INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: THE SUPERVISORY BOARD APPROVES THE 2007 FINANCIAL STATEMENTS

Torino, Milano, 11 April 2008 – The Supervisory Board of Intesa Sanpaolo held today under the chairmanship of Giovanni Bazoli, approved the Parent Company's financial statements and consolidated financial statements as at 31 December 2007 which recorded net income of, respectively, 5,811 million euro (2006: 4,622 million) and 7,250 million (2006: 4,707 million).

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In its letter of 19 March 2008, CONSOB asked to provide information regarding:
a) exposure to subprime mortgages;
b) activities carried out through Special Purpose Entities (SPE);
c) financial derivatives held for trading with customers.

According to CONSOB indications, information relating to letters a) and b) was included in the draft of the 2007 financial statements (both of the Parent Company and consolidated) approved by the Management Board on 20 March last; information relating to letter c) had to be disclosed to the market – excluding the part already included in the aforementioned financial statements draft – in the press release on the approval of the 2007 financial statements by the Supervisory Board.

As concerns letter a), information and data with respect to the subprime mortgages were included in the 2007 financial statements, in the Note to the consolidated financial statements, Part E: Information on market risks, under section ”Structured credit products”. It is hereby clarified that, as at 31 December 2007, financial assets with underlying subprime mortgages held by the Group companies under management or administration on behalf of customers had 6 million euro of nominal value and those pertaining to pension funds had 15 million euro of nominal value.

As concerns letter b), information relating to special purpose entities was included in the Note to the consolidated financial statements, Part E: Information on market risks, under section ”Information on operations carried out through Special Purpose Entities (SPE)”.

The information relating to letter c) is disclosed below.

i. Description of transactions in trading derivatives with customers, indicating moreover market and counterparty risks taken.

As concerns this information a note was included at the foot of Table 2.2 of Part B of the Note of the consolidated financial statements – Information on the balance sheet – Assets: “Financial Assets held for trading: borrower/issuer breakdown”. It includes the description of activities in trading derivatives with customers, also indicating market and counterparty risks taken. A similar note was included in the corresponding table of the Parent Company's financial statements.

ii. Notional value and the breakdown of the derivatives included in Caption 20. “Financial assets held for trading” of the Balance Sheet - Assets broken down between plain vanilla products and structured products, specifying, as regards the latter, the total number of customers involved and the quota ascribable to the most heavily exposed subjects.

As shown in table 2.1 of Part B of the Note to the consolidated financial statements for 2007, the fair value of trading derivatives amounted to 19,993 million (8,785 million in the Parent Company's financial statements), of which 1,364 million subscribed with customers (478 million in the Parent Company's financial statements). The notional value of these derivatives was 40,131 million (26,841 million in the Parent Company's financial statements).
As in point i., in the definition of customers, relations with retail customers, non-financial companies and public entities were considered, therefore excluding banks, financial institutions and insurance companies.
Of these derivatives, the notional value of the plain vanilla contracts as at 31 December 2007 was 25,715 million (19,412 million in the Parent Company's financial statements) and that of the structured contracts was 14,416 million (7,429 million in the Parent Company's financial statements). In this survey, contracts made up of the combination of elementary derivatives were considered "structured" contracts.
Lastly, it should be noted that as at 31 December 2007 customers as structured derivatives counterparties were in number 6,786 (of which no. 4,663 of the Parent Company) and the fair value of these contracts with the 10 most heavily exposed customers was 213 million (of which 51 million pertaining to the 10 most heavily exposed customers of the Parent Company).

iii. Ways of accounting and quantification of up-front commissions due to customers.

In this survey, the cash flows settled between the parties at the starting date of the derivative contract were considered "up-front".
The Parent Company and the Group companies register these flows in the financial assets held for trading (caption 20 of Assets) and financial liabilities held for trading (caption 40 of Liabilities), subsequently recorded at fair value through profit and loss statement (caption 80).
In 2007, customers, as defined above, received 28 million as up-front (18 million from the Parent Company).
The aforementioned amounts did not include those reported in the following paragraph.

iv. Indication of new production and unwindings of derivative positions in 2007 (notional value), distinguishing between plain vanilla products and structured products and specifying the size of any restructuring and related income and costs.

Without prejudice to the definitions given above, by restructuring it is here intended the early unwinding of a derivative position with the simultaneous entering into a new derivative position having different characteristics with the same counterparty.
The new production of 2007 had a notional value of 63,722 million (48,471 million for the Parent Company), of which the notional amount relating to structured derivatives was 6,678 million (4,349 million for the Parent Company).
In the same period the notional amount of unwindings was 53,561 million (39,083 million for the Parent Company), of which the notional amount relating to structured derivatives was 6,533 million (4,126 million for the Parent Company).
It is hereby specified that most of the new production and unwindings are made up of plain vanilla derivatives - normally with a maturity shorter than one year - hedging exchange risk of commercial transactions recurring during the year.
Lastly, the notional amount of restructuring transactions carried out in 2007 was 7,367 million (4,408 million for the Parent Company). The financial flows of these transactions were basically balanced.
Please note that the new derivatives subscribed in the framework of restructuring agreements - like all derivatives - are measured at fair value.

v. The notional value and breakdown of derivatives included in Caption 40. "Financial liabilities held for trading" of the Balance Sheet – Liabilities, specifying between plain vanilla products and structured products.

Concerning derivatives in Caption 40. of Balance Sheet - Liabilities, the notional value of derivatives subscribed with customers, as at 31 December 2007 was 30,057 million (21,408 million in the Parent Company's financial statements).
Of these derivatives, the notional amount of plain vanilla with customers was 25,123 million (18,888 million in the Parent Company's financial statements) and that of the structured contracts was 4,934 million (2,520 million in the Parent Company's financial statements).
The concept of "customers" is the same as in point ii., as is that of "structured" contracts.

vi. Illustration of methods to calculate the fair value of the aforementioned trading derivatives.

As concerns the different methods to calculate the fair value of derivatives in general, please refer to the Note to the consolidated financial statements, Part E: Information on market risks, sections "Determination of fair value of financial assets and liabilities" and "In detail: valuation methods".

vii. Ways of accounting and quantification of up-front commissions due from third parties.

The concept of "up-front" is the same as in point iii., that is a cash flow settled between the parties at the starting date of the derivative contract.
The Parent Company and the Group companies register these flows in the financial assets held for trading (caption 20 of Assets) and financial liabilities held for trading (in the specific case, caption 40 of Liabilities), subsequently recorded at fair value through profit and loss statement (caption 80).
In 2007, customers, as defined above, paid 38 million as up-front (24 million to the Parent Company).

viii. Ways of determine and amount of value adjustments for counterparty risk (customers) on derivatives and of recoveries of similar kind recorded in the income statement.

In case of OTC derivatives, the fair value is determined not only by market factors and the nature of the contract (maturity and technical form and so on), but also by the credit quality of the counterparty. In particular, as concerns derivatives the following factors are taken into account:

- mark-to-market, that is the pricing made with risk-free curves;
- fair value, which considers the credit risk of counterparty and future exposures of the contract.

The difference between the fair value and mark-to-market - Credit Risk Adjustment (CRA) - coincides with the discounted value today of future expected loss, considering that future exposure has a volatility linked to the market volatility.
The above-mentioned method is applied as follows:

- in the case of current positive exposure, the CRA is calculated starting from the latter and the market spreads and considering the average residual life of the contract;
- in the case of current exposure near zero or negative, the CRA is determined assuming that the future exposure can be estimated via the so-called Basle 2 add-on factors.

As already specified, the fair value of trading derivatives with customers was determined taking into account, as actually done for all the other OTC derivatives, the credit quality of each counterparty.
The above led to the recognition to the income statement of prudential adjustments of 33 million on contracts outstanding as at 31 December 2007 (19 million at the Parent Company's level).

ix. Indication of the number and amount of the exposures reclassified in 2007 to substandard or doubtful loans related to customers that subscribed OTC derivatives

In 2007, 190 positions of customers that subscribed OTC derivatives were reclassified from "performing" to "substandard loans", for derivatives' countervalue of 12 million.
In the same period, 7 positions of customers that subscribed OTC derivatives were reclassified from "performing" or from "substandard loans" to "doubtful loans", for a derivative countervalue lower than 1 million.

In the sole Parent Company reclassifications to substandard loans were 159 for a derivative countervalue of 5 million. There were 3 reclassifications to doubtful loans for derivative exposures lower than 1 million.

x. *Indication of restructurings, implemented and/or to be started, of derivative exposure to customers, indicating types of derivatives subject to restructuring and effects on the income statement for the year.*

With reference to derivative exposure to customers, the following initiatives have been taken in the ordinary management and monitoring of the portfolio:

- as regards interest rate derivatives, since June 2007, actions have been taken to propose to retail customers (according to MIFID regulations) to unwind or change into hedging products those positions that are no longer consistent with the Bank's commercial policy;
- as regards currency derivatives, since January 2008, following the Bank's decision not to act as a counterparty in operations with no adequate commercial and financial underlying assets a gradual reduction of positions has been carried on with a limited number of customers until they are cancelled.

These actions are not expected to have any particular impact on the income statement.

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

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Pursuant to art. 89-*bis* of CONSOB Regulation no. 11971/1999 as subsequently amended and integrated ("Issuers Regulation"), it is hereby made known that, today, the Corporate Governance Report of Intesa Sanpaolo has been made available on the Group's website group.intesasanpaolo.com, under section *Governance*.

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