INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 31 MARCH 2010

- **Net income for first quarter 2010: 688 million euro, +26.7% compared to 543 million euro in fourth quarter 2009 and -36% compared to 1,075 million euro in first quarter 2009.**
- **Adjusted(*) net income: 710 million euro, +76.2% compared to 403 million euro in fourth quarter 2009 and +10.2% compared to 644 million euro in first quarter 2009.**
- **Income before tax from continuing operations: 1,141 million euro, +24.6% compared to 916 million euro in fourth quarter 2009 and +19.5% compared to 955 million euro in first quarter 2009.**
- **Operating margin: 1,976 million euro, +14.4% compared to 1,727 million euro in fourth quarter 2009 and +12% compared to 1,764 million euro in first quarter 2009.**
- **Operating income: 4,223 million euro, -1.2% compared to 4,273 million euro in fourth quarter 2009 and +4% compared to 4,061 million euro in first quarter 2009.**
- **Operating costs: 2,247 million euro, -11.7% compared to 2,546 million euro in fourth quarter 2009 and -2.2% compared to 2,297 million euro in first quarter 2009.**
- **Capital ratios as at 31 March 2010: Tier 1 ratio at 8.5%.**

Torino, Milano, 14 May 2010 – At a meeting held today the Intesa Sanpaolo Management Board, chaired by Andrea Beltratti, approved the consolidated interim statement as at 31 March 2010 (1).

During the first quarter of 2010 the Intesa Sanpaolo Group continued to implement its course of action aimed at **prioritising sustainable profitability** achieved through a strategic focus not only on **revenues** and **costs** but also on **liquidity, solidity and a low risk profile**. This focus shaped the Group's management policy particularly in the context of the crisis in international financial markets that started in the second half of 2007 and has proven appropriate also amid recent euro-zone tensions.

Consequently, in the first quarter of 2010, **management policies for the medium term** have enabled the Group to generate, in comparison with the first quarter of last year, the following:

- **revenues growing,** despite the combined negative impact of the progressive fall in euribor rates, to their all-time low reducing net interest income, and elimination of overdraft charges, while the continued focus on long-lasting relationships with customers led to a marked **recovery of commissions**;
- **operating costs decreasing,** confirming the trend seen throughout the three years since the merger that resulted in the Intesa Sanpaolo Group; and
- **loan adjustments in line**, considering that adjustments for the first quarter of 2009, though at high levels, had been significantly lower compared to the following quarters of the year.

This has delivered continued and robust profitability, with **consolidated net income** at 688 million euro in the first quarter of 2010, compared with 543 million euro in the fourth quarter of 2009 (+26.7%), 674 million euro in the third quarter of 2009, 513 million euro in the second quarter of 2009 and 1,075 million euro in the first quarter of 2009 (which benefited from a 511 million euro release of deferred taxes).

Consolidated adjusted net income - taking out the main non-recurring items (*) **-** was 710 million euro for the first quarter of 2010 against 403 million euro in the fourth quarter of 2009 (+76.2%), 816 million euro in the third quarter of 2009, 728 million euro in the second quarter of 2009 and 644 million euro in the first quarter of 2009 (+10.2%).

(*) Methodological note on calculation of the adjusted net income on page 10.

(1) Methodological note on the scope of consolidation on page 10.

The income statement for the first quarter of 2010

The consolidated income statement for the first quarter of 2010 (2) registered **operating income** of 4,223 million euro, down 1.2% from 4,273 million euro in the fourth quarter of 2009 and up 4% from 4,061 million euro in the first quarter of 2009.

As part of this, in the first quarter of 2010 **net interest income** was 2,407 million euro, down 3.2% from 2,487 million euro in the fourth quarter of 2009 and down 9.5% from 2,659 million euro in the first quarter of 2009. The decline was mainly driven by the continued substantial fall in euribor rates, which weighed heavily on net interest income - following the Group's strategy aimed at prioritising a stronger liquidity position in an economic environment characterised by a still high uncertainty further confirmed by recent euro-zone tensions - although attentive pricing and partial hedging against lowering interest rates were implemented. The drop against the first quarter of 2009 was also due to the elimination of overdraft charges - effective as of the third quarter of 2009 - which impacted 93 million euro.

Net fee and commission income amounted to 1,403 million euro. That was down 6.3% from 1,497 million euro in the fourth quarter of 2009 and up 15.4% from 1,216 million euro in the first quarter last year. Compared to the fourth quarter of 2009, commissions on commercial banking activities decreased by 7.4% and commissions on management, dealing and consultancy activities (which include portfolio management, distribution of insurance products, dealing and placement of securities, etc.) dropped by 8.4% due to the non recurrence of some 60 million euro of performance commissions registered in the fourth quarter of last year. Compared to the first quarter of 2009, commissions on commercial banking activities rose by 9.6% (also as a result of 28 million deriving from the introduction of the commitment fee) and commissions on management, dealing and consultancy activities were up by 29.8%, with those on dealing and placement of securities more than double, those on distribution of insurance products up 21.6% and those on portfolio management up 19.6%.

Profits on trading posted 218 million euro (including a 27 million positive effect on structured credit products) against 129 million euro in the previous quarter (including a 10 million positive effect on structured credit products) and 107 million euro in the first quarter of 2009 (including a negative impact of 79 million on structured credit products). The component of proprietary trading, treasury and structured credit products accounted for less than 1% of the Group's total revenues. Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale, trading profits would have recorded a positive pre-tax impact of 84 million euro.

Income from insurance business was 166 million euro compared to 133 million euro in the fourth quarter of 2009 and 64 million euro for the same period last year.

---

(2) During the preparation of the interim statement as at 30 September 2008, in the wake of the global financial crisis certain amendments to international accounting standards were introduced and adopted by the European Commission. In short, in accordance with these amendments it is possible to reclassify - in specific circumstances considered to be rare - unquoted financial instruments, or no longer quoted, in an active market and no longer held for trading or available for sale: in particular, out of the category "fair value through profit and loss" into the categories "available-for-sale" or "the held-to-maturity" or "loans and receivables" and out of the category "available-for-sale" into the category "loans and receivables". The Group, largely basing on the prices as at 1 July 2008, reclassified 3,572 million euro of financial assets held for trading into loans and receivables and 217 million euro of financial assets held for trading into financial assets available for sale. Without this reclassification, the profits/losses on trading for the first quarter of 2010 would have recorded 84 million euro as a positive pre-tax impact (72 million as a positive impact in full-year 2009 and 459 million as a negative impact in full-year 2008). The Group also reclassified 6,384 million euro of financial assets available for sale into loans and receivables. Had these reclassifications not been made, the shareholders' equity would have recorded 809 million euro as a negative pre-tax direct impact as at 31 March 2010 (199 million as a negative impact in the first quarter of 2010).

Operating costs amounted to 2,247 million euro, an 11.7% reduction on the 2,546 million euro of the previous quarter impacted by the year-end seasonal effect, as a result of decreases in personnel expenses, down 5.9%, administrative expenses, down 17.3%, and adjustments, down 29.2%. A 2.2% drop was registered against the 2,297 million euro of the first quarter of 2009, due to decreases in personnel expenses (-1.4%), administrative expenses (-2.3%) and adjustments (-8.3%).

As a result, **operating margin** totalled 1,976 million euro, up 14.4% from 1,727 million euro in the previous quarter and up 12% from 1,764 million euro for the same period last year. The cost/income ratio improved to 53.2% in the first quarter of 2010 from 59.6% in fourth quarter 2009 and 56.6% in first quarter 2009.

No **goodwill impairment** was recorded in the period, as was the case with the previous quarter and the first quarter of 2009.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 845 million euro against the 1,328 million euro of the fourth quarter of 2009 and the 809 million euro of the first quarter of 2009. Net provisions for risks and charges amounted to 86 million euro against 99 million euro in the previous quarter and 69 million euro in the first quarter of 2009. Net adjustments to loans totalled 754 million euro compared to 1,069 million euro in the fourth quarter of 2009 and 733 million euro in the first quarter of 2009. Net impairment losses on other assets amounted to 5 million euro, against 160 million euro in the previous quarter and 7 million euro in the first quarter of 2009.

Profits/losses on investments held to maturity and on other investments were a positive 10 million euro compared to profits of 517 million euro in the previous quarter (which benefited from capital gains of 439 million [(3)] on the disposal of Findomestic and 70 million on that of Esaote); no profits/losses were recorded in the first quarter of 2009.

Income before tax from continuing operations amounted to 1.141 million euro, up 24.6% from 916 million euro posted in the three months to 31 December 2009 and up 19.5% from 955 million euro in the first quarter of 2009.

Consolidated net income was 688 million euro - compared with 543 million euro in the fourth quarter of 2009 (+26.7%) and 1,075 million euro in the first quarter of 2009 (which included a 511 million euro benefit from the release of deferred taxes) - after accounting for:

- taxes of 351 million euro (including an 86 million euro benefit from the release of deferred taxes);
- integration charges (net of tax) of 16 million euro;
- charges from purchase cost allocation (net of tax) of 92 million euro;
- income after tax from discontinued operations of 28 million euro;
- minority interests of 22 million euro.

Excluding the main non-recurring items, net income was 710 million euro for the first quarter of 2010, up 76.2% from 403 million euro in the previous quarter and up 10.2% from 644 million euro in the first quarter of 2009.

---

(3) The figure is made up of 282 million euro from the sale of the first 25% stake and 157 million euro from the valuation at fair value of the remaining 25% based on the bottom end of the range set in the contract which envisages its sale in 2011-2013.

Balance sheet as at 31 March 2010

As regards the consolidated balance sheet figures, as at 31 March 2010 **loans to customers** amounted to 369 billion euro, down 4.4% from 31 March 2009 (down 6.3% taking into account average volumes instead of those at the end of the period) and down 1.2% from year-end 2009. Total **non-performing loans** (doubtful, substandard, restructured and past due) - net of adjustments - amounted to 21,038 million euro, up 2.9% compared to the 20,445 million euro as at 31 December 2009. In detail, doubtful loans increased from 5,365 to 5,881 million euro; the ratio to total loans was 1.6% (1.4% as at year-end 2009) and the coverage ratio was 67% (in line with year-end 2009). Total coverage was 124% taking into account **collateral and guarantees** to doubtful loans in addition to specific provisions. Substandard loans decreased from 10,370 to 9,756 million euro, restructured loans rose from 2,293 to 3,131 million euro and loans past due decreased from 2,417 to 2,270 million euro.

Customer financial assets were 831 billion euro (after netting referred to items included in both direct and indirect customer deposits), up 3.5% from 31 March 2009 and up 1.9% from 31 December 2009. Under customer financial assets, **direct customer deposits** amounted to 429 billion euro, up 0.4% from 31 March 2009 and up 1.8% from 31 December 2009, while indirect customer deposits amounted to 427 billion euro, up 6.6% from 31 March 2009 and up 1.8% from year-end 2009. **Assets under management** totalled 234 billion euro, up 11.9% from 31 March 2009 and up 2.6% from year-end 2009. As for bancassurance, in the first quarter of 2010 new business for life policies amounted to 4 billion euro (158% higher than the first quarter of 2009). Assets under administration and in custody amounted to 193 billion euro, up 0.8% from 31 March 2009 and up 0.9% from 31 December 2009.

Capital ratios as at 31 March 2010 have been calculated taking into account the dividend accrued in the period for year 2010 - assuming the quarterly quota of the one billion euro dividend for 2009 being paid in 2010 - and applying the Basel 2 Foundation approach. Capital ratios result in 7.2% for the Core Tier 1 ratio (7.1% at year-end 2009), 8.5% for the Tier 1 ratio (8.4% at year-end 2009) and 11.9% for the total capital ratio (11.8% at year-end 2009).

Pro-forma capital ratios should exceed 9.2% for the Core Tier 1 ratio, 10.5% for the Tier 1 ratio and 13.9% for the total capital ratio. These levels do not take into account the benefit expected from the sale of 150-200 branches to Crédit Agricole, terms and conditions of which shall be finalised by 30 June 2010, and include the effects detailed below:

- sale of the securities services business in the finalisation stage (expected positive impact of 37 basis points on the Core Tier 1 ratio),
- purchase of 50% of Intesa Vita in the finalisation stage (expected negative impact of 7 basis points on the Core Tier 1 ratio),
- purchase of 50 branches in the finalisation stage (expected negative impact of 9 basis points on the Core Tier 1 ratio),
- sale of the remaining 25% stake in Findomestic (valuation based on the bottom end of the range set in the contract, with an expected positive impact of 7 basis points on the Core Tier 1 ratio),
- application of Basel 2 Advanced (expected positive impact - subject to Bank of Italy approval and estimated on the basis of the current economic situation - of about 25 basis points for the Core Tier 1 ratio largely achievable in 2010),
- further capital management actions - including disposals, either partial or full, partnerships, listings, etc. - on non-core assets, which are expected to take place in the short term (expected positive impact of at least 50 basis points on the Core Tier 1 ratio),
- additional capital management actions available if necessary (expected positive impact of at least 100 basis points on the Core Tier 1 ratio).

* * *

The strategic decisions taken by **Intesa Sanpaolo** ensured that the Group confirmed its position as **one of the most solid international banking Groups,** particularly amid renewed tensions on international financial markets, while continuing to build on its key strengths which include, in addition to asset quality and the level of capital ratios commented upon previously:

- an **excellent liquidity profile** with
  - a positive net interbank position of 3.2 billion euro,
  - a broad availability of eligible assets with Central Banks not yet utilised, corresponding to liquidity of 65 billion euro as at 31 March 2010,
  - customer deposits outweighing customer loans,
  - stable and well-diversified sources of funding,
  - 70% of direct customer deposits (inclusive of securities issued) generated from retail operations,
  - no strict requirement for the Group to access the wholesale market for the rest of the year considering that the remaining 2010 maturities of around 27 billion euro of medium-long term funding are covered by around 9 billion euro pre-funded in 2009 and are retail bonds of approximately 20 billion euro;
- **low leverage and an adequate capital base** with
  - a much lower leverage than other main European banking groups,
  - the best ratio of tangible net shareholders' equity to tangible assets among the main European banking groups;
- a **low risk profile** with
  - 63% of revenues from retail operations in Italy,
  - less than 1% of revenues from proprietary trading, treasury and structured credit products,
  - a limited and well-diversified exposure to Central and Eastern Europe, with customer loans in the region accounting for only 7.5% of the Group's total loan book and customer deposits well balanced against customer loans,
  - the Group's securities portfolio including no Spanish or Portuguese Government bonds, and Irish and Greek Government bonds only amounting to around 240 and 840 million euro respectively at the end of April 2010.

* * *

As fully detailed when disclosing the results for 2007, 2008 and 2009, Intesa Sanpaolo is only indirectly exposed to the US subprime mortgage crisis through structured credit products which were negatively affected by the dramatic decline in prices from the fourth quarter of 2007 - with impacts on profits on trading mainly in terms of write-downs - to the first quarter of 2009 inclusive, with recovery starting as of the second quarter of 2009 with positive effects on profits on trading, as commented upon previously in the income statement section. The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of 37 million euro as at 31 March 2010. Full and detailed information concerning structured credit products held by the Group is included, as usual, in the Interim Statement as at 31 March 2010 approved by the Management Board as well as in the specific slides of the presentation of results made available to the market.

* * *

As at 31 March 2010, the Intesa Sanpaolo Group's **operating structure** had a total network of 7,793 branches - of which 5,921 in Italy and 1,872 abroad - with 103,651 employees, 67 lower than at 31 December 2009.

* * *

Breakdown of results by business area

The **Banca dei Territori** Division comprises:

- retail customers: households (individual customers with financial assets up to 100,000 euro), personal (individual customers with financial assets between 100,000 euro and one million euro), small businesses (enterprises with a turnover under 2.5 million euro and with loan facilities under one million euro);
- SME customers: SMEs with a turnover between 2.5 and 150 million euro;
- Private customers: individual customers with financial assets exceeding one million euro.

Operations with individual and SME customers are performed through the Parent Company, Intesa Sanpaolo, and the network banks (Banca di Credito Sardo, Banca di Trento e Bolzano, Banco di Napoli, Carifirenze, Casse del Centro, Cassa dei Risparmi di Forlì e della Romagna, Cassa di Risparmio del Veneto, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Cassa di Risparmio del Friuli Venezia Giulia and Banca dell'Adriatico). Intesa Sanpaolo Private Banking is the Group's company which serves private customers. 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 product companies, namely Mediocredito Italiano, the Group company which specialises in industrial credit, the insurance companies EurizonVita, Sud Polo Vita, Intesa Vita and Intesa Previdenza, the fiduciary service company SIREFID and Moneta, a company operating in the consumer credit business and through its subsidiary Setefi in electronic payment systems.

In the first quarter of 2010, the Banca dei Territori Division registered:

- operating income of 2,480 million euro, down 1% compared with 2,504 million euro in the fourth quarter of 2009 and nearly unchanged compared with 2,490 million euro in the first quarter of 2009, accounting for 59% of the consolidated operating income (61% in the first quarter of 2009);
- operating costs of 1,415 million euro, down 11.5% from 1,599 million euro in the fourth quarter of 2009 and down 2.7% from 1,455 million euro in the first quarter of 2009;
- operating margin of 1,065 million euro, up 17.7% from 905 million euro in the fourth quarter of 2009 and up 2.9% compared to 1,035 million euro in the first quarter of 2009;
- a cost/income ratio improving to 57.1% from 63.9% in the fourth quarter of 2009 and from 58.4% in the first quarter of 2009;
- net provisions and adjustments of 497 million euro compared to 718 million euro in the fourth quarter of 2009 and 386 million euro in the first quarter of 2009;
- no profits/losses on investments held to maturity and on other investments. In the fourth quarter of 2009 profits were 420 million euro while no profits/losses were recorded in the first quarter of 2009;
- income before tax from continuing operations of 568 million euro, down 6.6% from 608 million euro in the fourth quarter of 2009 and down 12.5% compared to 649 million euro in the first quarter of 2009;
- net income of 277 million euro, down 16.8% from 333 million euro in the fourth quarter of 2009 and up 3% from 269 million euro in the first quarter of 2009.

Eurizon Capital, the company specialised in providing collective and individual asset management products to the Group's internal banking networks, is developing synergies with the Banca dei Territori Division. The company is also focused on strengthening its presence in the "open architecture" segment through specific distribution agreements with other networks and institutional investors. Eurizon Capital controls the subsidiaries Eurizon Capital (Luxembourg) and Eurizon A.I., which promote and manage, respectively, funds incorporated under Luxembourg law and alternative funds, and owns a 49% stake in a Chinese asset management company, Penghua Fund Management.

In the first quarter of 2010, Eurizon Capital registered:

- operating income of 67 million euro, halved compared to 132 million euro in the previous quarter (which included some 60 million of performance commissions) and unchanged compared to 68 million euro in the first quarter of 2009, accounting for 2% of the Group's consolidated figure (the same as in the first quarter of 2009);
- operating costs of 34 million euro, down 26.2% from 46 million euro in the fourth quarter of 2009 and up 13.3% from 30 million euro in the first quarter of 2009;
- operating margin of 33 million euro, down 61.7% compared to 86 million euro in the fourth quarter of 2009 and down 13.2% compared to 38 million euro in the first quarter of 2009;

- a cost/income ratio of 50.7% versus 34.8% in the fourth quarter of 2009 and 44.1% in the first quarter of 2009;
- income before tax from continuing operations of 33 million euro, down 59.9% from 82 million euro in the previous quarter and down 13.2% from 38 million euro in the first quarter of 2009;
- net income of 16 million euro, down 69.6% compared to 53 million euro in the previous quarter and down 5.9% compared to 17 million euro in the first quarter of 2009.

The **Corporate & Investment Banking** Division includes:
- Large & International Corporate, which presides over relations with large corporates in Italy (mainly with a turnover exceeding 500 million euro) and foreign corporate customers;
- Mid Corporate, dedicated to Italian corporate customers with a turnover exceeding 150 million euro and mainly up to 500 million euro;
- Global Services, responsible for foreign branches, representative offices and international subsidiaries which specialise in corporate banking (Société Européenne de Banque, Intesa Sanpaolo Bank Ireland) and for providing specialist assistance in support of the internationalisation of Italian corporates and the development of export;
- Financial Institutions, 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 including the securities service business the sale of which is currently under finalisation;
- Banca IMI, which is in charge of investment banking operations, that is the creation of products of structured finance 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;
- Merchant Banking, which operates in the private equity area also through Private Equity International (PEI) and IMI Investimenti companies.

This Division also comprises the activities of Leasint, Mediofactoring and management of the Group's proprietary trading.

In the first quarter of 2010, the Corporate & Investment Banking Division registered:
- operating income of 952 million euro, up 5.9% from 899 million euro in the previous quarter and up 24.3% from 766 million euro in the first quarter of 2009, accounting for 23% of the Group's consolidated figure (the contribution was 19% in the first quarter of 2009);
- operating costs of 208 million euro, down 18.2% from 254 million euro in the previous quarter and down 3.7% from 216 million euro in the first quarter of 2009;
- operating margin of 744 million euro, up 15.4% from 645 million euro in the fourth quarter of 2009 and up 35.3% from 550 million euro in the first quarter of 2009;
- a cost/income ratio of 21.8% improving versus a ratio of 28.3% in the fourth quarter of 2009 and 28.2% in the first quarter of 2009;
- net provisions and adjustments of 105 million euro compared to 292 million euro in the fourth quarter of 2009 and 197 million euro in the first quarter of 2009;
- no profits/losses on investments held to maturity and on other investments. In the fourth quarter of 2009 profits were 71 million euro while no profits/losses were recorded in the first quarter of 2009;
- income before tax from continuing operations of 639 million euro, up 50.8% from 424 million euro in the fourth quarter of 2009 and up 81.5% from 352 million euro in the first quarter of 2009;
- net income of 418 million euro, up 19.4% from 350 million euro in the fourth quarter of 2009 and nearly doubling the 215 million euro of the first quarter of 2009.

Public Finance provides services to government, public entities, local authorities, public utilities, general contractors, public and private healthcare structures and develops activities related to lending and day-to-day banking operations, project financing, securitisations and financial advisory, with the aim of promoting cooperation between public and private entities and supporting initiatives and investment projects in large infrastructures, healthcare, research and public utilities in general. Public finance activities are performed through Banca Infrastrutture Innovazione e Sviluppo.

In the first quarter of 2010, Public Finance registered:
- operating income of 75 million euro, accounting for 2% of the Group's consolidated operating income (3% in the first quarter of 2009), a 4.9% increase compared with 71 million euro in the fourth quarter of 2009 and a 33% decrease from 112 million euro in the first quarter of 2009 due to the tightening of spreads;
- operating costs of 20 million euro, a 7.3% decrease from 22 million euro in the previous quarter and in line with the first quarter of 2009;
- operating margin of 55 million euro, up 10.2% from 50 million euro in the fourth quarter of 2009 and down 40.2% from 92 million euro in the first quarter of 2009;
- a cost/income ratio of 26.7% versus 30.2% in the previous quarter and 17.9% in the first quarter of 2009;
- net provisions and adjustments of 6 million euro, compared to 48 million euro in the fourth quarter of 2009 and 3 million in the first quarter of 2009;
- income before tax from continuing operations of 49 million euro compared to 2 million euro in the previous quarter and 89 million euro in the first quarter of 2009;
- net income of 29 million euro from the 12 million euro of the previous quarter and the 52 million euro of the same period last year.

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 subsidiary banks and their relations with the Parent Company's head office departments 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 where it operates: i) the SEE Banking Area which includes the banking subsidiaries in South-Eastern Europe, Privredna Banka Zagreb in Croatia, Banca Intesa Beograd in Serbia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Intesa Sanpaolo Bank Albania and Intesa Sanpaolo Bank Romania; ii) the CEE Banking Area which includes the banking subsidiaries in Central-Eastern Europe, Banka Koper in Slovenia, VUB Banka in Slovakia, CIB Bank in Hungary; iii) the CIS and South Mediterranean Banking Areas which include the subsidiaries Banca Intesa in the Russian Federation, Pravex-Bank in Ukraine and Bank of Alexandria in Egypt.

In the first quarter of 2010, International Subsidiary Banks Division registered:
- operating income of 552 million euro, down 4.4% from 577 million euro in the fourth quarter of 2009 and up 3.2% from 535 million euro in the first quarter of 2009, accounting for 13% of the Group's consolidated figure (the same as in the first quarter of 2009);
- operating costs of 280 million euro, down 1.3% from 284 million euro in the previous quarter and down 2.1% compared to 286 million euro in the first quarter of 2009;
- operating margin of 272 million euro, down 7.3% from 293 million euro in the previous quarter and up 9.2% from 249 million euro in the first quarter of 2009;
- a cost/income ratio of 50.7% versus 49.2% in the fourth quarter of 2009 and 53.5% in the first quarter of 2009;
- net provisions and adjustments of 132 million euro against 174 million euro in the previous quarter and 145 million euro in the first quarter of 2009;
- income before tax from continuing operations of 141 million euro, up 16.7% compared to 121 million euro in the previous quarter and up 34.3% compared to 105 million euro in the first quarter of 2009;
- net income of 113 million euro, in line with 114 million in the fourth quarter of 2009 and up 31.4% compared to 86 million euro in the first quarter of 2009.

Banca Fideuram, through its network of private bankers, performs asset gathering activities serving customers with a medium to high savings potential. In the first quarter of 2010, Banca Fideuram registered:

- operating income of 176 million euro, up 5.1% from 167 million euro in the fourth quarter of 2009 and up 15.8% compared to 152 million euro for the same period last year, contributing 4% to the Group's consolidated figure (the same as in the first quarter of 2009);
- operating costs of 80 million euro, down 4.6% compared to 84 million euro in the fourth quarter of 2009 and in line with the 79 million euro of the first quarter of 2009;
- operating margin of 96 million euro, up 14.9% from 84 million euro in the previous quarter and up 31.5% from 73 million euro in the first quarter of 2009 ;
- a cost/income ratio of 45.5% improving versus 50.1% in the fourth quarter of 2009 and 52% in the first quarter of 2009;
- net provisions and adjustments of 11 million euro compared to 15 million euro in the fourth quarter of 2009 and 11 million euro in the first quarter of 2009;
- income before tax from continuing operations of 85 million euro, up 22.4% from 69 million euro in the fourth quarter of 2009 and up 37.1% from 62 million euro in the first quarter of 2009;
- net income of 43 million euro, compared to 26 million euro in the previous quarter and 27 million in the first quarter of 2009; excluding charges from purchase cost allocation, net income for the first quarter would be at 64 million euro, compared to 47 million euro in the fourth quarter of 2009 and 48 million euro in the first quarter of 2009.

The 2010 outlook

During the year, the Group will continue to implement consolidated measures aimed at preserving sustainable profitability in the medium term: the development of long-term relationships with customers, the optimisation of efficiency - finetuning cost control and investments - and monitoring of asset quality, liquidity and capital base.

Also in light of the results generated over the January-to-March period, in 2010 the Group is expected to register, compared to 2009, some improvement in operating income, a decrease in operating costs and the cost of credit slightly down. Recurring profitability and net income are thus expected to improve, also reckoning significantly lower integration charges and capital gains resulting from capital management actions under finalisation.

* * *

For consistency purposes, the income statement data for 2009 were restated mainly due to the ongoing disposal of the securities services business, in respect of which a sale-and-purchase agreement was entered into in December 2009: for the first three quarters of 2009 relevant items were deconsolidated line by line and their contribution in terms of net income was recorded under income after tax from discontinued operations.

Still for consistency purposes, the balance sheet data for the first three quarters of 2009 were restated deconsolidating line by line the items relating to the securities services business and registering their contribution under assets/liabilities relating to non-current assets held for sale and discontinued operations.

Moreover the income statement and balance sheet data for 2009 relating to the business units were restated following the allotment of the Banca CR Firenze Group contribution, including Casse del Centro, to the relevant business units (previously it was entirely attributed to Banca dei Territori Division).

* * *

The adjusted net income was calculated excluding the main non-recurring items listed below:

in the first quarter 2010: 1) 86 million euro fiscal benefit from the release of deferred taxes relating to goodwill detaxation with some subsidiaries, recorded under taxes on income from continuing operations, 2) 23 million euro integration charges and related tax savings resulting in net integration charges of 16 million euro and 3) 92 million euro charges from purchase cost allocation, net of tax;

in the first quarter 2009: 1) 511 million euro fiscal benefit from the release of deferred taxes relating to detaxation of intangibles with a finite life and brand name, recorded under taxes on income from continuing operations, 2) 68 million euro integration charges and related tax savings, which resulted in net integration charges of 48 million euro, 3) 95 million euro charges from purchase cost allocation, net of tax and 4) 83 million euro capital gains made on the disposal of CR Orvieto and 17 branches and related taxes, which resulted in a net capital gain of 63 million euro under income after tax from discontinued operations;

in the second quarter 2009: 1) 72 million euro net impairment losses on other assets, 2) 60 million euro integration charges and related tax savings, which resulted in net integration charges of 38 million euro, and 3) 102 million euro charges from purchase cost allocation, net of tax;

in the third quarter 2009: 1) 61 million euro integration charges and related tax savings, which resulted in net integration charges of 44 million euro, and 2) 98 million euro charges from purchase cost allocation, net of tax;

in the fourth quarter 2009: 1) 51 million euro from the IMI-SIR settlement registered under the caption other operating income and related taxes, 2) 160 million euro net impairment losses on other assets, 3) capital gains of 439 million euro from the disposal of Findomestic and 70 million euro from that of Esaote registered under profits on investments held to maturity, and related taxes, 4) 130 million euro integration charges and related tax savings, which resulted in net integration charges of 84 million euro, 5) 90 million euro charges from purchase cost allocation, net of tax, and 6) 60 million euro attributable to minority shareholders out of the aforementioned 439 million euro Findomestic capital gain recorded under minority interests.

* * *

In order to present more complete information on the results generated in the first quarter of 2010, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the statement approved by the Management Board are attached. Please note these statements and the quarterly statement have not been reviewed by the Auditing company.

* * *

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

* * *

This press release contains certain forward-looking statements and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate. 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 (and be more negative than) 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 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; and
- the Group's ability to finalise capital management actions on its non-core assets (including disposals, either full or partial, partnerships, listings, etc.).

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 as a prediction of actual results. All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Investor Relations
+39.02.87943180
investor.relations@intesasanpaolo.com

Media Relations
+39.02.87963531
stampa@intesasanpaolo.com

group.intesasanpaolo.com

Gruppo Intesa Sanpaolo

Reclassified consolidated statement of income

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Net interest income	2,407	2,659	-252	-9.5
Dividends and profits (losses) on investments carried at equity	7	-6	13	
Net fee and commission income	1,403	1,216	187	15.4
Profits (Losses) on trading	218	107	111	
Income from insurance business	166	64	102	
Other operating income (expenses)	22	21	1	4.8
Operating income	4,223	4,061	162	4.0
Personnel expenses	-1,370	-1,390	-20	-1.4
Other administrative expenses	-734	-751	-17	-2.3
Adjustments to property, equipment and intangible assets	-143	-156	-13	-8.3
Operating costs	-2,247	-2,297	-50	-2.2
Operating margin	1,976	1,764	212	12.0
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-86	-69	17	24.6
Net adjustments to loans	-754	-733	21	2.9
Net impairment losses on other assets	-5	-7	-2	-28.6
Profits (Losses) on investments held to maturity and on other investments	10	-	10	-
Income (Loss) before tax from continuing operations	1,141	955	186	19.5
Taxes on income from continuing operations	-351	183	-534	
Merger and restructuring-related charges (net of tax)	-16	-48	-32	-66.7
Effect of purchase price allocation (net of tax)	-92	-95	-3	-3.2
Income (Loss) after tax from discontinued operations	28	105	-77	-73.3
Minority interests	-22	-25	-3	-12.0
Net income	688	1,075	-387	-36.0
Basic EPS - euro	0.05	0.08		
Diluted EPS - euro	0.05	0.08		

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation.

Gruppo Intesa Sanpaolo

Quarterly development of the reclassified consolidated statement of income

(millions of euro)

	2010	2009			
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	2,407	2,487	2,582	2,758	2,659
Dividends and profits (losses) on investments carried at equity	7	-2	18	36	-6
Net fee and commission income	1,403	1,497	1,327	1,301	1,216
Profits (Losses) on trading	218	129	447	439	107
Income from insurance business	166	133	116	124	64
Other operating income (expenses)	22	29	-7	5	21
Operating income	4,223	4,273	4,483	4,663	4,061
Personnel expenses	-1,370	-1,456	-1,390	-1,351	-1,390
Other administrative expenses	-734	-888	-743	-810	-751
Adjustments to property, equipment and intangible assets	-143	-202	-166	-156	-156
Operating costs	-2,247	-2,546	-2,299	-2,317	-2,297
Operating margin	1,976	1,727	2,184	2,346	1,764
Goodwill impairment	-	-	-	-	-
Net provisions for risks and charges	-86	-99	-66	-63	-69
Net adjustments to loans	-754	-1,069	-823	-1,081	-733
Net impairment losses on other assets	-5	-160	4	-72	-7
Profits (Losses) on investments held to maturity and on other investments	10	517	13	15	-
Income (Loss) before tax from continuing operations	1,141	916	1,312	1,145	955
Taxes on income from continuing operations	-351	-169	-498	-476	183
Merger and restructuring-related charges (net of tax)	-16	-84	-44	-38	-48
Effect of purchase price allocation (net of tax)	-92	-90	-98	-102	-95
Income (Loss) after tax from discontinued operations	28	27	21	16	105
Minority interests	-22	-57	-19	-32	-25
Net income	688	543	674	513	1,075

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation.

Gruppo Intesa Sanpaolo

Reclassified consolidated balance sheet

(millions of euro)

Assets	31.03.2010	31.12.2009	Changes	
			amount	%
Financial assets held for trading	82,931	69,825	13,106	18.8
Financial assets designated at fair value through profit and loss	23,362	21,965	1,397	6.4
Financial assets available for sale	39,294	35,895	3,399	9.5
Investments held to maturity	4,341	4,561	-220	-4.8
Due from banks	47,908	43,242	4,666	10.8
Loans to customers	369,481	374,033	-4,552	-1.2
Investments in associates and companies subject to joint control	3,078	3,059	19	0.6
Property, equipment and intangible assets	30,932	31,080	-148	-0.5
Tax assets	7,507	7,320	187	2.6
Non-current assets held for sale and discontinued operations	7,741	6,552	1,189	18.1
Other assets	27,094	27,312	-218	-0.8
Total Assets	643,669	624,844	18,825	3.0

Liabilities and Shareholders' Equity	31.03.2010	31.12.2009	Changes	
			amount	%
Due to banks	44,693	43,369	1,324	3.1
Due to customers and securities issued	404,171	396,057	8,114	2.0
Financial liabilities held for trading	48,335	42,249	6,086	14.4
Financial liabilities designated at fair value through profit and loss	25,209	25,887	-678	-2.6
Tax liabilities	3,513	2,965	548	18.5
Liabilities associated with non-current assets held for sale and discontinued operations	9,375	9,723	-348	-3.6
Other liabilities	24,374	22,447	1,927	8.6
Technical reserves	24,774	23,582	1,192	5.1
Allowances for specific purpose	4,794	4,794	-	-
Share capital	6,647	6,647	-	-
Reserves	46,358	43,659	2,699	6.2
Valuation reserves	-339	-430	-91	-21.2
Minority interests	1,077	1,090	-13	-1.2
Net income	688	2,805	-2,117	-75.5
Total Liabilities and Shareholders' Equity	643,669	624,844	18,825	3.0

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation and discontinued operations.

Gruppo Intesa Sanpaolo

Quarterly development of the Reclassified consolidated balance sheet

(millions of euro)

Assets	2010	2009			
	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	82,931	69,825	77,644	74,744	78,833
Financial assets designated at fair value through profit and loss	23,362	21,965	21,927	20,958	20,218
Financial assets available for sale	39,294	35,895	36,119	33,118	32,680
Investments held to maturity	4,341	4,561	4,772	5,241	5,461
Due from banks	47,908	43,242	42,468	45,123	41,561
Loans to customers	369,481	374,033	377,384	385,889	386,595
Investments in associates and companies subject to joint control	3,078	3,059	2,984	2,909	2,889
Property, equipment and intangible assets	30,932	31,080	31,009	31,234	31,582
Tax assets	7,507	7,320	6,819	7,233	7,414
Non-current assets held for sale and discontinued operations	7,741	6,552	7,247	6,643	8,101
Other assets	27,094	27,312	23,235	25,350	23,970
Total Assets	643,669	624,844	631,608	638,442	639,304

Liabilities and Shareholders' Equity	2010	2009			
	31/3	31/12	30/9	30/6	31/3
Due to banks	44,693	43,369	43,539	46,961	46,607
Due to customers and securities issued	404,171	396,057	398,789	407,217	402,446
Financial liabilities held for trading	48,335	42,249	45,318	41,309	48,696
Financial liabilities designated at fair value through profit and loss	25,209	25,887	26,424	25,922	25,151
Tax liabilities	3,513	2,965	3,076	2,900	4,531
Liabilities associated with non-current assets held for sale and discontinued operations	9,375	9,723	9,702	10,210	10,771
Other liabilities	24,374	22,447	23,982	26,048	25,287
Technical reserves	24,774	23,582	22,510	20,803	19,799
Allowances for specific purpose	4,794	4,794	5,210	5,228	5,438
Share capital	6,647	6,647	6,647	6,647	6,647
Reserves	46,358	43,659	43,612	43,548	43,697
Valuation reserves	-339	-430	-589	-1,041	-1,905
Minority interests	1,077	1,090	1,126	1,102	1,064
Net income	688	2,805	2,262	1,588	1,075
Total Liabilities and Shareholders' Equity	643,669	624,844	631,608	638,442	639,304

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation and discontinued operations.

Gruppo Intesa Sanpaolo

Breakdown of financial highlights and financial ratios by business area

Income statement (millions of euro)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Operating income	2,480	2,490	952	766	75	112	552	535	67	68	176	152
Operating costs	-1,415	-1,455	-208	-216	-20	-20	-280	-286	-34	-30	-80	-79
Operating margin	1,065	1,035	744	550	55	92	272	249	33	38	96	73
Net income	277	269	418	215	29	52	113	86	16	17	43	27

Balance sheet (millions of euro)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009	31.03.2010	31.12.2009	31.03.2010	31.12.2009	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Loans to customers	174,105	176,819	105,376	107,616	41,948	41,186	30,002	29,644	53	171	2,395	1,982
Direct customer deposits	222,970	223,844	100,338	94,900	6,101	6,461	29,457	28,564	3	3	6,640	7,502

Profitability ratios (%)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Cost / Income	57.1	58.4	21.8	28.2	26.7	17.9	50.7	53.5	50.7	44.1	45.5	52.0
ROE [(a)]	11.6	11.3	21.1	10.4	11.6	22.6	22.4	17.5	129.8	74.9	61.8	38.2
Economic Value Added (EVA) (millions of euro)	140	169	218	17	4	30	48	18	24	25	56	39

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

[(a)] Ratio between Net income and Allocated capital. Figure for the period is annualised.