INTESA SANPAOLO

# PRESS RELEASE

## INTESA SANPAOLO: RESULTS AS AT 31 MARCH 2008

- **Consolidated net income for the first quarter of 2008 at 1.7 billion euro (2007 first quarter: 4 billion), +34.2% recurring.**
- **Operating income at 4,648 million euro, -5.1%, (2007 first quarter: 4,896 million), +4.1% recurring.**
- **Operating costs at 2,392 million euro, -3.1% (2007 first quarter: 2,468 million).**
- **Operating margin at 2,256 million euro, -7.1% (2007 first quarter: 2,428 million), +13% recurring.**
- **Income before tax from continuing operations at 1,917 million euro, -5.1% (2007 first quarter: 2.020 million), +20.8% recurring.**
- **Capital ratios as at 31 March 2008: Tier 1 ratio at 6.7%.**
- **Net risk exposure to structured credit products with underlying US subprime is negative 28 million euro as at 31 March 2008.**

*Torino, Milano, 13 May 2008* – Today, Intesa Sanpaolo's Management Board, chaired by Enrico Salza, met and approved the consolidated quarterly statement as at 31 March 2008 (*).

The Group results for the first quarter of 2008 highlighted a positive performance, not taking into account the negative effects of the international financial markets crisis which commenced from the second half of 2007 - though profits on trading were again positive after the negative posting of the fourth quarter of 2007 - and the main non-recurring components.
Intesa Sanpaolo's **consolidated net income** for the first quarter of 2008 amounted to 1,748 million euro from 3,966 million of the first quarter of 2007. There would be **an increase of 34.2%** on the same period of 2007 if the figures did not take into account profits on trading (25 million in the first quarter of 2008 and 454 in the first quarter of 2007 which had moreover shown a record result taking advantage of particularly favourable market conditions) and the main non-recurring components specified hereafter: i) income from discontinued operations (950 million euro in the first quarter of 2008 including the capital gain made on the disposal of 198 branches and 2,914 million in the first quarter of 2007 comprising the capital gain made on the disposal of Cariparma and FriulAdria), ii) integration charges (444 million in the first quarter of 2008 and 22 million in the first quarter of 2007) and related taxes (123 million in the first quarter of 2008 and 8 million in the first quarter of 2007) and iii) charges from purchase cost allocation, net of tax (133 million in the first quarter of 2008, which included a first estimate of charges relating to the acquisition of Carifirenze and Nextra Investment Management, and 136 million in the first quarter of 2007).

Intesa Sanpaolo relied on its structural strengths, namely a strong base of retail deposits and both a sound liquidity position and capital base, to face the impact of the financial markets crisis. As fully detailed when disclosing results for 2007, Intesa Sanpaolo is only indirectly exposed to the US subprime mortgage crisis through structured credit products which were affected by the dramatic decline in prices during the fourth quarter of 2007 and the first quarter of 2008, with impact on profits on trading mainly in terms of write-downs.

(*) Methodological note on the consolidation area at page 7.

The Group had a **net risk exposure** to structured credit products with underlying **US subprime** which was in fact **negative** 28 million euro as at 31 March 2008, as a result of a "long" position of 49 million euro and "short" position of 77 million euro.

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**The economic performance of the Intesa Sanpaolo Group in the first quarter of 2008**
(% changes compared to the first quarter of 2007)

| | **Recurring results** (excluding profits on trading and main non-recurring components) | **Stated results** (including profits on trading and main non-recurring components) |
|---|---|---|
| **Operating income** | **4.1** | -5.1 |
| **Operating costs** | **-3.1** | -3.1 |
| **Operating margin** | **13.0** | -7.1 |
| **Income (loss) before tax from continuing operations** | **20.8** | -5.1 |
| **Net income** | **34.2** | -55.9 |

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## Income statement for the first quarter of 2008

The consolidated income statement for the first quarter of 2008 registered **operating income** of 4,648 million euro, -5.1% from 4,896 million in the first quarter of 2007 and +1% on the fourth quarter of 2007; the change was +4.1% and -0.6% respectively excluding profits on trading.

As part of it, in the first quarter of 2008, **net interest income** rose to 2,823 million, +11.1% compared to the 2,540 million in the first quarter of 2007 and +0.2% on the fourth quarter of 2007.

**Net fee and commission income**, 1,602 million euro, registered a 4.4% decrease on the 1,676 million in the first quarter of 2007 but was in line with the fourth quarter of 2007. With respect to the first quarter of 2007, commissions on commercial banking activities were stable (515 million, +0.2%) thanks to growth in commissions on collection and payment services, guarantees given and credit and debit cards which compensated for the reduction in commissions on current accounts due to the higher placement of lower-cost products. Commissions on management, dealing and consultancy activities (which include portfolio management, distribution of insurance products, dealing and placement of securities) posted 909 million euro, with a 4.9% decrease on account of the negative market performance and customer risk aversion.

**Profits on trading**, back to a positive result after the negative posting of the fourth quarter of 2007, amounted to 25 million euro - penalised by the negative effects of the financial market crisis related to structured credit products equal to approximately 120 million, of which approximately 110 million euro were write-downs - compared to the 454 million in the first quarter of 2007 (a record result which had benefited from particularly favourable market conditions) and the negative balance of 49 million in the fourth quarter of 2007 (which reflected the negative contribution of approximately 380 million from structured credit products).

**Income from insurance business** totalled 79 million euro from 121 million in the first quarter of 2007 and 99 in the fourth quarter of 2007.

**Operating costs** amounted to 2,392 million euro with a 3.1% decline with respect to the 2,468 million in the first quarter of 2007, on account of a reduction in personnel expenses (-3.6%), administrative expenses (-1.4%) and adjustments (-5.4%). A 13.9% decline was recorded on the fourth quarter of 2007 due to decreases in personnel expenses (-7.2%), administrative expenses (-22.5%) and adjustments (-22.4%).

Consequently, **operating margin** totalled 2,256 million euro, -7.1% compared to the 2,428 million in the first quarter of 2007 and + 23.8% on the fourth quarter of 2007, with the cost/income ratio from 50.4% in the first quarter of 2007 to 51.5% in the first quarter of 2008. Excluding profits on trading, operating margin increased by 13% and 19.2% respectively with an improvement in the cost/income ratio from 55.6% in the first quarter of 2007 to 51.7% in the first quarter of 2008.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) totalled 352 million euro compared to the 445 million euro of the first quarter of 2007 and the 806 million of the fourth quarter of 2007 (which included charges related to Parmalat). Profits/losses on investments held to maturity and on other investments registered a positive balance of 13 million euro, compared to the 37 million of the first quarter of 2007 and the 58 million of the fourth quarter of 2007.

**Income before tax from continuing operations** posted 1,917 million euro, -5.1% compared to the 2,020 million of the first quarter of 2007 and +78.3% with respect to the fourth quarter of 2007. There would be an increase of 20.8% and 68.3% respectively if profits on trading were excluded.

**Consolidated net income** amounted to 1,748 million euro - compared to the 3,966 million of the first quarter of 2007 (which included net capital gains on disposals of approximately 2,800 million compared to the approximately 950 million capital gains in the first quarter of 2008) and the 504 million in the fourth quarter of 2007 - after the registration of:

- taxes of 608 million;
- income after tax from discontinued operations of 950 million, mainly made up of the net capital gain on the disposal of 198 branches to Banca Carige, Gruppo Credito Valtellinese, Veneto Banca, Banca Popolare Alto Adige and Banca Popolare di Bari (a consideration of 1,900 million minus the allocation to this business line of approximately 165 million of goodwill and 90 million of revaluation of property, equipment and intangible assets upon final allocation of the merger difference, as well as approximately 275 million of price adjustment and 420 million of taxes);
- integration charges (net of tax) of 321 million including provisions of approximately 270 million (net of tax) set aside in view of a foreseeable further recourse to the Solidarity Allowance for the approximately 1,750 subscriptions exceeding the number set out in the Agreement with Trade Unions of 1 August 2007;
- charges from purchase cost allocation (net of tax) of 133 million, which included a first estimate of charges relating to the acquisition of Carifirenze and Nextra Investment Management;
- minority interest of 57 million.

## Balance sheet as at 31 March 2008

As regards the consolidated balance sheet figures, as at 31 March 2008 **loans to customers** reached 362 billion euro, +4.5% above the figure as at 31 March 2007 (+7.3% excluding repurchase agreements and +7.2% taking into account the average annual volumes instead of those at year-end) and +1.8% above the figure as at 31 December 2007. Total **non-performing loans** (doubtful, substandard/restructured and past due by over 180 days) - net of adjustments - amounted to 8,727 million euro, +5.7% with respect to the 8,256 million as at 31 December 2007. In detail, doubtful loans increased from 3,129 to 3,213 million euro, with an incidence of 0.9% on total loans (unchanged as at year-end 2007) and coverage of 71% (the same as at year-end 2007); substandard/restructured loans increased from 3,907 to 4,168 million euro and loans past due by over 180 days increased from 1,220 to 1,346 million euro.

**Customer financial assets** were 1,020 billion euro (after netting referred to components included in both direct and indirect customer deposits), -0.8% compared to 31 March 2007 and -1.4% to 31 December 2007 due to indirect customer deposits penalised by the performance effect and operations with institutional customers. As part of it, direct customer deposits amounted to 394 billion, +1.6% compared to 31 March 2007 and +0.2% to 31 December 2007, and indirect customer deposits reached 653 billion, -2.4% with respect to 31 March 2007 and -2.5% to year-end 2007. **Assets under management** reached 256 billion euro, -10% with respect to 31 March 2007 and -5.4% to year-end 2007. As for bancassurance, in the first quarter of 2008, new business for life policies amounted to 1.6 billion euro. Assets under administration and in custody amounted to 397 billion euro, up by 3.3% on 31 March 2007 and down by 0.6% on 31 December 2007.

**Capital ratios** as at 31 March 2008 were calculated:

i. according to the standardised Basel 2 provisions, calculating - in the initial application phase - the risk-weighted assets in relation to credit risks and operational risks by applying the standardised approach while adopting for market risks the internal models already validated by the Bank of Italy for Basel 1;
ii. including - for the quarterly quota - dividends of approximately 3.7 billion euro assumed for 2008;
iii. taking into account the impact of the acquisition of Carifirenze control related to the purchase of approximately a further 40% of the share capital of Carifirenze following the execution of the swap by exchanging own shares,

and resulted in: Core Tier 1 ratio at 6.1%, (5.9% at 31 December 2007, calculating the risk-weighted assets applying the Basel 1 regulations), Tier 1 ratio at 6.7% (6.5% at year-end 2007) and total capital ratio at 9.3% (9% at year-end 2007) with further significant benefits expected from the future application the Basel 2 IRB foundation. If as at 31 March 2008 risk-weighted assets had been calculated applying the Basel 1 regulations, capital ratios would have resulted in Core Tier 1 ratio at 6%, Tier 1 ratio at 6.6% and total capital ratio at 9.1%.

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As at 31 March 2008, the Intesa Sanpaolo Group's **operating structure** had a total network of 7,874 branches - of which 6,566 in Italy and 1,308 abroad - with 101,769 employees, 2,938 lower compared to 31 December 2007.

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

The **Banca dei Territori** Division comprises:

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

The operations summarised above are performed through the Parent Company Intesa Sanpaolo and the network banks integrated in the IT system (Banco di Napoli, Cassa dei Risparmi di Forlì e della Romagna, Cassa di Risparmio di Padova e Rovigo, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Cassa di Risparmio del Friuli Venezia Giulia and Banca dell'Adriatico).
To serve non-profit entities Banca Prossima was set up, operational since November 2007 through the Group's branches, with regional centres and a team of specialists.
This Division also includes:

- the regional banks for which the IT integration process is not yet underway (Carifirenze, Casse del Centro and Banca di Trento e Bolzano,);
- the product companies specialised in industrial credit (Mediocredito Italiano and Banca CIS), leasing (Leasint) and consumer credit (Neos Banca and Agos).

This Division also includes the insurance companies EurizonVita, Sud Polo Vita, Intesa Vita and Intesa Previdenza, Sanpaolo Bank (Luxembourg) which operates in international private banking, the fiduciary service companies SIREFID and Sanpaolo Fiduciaria, Setefi, the company specialised in management of electronic payment systems, and Si Holding, where the Group has a 37% interest, which wholly owns CartaSi, the leading inter-bank company in the Italian credit card market.

In the first quarter of 2008, the Banca dei Territori Division registered operating income of 3,215 million euro, almost unchanged with respect to the 3,221 million in the first quarter of 2007, accounting for 69% of consolidated operating income (66% in the same period of 2007). Operating costs registered a 2.4% reduction - from 1,657 to 1,618 million euro - and led to a 2.1% increase in operating margin which rose from 1,564 to 1,597 million euro with the cost/income ratio down from 51.4% to 50.3%. Net provisions and adjustments rose from 290 to 310 million euro (+6.9%). After profits on investments held to maturity and on other investments of 1 million euro, income before tax from continuing operations amounted to 1,288 million euro with a 0.9% increase with respect to the 1,276 million in the first quarter of 2007.

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

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

In the first quarter of 2008, operating income of the Corporate & Investment Banking Division totalled 491 million euro, -33.8% compared to the 742 million of the first quarter of 2007, accounting for 11% of consolidated operating income (the contribution was 15% in the same period of 2007): excluding the figure of profits on trading, operating income posted an 8.7% rise. Operating costs, 214 million euro, were unchanged with respect to the same period of 2007; operating margin amounted to 277 million euro, -47.5% compared to the 528 million in the corresponding period of 2007 with the cost/income ratio at 43.6% with respect to the 28.8% ratio in the first quarter of 2007; excluding profits on trading, operating margin increased by 16.1% and the cost/income ratio decreased to 42% from 45.6% in the first quarter of 2007. Net provisions and adjustments halved from 41 to 22 million euro. Income before tax from continuing operations totalled 255 million euro, -47.6% compared to the 487 million of the same period of 2007, up by 28% excluding profits on trading.

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

In the first quarter of 2008, operating income of the Public Finance business unit amounted to 64 million euro, down 4.5% compared to the 67 million in the same period of 2007, representing 1% of consolidated operating income (the same as in the first quarter of 2007); excluding profits on trading, operating income posted an increase of 17.2%. With operating costs of 23 million euro, up 9.5% from the 21 million in the first quarter of 2007, operating margin was 41 million euro, down 10.9% compared to the 46 million in the first quarter of 2007 and the cost/income ratio rose from 31.3% to 35.9%; excluding profits on trading, operating margin grew by 20.9% and the cost/income ratio improved from 32.8% and 30.7%. Net provisions and adjustments amounted to 3 million euro. Income before tax from continuing operations was at 44 million euro, with a 6.4% decrease compared to the 47 million of the same period of 2007; excluding profits on trading, this caption increased by 25%.

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

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

In the first quarter of 2008, operating income of the International Subsidiary Banks Division totalled 497 million euro with a 12.2% increase from the 443 million in the first quarter of 2007, accounting for 11% of consolidated operating income (9% in the same period of 2007). Operating costs grew by 12.2% from 229 to 257 million euro due to the extension of the commercial network; as a result, operating margin rose by 12.1% from 214 to 240 million euro and the cost/income ratio was unchanged at 51.7%. Net provisions and adjustments increased from 26 to 43 million euro; after profits on investments held to maturity and on other investments of 2 million, income before tax from continuing operations amounted to 199 million euro, with a 4.2% increase compared to the 191 million in the first quarter of 2007.

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

The Eurizon Capital business unit registered operating income of 96 million euro, -3% with respect to the 99 million euro in the first quarter of 2007, accounting for 2% of consolidated operating income (the same as in the first quarter of 2007). With operating costs of 42 million euro, unchanged in comparison with the same period of 2007, operating margin amounted to 54 million euro, -5.3% on the 57 million of the first quarter of 2007, and the cost/income rose was at 43.8%. from 42.4% After net provisions and adjustments of 1 million euro, income before tax from continuing operations amounted to 53 million euro, down 5.4% from the 56 million in the same period of 2007.

The **Banca Fideuram** business unit, through its network of private bankers, performs asset gathering activities serving customers with medium to high savings potential. It registered operating income of 154 million euro, -17.6% compared to the 187 million in the same period of 2007, accounting for 3% of consolidated operating income (4% in the first quarter of 2007). With operating costs of 83 million euro, unchanged with respect to the first quarter of 2007, operating margin amounted to 71 million euro, -31.7% with respect to the 104 million of the first quarter of 2007, and the cost/income ratio rose from 44.4% to 53.9%. After net provisions and adjustments of 1 million euro, income before tax from continuing operations totalled 70 million euro, -23.1% from the 91 million of the first quarter of 2007.

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During 2008 the negative consequences generated in the world by the US subprime mortgage crisis in the second half of 2007 should progressively lessen and therefore revenues should start to grow more vigorously, also sustained by an improvement in the financial component. For operating costs, the strict controls enacted should continue to produce positive economic effects, while the cost of credit should remain on planned levels.

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

1. the acquisition of control of Carifirenze, which entered the full consolidation area in the first quarter of 2008 and was previously carried at equity for the approximately 18.6% share capital held by Intesa Sanpaolo. For 2007, the relevant components were consolidated line by line and approximately 81.4% of their contribution to the net income recorded in minority interests;
2. the acquisitions of 100% of Nextra Investment Management (now Eurizon Investmenti), included in the full consolidation area in the income statement of the first quarter of 2008. For 2007, the relevant components were consolidated line by line and their contribution to the net income recorded in minority interests.

Again for consistency purposes, the balance sheet data for the four quarters of 2007 were restated consolidating line by line the components relating to Carifirenze while the balance sheet data for the first three quarters of 2007 were restated consolidating line by line the components relating to 100% of Nextra Investment Management, the control of which had been acquired in December 2007.

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*In order to present more complete information regarding the results generated in the first quarter of 2008, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the statement approved by the Management Board are attached. Please note that these statements and the quarterly statement have not been reviewed by the Auditing company.*

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

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

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

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# Gruppo Intesa Sanpaolo

## Reclassified consolidated statement of income

(in millions of euro)

| | 31.03.2008 | 31.03.2007 restated (*) | Changes amount | Changes % | 31.03.2007 |
|---|---|---|---|---|---|
| Net interest income | 2,823 | 2,540 | 283 | 11.1 | 2,433 |
| Dividends and profits (losses) on investments carried at equity | 66 | 50 | 16 | 32.0 | 46 |
| Net fee and commission income | 1,602 | 1,676 | -74 | -4.4 | 1,627 |
| Profits (Losses) on trading | 25 | 454 | -429 | -94.5 | 440 |
| Income from insurance business | 79 | 121 | -42 | -34.7 | 101 |
| Other operating income (expenses) | 53 | 55 | -2 | -3.6 | 40 |
| Operating income | 4,648 | 4,896 | -248 | -5.1 | 4,687 |
| Personnel expenses | -1,453 | -1,507 | -54 | -3.6 | -1,431 |
| Other administrative expenses | -748 | -759 | -11 | -1.4 | -725 |
| Adjustments to property, equipment and intangible assets | -191 | -202 | -11 | -5.4 | -191 |
| Operating costs | -2,392 | -2,468 | -76 | -3.1 | -2,347 |
| Operating margin | 2,256 | 2,428 | -172 | -7.1 | 2,340 |
| Goodwill impairment | - | - | - | - | - |
| Net provisions for risks and charges | -33 | -97 | -64 | -66.0 | -92 |
| Net adjustments to loans | -311 | -346 | -35 | -10.1 | -326 |
| Net impairment losses on other assets | -8 | -2 | 6 | | -2 |
| Profits (Losses) on investments held to maturity and on other investments | 13 | 37 | -24 | -64.9 | 35 |
| Income (Loss) before tax from continuing operations | 1,917 | 2,020 | -103 | -5.1 | 1,955 |
| Taxes on income from continuing operations | -608 | -725 | -117 | -16.1 | -697 |
| Merger and restructuring related charges (net of tax) | -321 | -14 | 307 | | -14 |
| Effect of purchase cost allocation (net of tax) | -133 | -136 | -3 | -2.2 | -100 |
| Income (Loss) after tax from discontinued operations | 950 | 2,914 | -1,964 | -67.4 | 2,891 |
| Minority interests | -57 | -93 | -36 | -38.7 | -33 |
| Net income | 1,748 | 3,966 | -2,218 | -55.9 | 4,002 |
| Basic EPS - Euro | 0.14 | 0.31 | | | 0.33 |
| Diluted EPS - Euro | 0.14 | 0.31 | | | 0.33 |

(*) Figures restated on a consistent basis, considering the changes in the consolidation area and discontinued operations, restated in accordance to IFRS 5.

# Gruppo Intesa Sanpaolo

## Quarterly development of the reclassified consolidated statement of income

(in millions of euro)

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

(*) Figures restated on a consistent basis, considering the changes in the consolidation area and discontinued operations, restated in accordance to IFRS 5.

# Gruppo Intesa Sanpaolo

## Reclassified consolidated balance sheet

(in millions of euro)

| Assets | 31.03.2008 | 31.12.2007 restated (*) | Changes amount | Changes % | 31.12.2007 |
|---|---|---|---|---|---|
| Financial assets held for trading | 53,383 | 52,959 | 424 | 0.8 | 52,759 |
| Financial assets designated at fair value through profit and loss | 20,499 | 21,699 | -1,200 | -5.5 | 19,998 |
| Financial assets available for sale | 38,763 | 40,224 | -1,461 | -3.6 | 36,914 |
| Investments held to maturity | 5,709 | 5,923 | -214 | -3.6 | 5,923 |
| Due from banks | 67,279 | 64,081 | 3,198 | 5.0 | 62,831 |
| Loans to customers | 361,920 | 355,656 | 6,264 | 1.8 | 335,273 |
| Investments in associates and companies subject to joint control | 3,371 | 3,229 | 142 | 4.4 | 3,522 |
| Property, equipment and intangible assets | 30,942 | 31,893 | -951 | -3.0 | 30,905 |
| Tax assets | 3,783 | 3,827 | -44 | -1.1 | 3,639 |
| Non-current assets held for sale and discontinued operations | 310 | 4,233 | -3,923 | -92.7 | 4,222 |
| Other assets | 17,168 | 17,620 | -452 | -2.6 | 16,916 |
| Acquisition difference | 2,114 | 356 | 1,758 | | - |
| Total Assets | 605,241 | 601,700 | 3,541 | 0.6 | 572,902 |

| Liabilities and Shareholders' Equity | 31.03.2008 | 31.12.2007 restated (*) | Changes amount | Changes % | 31.12.2007 |
|---|---|---|---|---|---|
| Due to banks | 69,817 | 71,969 | -2,152 | -3.0 | 67,688 |
| Due to customers and securities issued | 366,914 | 364,999 | 1,915 | 0.5 | 346,483 |
| Financial liabilities held for trading | 29,980 | 24,664 | 5,316 | 21.6 | 24,608 |
| Financial liabilities designated at fair value through profit and loss | 26,905 | 28,157 | -1,252 | -4.4 | 27,270 |
| Tax liabilities | 4,626 | 3,876 | 750 | 19.3 | 3,806 |
| Liabilities associated with non-current assets held for sale and discontinued operations | 33 | 3,265 | -3,232 | -99.0 | 3,265 |
| Other liabilities | 27,057 | 21,390 | 5,667 | 26.5 | 20,181 |
| Technical reserves | 22,540 | 23,464 | -924 | -3.9 | 21,571 |
| Allowances for specific purpose | 6,629 | 6,120 | 509 | 8.3 | 5,681 |
| Share capital | 6,647 | 6,647 | - | - | 6,647 |
| Reserves | 41,154 | 36,962 | 4,192 | 11.3 | 36,962 |
| Valuation reserves | -49 | 699 | -748 | | 699 |
| Minority interests | 1,240 | 2,238 | -998 | -44.6 | 791 |
| Net income | 1,748 | 7,250 | -5,502 | -75.9 | 7,250 |
| Total Liabilities and Shareholders' Equity | 605,241 | 601,700 | 3,541 | 0.6 | 572,902 |

(*) Figures restated on a consistent basis, considering the changes in the consolidation area and discontinued operations, restated in accordance to IFRS 5.

# Gruppo Intesa Sanpaolo

## Quarterly development of the Reclassified consolidated balance sheet

(in millions of euro)

| Assets | 2008 | 2007 restated (*) | | | |
|---|---|---|---|---|---|
| | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Financial assets held for trading | 53,383 | 52,959 | 63,458 | 81,928 | 78,210 |
| Financial assets designated at fair value through profit and loss | 20,499 | 21,699 | 22,162 | 22,837 | 22,795 |
| Financial assets available for sale | 38,763 | 40,224 | 43,441 | 45,019 | 45,509 |
| Investments held to maturity | 5,709 | 5,923 | 5,847 | 5,973 | 5,899 |
| Due from banks | 67,279 | 64,081 | 65,504 | 64,591 | 64,979 |
| Loans to customers | 361,920 | 355,656 | 345,754 | 349,512 | 346,363 |
| Investments in associates and companies subject to joint control | 3,371 | 3,229 | 2,880 | 2,832 | 2,802 |
| Property, equipment and intangible assets | 30,942 | 31,893 | 31,939 | 32,378 | 32,897 |
| Tax assets | 3,783 | 3,827 | 4,977 | 4,493 | 4,921 |
| Non-current assets held for sale and discontinued operations | 310 | 4,233 | 7,508 | 13,045 | 13,349 |
| Other assets | 17,168 | 17,620 | 16,150 | 13,715 | 14,414 |
| Acquisition difference | 2,114 | 356 | 356 | 356 | 356 |
| Total Assets | 605,241 | 601,700 | 609,976 | 636,679 | 632,494 |

| Liabilities and Shareholders' Equity | 2008 | 2007 restated (*) | | | |
|---|---|---|---|---|---|
| | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Due to banks | 69,817 | 71,969 | 77,857 | 95,376 | 86,288 |
| Due to customers and securities issued | 366,914 | 364,999 | 356,957 | 361,805 | 359,060 |
| Financial liabilities held for trading | 29,980 | 24,664 | 27,781 | 28,633 | 28,738 |
| Financial liabilities designated at fair value through profit and loss | 26,905 | 28,157 | 29,068 | 29,352 | 28,467 |
| Tax liabilities | 4,626 | 3,876 | 5,628 | 5,364 | 6,618 |
| Liabilities associated with non-current assets held for sale and discontinued operations | 33 | 3,265 | 6,278 | 11,890 | 12,724 |
| Other liabilities | 27,057 | 21,390 | 19,934 | 18,444 | 25,164 |
| Technical reserves | 22,540 | 23,464 | 22,967 | 24,013 | 24,829 |
| Allowances for specific purpose | 6,629 | 6,120 | 6,607 | 6,071 | 6,485 |
| Share capital | 6,647 | 6,647 | 6,647 | 6,647 | 6,646 |
| Reserves | 41,154 | 36,962 | 8,453 | 8,424 | 8,393 |
| Merger reserves | - | - | 31,093 | 31,093 | 31,093 |
| Valuation reserves | -49 | 699 | 934 | 1,283 | 1,120 |
| Minority interests | 1,240 | 2,238 | 3,026 | 2,998 | 2,903 |
| Net income | 1,748 | 7,250 | 6,746 | 5,286 | 3,966 |
| Total Liabilities and Shareholders' Equity | 605,241 | 601,700 | 609,976 | 636,679 | 632,494 |

(*) Figures restated on a consistent basis, considering the changes in the consolidation area and discontinued operations, restated in accordance to IFRS 5.

# Gruppo Intesa Sanpaolo

## Breakdown of financial highlights and financial ratios by business area

| Statement of income (in millions of euro) | Banca dei Territori | | Corporate & Investment Banking | | Public Finance | | International Subsidiary Banks | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) |
| Operating income | 3,215 | 3,221 | 491 | 742 | 64 | 67 | 497 | 443 | 96 | 99 | 154 | 187 |
| Operating costs | -1,618 | -1,657 | -214 | -214 | -23 | -21 | -257 | -229 | -42 | -42 | -83 | -83 |
| Operating margin | 1,597 | 1,564 | 277 | 528 | 41 | 46 | 240 | 214 | 54 | 57 | 71 | 104 |
| **Balance sheet (in millions of euro)** | **Banca dei Territori** | | **Corporate & Investment Banking** | | **Public Finance** | | **International Subsidiary Banks** | | **Eurizon Capital** | | **Banca Fideuram** | |
| | 31.03.2008 | 31.12.2007 restated (*) | 31.03.2008 | 31.12.2007 restated (*) | 31.03.2008 | 31.12.2007 restated (*) | 31.03.2008 | 31.12.2007 restated (*) | 31.03.2008 | 31.12.2007 restated (*) | 31.03.2008 | 31.12.2007 restated (*) |
| Loans to customers | 214,861 | 211,612 | 86,491 | 87,525 | 34,287 | 33,906 | 24,409 | 23,215 | 7 | 8 | 1,108 | 905 |
| Direct customer deposits | 224,304 | 224,874 | 71,018 | 66,545 | 8,196 | 8,282 | 26,360 | 26,683 | 2 | 3 | 6,941 | 6,999 |
| **Profitability ratios (%)** | **Banca dei Territori** | | **Corporate & Investment Banking** | | **Public Finance** | | **International Subsidiary Banks** | | **Eurizon Capital** | | **Banca Fideuram** | |
| | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) | 31.03.2008 | 31.03.2007 restated (*) |
| Cost / Income | 50.3 | 51.4 | 43.6 | 28.8 | 35.9 | 31.3 | 51.7 | 51.7 | 43.8 | 42.4 | 53.9 | 44.4 |
| ROE before tax (a) | 42.8 | 41.4 | 14.8 | 29.5 | 16.4 | 19.1 | 44.9 | 52.8 | 95.6 | 103.8 | 82.3 | 113.0 |
| Economic Value Added (EVA®) (in millions of euro) | 596 | 542 | 6 | 152 | - | 5 | 94 | 100 | 30 | 34 | 44 | 63 |

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

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