividend, such securities accrue periodic earnings (quarterly, semi-annually, etc.), the amount of which is a result of the margin produced by the transaction (in turn reflecting the performance of the securitised assets).

Advisor
Financial broker assisting government authorities or companies involved in privatisation or other corporate finance transactions, whose tasks range from arranging appraisals to drawing up documents and providing general professional advice about specific transactions.

ALM – Asset & Liability Management
Integrated management of assets and liabilities designed to allocate the resources with a view to optimising the risk/yield ratio.

ALT-A Agency
Securities with collateral represented by s.c. Alt-A mortgages guaranteed by specialised guarantee agencies.

ALT- A - Alternative A Loan
Residential mortgages generally of "primary" quality; however, the LTV ratio, the documentation provided, the labour/employment situation of the borrower, the type of property or other factors, do not permit the classification in standard contracts usable in subscription programmes.
Incomplete documentation is the main reason which leads to the classification of a loan as "Alt-A".

Alternative investment
Alternative investments cover a broad spectrum, including those in private equity and hedge funds (see definitions below).

Amortised cost
Differs from "cost" in that it provides for the progressive amortisation of the differential between the book value and nominal value of an asset or liability on the basis of the effective rate of return.

AP – Attachment Point
Level over which the protection seller will cover the losses of the protection buyer. It is typically used in synthetic CDOs.

Arranger
In the sector of structured finance, the arranger is the figure who – albeit in different forms and with different titles (mandated lead arranger, joint lead arranger, sole arranger, etc.) – acts as a co-ordinator of the organisational aspects of the transaction.

Arrangement (commission)
Commission having the nature of compensation for professional advice and assistance at the stage when a loan is originated and arranged.

Asset allocation
Choice of markets, geographical areas, sectors and products to invest in.

Asset management
Various forms of activities in connection with the management and administration of customer assets.

Audit
In listed companies, it is overall checking on the business and bookkeeping of a company, performed by both in-house staff (internal audit) and independent audit firms (external audit).

Back office
The unit of a bank or holding company that takes care of handling all transactions performed by the operational units (front office).

Backtesting
Retrospective analysis performed to verify the reliability of the measurement of risk sources associated with different asset portfolios.

Banking book
Usually concerns securities or financial instruments in general, identifying the portion of a portfolio dedicated to "proprietary" trading.

Basis swap
Contract providing for the exchange between opposite parties of floating-rate payments linked to a different index.

Best practice
It generally identifies behaviour commensurate with state-of-the-art skills and techniques in a given technical/professional area.

Bid-ask spread
The difference between the bidding price and asking price of a given financial instrument or set of financial instruments.

Bookrunner
See Lead manager.

Budget
Forecast of cost and income trends of a firm in some future period.

Capital Asset Pricing Model
Model making it possible to determine the "opportunity cost" or the amount of income for the business period necessary to remunerate the cost of capital.

Capital structure
The vehicle issues various classes of bonds (tranche), guaranteed by the acquired portfolio, which have different risk and return characteristics to satisfy the needs of different categories of investors. All tranches considered together make up the Capital Structure. Subordination clauses between the various tranches are regulated by a series of norms which specify the loss distribution generated by the collateral:
Equity Tranche (B): is the riskiest portion of the portfolio, it is also known as "first loss" and is subordinated to all the other tranche; it is the first to bear the losses which may occur in the recovery of the underlying assets.
Mezzanine Tranche (B): is the tranche with a subordination which is intermediate between the equity tranche and the senior tranche. The mezzanine tranche is normally divided into 2-4 tranche of different risk, with increasing subordination. They typically have a rating ranging from BBB to AAA.
Senior/Supersenior Tranche (B): is the tranche with the highest credit enhancement or the highest degree of privilege in terms of priority of remuneration and reimbursement. It is normally also called super senior tranche and, if rated, it has a rating over AAA since it is senior with respect to the AAA mezzanine tranche.

Captive
Term generically referring to "networks" or companies that operate in the exclusive interest of their parent company or group.

Cash flow hedge
Coverage against exposure to variability in cash flows traceable to a particular risk.

Cash management
A banking service that, in addition to making available to businesses a whole set of information on the status of relations entertained with the bank, provides an operative tool allowing businesses to execute transfers of funds, thus leading to more efficient treasury management.

Categories of financial instruments provided for by IAS 39
Activity of negotiation which includes the following: assets purchased for short-term sale or part of portfolios of instruments managed jointly for the purpose of realising profits in the short-term, and assets that the entity decides in any case to reckon at fair value with variation in value entered under the Profit and Loss Account; assets held full term, non-derivative assets with a fixed term and payments that are fixed or determinable, concerning which there is a real intention and capacity to hold them full term; credits and loans, non derivative assets with fixed or determinable payments not quoted on the active market; assets available for sale, specifically designated as such, or others not falling under the previous typologies.

CDO – Collateralised Debt Obligation
Financial instruments issued within the framework of securitisation transactions, guaranteed by underlying assets in the form of credits, securities or other financial assets (including securitised tranche). In the case of synthetic CDOs the risk is transferred using credit derivatives instead of sale of assets (cash CDOs)

CDSs on ABX indices
ABX indices are a type of indices on ABSs. Each ABX refers to a basket of 20 reference obligations belonging to a specific sector of ABS. Each ABX (for a total of five) reproduced a rating class (AAA, AA, A, BBB, and BBB-).
In particular, the ABX.HE index, issued on 19 January 06 (Annex Date) is made up of reference obligations of the home equity segment of ABS (Residential Mortgage - Backed Security – RMBS). The CDS on an ABX.HE therefore hedges the credit risk of underlying RMBSs or the risk relative to the 20 reference obligations which make up the index.
For ABX, the market does not provide credit curves but directly price valuations. The settlement for contracts on ABX indices, as described in ISDA 2005 documentation, is PAUG (Pay As You Go): the protection seller pay the protection buyer the losses incurred as these emerge, without leading to the termination of the contract.
Please note that the coverage is achieved via the purchase of ABX indices, even if it is structured so to correspond to the best to the characteristics of the portfolio hedged, it remains in any case subject to so-called basis risks. In other words, since it is not a specific hedge, it may generate volatility in the income statement in the phases of imperfect correlation between the prices of the index and market value of hedged positions.

CLO - Collateralised Loan Obligation
CDOs with collateral represented by loans granted to companies.

CMBS - Commercial Mortgage-Backed Securities
Securitisation transactions of loans guarantees by mortgages on commercial real estate assets.

CMBX indices
Like the ABX index, the only difference is that reference entities are CMBS.

CMO - Collateralised Mortgage Obligation
Securities issued against mortgages in which the total amount of the issue is divided into tranche with different maturities and return. The tranche are repaid according to an order specified in the issue.

Collective assessment of performing credits
With reference to a homogeneous group of financial assets with a steady performance, the collective assessment defines the degree of credit risk potentially associated with the same, even though it is not yet possible to identify it with a specific position.

Commercial paper
Short-term notes issued in order to collect funds from third party underwriters as an alternative to other forms of indebtedness.

Consumer ABS
ABS whose collateral is made up by consumer credits.

Core Business
Primary area of business constituting the focal point of a company's strategies and policies.

Core tier 1 ratio
Indicates the ratio Tier 1 capital, not including preference shares, to total risk-weighted assets. Preference shares are innovative capital instruments normally issued by foreign subsidiaries and included in the Tier 1 capital if they have characteristics guaranteeing the capital stability of the banks. The Tier 1 ratio is the same ratio that, in the numerator, includes the preference shares.

Corporate
Segment of customers corresponding to medium- and large-sized firms (mid-corporate, large corporate).

Cost income ratio
Economic indicator represented by the ratio of operating costs to operating income.

Covered bond
Special bank bond that, in addition to the guarantee of the issuing bank, can also benefit from the guarantee of a portfolio of mortgage loans or other high-quality loans sold for the purpose to a special vehicle company.

Credit default swap/option
Contract under which one party transfers to another the credit risk of a loan or security, against payment of a premium, at such a time when some event has caused a downgrading of the debtor's credit rating (in the case of an option, the right must be exercised by the purchaser).

Credit derivatives
Derivative contracts that cause the transfer of credit risks. These products allow investors to perform arbitrage and/or hedging on the credit market mainly by means of instruments other than cash, to acquire credit exposures diversified in their maturity and intensity, to modify the risk profile of a portfolio and to separate credit risks from other market risks.

Credit enhancement
Techniques and instruments used by issuers to improve the rating of their issues (constitution of sureties, granter of cash credit lines, etc.).

Credit/emerging markets (Funds)
Funds that invest in securities with credit risk exposure, since they are issued by financial or corporate issuers, also located in emerging countries.

Credit-linked notes
Similar to bonds issued by the protection buyer or a vehicle company whose holders (protection sellers) – in exchange for a yield equal to the yield of a bond with the same maturity plus the premium received for credit risk hedging – take the risk of losing (in whole or in part) the maturing capital and the related flow of interest, upon occurrence of a specific event.

Credit risk
The risk that an unexpected change in a counterparty's creditworthiness, in the value of the collateral provided, or in the margins used in case of default generate an unexpected variation in the value of the bank's exposure.

Credit spread option
Contract under which the protection buyer reserves the right, against payment of a premium, to collect from the protection seller a sum depending on the positive difference between the market spread and that fixed in the contract, applied to the notional value of the bond.

CreditVaR
Value that indicates an unexpected loss in connection with a credits portfolio at a time of confidence in a given period. The CreditVaR is assessed through distribution of the values of the losses and represents the difference between the average distribution value and the value corresponding to a certain percentile (usually 99.9%), which reflects the Bank's degree of willingness to take risks.

Cross selling
Activity designed to increase customer loyalty through the sale of integrated products and services.

CR01
Referred to a credit portfolio, it indicates the value variation it would undergo as a consequence of an increase of 1 basis point of the credit spreads.

Cumulated loss
Cumulated loss realised, at a certain date, on collateral of a specific structured product.

Default
Designates the condition of declared inability to honour one's debts and/or make the relevant interest payments.

Delinquency
State of irregular payments at a certain date, normally provided at 30, 60 and 90 days.

Delta-Gamma-Vega (DGV VaR)
Parametric model for calculation of the VaR, able to assess risk factors having both a linear and non-linear trend.

Desk
It generally refers to an operating unit where a particular activity is mainly carried out.

Directional (Funds)
Funds that invest in financial instruments that profit from directional market movements, sometimes tied to analyses of a macroeconomic type.

Dynamics of funding
Sum of deposits in a current account (free current accounts and bank drafts), returnable deposits upon prior notice (free savings deposits), time deposits (time savings deposits, certificates of deposit), repo agreements and bonds (including subordinated loans). Each technical form, with the exception of bonds, is shown for customers residing in Italy, except for the central Administration, in euro and foreign currencies. Bonds refer to the overall value of the documents of debt, independently of the place of residence and sector of the holder.

Domestic Currency Swap
Contract settled in euro, whose economic effect is equal to that of a time purchase or sale of a foreign currency in exchange for domestic currency. On expiry, the differential between the forward and the spot exchange rate is settled in euro.

Duration
Constitutes an indicator of interest rate risk of a security or securities portfolio. In its most frequent form, it is calculated as a weighted average of the due dates of interest and principal payments associated with a security.

EAD – Exposure At Default
Relating to positions on or off the books, it is defined as the estimated future value of an exposure at the time of default of a debtor. Only banks meeting the requirements for the adoption of the Advanced IRB are legitimised to estimate EAD. The others are required to make reference to statutory estimates.

EDF – Expected Default Frequency
Frequency of default, normally based on a sample inside or outside the bank, which represents the average risk level associable with a counterparty.

Equity hedge/long-short (Funds)
Funds that predominantly invest in stocks with the possibility of creating hedging strategies by means of short sales of the same stocks or strategies in derivatives contracts involving securities or market indices.

Equity origination
Increase of a company's risk capital achieved by floating a new issue of stock.

Exotics (derivatives)
Non-standard instruments unquoted on the regular markets, whose price is based on mathematical models.

Event driven (Funds)
Funds that invest in opportunities arising out of significant events regarding the company sphere, such as mergers, acquisitions, defaults and reorganisations.

EVT – Extreme Value Theory
Statistical methodologies that deal with extreme hypothetical deviations compared to the average probable distribution of specific events.

Facility (commission)
Commission calculated with reference to the amount disbursed.

Factoring
Sale of trade receivables to specialised firms for purposes of management and collection, normally associated with the granting of a loan to the seller.

Fair value
It is the consideration for which an asset could be exchanged or a liability extinguished, in a free transaction between acquainted with and independent parties.

Fair value hedge
Hedging against exposure to a variation in the fair value of a budgeted item, attributable to a particular risk.

Fairness/Legal opinion
An opinion given on request by experts of recognised professionalism and competence, as regards the congruity of the economic terms and/or lawfulness and/or technical aspects of a given transaction.

FICO Score
In the US the credit score is a number (usually between 300 and 850), and is based on the statistical analysis of credit archives referred to individuals. The FICO score is an indicator of the borrower's credit quality. A mortgage lender will use the "score" to assess the potential risk of the borrower and to correctly price risk.

Financial instruments quoted in an active market
A financial instrument is considered as quoted on an active market if the quotations, reflecting normal market transactions, are promptly and regularly available through organised markets (exchanges), brokers, intermediaries, companies operating in the sector, quotation services or authorised bodies, and such prices represent effective and regular market transactions taking place over a normal period of reference.

Forward Rate Agreement
See "Forwards."

Forwards
Forward contracts on interest rates, exchange rates or stock indices, generally negotiated in over-the-counter markets and whose conditions are established at the time when the contract is entered into, but which will be fulfilled at a predetermined future date, by means of the receipt or payment of differentials calculated with reference to parameters that vary according to the purpose of the contract.

Front office
The complex of operating units designed to deal directly with customers.

Funding
The procurement of capital, in various forms, to finance the company business or particular financial transactions.

Futures
Standardised future contracts under which the parties agree to exchange securities or physical commodities at a fixed forward price and at a future date. Such contracts are normally traded on organised markets, where their execution is guaranteed. In practice, futures on securities often do not involve the physical exchange of the underlying value.

Global custody
An integrated package of services including, in addition to the custody of securities, the performance of administrative activities relating to the settlement of securities, collections and payments, the depositary bank and cash management, as well as various forms of reporting on the performance of the portfolio.

Goodwill
The value attached to intangible assets as part of the purchase price of a shareholding in a going concern.

Governance
Identifies the instruments and rules/standards taken as a whole regulating the life of the company, particularly as regards the transparency of documents and company records, and the completeness of information made available to the market.

Greek
Identifies a situation of greater or lesser sensitivity with which a derivative contract, typically an option, reacts to variations in the value of the underlying asset or other parameters of reference (typically intrinsic volatility, interest rates, stock prices, dividends and correlations).

Hedge accounting
Rules pertaining to the accounting of hedges.

Hedge fund
Mutual fund that employs hedging instruments in order to achieve a better result in terms of risk/return ratio.

HELS – Home Equity Loans
Mortgaged loans granted up to the current market value of the real estate property (therefore with a Loan to value higher than the ordinary thresholds), with first and second degree mortgages. Standard & Poor's considers Subprime and Home Equity Loan synonyms when the home equity loan borrowers have a low credit scoring (FICO<659).

HY CBO - High Yield Collateralized Bond Obligation
CDOs with collateral represented by High Yield securities.

IAS/IFRS
The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

Impairment
When referred to a financial asset, a situation of impairment is identified when the book value of the asset exceeds the estimated recoverable amount of the same.

Index-linked
Policies whose performance at maturity depends on the performance of a parameter of reference, which may be a stock index, a basket of securities or some other indicator.

Indirect customer deposits
Securities and the like owned by third parties on deposit, not issued by the bank at nominal value, excluding certificates of deposit and bank bonds.

Internal dealing
Transactions between different operating units of the same firm. The relevant documentary material is part of the bookkeeping and contributes to determining the position (trading or hedging) of the individual units involved.

Intraday
Used to refer to an investment/disinvestment transaction performed in the course of a single day involving the negotiation of a security. It is also used with reference to prices quoted during any one day.

Investments in real estate
Real estate owned for the purpose of obtaining income and/or benefiting from an increase in their value.

Investment grade
Term used with reference to quality bonds that have received a medium/high rating (e.g., no less than BBB on Standard & Poor's index).

IRB (Internal Rating Based) Advanced
Approach to internal ratings within the framework of the new Basel accords, which is distinguished by its basic and advanced methods. The advanced method may be used only by institutions satisfying more stringent requirements compared to the basic approach. In this case, all the estimated input (PD, LGD, EAD and Maturity) used for credit risk assessment is calculated in-house. Instead, in the basic method the Bank assesses only the PD.

IRS – Interest Rate Swap
A binding agreement in which two parties agree to exchange flows on some predetermined notional amount with a fixed/floating or floating/floating rate.

Joint venture
Agreement involving two or more firms for the performance of a given economic activity, generally through the incorporation of a joint-stock company.

Junior
In a securitisation transaction it is the lowest-ranking portion of the securities issued, being the first to bear losses that may occur in the course of the recovery of the underlying assets.

LDA - Loss Distribution Approach
Model used for assessing exposure to operational risk that makes it possible to estimate the amount of expected and unexpected loss for any combination of event/loss and business line.

Lead manager - Bookrunner
Leading figure of the issuing syndicate of a bond; he deals with the debtor, is responsible for choosing the co-lead managers and the other members of the underwriting syndicate in agreement with the same debtor; he determines the terms and conditions of issue, manages the execution thereof (almost always undertaking to place the most relevant portion on the market) and keeps the books (bookrunner); in addition to the reimbursement of expenses and usual fees, he receives a special commission for this service.

Lending risk-based
A methodology applied to a credit portfolio that makes it possible to identify the most suitable pricing conditions, taking into account the risk factor of every single credit.

Leveraged & acquisition finance
See "Acquisition finance".

Liquidity risk
The possibility that an institution is unable to meet its payment obligations due to its incapacity to liquidate assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of easily unwinding positions in financial assets without negatively and significantly affecting their price due to the inadequate market depth or temporary market disruptions (market liquidity risk).

Loss Given Default **(LGD)**
It indicates the estimated loss rate in the event of the default of a debtor.

Lower Tier 2
It designates subordinated liabilities that have the features to be included in supplementary capital and reserves or Tier 2.

LTV – Loan to Value Ratio
The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.
The LTV ratio measures the borrower's own funds used to buy the asset on the value of the asset used as guarantee. The higher the LTV ratio, the lower the borrower's own funds used to buy the asset, the lower the creditor's protection.

M–Maturity
Residual life of an exposure, calculated according to the prudence principle. For banks authorised to use internal ratings, it is explicitly considered if the advanced method is adopted, while it is fixed at 2.5 years if the basic approach is used.

Margin of contribution of collection on demand
Difference between 1-month euribor and the rate applied to current accounts of households and businesses.

Mark-to-Market
Process of evaluating a portfolio of securities or other financial instruments on the basis of the prices expressed by the market.

Market dislocation
Turbulence in financial markets characterised by a strong reduction in volumes traded on financial markets and difficulties in finding significant prices on specialised info-providers.

Market making
Financial activity carried out by specialised intermediaries, whose task consists of guaranteeing market liquidity and depth, both through their continuous presence and by means of their role of competitive guide in determining prices.

Market neutral
Operating strategies involving securities designed to immunise the relevant portfolios from risk in connection with market variations.

Market risk
Risk deriving from the fluctuation in the value of quoted financial instruments (shares, bonds, derivatives, securities denominated in foreign currency) and of financial instruments whose value is linked to market variables (loans to customers as concerns the interest rate component, deposits in euro and in foreign currency, etc.).

Mark-up
Difference between the rate applied to the whole of households and businesses on loans with a duration of less than one year and the 1-month euribor.

Merchant banking
Involves a range of activities including the underwriting of securities – both equities or bonds – issued by corporate clients for subsequent offering on the market, the acquisition of shareholdings for longer periods but with the same aim of transferring them later, and the providing of business consulting services in the matter of mergers and acquisitions or reorganisation.

Mezzanine
In a securitisation transaction it is the tranche ranking between the junior tranche and senior tranche.

Monoline
Insurance companies which, in exchange of a commission, guarantee the reimbursement of certain bond issues. Formed in the ’70s to guarantee municipal bond issues from default, their services were subsequently particularly appreciated for issues of complex financial products: the structure and the assets underlying such issues are often extremely complicated; with the intervention of monoline insurers, the portions of debt guaranteed by the latter are easier to value and more appealing for risk adverse investors, since insolvency risk is borne by the insurer.

Multistrategy/funds of funds (Funds)
Funds that do not invest in a single strategy but in a portfolio reflecting different strategies or in a portfolio of investment funds managed by third parties.

NAV - Net Asset Value
It is the value of the quota which represents a portion of the fund’s managed assets.

Non-performing
Term generally referring to loans characterised by unsteady performance.

Operational risk
The risk of suffering 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 or out-of-contract responsibilities or other disputes; it does not include strategic risk (losses due to wrong management strategies) and reputation risk (losses of market shares due to the fact that the bank’s name is associated to negative events).

Option
Upon payment of a premium, the buyer acquires a right, but not an obligation, to purchase (call option) or to sell (put option) a financial instrument at a set price (strike price) within (American option) or on (European option) a given future date.

Other related parties – close relatives
“Close relatives” of an individual is understood to mean family members predictably able to influence or be influenced by the individual interested in their relations with an entity. They include a cohabitant/common-law spouse (as well as a spouse not legally separated) and the individual’s children, the cohabitant/common-law spouse’s children, and the individual’s or cohabitant/common-law spouse’s dependents.

Outsourcing
Resort to operative support activities performed by outside companies.

Over-The-Counter (OTC)
It designates transactions carried out directly between the parties and not in an organised market.

Packages
Strategy made up of a funded asset whose credit risk is hedged by a specific credit default swap. If present, any interest rate and foreign exchange rate risks may be hedged with financial derivatives.

Past due loans
“Past due loans” correspond to past-due and/or borderline receivables on a continuing basis for over 180 days, in accordance with the definition provided under the rules in force regarding the reporting of such situations.

Performing
Term generally referring to loans characterised by steady performance.

Plain vanilla (derivatives)
Products whose price depends on that of the underlying instrument, which is quoted on the regular markets.

Pool (transactions)
See Syndicated lending.

Preference shares
See Core tier 1

Pricing
Broadly speaking, it generally refers to the methods used to determine yields and/or costs of products and services offered by a bank.

Prime loan
Mortgage loans in which both the criteria used to grant the loan (loan-to-value, debt-to income, etc.) and the quality (story) of the counterparty (no past due reimbursements of loans, no bankruptcy, etc.) are sufficiently conservative to consider the disbursement of “high quality” (as concerns the borrower) and with low risk profile.

Private banking
Business designed to provide preferred customers with asset management, professional advice and other personalised services.

Private equity
Involves activity aiming at the acquisition of shareholdings and their subsequent sale to specific counterparties, without public offerings.

***Probability of Default* (PD)**
Represents the probability that, within the space of 1 year, a debtor will default.

Project finance
Technique for the financing of industrial projects based upon a forecast of the cash flow generated by the projects themselves. The analysis is based upon a series of evaluations differing from those generally made when assessing ordinary credit risks. In addition to the analysis of cash flow, such evaluations include a technical examination of the project, the suitability of the sponsors engaged in carrying out the project and the markets where the product will be placed.

PV01
Measures the variation in the value of a financial activity following a change of one basis point in the yield curve.

Rating
An evaluation of the quality of a company or of its bond issues, based on the company's financial strength and outlook. Such evaluation is performed by specialised agencies.

Real estate (finance)
Structured finance transactions in the real estate sector.

Real Estate Investment Trust (REITs)
REITs are entities which invest in different types of real estate or financial assets related to real estate, including shopping centres, hotels, offices and loans (mortgages) guaranteed by real estate properties.

Relative value/arbitrage (Funds)
Funds that invest in strategies of a market neutral type and profit from the unaligned price of particular securities or financial contracts, neutralising the underlying market risk.

Retail
Segment of customers mainly including households, professionals, retailers and artisans.

Risk Management
Activity pertaining to the acquisition, measurement, valuation and overall management of various types of risk and their hedging.

RMBS - Residential Mortgage-Backed Securities
ABSs issued as part of securitisations of residential mortgage-backed loans.

Scoring
System of analysis of company customers, taking the concrete form of an indicator obtained by an examination of information contained in the financial statements, in addition to an evaluation of the forecasts of the performance of the sector, analysed using statistical methods.

Senior/super senior
In a securitisation transaction, this is the preferred tranche in terms of priority in the matter of remuneration and reimbursement.

Sensitivity
It refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other pertinent indicators.

Servicer
In securitisation transactions, this figure – on the basis of a special servicing contract – continues to manage the securitised credits or assets after they have been sold to the vehicle company responsible for the issue of the securities.

SPE/SPV
Special Purpose Entities or Special Purpose Vehicles are companies specially created by one or more entities in order to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures and use those of the different players involved in the transaction.

Speculative grade
Term used to identify issuers with a low rating (e.g., below BBB on Standard & Poor's index).

Spread
This term usually indicates the difference between two interest rates, the difference between the bidding and asking price in trading securities or the price an issuer of stocks and bonds pays above a benchmark rate.

SpreadVar
Value that indicates the maximum possible loss on a trading portfolio due to the market performance of the credit spreads of the credit default swaps or bond spreads, with a certain degree of probability and assuming that the positions require a certain amount of time for their disinvestment.

Stakeholders
Subjects who, acting in different capacities, interact with the firm's activity, sharing the profits, influencing its performance/services, and evaluating its economic, social and environmental impact.

Stock option
Term used to indicate the right granted to company managers that allows them to purchase the company's shares at a predetermined price (strike price).

Stress test
A simulating procedure designed to assess the impact of extreme market scenarios on the Bank's overall exposure to risk.

Structured export finance
Transactions involving structured finance in the export of goods and services sector.

Subprime
A universally agreed-upon definition of subprime mortgages does not exist. In short, this classification refers to mortgaged lending which is riskier since it is granted to borrowers with low creditworthiness, or who have bad past credit situations (non-payment, debt settlements or doubtful loans) or because the debt-to-income or loan-to-value ratio is high.

Swaps
Transactions normally consisting of an exchange of financial flows between operators under various contractual arrangements. In the case of an interest rate swap, the parties exchange flows which may be indexed or non indexed to interest rates, calculated on a notional amount (e.g., one party may pay a flow on a fixed-rate basis, while the counterparty

may pay on a floating-rate basis). In the case of a currency swap, the parties exchange specific amounts of two different currencies, repaying the same over time according to predefined arrangements that may regard both the notional capital and the indexed flows pertaining to the interest rates.

Syndicated lending
Loans set up and guaranteed by a pool of banks and other financial institutions.

Tier 1
It includes the paid-in capital, the share premium reserve, reserves from retained earnings (including IAS/IFRS first time adoption other from those included under the valuation reserves), net of treasury shares and intangible assets. Consolidated Tier 1 further includes minority interests.

Tier 2
It includes valuation reserves, hybrid capital instruments, subordinated liabilities, net of adjustments to loans subject to country risk covered with capital and of other negative elements.

Time value
Variation in the financial value of an instrument in relation to a different timeframe when certain monetary flows will become available or due.

Total capital ratio
Index of assets referred to the whole of the elements constituting regulatory capital (Tier 1 and Tier 2).

Total return swap
A contract under which one party, usually the owner of the security or credit of reference, agrees to make periodic payments to an investor (protection seller) based on the capital and interest generated by the business. On the other side, the investor agrees to make payments based on a floating rate, as well as any decrease in value of the business from the date of the contract.

Trading book
Usually referring to securities or, in any case, to financial instruments, it designates the portion of a portfolio earmarked for trading activity.

Trustee (Real estate)
Real estate vehicles.

Trust preferred Securities (TruPS)
Financial instruments similar to preferred shares, which are entitled to particular tax benefits.

Underwriting (commission)
Commission received in advance by the bank on the basis of the assumption of the underwriting risk associated with the granting of a loan.

Upper Tier 2
It designates the hybrid capitalisation instruments (for instance, perpetual loans) that represent the top-ranked portion of Tier 2.

VaR - Value at Risk
The maximum value likely to be lost on a portfolio as a result of market performance, estimating probability and assuming that a certain amount of time is required to liquidate positions.

Vega01
Referred to a portfolio, it indicates the variation in value that it would undergo as a consequence of a one percent increase in the volatility of the underlying financial instruments.

Vintage
Date of generation of the collateral underlying the securitisation. It is an important factor in the assessment of the risk of the mortgages underlying securitisations. Especially in the US, the phenomenon of mortgages granted to entities with inadequate income and with poor prior assessment of documentation became significant as of 2005.

Warrant
Negotiable instrument that gives the holder the right to purchase from or sell to the issuer fixed-income securities or shares according to specific procedures.

Wealth management
See Asset management.

What-if
Form of analysis used in an attempt to describe what might be the dimensions of the reaction to variations in the basic parameters.

Wholesale banking
A business activity mainly involving transactions of considerable importance concluded with primary counterparties.

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Financial calendar

Approval of results as at 30 September 2008:	11 November 2008

Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present.
This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates.
It is for this reason that the illustrations in the Annual report and the Interim statements, which describe Intesa Sanpaolo's results, are inspired by the rich cultural heritage of our cities. They show the doors of historic buildings of great importance in each regional capital and in the cities mentioned in the names of the Group banks. It is a tribute to Italian tradition and history. But it is also emblematic of the willingness to communicate and establish relationships that typifies the people of Intesa Sanpaolo and of the banks in the group.

1. Padova
Bronze door, University of Padova

2. Roma
Detail of facade of Villa Giulia

3. Firenze
Door of the Casino Mediceo

4. Venezia
Door near Calegheri Bridge

5. Campobasso
Building in Via Sant'Antonio Abate

6. Torino
Door of Palazzo Saluzzo di Paesana

7. Genova
Door with atlas figures, Palazzo Durazzo

8. Forlì
Detail, Palazzo Paulucci

9. Rovigo
Door of the Post Office building

10. Napoli
Detail of Palazzo Carafa d'Andria

11. Bologna
Detail of the facade of Palazzo Montpensier

12. Milano
Detail of the facade of Palazzo Marino

13. Perugia
Door of Palazzo del Capitano del Popolo

14. Palermo
Door of the Archbishop's Palazzo

15. Bolzano
Building in Viale della Roggia

16. Bari
Souther gate of Castello Svevo

17. Cagliari
View of Porta Cristina

18. L'Aquila
Castle gate

19. Aosta
Door of a building in Via Saint-Bernard de Menthon

20. Trieste
Fortified entrance of Duino Castle

21. Catanzaro
Detail of Palazzo Castagna

22. Trento
Door of Palazzo del Monte or Rehr

23. Potenza
Detail of the School of Industry

24. Ancona
Gothic-Venetian door of the ex-Church of St. Agustine

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