Consolidated Report as at 30th June 2007

This is an English translation of the Italian original "Relazione consolidata al 30 giugno 2007" and has been prepared solely for the convenience of the reader.
The Italian version takes precedence and will be made available to interest readers upon request to Intesa Sanpaolo S.p.A.

Cautionary Statement for Purposes of the "Safe Harbor" Provision of the United States Private Securities Litigation Reform Act of 1995. *The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This document contains certain forward-looking statements and forecasts reflecting 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 of management's control. Actual results may differ materially from those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.*

The following important factors could cause the Group's actual results to differ materially from those projected or implied in any forward-looking statements:

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

The foregoing factors should not be construed as exhaustive. Due to 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.

Consolidated report as at 30th June 2007

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

Contents

Supervisory Board, Management Board, General Management, Manager in charge of preparing the Company's financial reports and Independent Auditors

Supervisory Board

Chairman	Giovanni BAZOLI
Deputy Chairmen	Antoine BERNHEIM Rodolfo ZICH
Members	Carlo BAREL DI SANT'ALBANO Pio BUSSOLOTTO Rosalba CASIRAGHI Giovanni COSTA Franco DALLA SEGA Gianluca FERRERO Angelo FERRO Pietro GARIBALDI Fabrizio GIANNI Giulio LUBATTI Giuseppe MAZZARELLO Eugenio PAVARANI Gianluca PONZELLINI Gian Guido SACCHI MORSIANI Ferdinando TARGETTI Livio TORIO

Management Board

Chairman	Enrico SALZA
Deputy Chairman	Orazio ROSSI
Managing Director and Chief Executive Officer	Corrado PASSERA
Members	Elio CATANIA Giuseppe FONTANA Gianluigi GARRINO Giovanni Battista LIMONTA Virgilio MARRONE Emilio OTTOLENGHI Giovanni PERISSINOTTO Marcello SALA

General Management

General Manager and Deputy to the CEO	Pietro MODIANO
General Manager	Francesco MICHELI

Manager in charge of preparing the Company's financial reports	Bruno PICCA
Independent Auditors	RECONTA ERNST & YOUNG S.p.A.

Intesa Sanpaolo Group - Financial highlights and alternative performance measures

Statement of income (in millions of euro)	**30.06.2007**	**30.06.2006** restated (*)	**Changes** amount	%
Net interest income	4,896	4,378	518	11.8
Net fee and commission income	3,219	3,306	-87	-2.6
Profits (losses) on trading	770	818	-48	-5.9
Income from insurance business	263	194	69	35.6
Operating income	9,378	8,871	507	5.7
Operating costs	-4,439	-4,684	-245	-5.2
Operating margin	4,939	4,187	752	18.0
Net adjustments to loans	-645	-579	66	11.4
Net income	5,359	2,616	2,743	

Balance sheet (in millions of euro)	**30.06.2007**	**31.12.2006** restated (*)	**Changes** amount	%
Loans to customers	332,519	324,679	7,840	2.4
Direct customer deposits	374,427	366,309	8,118	2.2
Indirect customer deposits	648,210	615,262	32,948	5.4
of which: Assets under management	217,775	220,361	-2,586	-1.2
Total assets	603,105	575,280	27,825	4.8
Shareholders' equity	52,806	32,484	20,322	62.6

Operating structure	**30.06.2007**	**31.12.2006** restated (*)	**Changes** amount	%
Number of employees	97,728	99,280	-1,552	
Italy	*72,206*	*73,997*	*-1,791*	
Abroad	*25,522*	*25,283*	*239*	
of which: atypical labour contracts	*278*	*283*	*-5*	
Number of financial advisors	4,277	4,216	61	
Number of branches (**)	7,536	7,516	20	
Italy	*6,282*	*6,290*	*-8*	
Abroad	*1,254*	*1,226*	*28*	

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

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

	30.06.2007	30.06.2006 restated (*)	31.12.2006 restated (*)
Profitability ratios (%)			
Cost / Income	47.3	52.8	53.7
Net income / Average shareholders' equity (ROE) (a)	12.5	17.9	16.2
Net income / Adjusted average shareholders' equity (b)	18.5		
Economic Value Added (EVA®) (c) (in millions of euro)	4,006	1,277	
Risk ratios (%)			
Net doubtful loans / Loans to customers	0.8		0.8
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	71.7		72.3
Capital ratios (%)			
Tier 1 capital (d) net of preference shares / Risk-weighted assets (Core Tier 1)	7.2		
Tier 1 capital (d) / Risk-weighted assets	7.9		
Total capital (e) / Risk-weighted assets	10.6		
Risk-weighted assets (in millions of euro)	364,723		
Basic earnings per share (basic EPS) (f) – euro	0.42		
Diluted earnings per share (diluted EPS) (g) – euro	0.42		
Shares			
Number of ordinary shares (thousands) (h)	11,849,332	6,015,588	6,015,588
Share price at period-end - ordinary share (euro)	5.486	4.558	5.785
Average share price for the period - ordinary share (euro)	5.744	4.722	4.903
Average market capitalisation (in millions of euro) (h)	73,325	31,364	33,724
Book value per share (euro) (h)	4.131	2.423	2.615
Adjusted book value per share (euro) (i)	2.547		
Long-term rating			
Moody's	Aa2		
Standard & Poor's	AA-		
Fitch	AA-		

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(a) Ratio between net income and average of share capital, share premium reserve, reserves and valuation reserves. Net income as at 30.06.2007 excludes the net capital gain made on the sale of Cariparma, FriulAdria and Branches to Crédit Agricole. The figure for the period is annualised.

(b) Ratio between i) net income excluding non-recurring merger and restructuring related charges and amortisation of merger cost and ii) the sum of average of share capital, share premium reserve, revaluation reserve, deducting the merger difference. Net income as at 30.06.2007 excludes the net capital gain made on the sale of Cariparma, FriulAdria and Branches to Crédit Agricole. Figure for the period is annualised.

(c) The indicator represents the economic value generated in the period in favour of shareholders, since it is the portion of net income for the period which remains after having remunerated shareholders' equity via the cost of capital. The latter represents the opportunity cost and is determined using the Capital Asset Pricing Model.

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

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

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

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

(h) Figures for 2006 not restated.

(i) Shareholders' equity after the deduction of merger difference.

Intesa Sanpaolo Group – Financial highlights and alternative performance measures by business area

Statement of income (in millions of euro)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Financial Group	
	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)
Operating income	5,803	5,471	1,355	1,410	149	153	909	738	771	661
Operating costs	-3,053	-3,067	-424	-433	-48	-45	-460	-417	-292	-271
Operating margin	2,750	2,404	931	977	101	108	449	321	479	390

Balance sheet (in millions of euro)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Financial Group	
	30.06.2007	31.12.2006 restated (*)	30.06.2007	31.12.2006 restated (*)	30.06.2007	31.12.2006 restated (*)	30.06.2007	31.12.2006 restated (*)	30.06.2007	31.12.2006 restated (*)
Loans to customers	189,947	184,334	81,140	78,295	32,964	36,331	22,208	18,573	2,157	2,384
Direct customer deposits	174,766	177,843	65,881	62,801	7,124	8,020	25,255	23,733	32,121	30,483

Profitability ratios (%)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Financial Group	
	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)	30.06.2007	30.06.2006 restated (*)
Cost / Income	52.6	56.1	31.3	30.7	32.2	29.4	50.6	56.5	37.9	41.0
ROE before tax [a]	41.9	38.7	24.2	30.1	16.1	22.2	52.5	48.9	66.8	58.2
Economic Value Added (EVA®) (in millions of euro)	977	774	200	301	-1	22	201	140	242	225

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area and in business unit constituents.

(a) Ratio between Income (Loss) before tax from continuing operations and Allocated capital. The figure is annualised.

Intesa Sanpaolo in the first half of 2007
Executive summary

The integration process which commenced at the beginning of the year is proceeding rapidly, according to the guidelines and within the timeframe set out in the Business Plan.
Positive results are being achieved every day by management actively working on both the company's ordinary operations and the integration projects, even though from the outside it may be difficult to grasp them clearly, as often happens when great changes occur.
Instead, transactions aimed at expanding the strategic effects of the combination are more visible from the outside; in particular, reference is made to the integration of Cassa di Risparmio di Firenze, which will enable Intesa Sanpaolo to strengthen its competitive positioning by reaching an important presence all over Italy.

Intesa Sanpaolo in the first half of 2007

The statement of income for the first half of 2007 closed with a net income exceeding 5.3 billion euro that benefited from the capital gain of 2,867 million euro, net of the tax effect, realised on the sales to Crédit Agricole of Cassa di Risparmio di Parma e Piacenza and Banca Popolare FriulAdria as well as 29 branches to the latter.
The result, net of this capital gain and other non-recurring items illustrated hereafter, totalled 2,630 million euro with a 6.6% growth rate compared to the same period of 2006, also net of non-recurring items. In consistent and "normalised" terms the second quarter contributed to net income for the period for 1,317 million euro, in line with the contribution of the first three months of the year.

The results of the first half of 2007 highlight the positive trend of all business units in line with the objectives of the business plan. The Banca dei Territori Division recorded a rise in income before tax from continuing operations (2,227 million euro) of 18.2% with respect to the first half of 2006, with a contribution in the second quarter of 2007 lower than in the first three months; the Corporate & Investment Banking Division generated income before tax from continuing operations of 829 million euro, with a 95 million euro decline year-on-year due to non-recurring profits on trading recorded in the first six months of 2006; the Public Finance business unit generated income before tax from continuing operations of 86 million euro in the first half and of 41 million euro in the second quarter; the International Subsidiary Banks Division recorded a rise in income before tax from continuing operations (restated on a consistent basis to consider the extension of the consolidation area due to the acquisitions completed in 2006 and in 2007) from 281 million euro in the first six months of 2006 to 385 million euro (+37%) with a contribution of 198 million euro in the second quarter of 2007, higher than the 187 million euro of the first quarter. Lastly, Eurizon Financial Group closed the first half of 2007 with income before tax from continuing operations of 447 million euro (+20.2% with respect to the same period of 2006) with a contribution of 240 million euro in the second quarter of the current year, with a 15.9% rise with respect to the first three months.

Operating income amounted to 9,378 million euro up by 5.7% with respect to the first half of 2006. Net of non-recurring effects deriving from the sale of part of the equity stake in Santander Central Hispano, the figure rose by 7.3% with respect to the first six months of 2006, also net of certain non-recurring financial components related to the interests in Fiat and Parmalat, and benefited from a contribution of the second quarter up by 2.1% compared to the first quarter of 2007.
The rise is attributable to the positive trend of net interest income, (+11.8% half on half) due to a rise in average volumes (approximately +11%) and to the improvement in mark down, and of income from insurance business, while net commissions decreased. Net fee and commission income (-2.6% compared to the first half of 2006) was affected both by the commercial policy that involved the general alignment of pricing to the best terms applied by Banca Intesa and SANPAOLO IMI and the extension to the entire network of "product accounts", such as Zerotondo, characterised by account management fees which are lower than traditional current accounts and by the lower placement of products with high up-front commissions.

Operating margin amounted to 4,939 million euro. In "normalised" terms – excluding the aforementioned non-recurring effects on profits on trading and the positive effects, following the coming into effect of the reform of supplementary social security, of the recalculation of employee termination indemnities according to an actuarial approach which, in any case produced no effects on the nominal amount due to employees – operating margin totalled 4,713 million euro, with a 15.3% rise compared to the first half of 2006 due to practically stable operating costs which had not yet appreciably benefited from the synergies deriving from the merger. "Normalised" operating margin of the second quarter of 2007 amounted to 2,388 million euro, up by 2.7% with respect to the first three months of the year. The aforementioned trends determined an improvement in the cost/income ratio that, in "normalised" terms, decreased from 53.4% of the first half of 2006 to 49.9%.
Income before tax from continuing operations totalled 4,122 million euro ("normalised" figure: 3,896 million euro) after the deduction of provisions for risks and charges and net adjustments to loans for a total of 838 million euro, higher than the 686 million euro of the first half of 2006 especially due to the effects of an initiative, taken in the first quarter, aimed at defining the terms of certain mortgage contracts in a satisfactory fashion for customers and to provisions for litigations under way with customers.
After the deduction of taxes, net income for the first half of 2007 reached 5,359 million euro. This figure, net of the aforementioned non-recurring items, of the capital gain due to the sales to Crédit Agricole, as well as of merger and restructuring related charges and the economic effects due to the allocation of purchase cost of the Sanpaolo IMI Group (obviously both not present in the 2006 financial statements), presents a 6.6% rise with respect to the first half of the previous year, net of the aforementioned non-recurring items and the contribution of tax-collection activities sold in 2006.

As concerns main balance sheet aggregates, total assets reached 603 billion euro, with a 4.8% growth rate on the figure as at 31st December 2006; loans to customers totalled 333 billion euro, with a 2.4% rise in the semester; direct customer deposits almost reached 375 billion euro (+2.2%) and indirect customer deposits amounted to 648 billion euro (+5.4%).
Overall, customer funds managed by the Group reached one trillion euro (995 billion euro), with a 4.1% progress in the six months.

The consolidation process of the Intesa Sanpaolo Group

As part of the strategic options set out in the 2007-2009 Business Plan, at the end of July Intesa Sanpaolo signed the preliminary agreement for the acquisition of control of Cassa di Risparmio di Firenze. Intesa Sanpaolo will acquire 40.3% of Carifirenze's share capital, by means of a share swap of own ordinary shares from Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio della Spezia and Spezia and So.Fi.Ba.R. – Società Finanziaria di Banche Romagnole. The share swap ratio has been calculated on the basis of the simple arithmetic average of the market reference price of Carifirenze ordinary shares and Intesa Sanpaolo ordinary shares for the three months from 6th December 2006 to 5th March 2007 (the last trading day preceding the first rumours circulated by the press with respect to the transaction) equal to 4.49 euro and 5.64 euro respectively. For the purpose of determining the share swap ratio, a premium was applied to the market price of the Carifirenze share (4.49 euro) - relating to the transfer of control of Carifirenze from the current majority shareholders to Intesa Sanpaolo - up to 6.73 euro thus determining the ratio of 1.194 Intesa Sanpaolo ordinary shares for each Carifirenze share.
As a result of the stake already held (approximately 18.6%) and the aforementioned share swap, Intesa Sanpaolo will reach a 58.9% interest in Carifirenze's share capital. Therefore, Intesa Sanpaolo will launch a Mandatory Public Offer according to the European Directive (shortly to be introduced in Italian regulations[1]) on the remaining 41.1% of Carifirenze's share capital, at the same price used for the calculation of the share swap ratio (6.73 euro per share).
Carifirenze has a network of 547 branches in Italy (and a further 19 in Romania) concentrated in Tuscany, Lazio, Liguria, Emilia Romagna and Umbria; as at 31st December 2006, Carifirenze had total assets of 23,813 million euro, loans to customers of 14,628 million euro, direct customer deposits of 17,009 million euro, indirect customer deposits of 21,910 million euro and shareholders' equity of 1,621 million euro. In 2006, Carifirenze's net income amounted to 271 million euro (173 million euro excluding non-recurring items).
This combination will enable the Intesa Sanpaolo Group to markedly strengthen its competitive positioning in the regions of Central-Northern Italy where Carifirenze's branch network is concentrated and above all

[1] Directive 2004/25/CE of 21st April 2004.

in Tuscany, where as a result of the transaction the branch market share will increase from 4.5% to 18.6%.
The fully operational integration of Carifirenze is expected to generate synergies before tax (in 2010) of approximately 185 million euro, 65% from costs and 35% from revenues; "one-off" integration charges are estimated at approximately 185 million euro and value creation for Intesa Sanpaolo shareholders is expected to be 3.4% of the EPS estimated by the "IBES consensus" for 2010. This transaction - all things being equal - entails a reduction by approximately one percentage point in the Intesa Sanpaolo Group's capital ratios compared to the figure as at 31st March 2007, consistent with Business Plan targets of dividend distribution and a Core Tier 1 ratio, expected at 6.5% in 2009. Within the Territorial Bank ("Banca dei Territori") Division, Carifirenze will have the exclusive territorial control of Tuscany and Umbria to which the eastern part of Liguria (the province of La Spezia), the provinces of Viterbo and Ascoli and the area of Fano will be added. Both Intesa Sanpaolo's holding in Intesa Casse del Centro and the Group's branches and SME centres operating in the local territory will be transferred to Carifirenze in ways still to be defined. Moreover, Carifirenze will maintain its presence in Emilia Romagna as well as in Rome and its province. After the integration of Intesa Casse del Centro, Carifirenze will be a leading bank in the Centre of Italy and be ranked in eighth position in the country with approximately 900 branches (before any eventual antitrust intervention). Carifirenze will manage and coordinate – on behalf of the Parent Company and in accordance with its general policies – the commercial banks operating in that territory.
The finalisation of the transaction, subject to the formalisation of the agreements and necessary authorisations, is forecast for the beginning of 2008 with the Mandatory Public Offer.
At the beginning of June, Intesa Sanpaolo and Banca Monte dei Paschi di Siena signed an agreement for the sale of the 55% stake in Cassa di Risparmio di Biella e Vercelli (Biverbanca) owned by Intesa Sanpaolo for a consideration of approximately 400 million euro, leading to a capital gain of approximately 270 million euro in the consolidated statement of income. Intesa Sanpaolo and Banca Monte dei Paschi di Siena have also reached an agreement relating to the acquisition by Intesa Sanpaolo of a company which carries out depositary bank services on behalf of Montepaschi at the price of 196 million euro. The agreement includes the supply of the service to the Banca Monte dei Paschi di Siena Group's undertakings for collective investments in transferable securities (UCITS) for a ten-year period at pre-existing economic conditions with a service quality in keeping with best market standards. Moreover, the agreement includes Montepaschi's commitment to negotiate, on an exclusivity basis for a six-month period, the acquisition on the part of Intesa Sanpaolo of custody activities. With this transaction, whose finalisation is subject to the necessary authorisations, Intesa Sanpaolo will strengthen its securities services activities in line with the 2007-2009 Business Plan strategic targets and in compliance with the decision of the Italian Competition Authority.
As at 31st December 2006, Montepaschi's depositary bank activities referred to a portfolio of 27.1 billion euro, with estimated pro forma net income of approximately 17 million euro.
Lastly, in the first half of July, Intesa Sanpaolo signed an agreement for the subscription of a capital increase to acquire a 19.99% stake in the Chinese bank Qingdao City Commercial Bank (QCCB), for a total consideration of approximately 135 million dollars. Founded in 1996, QCCB is located in Shandong, a province which is playing an important role in the growth of the Chinese economy, second in rank in the country by GDP. The city of Qingdao is the province's main economic centre and QCCB, with a network of 39 branches, is the second largest bank in town in terms of branches with a market share of approximately 6% in deposits and loans. The bank is 90% owned by Haier (the largest Chinese appliance maker) and the municipality.
As at year-end 2006, QCCB had total assets of 3 billion dollars, loans to customers of 1.8 billion dollars, deposits of 2.3 billion dollars and shareholders' equity of 157 million dollars. For the twelve months ended 31st December 2006, its net income amounted to 3.8 million dollars.

The Business Plan

With the new Business Plan approved in April 2007, the Intesa Sanpaolo Group set an objective for 2007-2009 of considerable and sustainable growth, developing the relationship based on trust with its stakeholders and leveraging on all management variables: revenue growth, cost control, asset and risk optimisation.
The main objectives of the Plan, already described in detail in the Consolidated report as at 31st March 2007, are summarised below:

- consolidate excellence in client relations, combining proximity to the local territories of Group Banks with the advantages that only a large international bank may guarantee, in terms of product range extension and the quality and attractiveness of conditions;
- support the management of companies, accompanying them in all their development phases and assisting them in their difficult moments;
- sustain Italy's development, participating in the execution of infrastructures and favouring innovation within the Public Administration;
- foster the personal and professional growth of personnel through strong investments in competencies, values and behaviour of the employees, as fundamental preconditions for a clear, friendly and lasting relationship with customers;
- guarantee value creation for shareholders, pursuing ambitious growth programmes in all sectors and maintaining high efficiency and soundness levels.

In the first part of the year, all the Divisions implemented numerous initiatives both relating to the organisation and to product innovation and customer service enhancement.

The **Banca dei Territori** Division has the mission of growing, confirming its excellence in client relations by means of its strong presence in the regions, the high level of expertise of its commercial staff, and its role as the leading Bank in the Country as well as establishing new standards of excellence in all aspects of customer service.

To realise the objectives of the three-year Plan, the Banca dei Territori Division uses a unique and distinctive organisational model, aimed at offering a simple service through a variety of channels: attention is systematically paid to operating efficiency and simplification.

As concerns the organisation, numerous significant interventions have already been made in the first part of the year. Most important were the definition of the functions and duties of the area managers who directly report to the top management of the Division and of a project for the review of territorial distribution, which will commence starting from the end of the year.

A plan has been finalised aimed at reducing administrative work loads and increase resources destined to commercial activities and the redesign of centralised customer analysis platforms and commercial work stations commenced. The target product catalogue was reviewed both in qualitative and in quantitative terms, reducing the number of products.

With the objective of ensuring service continuity to customers, areas of competence were rapidly defined, dedicating particular attention to shared customers. The assignment of shared corporate customers to a single reference manager was completed, defining policy and delegated powers consistent with the pursuit of growth and credit risk containment targets.

Furthermore, the foundations have been laid for important organisational initiatives, which will become operational in subsequent quarters, related to the review of credit processes, the fine-tuning of the commercial model, the redefinition of the structure of the Private Banking Department and to the formation of an excellence centre in medium-long term lending operations.

A significant effort was dedicated to product innovation. Zerotondo and Progetto Giovani are the most important novelties as concerns the Retail offer.

Zerotondo is the new Intesa Sanpaolo current account designed for those who want to manage their account directly from home or the office: all money transfers and payments via the Internet, Telephone and Bancomat are free (for young people under 26 years old, single holders of Zerotondo, operations at the branch are also free).

Progetto Giovani is a product line dedicated to people from 18 to 35 years old, even with atypical work contracts. It includes a loan and an extremely innovative mortgage which ensures utmost flexibility: to be eligible it is sufficient to have a job at the time of application, to have worked at least 18 months in the prior 2 years and to be resident in Italy for at least 2 years.

For the SME segment certain strategic commercial campaigns have been launched, with the objective of communicating the bank's "closeness", the idea of "partnership" and its desire to become a Relationship Bank. The most significant implementations referred to:

- in the area of payment systems: Business Class (ICT services to make the relationship with customers and suppliers more efficient) and Easy Fattura (an integrated system of electronic management of the entire invoicing process on behalf of business customers);
- in loan granting: Finanziamento TFR (which permits to advance up to 100% of the cash outflows relative to the annual termination benefits - TFR - accrued by employees);
- in the field of new instruments to raise finance: MAC (Alternative Capital Market), an organised stock market reserved to professional investors, which will "list" stocks of small and medium enterprises.

The **Corporate & Investment Banking** Division has the mission to serve Italian and International Corporates and Financial Institutions by means of Corporate Branches, Foreign Branches, Representative Offices and the Group's International Corporate Subsidiaries, creating value through the offer of corporate banking products and services (ordinary and specialised credit, transaction services, trade finance etc.), as well as through Investment Banking (M&A advisory, structured finance), Capital Market, Merchant Banking and Factoring activities for the entire Group.
More specifically, within Corporate Relationships a project recently commenced that focuses on the identification of new back-office poles and on the definition of a service model which guarantees a further improvement in customer management. For this purpose, work is under way to introduce a relationship management model more based on share of wallet, risk level and industry.
At the same time, activities continued for the consolidation and development of relations with reference customers, which leverage on an offer combining traditional and specialised services; more specifically, the Mid Corporate segment remained very dynamic, with over fifty Investment Banking deals closed in the first half.
As regards Financial Institutions, in the first months of the current year the new organisational model became operational and includes the introduction of a dedicated Marketing unit and the formation of a task force of assistants to support the activities of the Global Relationship Manager. Moreover, a new service model that entails targeted coverage of specific customer segments (priority and standard) was introduced.
With the objective of selective growth, for Foreign customers, actions commenced aimed at defining a first marketing plan for the identification of priority target counterparties in Eastern Europe.
For the purpose of consolidating and strengthening Transaction Services, mainly focused on the distribution of transactional products, initiatives were taken for the optimisation of Cash Services (collections and payments) and for the development and acquisition of new relationships for Depositary Bank and Fund Administration activities, such as for example the verification of the legitimacy of the issue and reimbursement of quotas of funds, of allocation of income from funds, of the correctness of the calculation of value of the quotas.
With reference to the Investment Banking area, the coverage of Corporate customers was strengthened with a highly specialised product offer, such as for example advisory services for corporate restructurings or advisory and interventions in complex extraordinary finance transactions that ensure that the leadership position in this field is maintained.
Likewise, presence on international markets was enhanced through the selective identification of the industries, products and geographic areas on which to develop internal competencies and apply our Bank's distinctive competencies in the origination, structuring and management of complex transactions.
The Capital Markets area, which bases its strategy on the consolidation of its business with Group customers via the offer of higher value added products, addressed its actions to the development and valorisation of service models which entail strengthening distribution capacity, launching new products and enhancing origination capacity.

The purpose of the **Public Finance** Business Unit is to serve Governments, Public Entities, Local Entities, Public Utilities, Healthcare structures and General Contractors by developing financing activities and ordinary bank operations, project financing, securitisations, financial advisory, assisting initiatives and investment projects in key infrastructures, healthcare, research and projects of public utility.
In this perspective, the integration project between Banca Intesa Infrastrutture e Sviluppo and Banca OPI was defined and will create a unique competence centre in Italy, capable of favouring the cooperation between Public and Private sectors at the service of the growth of the Country. The project already approved by the Boards is subject to the approval of the Shareholders' Meetings and to the authorisation of the Supervisory Authority, sets out, effective as of 1st January 2008, the total de-merger of Banca OPI in the following areas:
- Banking (including real estate and infrastructure leasing activities), which will be merged into BIIS;
- SINLOC – Sistema iniziative Locali, which will be merged into FIN.OPI,
- FIN.OPI, which will be merged into the parent company and will be transformed into an Investment Management & Advisory Firm, specialised in the management of closed-end funds in the infrastructure and public utilities sectors.

In view of the imminent merger between BIIS and Banca OPI, the coordination between the two banks was strengthened. Unitary operations on the market started in May 2007, with the definition of a unified budget and unified project responsibilities to cover the main commercial and staff functions, and generated extremely satisfactory results.

In fact, in the first half the Public Finance Business Unit (which consolidates BIIS and Banca OPI as well as the relations of Intesa Sanpaolo that shall be progressively transferred to the two banks) recorded a strong growth in loans to customers, a progress in revenues and in the cost/income ratio in line with plan forecasts, mainly due to the following initiatives:
- strengthening of the specialist teams and of the dedicated network to serve the extended public sector in Italy, through the coordinated actions of BIIS and Banca OPI structures;
- further development of higher value added products, more tailored to needs of the public sector;
- increasing loans to customers abroad, also in view of enhancing the asset portfolio via its geographic diversification;
- start of an active asset management programme for public assets, oriented to sustainable revenue growth, via portfolio intermediation to final investors and the use of assets to cover funding transactions.

The strategic guidelines defined in the Business Plan for the **International Subsidiary Banks** Division are mainly oriented to an improvement in the Group's positioning in the countries where it is present, realising revenue synergies especially by leveraging on Centres of Excellence (leasing, credit cards, consumer credit, etc.). Important cost synergies are expected from the integration processes under way:
- in Bosnia the merger between the subsidiaries UPI Banka and LTG Banka was completed at the end of July;
- in Hungary the integration activities between CIB - Central European International Bank and IEB – Inter Europa Bank are proceeding as planned and will lead to the formation of the second bank in the country in terms of total assets as of 2008;
- in Albania the acquisition of an 80% stake in ABA - American Bank of Albania, which operates through 22 branches (two in Greece) and serves approximately 75,000 customers - was finalised at the end of June; the integration between Banca Italo Albanese and ABA is currently under way for the purpose of forming in 2008 the second bank in the country in terms of total assets;
- in Serbia the integration process between BIB - Banca Intesa Beograd and Panonska Banka commenced and will permit the consolidation in 2008 of a prominent market position.

In various countries the distribution network was strengthened in the first half with the opening of new branches and new ATM and POS terminals.
A significant effort was made to expand the product range offered, especially to the retail segment (mortgages, personal loans, credit cards), and to develop targeted commercial initiatives.

The three-year Plan included the listing project of **Eurizon Financial Group**, which also covered the flotation of 30% of the Holding Company.
On 19th June Intesa Sanpaolo's Management Board and Supervisory Board unanimously resolved not to proceed with the listing of the company, but to firmly pursue the development of the three main business lines which are now included in the Eurizon Group: Banca Fideuram the leader in Italy in the sector of personal financial advisors, Eurizon Capital in the Asset Management sector and Eurizon Vita in the Bancassurance sector.
The guidelines of the new development project for the Eurizon Financial Group are summarised below:
- further strengthening the domestic leadership of Banca Fideuram. The company can continue to grow significantly, thus fully satisfying its personal financial advisors and also attracting the best ones from other networks. In order to do this, Banca Fideuram will be equipped with the necessary resources to make the investments required for the enhancement of its traditional strengths and will be put in a position to come back in the short term to a successful listing;
- creating through Eurizon Capital a player of European standing in Asset Management. Today, Asset Management represents a sector of great interest for the Intesa Sanpaolo Group; Eurizon Capital, notwithstanding its leading position in the domestic market, is not yet large enough to be competitive at a European level, is not sufficiently strong in business segments/asset lines of great interest to customers and is an almost wholly captive product company. Nextra's asset contribution – which will be repurchased from Crédit Agricole – will help solve the size issue, but in order for Eurizon Capital to become a player of European standing, it will be necessary to upgrade the Asset Management business plan together with the Banca dei Territori Division, develop all possible synergies with the Group's International subsidiary banks and with the bancassurance sector. In order to acquire volumes, competencies, brands and distribution channels mergers with international players may also be envisaged – without however losing control of the company;
- creating through Eurizon Vita a leader in the bancassurance sector. Eurizon Vita is one of the leading companies in the life insurance business while it has just begun developing the pension and property-

casualty insurance business. In order to consolidate Eurizon Vita's leadership position and accelerate its development in new ranges of activity, relations with the Banca dei Territori Division and the Group's international subsidiary banks will be fully exploited and all possible synergies with Asset Management implemented.

The Banca dei Territori Division will play a fundamental role in the development of Eurizon Capital and Eurizon Vita, even if both product companies will promote new distribution channels. The Banca dei Territori Division will increasingly adopt an open-architecture approach in which the Group's product companies' offer will be increasingly integrated with complementary offers on the part of third-party suppliers.

As concerns costs and investments, the Business Plan aims to achieve a target cost/income ratio of 42% at period-end as a result of cost management which, despite continuation of significant growth-related and business-innovation investments, will permit a considerable reduction in operating costs, as a result of synergies and rationalisations in the Bank's activities. In the first half of the year the "normalised" cost/income ratio was in line with the plan's targets, at 49.9% (47.3% considering the positive effects deriving from the recalculation of TFR/Employee termination indemnities), with an approximately 3 percentage point reduction with respect to as at 31st December 2006.

Costs recorded a reduction in consultancy fees and advertising expenses. Personnel expenses, net of the aforementioned TFR effect, slightly increased with respect to the previous year, since, as set out by the plan, savings are forecast starting from the second half of 2007.

As concerns business development, the commitments exceeding 400 million euro (equal to 12% of the amount envisaged by the plan for the three years 2007-2009) should be highlighted, destined mainly to ongoing development and rationalisation of ICT, to the optimisation and enhancement of operating points and to the development of innovative channels and systems to support marketing activities.

Lastly, it must be noted that on 1st August 2007 Intesa Sanpaolo, within the framework of its Business Plan which outlined a staff reduction of 6,500 people, an agreement was reached with all the Trade Unions of the banking sector relating to a further recourse to the Solidarity Allowance on a voluntary basis for a staff reduction of 1,500 in 2008 and 800 in 2009. This activation is similar to that agreed upon on 1st December 2006 under which as at 30th June 2007, approximately 4,200 employees subscribed.

Activation of the Solidarity Allowance will involve the employees of the Group's Italian companies who qualify for pension within 60 months. For the purpose of ensuring an adequate service level: i) a number of apprentices will be recruited equal to 50% of the exits of the branch commercial staff; ii) apprentices - for a maximum of up to 50% of those in service as at 1st August 2007 - can be recruited under an indefinite-term contract after 24 months instead of the 48 months provided by law; and, lastly, iii) definite-term recruitment is envisaged to offset maternity leaves in the branch network and support the ICT migration process.

With respect to this agreement, according to first estimates, integration charges before tax of approximately 400 million euro are expected to be recorded in the consolidated statement of income for the second half of 2007 in addition to the approximately 800 million euro accounted for in 2006 relating to the previous agreement. The overall amount is in line with personnel related integration charges indicated in the 2007-2009 Business Plan.

The integration process between Banca Intesa and SANPAOLO IMI

The Consolidated report as at 31st March 2007 already provided an update on the integration process; in the first three months of the year: i) all the decisions on the organisational structure were taken; ii) all the managers responsible for the units were appointed; iii) client attribution across the Business Units was defined. Moreover, the distribution model was aligned both for retail customers and for corporate and enterprise customers and integrated solutions have been implemented for guidance and control systems relating to management and operating reports, to risk control tools and to lending procedures. Lastly, the first joint commercial initiatives were launched with the support of specific advertising campaigns. The Group's target ICT system was also identified in the first quarter.

As concerns the latter, the integration of the IT platforms to support Group Banks and Companies started implementation. The project will permit the construction of a common platform of models, processes, products and systems as scheduled in the merger programme, with the objective of migrating Group Banks to the target system within the end of 2008.

The project pursued the following objectives:

- implementing the migration of banks to the target platform, permitting the unification of commercial offer and the standardisation of models and operating processes; changeover will occur gradually, testing the solutions via the migration of one pilot unit and subsequently by groups of branches;
- training the resources of the Head office departments and of the network to use the new ICT system and the target operating processes;
- managing the post conversion period, via initiatives to support/assist customers and resources defined in the migration strategy.

As set out in the Business Plan, the Master Plan of IT and organisational interventions has been consolidated in the first half. The project is divided into three main areas:

- *Commercial*, aimed at unifying the product catalogue, harmonising pricing, special agreements, closing/switch of non-migratable products;
- *Organisation and Resources*, aimed at managing the alignment of processes and operating models, training of the resources involved and supporting the initial use of the new IT instruments;
- *Systems and Technologies*, aimed at preparing target software applications, managing the two systems in the transitory periods, managing IT migration and the integration of technological infrastructures.

The project will be completed by the end of 2008 and entails the start of the migration process of former-Intesa branches to the Target system starting from April 2008. Territorial reorder – that is the sale of Intesa Sanpaolo branches to the Banche dei Territori Division - will commence after this migration phase.

The integration also entails compliance with mandatory requirements, for which specific task forces have been formed with the objective of managing organisational and IT activities at the end of the transitory period granted by the Bank of Italy. IT and merger implementation interventions are being completed and in particular certification activities are fully operational with the interventions in the Payment Systems and Finance Back Office areas. The plan sets out the unification of mandatory reporting to the Bank of Italy from June 2007 (already realised) and the release of interventions for the management of a single ABI code within the end of September 2007.

The Intesa Sanpaolo Group

Intesa Sanpaolo

- Group Finance
- Head Office Departments

Public Finance

- Banca Intesa Infrastrutture e Sviluppo
- Banca OPI

Corporate & Investment Banking

- Banca Caboto
- Banca IMI
- Banca Intesa France
- IMI Investimenti
- Intesa Bank Ireland
- Intesa Mediofactoring
- Sanpaolo IMI Bank Ireland
- Société Européenne de Banque
- Zao Banca Intesa

Banca dei Territori

- Banca Intesa
- Sanpaolo
- Banca di Trento e Bolzano
- Cassa dei Risparmi di Forlì e della Romagna
- Cassa di Risparmio di Padova e Rovigo
- Cassa di Risparmio di Venezia
- Cassa di Risparmio in Bologna
- Friulcassa
- Intesa Casse del Centro
- Sanpaolo Banca dell'Adriatico
- Sanpaolo Banco di Napoli
- Banca CIS
- Intesa Leasing
- Intesa Mediocredito
- Intesa Previdenza
- Intesa Sanpaolo Private Banking
- IntesaTrade
- NEOS Banca
- Sanpaolo Bank Luxembourg
- Sanpaolo Fiduciaria
- Sanpaolo Leasint
- Setefi
- Sirefid

International Subsidiary Banks

- American Bank of Albania
- Banca Italo Albanese
- Banka Koper
- Banca Intesa Beograd
- Bank of Alexandria
- Central-European International Bank
- Inter-Európa Bank
- KMB Bank
- LTG Banka
- Panonska Banka
- Privredna Banka Zagreb
- Sanpaolo IMI Bank Romania
- UPI Banka
- Všeobecná Úverova Banka

Eurizon Financial Group

- Banca Fideuram
- Eurizon Capital Sgr
- EurizonTutela
- EurizonVita

Report on operations

The macroeconomic scenario and lending and deposit collecting activities

The macroeconomic scenario

The first half of 2007 was characterised by a moderate slowdown in economic world growth rates. Oil prices registered broad fluctuations, which were lower on average compared to the end of 2006 but rose sharply in the second quarter. A steep drop in stock markets was recorded between end February and mid March inducing a temporary rise in investor risk aversion.

In the second quarter of 2007 the American economy showed certain signs of improvement, attributable to the absorption of inventory surpluses in the production chain. Consumption however was affected by strong rises in fuel prices whereas the contraction in building activities was aggravated by the crisis in the mortgage segment. The Federal Reserve kept official rates unchanged for the whole of the quarter, but restated its concerns over future inflation, which remained dominant with respect to those over growth. In June, the money market no longer expected a reduction in official rates in the second half of 2007.

In the eurozone, companies' confidence indices remained high compared to the past. Economic growth consolidated on levels higher than in the past and consistent with a reduction in the unemployment rate, so that consensus projections on 2007 growth rates were further revised upward between March and June (from 2.3% to 2.7%). The driving factor remains domestic demand, particularly for investments.

Considering expected growth rates equal to or above the trend, an average 2008 inflation at the higher limit of the target range and monetary aggregates still in strong expansion, the European Central Bank again raised the official rates on 6th June. The ECB also signalled to markets that the interest rate on main refinancing operations is destined to rise again. At the end of the first half, expectations of a rise to 4.25% by October were widespread among market operators.

In Italy economic growth slowed from 2.8% to 1.8% between the fourth quarter of 2006 and the second quarter of 2007 and the trend of manufacturing production continued to be uncertain till June. As in the rest of the eurozone, however, projections for the whole year are in line with the long-term trend and reflect higher optimism on the sustainability of the economic recovery. Also in Italy the expansion in domestic demand is the main driver for growth: from the beginning of the year the trend of household consumption was particularly strong, with an average 0.5% growth rate over the quarter.

Emerging economies maintained strong growth rates in the first six months of 2007, in line with the positive trend recorded in the last few years. The growth above expectations of BRIC (Brazil, Russia, India and China) is one of the factors which determined an upward revision of the IMF's estimates related to the 2007 world output. The positive performance of the emerging and developing countries was driven by i) high trade volumes, ii) still cheap external funding, despite the adoption of polices restricting international liquidity, and iii) rising raw material prices – including farming products.

Overall, the trend of GDP in Asia, Middle East and Latin America does not show signs of slowdown, whilst a slight decline has been seen in Eastern Europe and in the Community of the Independent States, with the exception of Russia, where the approximately 8% annual growth rate, in the first three months, remains sustained by domestic demand and by oil prices.

China and India continue to surprise observers with growth rates showing no sign of slowdown despite the increase in local interest rates. The two economies, that registered respective GDP growth rates of 11% and 9%, confirmed their driving role in world growth.

Most Latin American countries are undergoing a favourable economic phase which is benefiting from improved exchange conditions. Brazil registered over 4% growth rates sustained by consumption and investments. Strong domestic demand also drove the economies of Chile, with a 5.8% GDP growth rate in the first quarter, and Argentina that, despite a slight slowdown, continues to record 8% growth rates.

The countries that recently joined the European Union, except Hungary, where the slowdown is already substantial, showed contained signs of economic slowdown from the 2006 peak. For Poland and the Czech Republic, the first quarter of the year closed with over 6% growth rates, thanks to the considerable contribution of domestic demand. A slowdown over the forthcoming months is however likely due to bottlenecks in supply, tight conditions in the labour market and a deterioration in foreign trade. The situation in the region is even more uneven due to the contrast between the overheated economies of Bulgaria, Romania and the Baltic States and the still high, but more contained, growth of Slovakia.

Lastly, the Balkan area, also thanks to greater political stability, was a positive surprise due to its performance in industrial production and to its capacity to attract foreign investments, that became an important factor in the economic development of the region. Turkey managed to overcome the delicate electoral phase without serious consequences. Notwithstanding expectations of slowdown over the twelve months, first quarter growth rates remained high (7%) benefiting from the positive trend in foreign trade, which offset the impact on domestic demand of the restrictive monetary and fiscal policies adopted in the last two years.

Strong directional movements and higher volatility characterised world bond markets. Yields rose almost continuously till mid June, when a modest correction started. The overall rise in interest rates totalled 51 basis points on ten-year maturity and 46 basis points on two-year maturity, determining a slight increase in yield curve slope. Swap rates recorded a relatively more marked move and led to an increase in spreads with respect to bond yields.

Emerging markets were also affected by the deep depression of the bond market, accentuated in June by the rise in risk premiums, +23 basis points on the EMBI+ (Emerging Market Bond Index) index with respect to mid month lows.

After two months characterised by low volatility and very contained risk premiums, starting from the beginning of June the corporate bond market registered a strong increase in volatility involving in particular the derivative and high-yield security segments. In fact, at the beginning of June a correction phase started, triggered by a change in investor expectations on the prospects for short-term interest rates. Volatility and rises in spreads with respect to government securities were fuelled by renewed concerns over the trend of the sub-prime loan market in USA and over the excessive exposure of certain hedge funds in that segment, through credit derivatives. Despite this trend, the investment grade segment continued overall to record a positive performance also in the second quarter of 2007, with a moderate contraction in interest rate spreads with respect to government security yields and a better performance of non-financial bonds with respect to financial ones. In the high-yield segment the considerable rises in risk premiums linked to this correction phase led to a negative performance in the second quarter, particularly concerning the issues with rating BB and lower (CCC and lower).

The dollar showed a weak trend against the euro and the other most important currencies. The currencies characterised by high interest rates, such as the British pound, continued to benefit from speculative capital flows. The Swiss franc and the Japanese yen were weak for the opposite reason and the latter touched new all-time lows at the end of the period.

After a positive start at the beginning of the year, stock markets suffered a heavy corrective phase at the end of February. However, subsequent recoveries more than balanced the losses of the February-March period, leading the main indices to close the first half with a slight rise. The S&P500 registered a 6.0% progress whereas the Nikkei 225 recorded a 5.3% performance. European stock markets showed even better trends: in fact, the DJ EuroStoxx 300 index closed the period with a 9.8% rise.

The Italian stock market, with a 3% increase in the six months, recorded a less positive performance, as it was more affected by the February correction. The performance of the Italian market was again driven by medium and small cap stocks: in fact, in the first half, Midex and Star outperformed Mibtel with a growth of 4.5% and 11.4% respectively.

Italian lending and deposit collecting activities

In the first half of 2007 bank interest rates continued to rise, partly reflecting the increase in the ECB's reference rate. The upward trend was similar for both lending and funding rates, so that banking spreads, after an initial rise in the first quarter, settled at 3.13%, the level reached at the end of 2006. The similar trend recorded by lending and funding rates did not give rise to significant changes in intermediation margins compared to the end of 2006. The short-term mark-up[2] decreased to 2.15% at the end of the first half from the initial 2.28%, whilst the contribution margin of on demand funding (mark-down[3]) confirmed the gradually upward trend, from 2.48% to 2.62%. The short-term spread, at 4.77% in June, was therefore virtually unchanged from the level of December 2006.

In the first half of the year lending activities were intense, fuelled by offer conditions that, despite interest rate rises, remained favourable, in both nominal and real terms. The main contribution to the positive trend

2 Difference between the interest rates applied to households and companies on loans with maturity under one year and one-month euribor.

3 Difference between one-month euribor and interest rates on household and company current accounts.

of lending activities came from sustained demand for corporate loans, determined by the positive performance of domestic and foreign demand. In particular, the strengthening of production and manufacturing exports boosted the recovery in short-term loans, that returned at the end of the first half to growth rates not recorded for almost five years. In the first half bank loans, net of doubtful loans, registered an average increase over the twelve months in line with that of the second half of 2006. Growth was virtually evenly spread on all maturities, even if longer-term loans showed a slowdown with respect to the previous half. The process of prolonging maturities of loans to customers continued: in fact, in June the incidence of loans with initial maturity exceeding 18 months on total loans rose further compared to the end of 2006. The deceleration in long-term loans was essentially determined by the slowdown in household loans. Growth rates recorded by residential mortgages, that appeared more affected by interest rate rises and by the stabilisation of real estate prices, resulted in fact lower than the average of the previous six months. Also demand for consumer loans slowed down, whereas growth rates in loans for different purposes recorded an upward trend.

Corporate lending activities were very intense in the first half of the year, with growth rates in line with those recorded on average in the eurozone. Growth was mainly sustained by the medium- and long-term segments (loans with maturity over five years). Short-term loans (with maturity under one year) registered a sharp strengthening. Moreover, demand for loans was substantial in all sectors of production of goods and services, with a particular increase in demand from manufacturing companies that however showed growth rates still rather far from those registered in the construction and service sectors.

The satisfactory evolution of loans in the first half of the year was generally supported by the persistently high quality of the loan portfolio.

In the first half of 2007, deposit collecting activities by the Italian banking system on the domestic market (harmonised aggregate[4]) showed strong growth rates, in line with the trend of the previous half. The expansion in customer deposits was mainly sustained by bonds and repurchase agreements. In fact, the performance of these two funding components more than balanced the slowdown in on demand instruments, less attractive in this upward phase of money market yields. The different trend of the more liquid components of bank deposit collection with respect to the other more profitable instruments was due to the savers' specific preferences aimed at achieving yield and at the same time safeguarding the invested capital. Moreover, in the period, there was a prevailing orientation towards short-term investments, favoured by the flattening of the market yield curve. The search for returns combined with the short-term orientation is also confirmed by the sustained expansion of government securities in the deposits administered by banks on behalf of customers. Instead, assets under management (in securities and mutual funds) continued to face serious difficulties and lose market value.

4 Sum of current accounts (including bank cashiers' cheques), deposits with notice period (saving deposits), deposits with predefined maturity (current accounts and term deposits, certificates of deposit), repurchase agreements and bonds (including subordinated liabilities). All contract types, with the exception of bonds, refer to Italian customers, excluding the Central Administration, in euro and foreign currency. Bonds refer to the total amount issued, irrespective of residence and sector of the holder.

Results for the period

General aspects

For the purpose of a more effective representation of results, a condensed balance sheet and statement of income have been prepared. With respect to financial statement forms set out by Bank of Italy Circular 262/05, figures referred to year 2006 have been restated on a consistent basis to consider changes in the consolidation area and opportune reclassifications of captions have been made according to presentation criteria deemed to be better suited to represent Intesa Sanpaolo in the first half of 2007.

With reference to the first aspect, figures referred to 2006 have been restated to consider components which in 2007 were reclassified under captions which record discontinued operations, the merger between Banca Intesa and SANPAOLO IMI and the related transactions with Crédit Agricole in the first half of 2007 (the sale of the equity stakes in Cassa di Risparmio di Parma e Piacenza and in Banca Popolare FriulAdria and the transfer of branches to the latter), as well as the other changes in the consolidation area.
In particular, as regards the merger which came into legal, accounting and tax effects as of 1st January 2007, with reference to 2006 figures:
- balance sheet and statement of income figures for the Intesa and Sanpaolo IMI Groups are aggregated;
- share capital is increased to consider the new shares issued on 1st January 2007 and attributed to shareholders of the merged company in substitution of annulled SANPAOLO IMI shares. The difference between the above-mentioned capital increase and the shareholders' equity of the Sanpaolo IMI Group, with the exclusion of net income for the period which was left to a specific caption, is allocated to the caption "Merger reserves";
- the most significant reciprocal balance sheet and statement of income items between the two groups have been eliminated, according to the criteria normally used in consolidation procedures.

As concerns the sales to the Crédit Agricole, for the first quarter of 2007 and for the other quarterly figures referred to 2006, the balance sheet figures referring to Cariparma, FriulAdria and the braches sold on 1st April and 1st July are also reclassified in the caption related to discontinued operations, in addition to the reclassifications in the captions related to profits and losses of discontinued operations already made in the official statement of income.
The balance sheet and statement of income figures of Biverbanca have also been recorded under discontinued operations in consideration of the programmed disposal of the bank.
Again for the purpose of a consistent comparison of balance sheet and statement of income aggregates, figures as at 31st December 2006 and for the previous quarters include the figures of the other companies acquired by former SANPAOLO IMI in 2006 (Bank of Alexandria, Panonska Banka, Banca Italo Albanese and Cassa dei Risparmi di Forlì e della Romagna), while balance sheet figures referring to the first quarter of 2007 and those of the corresponding period of the previous year include the figures of the American Bank of Albania, acquired at the end of the second quarter of 2007 and consolidated using the sole balance sheet.
For the sake of completeness, the following reclassified and detailed tables also present the comparison with past statement of income and balance sheet figures, restated as provided for by IFRS 5, originally published in the Consolidated report as at 30th June 2006 and in the Annual report 2006 of the former Gruppo Intesa.

Moreover, as usual, to permit a consistent comparison of statement of income and balance sheet figures in the various periods and to provide a more effective representation of statement of income and balance sheet aggregates, the reclassified tables reflect certain restatements and aggregations with respect to the official forms.
Reclassifications are listed below and a detailed reconciliation table is provided as one of the attachments to the present volume, in compliance with Consob requirements set forth by Communication 6064293 of 28th July 2006.
As concerns the statement of income, reclassifications refer to:

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

Lastly, it must be noted that, as the integration process progresses, certain subcaptions of net fee and commission income and administrative expenses have been fine-tuned with respect to the corresponding tables published in the Consolidated report as at 31st March 2007.

As to the balance sheet, reclassification of consolidated assets and liabilities refers to:

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

Again, for the purposes of a more effective representation of the composition of the aggregates, in the following detailed tables and/or in the relative comments, derivatives recorded in Financial assets/liabilities held for trading and Due from/Due to banks are presented net.

Economic results

Reclassified consolidated statement of income

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %	30.06.2006 (**)
Net interest income	4,896	4,378	518	11.8	2,328
Dividends and profits (losses) on investments carried at equity	164	131	33	25.2	87
Net fee and commission income	3,219	3,306	-87	-2.6	1,534
Profits (Losses) on trading	770	818	-48	-5.9	488
Income from insurance business	263	194	69	35.6	-
Other operating income (expenses)	66	44	22	50.0	21
Operating income	**9,378**	**8,871**	**507**	**5.7**	**4,458**
Personnel expenses	-2,565	-2,771	-206	-7.4	-1,318
Other administrative expenses	-1,479	-1,503	-24	-1.6	-774
Adjustments to property, equipment and intangible assets	-395	-410	-15	-3.7	-224
Operating costs	**-4,439**	**-4,684**	**-245**	**-5.2**	**-2,316**
Operating margin	**4,939**	**4,187**	**752**	**18.0**	**2,142**
Goodwill impairment	-	-	-	-	-
Net provisions for risks and charges	-193	-107	86	80.4	-49
Net adjustments to loans	-645	-579	66	11.4	-327
Net impairment losses on other assets	-22	1	-23		1
Profits (Losses) on investments held to maturity and on other investments	43	70	-27	-38.6	49
Income (Loss) before tax from continuing operations	**4,122**	**3,572**	**550**	**15.4**	**1,816**
Taxes on income from continuing operations	-1,425	-1,224	201	16.4	-581
Merger and restructuring related charges (net of tax)	-80	-	80	-	-
Effect of purchase cost allocation (net of tax)	-200	-	200	-	-
Income (Loss) after tax from discontinued operations	3,006	343	2,663		299
Minority interests	-64	-75	-11	-14.7	-58
Net income	**5,359**	**2,616**	**2,743**		**1,476**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

Quarterly development of the reclassified consolidated statement of income

(in millions of euro)

	2007		2006 restated (*)				
	Second quarter	First quarter restated (**)	Fourth quarter	Third quarter	Second quarter	First quarter	Average of the quarters
Net interest income	2,482	2,414	2,403	2,267	2,242	2,136	2,262
Dividends and profits (losses) on investments carried at equity	118	46	105	42	93	38	70
Net fee and commission income	1,603	1,616	1,624	1,570	1,642	1,664	1,625
Profits (Losses) on trading	332	438	633	348	326	492	450
Income from insurance business	162	101	168	90	99	95	113
Other operating income (expenses)	26	40	46	9	27	17	25
Operating income	**4,723**	**4,655**	**4,979**	**4,326**	**4,429**	**4,442**	**4,544**
Personnel expenses	-1,145	-1,420	-1,543	-1,392	-1,392	-1,379	-1,427
Other administrative expenses	-760	-719	-932	-722	-770	-733	-789
Adjustments to property, equipment and intangible assets	-204	-191	-272	-215	-217	-193	-224
Operating costs	**-2,109**	**-2,330**	**-2,747**	**-2,329**	**-2,379**	**-2,305**	**-2,440**
Operating margin	**2,614**	**2,325**	**2,232**	**1,997**	**2,050**	**2,137**	**2,104**
Goodwill impairment	-	-	-	-	-	-	-
Net provisions for risks and charges	-101	-92	-181	-48	-37	-70	-84
Net adjustments to loans	-323	-322	-435	-295	-285	-294	-327
Net impairment losses on other assets	-20	-2	-7	-5	-2	3	-3
Profits (Losses) on investments held to maturity and on other investments	8	35	95	3	66	4	42
Income (Loss) before tax from continuing operations	**2,178**	**1,944**	**1,704**	**1,652**	**1,792**	**1,780**	**1,732**
Taxes on income from continuing operations	-735	-690	-324	-533	-587	-637	-520
Merger and restructuring related charges (net of tax)	-66	-14	-562	-	-	-	-141
Effect of purchase cost allocation (net of tax)	-100	-100	-	-	-	-	-
Income (Loss) after tax from discontinued operations	111	2,895	117	130	186	157	148
Minority interests	-31	-33	-39	-54	-45	-30	-42
Net income	**1,357**	**4,002**	**896**	**1,195**	**1,346**	**1,270**	**1,177**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

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

The positive results of the Intesa Sanpaolo Group in the first half of 2007 confirm its sound development in the crucial phase of the integration process. Operating margin, equal to 4,939 million euro, posted an 18% rise on the first half of 2006, benefiting from both the good performance of operating income (+5.7%) and the reduction in operating costs (-5.2%). Despite the increases in provisions for risks and charges and in net adjustments and lower profits on financial assets, income before tax from continuing operations recorded a 15.4% rise.

Net income totalled 5,359 million euro, more than double the result of the first half of 2006. The outstanding development of net income for the period, as already indicated, is attributable to the net 2,867 million euro capital gain on the sale to Crédit Agricole of Cariparma, FriulAdria and 29 branches. Taxes on these transactions were limited due to the benefits of the participation exemption on the sales of equity investments. Excluding the impacts of the sales, the charges specifically attributable to the merger and certain non-recurring events, for the purpose of representing the trend of continuing operations, net income for the period was in any case approximately 6.6% higher with respect to the corresponding period of 2006, also net of non-recurring income.

As concerns quarterly development, operating results in the second quarter of 2007 continued the upward trend of the first quarter, to levels on average higher than those of the quarters of the previous year. In particular, operating income was higher than in the first three months of 2007 and in the quarters of 2006, with the sole exception of the fourth which had benefited from non-recurring profits on trading. Operating costs for the second quarter were lower than in the compared quarters. However, it must be noted that this trend was greatly influenced by the registration, under personnel expenses for the second quarter, of the benefits deriving from the different calculation methodology applied to Employee termination indemnities following the reform of supplementary social security. Excluding these effects operating costs in the second quarter were in line with the first and slightly lower than the 2006 quarterly average.

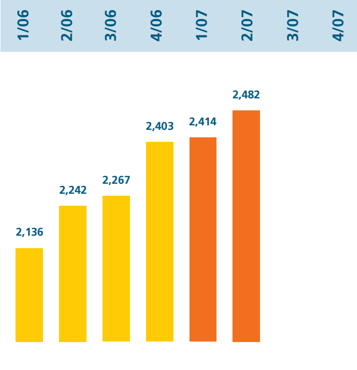
Operating income

Operating income totalled 9,378 million euro, with a 5.7% rise with respect to the first half of 2006. The increase was produced mainly by net interest income, which in addition to representing the most significant component of income, with a 52% incidence, recorded an 11.8% growth rate. Dividends and profits from investments carried at equity, income from insurance business and other operating income increased, whereas net fee and commission income and profits on trading decreased.

Net interest income

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %	30.06.2006 (**)
Relations with customers	6,572	5,335	1,237	23.2	2,752
Relations with banks	-488	-184	304		-115
Securities issued	-2,785	-2,184	601	27.5	-1,222
Differentials on hedging derivatives	48	252	-204	-81.0	156
Financial assets held for trading	856	674	182	27.0	499
Investments held to maturity	112	94	18	19.1	50
Financial assets available for sale	351	221	130	58.8	86
Non-performing assets	273	221	52	23.5	142
Other net interest income	-48	-62	-14	-22.6	-28
Interest margin	**4,891**	**4,367**	**524**	**12.0**	**2,320**
Fair value adjustments in hedge accounting	**5**	**11**	**-6**	**-54.5**	**8**
Net interest income	**4,896**	**4,378**	**518**	**11.8**	**2,328**



Quarterly development of net interest income

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

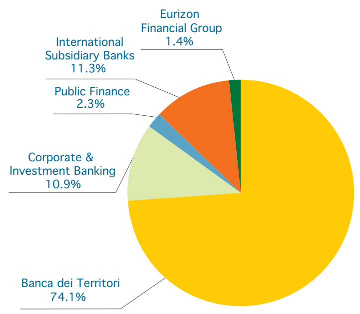
(**) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

Net interest income, 4,896 million euro, recorded a 518 million euro increase in the period (+11.8%). As concerns operations with customers, which in the table above also include components related to securities issued and differentials on hedging derivatives, positive effects came from both volumes, mostly attributable to the development of lending, and rates, which benefited from the increase in the spread on funding that was only partly offset by the reduction in the spread on loans. The rise in net interest income with customers, 432 million euro (+12.7%), was partly absorbed by higher net charges on interbank relations, due to the increase in the net debt position. Moreover, there was an appreciable contribution of the financial portfolio which, with reference to assets held for trading, investments held to maturity and assets available for sale, generated an overall increase in net interest income of 330 million euro.
Quarterly development confirms the upward trend of net interest income which commenced in the previous year.

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Banca dei Territori	3,454	3,032	422	13.9
Corporate & Investment Banking	509	455	54	11.9
Public Finance	107	98	9	9.2
International Subsidiary Banks	527	426	101	23.7
Eurizon Financial Group	63	35	28	80.0
Total business areas	**4,660**	**4,046**	**614**	**15.2**
Corporate Centre	236	332	-96	-28.9
Intesa Sanpaolo Group	**4,896**	**4,378**	**518**	**11.8**

Business areas



(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

Breakdown by business area shows the positive contribution to net interest income of all business areas. In particular, Banca dei Territori, which made a 74% contribution to the income produced by the business areas, and International Subsidiary Banks showed markedly positive growth rates (respectively +13.9% and +23.7%). The Corporate Centre was mostly affected by the recomposition of the securities portfolio enacted by Group Finance in favour of fixed income assets with lower spreads.

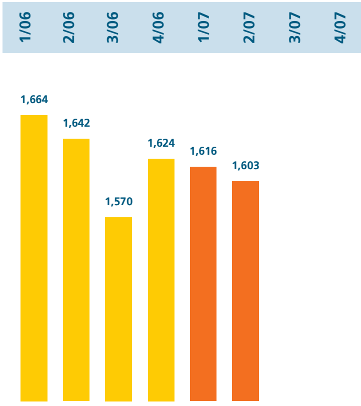
Dividends and profits on investments carried at equity

Dividends collected from unconsolidated equity investments (23 million euro referred to the stake in the Bank of Italy) and profits on investments carried at equity (141 million euro) totalled 164 million euro in the first half of 2007 (131 million euro in the same period of 2006) and were mostly attributable to the equity investments held by the Parent Company. The rise in profits on investments carried at equity was generated by Banque Palatine, NH Italia and Imaging.

Net fee and commission income

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %	30.06.2006 (**)
Guarantees given	116	109	7	6.4	68
Collection and payment services	215	196	19	9.7	128
Current accounts	459	516	-57	-11.0	269
Credit and debit cards	190	191	-1	-0.5	127
Commercial banking activities	**980**	**1,012**	**-32**	**-3.2**	**592**
Dealing and placement of securities	490	602	-112	-18.6	466
Dealing in currencies	33	31	2	6.5	17
Portfolio management	727	783	-56	-7.2	62
Distribution of insurance products	416	392	24	6.1	165
Other	122	124	-2	-1.6	58
Management, dealing and consultancy activities	**1,788**	**1,932**	**-144**	**-7.5**	**768**
Other net fee and commission income	**451**	**362**	**89**	**24.6**	**174**
Net fee and commission income	**3,219**	**3,306**	**-87**	**-2.6**	**1,534**



Quarterly development of net fee and commission income

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

Net fee and commission income in the first half of 2007 totalled 3,219 million euro and represented 34% of operating income. The 2.6% decrease on the corresponding period of the previous year, as already mentioned, also stemmed from the decision on the integration of distribution networks, to favour customers by aligning commissions applied by Intesa Sanpaolo to the best terms practiced by the two banks, for example, the annulment of commissions on ATM/cash dispenser transactions made by customers of one of the two banks in the network of the other bank.

Furthermore, the decrease in fee and commission income was also attributable to the slowdown in management, dealing and consultancy activities related to the placement of securities and asset management. These areas were negatively influenced by customer preference, in the current phase of market uncertainty, for simpler products, with lower value added for the bank, as well as by more limited operations on capital markets, especially on primary markets. Commissions on commercial banking activities dropped: the decrease in commissions on deposits, attributable to the diffusion of "product" accounts characterised by lower management fees than traditional current accounts, was not sufficiently counterbalanced by the rise in commissions on collection and payment services and on guarantees. Other net commissions included the noteworthy contribution of 335 million euro of commissions on medium/ long term transactions, which recorded a 70 million euro rise with respect to the first half of 2006.

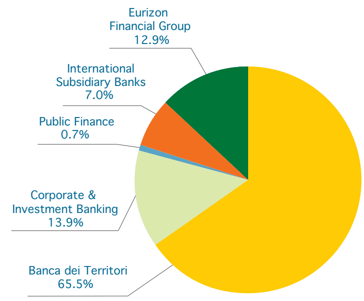
Quarterly development confirms the slowdown in net fee and commission income: in particular the decline in the second quarter 2007 with respect to the first is attributable to the decrease in up-front income.

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Banca dei Territori	2,165	2,255	-90	-4.0
Corporate & Investment Banking	458	468	-10	-2.1
Public Finance	25	32	-7	-21.9
International Subsidiary Banks	230	206	24	11.7
Eurizon Financial Group	426	416	10	2.4
Total business areas	**3,304**	**3,377**	**-73**	**-2.2**
Corporate Centre	-85	-71	14	19.7
Intesa Sanpaolo Group	**3,219**	**3,306**	**-87**	**-2.6**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

Business areas

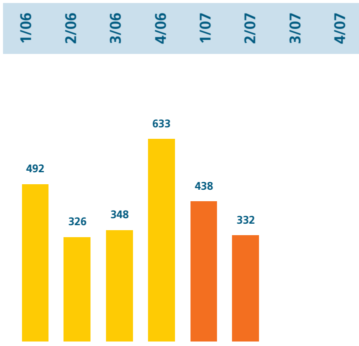


Commissions generated by Banca dei Territori, which represented 66% of those originated by the business areas, highlighted a 4% decrease on the first half of 2006, mainly attributable to the Retail Area, and namely to asset management and current accounts, determined by the commercial policies focused on the placement of products with lower up-front fees and the preference shown by customers for "product" accounts, characterised – as already said – by more contained account management fees with respect to traditional deposits. Commission income generated by companies and consumer credit instead increased in relation to the development of operations. In the other business areas, notable rises were recorded by fees and commissions generated by International Subsidiary Banks (+11.7%), due to the positive trend of current accounts, deposits and credit and debit cards, and by Eurizon Financial Group (+2.4%), for commissions for asset management and administration.

Profits on trading

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %	30.06.2006 (**)
Trading result (interest rate, equities, foreign exchange)	545	527	18	3.4	40
Credit derivatives	1	16	-15	-93.8	25
Other financial assets / liabilities: foreign exchange differences	77	93	-16	-17.2	74
Profits (Losses) on financial assets / liabilities held for trading	**623**	**636**	**-13**	**-2.0**	**139**
Profits (Losses) on disposal of financial assets available for sale and repurchase of financial liabilities	**35**	**102**	**-67**	**-65.7**	**51**
Dividend and similar income on shares available for sale	**112**	**80**	**32**	**40.0**	**298**
Profits (Losses) on trading	**770**	**818**	**-48**	**-5.9**	**488**



Quarterly development of profits (losses) on trading

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

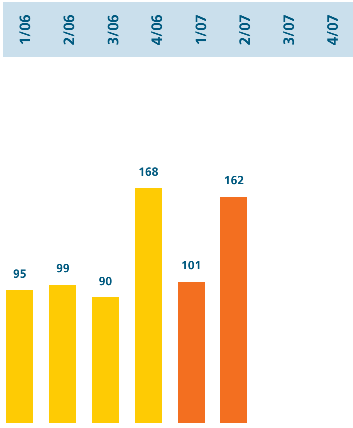
Profits (Losses) on trading includes profits and losses on disposal of financial assets held for trading or available for sale and dividends and similar income on such assets. The result achieved in the half, equal to 770 million euro, was 5.9% lower with respect to the same period of 2006, which had benefited in particular from non-recurring profits of 100 million euro, produced by the combined effects of marking to market, hedging and sale of Fiat shares deriving from the "convertendo" loan and the marking to market and sale of Parmalat shares, also deriving from the conversion of on-balance sheet loans. The first half of 2007 was affected by the capital loss on the sale of part of the equity stake in Santander Central Hispano (SCH), important equity investment classified as "available for sale" whose valuation reserve deriving from measurement at fair value in the allocation of purchase cost of the merger between Banca Intesa and SANPAOLO IMI was reclassified in reserves from retained earnings in accordance with IFRS 3. The capital loss of 29 million euro represents the lower consideration received for SCH shares sold with respect to the fair value recorded in the opening balances as at 1st January 2007. Net of these non-recurring events, profits on trading recorded a rise exceeding 11%.

Breakdown shows a contribution from profits on trading in line with the previous year, despite the aforementioned non-recurring effects. The decrease in profits on the disposal of financial assets available for sale was partly offset by the rise in dividends on shares.
Quarterly development of the caption reflects the timing of events described above and recorded in the first quarter of 2006, and, in the fourth quarter, the 228 million euro capital gain deriving from the sale of Ixis Asset Management Group and Ixis Corporate & Investment Bank.

Income from insurance business

(in millions of euro)

	30.06.2007			30.06.2006 restated (*)			Changes	
	Life	Casualty	**Total**	Life	Casualty	**Total**	**amount**	**%**
Premiums and payments (a)	-151	42	-109	-66	12	-54	55	
net premiums	*837*	*55*	*892*	*1,490*	*23*	*1,513*	*-621*	*-41.0*
net charges for claims	*-2,130*	*-13*	*-2,143*	*-1,312*	*-8*	*-1,320*	*823*	*62.3*
net charges for changes in technical reserves	*1,142*	*-*	*1,142*	*-244*	*-3*	*-247*	*1,389*	
Net income from financial instruments designated at fair value through profit and loss (b)	185	-	185	-66	-	-66	251	
Net commissions (c)	-7	-	-7	-11	-	-11	-4	-36.4
Net income from securities (including UCITS) classified as Financial assets available for sale and Financial assets held for trading (d)	408	3	411	500	1	501	-90	-18.0
Other income/charges from insurance business (e)	-188	-29	-217	-170	-6	-176	41	23.3
Income from insurance business	**247**	**16**	**263**	**187**	**7**	**194**	**69**	**35.6**



Quarterly development of income from insurance business

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(a) The caption includes collections, payments and provisions for integration of reserves referred solely to products considered insurance products for IAS/IFRS purposes.

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

(c) The caption includes commissions related to products considered financial products for IAS/IFRS purposes and commissions on banking services of securities deposit and account management.

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

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

Income from insurance business, which contains revenue items referring to the life and casualty companies reporting to Eurizon Financial Group, totalled 263 million euro, up by 35.6% with respect to the first half of 2006. This result was achieved thanks to performance of financial management, higher life and damages production and the richer product mix, mostly addressed to unit-linked and index-linked policies.
In particular, in the comparison with the previous year, the most significant variation refers to fair value measurement of securities and derivatives connected to unit-linked policies classified as insurance products: such securities had determined an overall net capital loss of 116 million euro as at 30th June 2006 compared to a net capital loss of 23 million euro as at 30th June 2007. Financial management also contributed to the improvement in the result thanks to income deriving from the closure of certain hedging derivatives (swaptions) that in the first half of 2006 had registered negative valuations and to higher results of securities held for trading. Such positive effects were partly offset by the upward trend of interest rates on financial markets, which led to a reduction in the fair value of positions in the free portfolio of insurance companies.
As concerns the portfolio of group insurance companies, a recomposition in favour of the financial component of products is under way. New production of traditional insurance products evidenced a significant reduction in premiums which was offset by the contraction in technical reserves, due to both the surrendering of policies and the recalculation of integrative reserves (foreseeable return and demographic basis) which together led to a release of reserves. Lastly, the result was influenced by the improvement in results in the damages sector related to the significant rise of sales of CPI (Creditor Protection Insurance) products made by the Group's bank networks.
More specifically, net income from valuation of assets and liabilities connected to products which have mainly financial nature increased whereas decreases were recorded by net income on financial assets which cover mainly insurance products and on the trading portfolio and the margin on premiums and

payments for insurance contracts worsened. Other charges from the insurance business increased due to higher costs for commissions paid.
With reference to quarterly development, income from insurance business in the second quarter of 2007 was considerably higher than in the previous quarter and the 2006 quarterly average thanks to the contribution of dividends collected in the period (which were not affected by non-recurring provisions, as has occurred in 2006), and to the favourable trends of the insurance business.

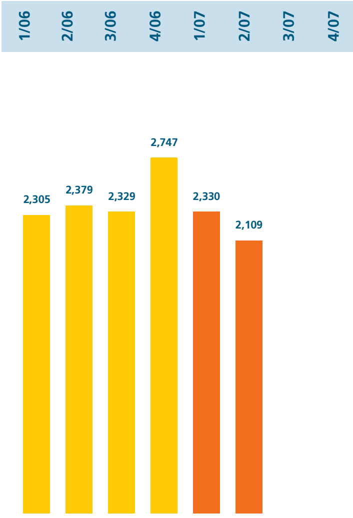
Other operating income (expenses)

Other operating income (expenses) is a residual caption which comprises income and expenses of various nature, such as real estate rentals, income and expenses on consumer credit activities and leasing, amortisation of leasehold improvements and expenses for litigations and for customer restorations not covered by specific provisions. The caption does not include recovery of expenses and taxes and duties, which are directly deducted from administrative expenses. Other operating income equalled 66 million euro, against the 44 million euro of the first half of 2006, mostly due to higher services rendered to third parties.

Operating costs

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %	30.06.2006 (**)
Wages and salaries	2,038	1,959	79	4.0	936
Social security charges	512	514	-2	-0.4	249
Other	15	298	-283	-95.0	133
Personnel expenses	**2,565**	**2,771**	**-206**	**-7.4**	**1,318**
Information technology expenses	380	384	-4	-1.0	201
Management of real estate assets	339	352	-13	-3.7	131
General structure costs	237	209	28	13.4	199
Professional and legal expenses	192	226	-34	-15.0	75
Advertising and promotional expenses	96	118	-22	-18.6	64
Indirect personnel costs	64	70	-6	-8.6	34
Other costs	170	132	38	28.8	53
Indirect taxes and duties	311	317	-6	-1.9	149
Recovery of expenses and charges	-310	-305	5	1.6	-132
Administrative expenses	**1,479**	**1,503**	**-24**	**-1.6**	**774**
Property and equipment	224	232	-8	-3.4	117
Intangible assets	171	178	-7	-3.9	107
Adjustments	**395**	**410**	**-15**	**-3.7**	**224**
Operating costs	**4,439**	**4,684**	**-245**	**-5.2**	**2,316**



Quarterly development of operating costs

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

Operating costs in the first half of 2007 amounted to 4,439 million euro, with a 5.2% drop with respect to the first half of the previous year, presented by all main components and in particular by personnel expenses, that recorded a fall of 206 million euro.
Personnel expenses totalled 2,565 million euro, with a 7.4% reduction on the first half of 2006. The trend was determined by the actuarial recalculation of Employee termination indemnities required following the supplementary social security reform which came into effect as of 1st January 2007. It must be noted that the reversal to the statement of income of part of the allowance, for most of the effect, does not represent a decrease in the charge for the company but only the effect of the recalculation of amounts due using a different actuarial method, which leads to a different distribution of the charge across the working life of employees and, therefore, a diverse registration over time in the statement of income. Excluding this effect – which is significant for accounting purposes but does not represent a decrease in amounts due to employees – personnel expenses recorded a moderate rise on an annual basis which was the combined result of a reduction in headcount and a rise in provisions related to assumptions regarding the renewal of the national collective labour contract which expired at the end of 2005.
Administrative expenses, 1,479 million euro, recorded a 1.6% decrease with respect to the first half of 2006. It must also be noted that the expenses connected to the integration process are registered in a specific caption in the reclassified statement of income. This trend was mostly attributable to the decreases

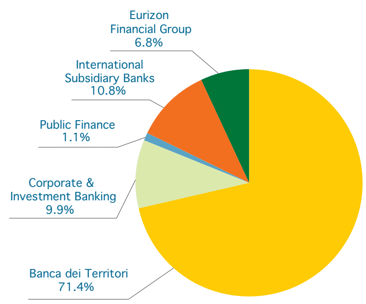
in legal and professional expenses, determined by interventions aimed at the rationalisation of post merger consulting services, and advertising and promotional expenses, also because the comparative figure included charges related to the sponsorship of the Turin 2006 Winter Olympics. Expenses for IT services, which represent approximately 26% of administrative expenses, remained practically unchanged in the two periods under comparison. Instead, general structure costs rose as a result of the rises in tariffs of postal and telegraphic expenses and expenses for perusals and information and other expenses.
Adjustments to property, equipment and intangible assets, which totalled 395 million euro, recorded a 3.7% decrease, with respect to the first half of last year, due to the decrease in adjustments related to information technology.
Quarterly development of operating costs shows a downward trend in the first two quarters of 2007, with a minimum flow of costs in the second quarter, significantly lower than the average expense levels relative to 2006, due to the aforementioned effects on Employee termination indemnities.
Attentive cost containment and the development of revenues generated a five and a half point improvement in the cost/income ratio with respect to the corresponding period of 2006 from 52.8% to 47.3%; excluding non-recurring components the efficiency ratio equalled 49.9%, with a three and a half point decrease with respect to the consistent figure for the first half of 2006.

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Banca dei Territori	3,053	3,067	-14	-0.5
Corporate & Investment Banking	424	433	-9	-2.1
Public Finance	48	45	3	6.7
International Subsidiary Banks	460	417	43	10.3
Eurizon Financial Group	292	271	21	7.7
Total business areas	**4,277**	**4,233**	**44**	**1.0**
Corporate Centre	162	451	-289	-64.1
Intesa Sanpaolo Group	**4,439**	**4,684**	**-245**	**-5.2**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

Business areas



As concerns breakdown by business area, Banca dei Territori, which generated 71% of total operating costs of business areas, registered a 0.5% decrease in costs with respect to the first half of 2006: the slight rise in personnel expenses was more than offset by the decrease in other administrative expenses. Operating costs of Corporate & Investment Banking also declined (-2.1%), mostly as a result of lower personnel expenses. Conversely, increases were recorded by operating costs generated by the International Subsidiary Banks (+10.3%) as a result of the rises of all cost components, by Eurizon Financial Group (+7.7%) and by Public Finance (+6.7%), due to personnel expenses. The release of Employee termination indemnities has been allocated to the Corporate Centre.

Operating margin

Thanks to the positive trend recorded by revenues and the decrease in costs, operating margin for the first half of 2007 totalled 4,939 million euro, up by 18% with respect to the same period of the previous year. Net of non-recurring effects, the growth rate is 15.3%.

Net provisions for risks and charges

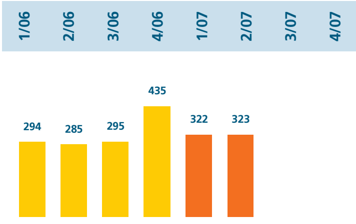
Net provisions for risks and charges totalled 193 million euro, lower than the 107 million euro as at the first half of 2006. These are recorded on probable charges deriving from revocatory actions, actions for damage, legal cases and any other litigations and are updated on the basis of the litigations under way and the assessment of their possible outcomes. Higher provisions, mostly ascribable to the Parent Company, are attributable to a possible conciliation of position in litigation and to the need to offset the losses which emerged in one of the autonomous employee pension fund.

Net adjustments to loans

Net adjustments to loans recorded in the period totalled 645 million euro, with an 11.4% rise with respect to the 579 million euro in the first six months of the previous year. The rise is attributable to higher analytical adjustments, which totalled 533 million euro. Lump-sum adjustments, equal to 138 million euro, allow to maintain a degree of coverage of performing loans exceeding 0.7%, similar to the coverage at the end of 2006.

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %	30.06.2006 (**)
Doubtful loans	-314	-268	46	17.2	195
Other non-performing loans	-219	-176	43	24.4	105
Performing loans	-138	-157	-19	-12.1	62
Net impairment losses on loans	**-671**	**-601**	**70**	**11.6**	**362**
Net adjustments to guarantees and commitments	**26**	**22**	**4**	**18.2**	**-35**
Net adjustments to loans	**-645**	**-579**	**66**	**11.4**	**327**



Quarterly development of net adjustments to loans

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

The rise in the caption referred to both doubtful loans, which are related to net adjustments of 314 million euro, and substandard, restructured and past due loans on which overall net adjustments totalled 219 million euro. Assessments on performing loans required net adjustments of 138 million euro, mostly referred to provisions made, in compliance with IAS 39, in relation to the initiative taken in March 2007 to redefine the terms of certain mortgages in favour of customers.
Lastly, net recoveries of 26 million euro were posted on non-cash credit risk relative to guarantees and commitments outstanding.
Excluding the peak of the fourth quarter of 2006, quarterly development shows that net adjustments to loans in the first two quarters of 2007 were higher than in the previous year: in the first quarter due to the aforementioned provisions related to certain mortgage contracts, in the second due to higher adjustments to non-performing loans.

Net impairment losses on other assets
Net impairment losses recorded in the first half of 2007 totalled 22 million euro, compared to a recovery of one million euro posted in the corresponding period of 2006, and were determined by financial assets available for sale and the net present value of the advance of the substitution tax on the mathematical reserves of insurance companies.

Profits (Losses) on investments held to maturity and on other investments
Profits on investments held to maturity and on other investments amounted 43 million euro compared to the 70 million euro recorded in the first half of 2006. The comparative figure for 2006 included profits of 37 million euro connected to a spin-off of real estate assets.

Income before tax from continuing operations
Income before tax from continuing operations, 4,122 million euro, posted a 15.4% growth rate due to the good trend of income and the decrease in operating costs which amply offset the rise in provisions for risks and charges and net adjustments to loans.

Taxes on income from continuing operations
Provisions for taxes for the period, both current and deferred, amounted to 1,425 million euro with respect to the 1,224 million euro of the first half of last year. The tax burden on continuing operations, which reflects tax regulations in force in the various countries in which the Group operates, implies a 34.6% tax-rate not dissimilar from the 34.3% of the first half of 2006.

Merger and restructuring related charges (net of tax)
Merger and restructuring related charges (net of tax) totalled 80 million euro and were mostly attributable to the Parent Company. These are added to those recorded in 2006 for incentive-driven exit plans and other administrative expenses connected to the merger.

Effect of purchase cost allocation (net of tax)

The caption presents the negative effects, in terms of interest adjustments and amortisation, attributable to the revaluation of loans, real estate and the registration of new intangible assets, in application of IFRS 3, at the time of registration of the merger; such effects, until the completion of the process for the allocation of the cost of the Sanpaolo IMI Group (planned within the end of the year), have been estimated in 400 million euro for the entire year. An amount equal to half of the charge assumed for the entire year was expensed in the first half.

Income (Loss) after tax from discontinued operations

The caption, 3,006 million euro, mainly reflects the effects of assets sold to Crédit Agricole. In particular, the figure includes the capital gain deriving from the sale of Cariparma, FriulAdria and of 29 branches (2,867 million euro), the results generated by the two subsidiaries before the sale (45 million euro) and the results of the branches under disposal on 1st April and on 1st July 2007 (72 million euro).
The caption also includes the net result generated in the period (20 million euro) by Cassa di Risparmio di Biella e Vercelli, in which Intesa Sanpaolo holds a 55% stake, which is currently under disposal to Banca Monte dei Paschi di Siena as provided for in the agreement signed in June.

Net income

Net income for the period reached 5,359 million euro, net of taxes on income and including income after tax from discontinued operations, the effect of purchase cost allocation (net of tax), merger and restructuring related charges (net of tax) and minority interests. Normalised net income, that is, net income for the period adjusted to consider the aforementioned non-recurring components of profit on trading, the actuarial effects of Employee termination indemnities as well as the capital gains on the sales of Cariparma, FriulAdria and the 29 branches, merger and restructuring related charges and the effect of purchase cost allocation, totalled 2,630 million euro, with a 6.6% growth rate with respect to the first half of 2006.

Balance sheet aggregates

The following tables analyse balance sheet aggregates as at 30th June 2007 compared with figures for the previous year, restated to permit a consistent comparison in consideration of the merger transaction, the sale of assets to Crédit Agricole, the changes occurred in the consolidation area, as well as the restatement of assets and liabilities related to discontinued operations, according to the criteria illustrated above.

Reclassified consolidated balance sheet

(in millions of euro)

Assets	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %	31.12.2006 (**)
Financial assets held for trading	81,557	66,145	15,412	23.3	46,328
Financial assets designated at fair value through profit and loss	20,987	20,685	302	1.5	-
Financial assets available for sale	40,966	41,096	-130	-0.3	5,518
Investments held to maturity	5,971	5,950	21	0.4	2,823
Due from banks	63,256	56,553	6,703	11.9	30,363
Loans to customers	332,519	324,679	7,840	2.4	190,830
Investments in associates and companies subject to joint control	3,063	3,106	-43	-1.4	2,183
Property, equipment and intangible assets	8,193	9,222	-1,029	-11.2	4,309
Tax assets	4,167	4,938	-771	-15.6	2,502
Non-current assets held for sale and discontinued operations	8,831	28,616	-19,785	-69.1	69
Other assets	13,340	14,290	-950	-6.6	6,856
Merger difference	20,255	-	20,255	-	-
Total Assets	**603,105**	**575,280**	**27,825**	**4.8**	**291,781**

Liabilities and Shareholders' Equity	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %	31.12.2006 (**)
Due to banks	92,470	75,284	17,186	22.8	39,954
Due to customers and securities issued	346,189	340,152	6,037	1.8	202,762
Financial liabilities held for trading	28,555	22,048	6,507	29.5	15,648
Financial liabilities designated at fair value through profit and loss	28,238	26,157	2,081	8.0	-
Tax liabilities	1,795	2,272	-477	-21.0	1,474
Liabilities associated with non-current assets held for sale and discontinued operations	8,181	27,728	-19,547	-70.5	63
Other liabilities	17,006	19,491	-2,485	-12.7	9,589
Technical reserves	21,312	22,540	-1,228	-5.4	-
Allowances for specific purpose	5,661	5,997	-336	-5.6	3,273
Share capital	6,647	6,646	1	-	3,613
Reserves	8,424	10,783	-2,359	-21.9	10,785
Merger reserves	31,093	9,139	21,954		-
Valuation reserves	1,283	1,209	74	6.1	1,209
Minority interests	892	1,127	-235	-20.9	852
Net income	5,359	4,707	652	13.9	2,559
Total Liabilities and Shareholders' Equity	**603,105**	**575,280**	**27,825**	**4.8**	**291,781**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

Quarterly development of the reclassified consolidated balance sheet

(in millions of euro)

Assets	2007		2006 restated (*)			
	30/6	31/3 restated (**)	31/12	30/9	30/6	31/3
Financial assets held for trading	81,557	77,574	66,145	69,577	68,792	73,516
Financial assets designated at fair value through profit and loss	20,987	21,015	20,685	20,476	20,030	21,376
Financial assets available for sale	40,966	41,311	41,096	39,232	36,344	34,565
Investments held to maturity	5,971	5,897	5,950	5,447	5,449	5,344
Due from banks	63,256	63,770	56,553	59,911	58,326	61,319
Loans to customers	332,519	329,821	324,679	310,767	304,839	302,251
Investments in associates and companies subject to joint control	3,063	3,043	3,106	3,106	3,022	2,951
Property, equipment and intangible assets	8,193	8,582	9,222	7,833	7,816	7,325
Tax assets	4,167	4,533	4,938	5,024	5,134	5,359
Non-current assets held for sale and discontinued operations	8,831	9,143	28,616	28,023	29,366	27,025
Other assets	13,340	13,878	14,290	11,661	13,960	12,889
Merger difference	20,255	20,725	-	-	-	-
Total Assets	**603,105**	**599,292**	**575,280**	**561,057**	**553,078**	**553,920**

Liabilities and Shareholders' Equity	2007		2006 restated (*)			
	30/6	31/3 restated (**)	31/12	30/9	30/6	31/3
Due to banks	92,470	83,058	75,284	78,208	70,263	78,590
Due to customers and securities issued	346,189	343,999	340,152	326,258	322,910	314,329
Financial liabilities held for trading	28,555	28,682	22,048	23,728	23,135	27,655
Financial liabilities designated at fair value through profit and loss	28,238	27,317	26,157	25,871	25,386	25,955
Tax liabilities	1,795	2,875	2,272	2,816	2,596	2,550
Liabilities associated with non-current assets held for sale and discontinued operations	8,181	8,976	27,728	26,630	28,407	26,025
Other liabilities	17,006	23,905	19,491	16,224	21,067	19,980
Technical reserves	21,312	22,218	22,540	22,603	22,000	21,893
Allowances for specific purpose	5,661	6,048	5,997	5,117	5,057	5,327
Share capital	6,647	6,646	6,646	6,646	6,646	6,629
Reserves	8,424	8,393	10,783	10,730	10,713	10,554
Merger reserves	31,093	31,093	9,139	9,903	9,811	10,694
Valuation reserves	1,283	1,120	1,209	974	968	913
Minority interests	892	960	1,127	1,539	1,504	1,556
Net income	5,359	4,002	4,707	3,811	2,616	1,270
Total Liabilities and Shareholders' Equity	**603,105**	**599,292**	**575,280**	**561,057**	**553,078**	**553,920**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

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

Loans to customers

(in millions of euro)

	30.06.2007	% breakdown	31.12.2006 restated (*)	% breakdown	Changes amount	Changes %	31.12.2006 (**)
Current accounts	31,654	9.5	36,742	11.3	-5,088	-13.8	22,878
Mortgages	157,503	47.4	151,089	46.5	6,414	4.2	84,995
Advances and other loans	119,430	35.9	114,185	35.2	5,245	4.6	70,675
Repurchase agreements	11,253	3.4	9,799	3.0	1,454	14.8	2,971
Loans represented by securities	5,111	1.5	5,151	1.6	-40	-0.8	4,351
Non-performing loans	7,568	2.3	7,713	2.4	-145	-1.9	4,960
Loans to customers	**332,519**	**100.0**	**324,679**	**100.0**	**7,840**	**2.4**	**190,830**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

The solidity of economic figures is sustaining the financing of working capital and investments of companies, while household demand for credit, more sensitive to the rise in interest rates, seems to be progressively weakening. In this context loans to customers – inclusive of loans represented by securities issued by customers – reached 333 billion euro at the end of June 2007, with a 2.4% growth rate from the beginning of the year. Breakdown by component highlights that advances and other loans increased (+4.6%), due to the rise in demand from companies, public administrations and households for consumer credit and mortgages (+4.2%), which make up 47% of total loans to customers. Repurchase agreements showed a considerable increase (+14.8%) and displayed a marked volatility as a result of their financial nature. Instead, overdrafts on current accounts recorded a 13.8% decrease, connected to customer preference for longer funding; loans represented by securities – which are an alternative to direct disbursements – recorded a limited decline (-0.8%). Lastly, attentive monitoring of the loan granting process permitted a 1.9% reduction in non-performing loans.

In the domestic medium/long term loan market, disbursements to households amounted to almost 11 billion euro, while those to companies reached 6.5 billion euro.

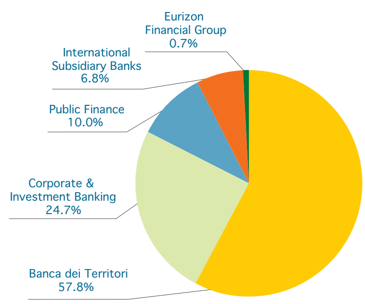
At the end of first half of 2007 the Group's share of the domestic market (calculated on the harmonised time-series defined for countries in the eurozone and excluding the operations of the 173 branches sold to Crédit Agricole on 1st July 2007) was 19.3% for total loans, down by approximately one percentage point with respect to the end of 2006. This decrease was affected by the reimbursement of considerable non-recurring financing granted toward the end of 2006 in favour of tax-collection counterparties.

(in millions of euro)

	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %
Banca dei Territori	189,947	184,334	5,613	3.0
Corporate & Investment Banking	81,140	78,295	2,845	3.6
Public Finance	32,964	36,331	-3,367	-9.3
International Subsidiary Banks	22,208	18,573	3,635	19.6
Eurizon Financial Group	2,157	2,384	-227	-9.5
Total business areas	**328,416**	**319,917**	**8,499**	**2.7**
Corporate Centre	4,103	4,762	-659	-13.8
Intesa Sanpaolo Group	**332,519**	**324,679**	**7,840**	**2.4**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

Business areas



Breakdown by business area shows a 3% increase achieved by Banca dei Territori, which represents 58% of the total aggregate attributable to the Group's business areas, through higher disbursements to retail and private customers, to satisfy demand for consumer lending and mortgages and to SMEs, which benefited from the recovery in production. Positive trends were recorded by loans granted by Corporate & Investment Banking (+3.6%) due to the contribution of investment banking, and by International Subsidiary Banks (+19.6%), that benefit from the good development potential shown by the markets in Central-Eastern Europe and in the Mediterranean basin. With regard to the evolution of lending to public works and infrastructures granted by Banca Intesa Infrastrutture e Sviluppo and Banca OPI, the 9.3% decline from the beginning of the year was mostly due to the gradual reimbursement of large loans granted to tax collection companies at the end of last year; this decrease was offset by the development of lending activities through the subscription of securities issued by customers. The decrease in loans to customers by the Corporate Centre is attributable to treasury operations.

Loans to customers: loan portfolio quality

(in millions of euro)

	30.06.2007		31.12.2006 restated (*)		Change	31.12.2006 (**)
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure	
Doubtful loans	2,810	0.8	2,682	0.8	128	1,662
Substandard and restructured loans	3,845	1.2	3,887	1.2	-42	2,859
Past due loans	913	0.3	1,144	0.4	-231	439
Non-performing loans	**7,568**	**2.3**	**7,713**	**2.4**	**-145**	**4,960**
Performing loans	319,840	96.2	311,815	96.0	8,025	181,519
Loans represented by performing securities	5,111	1.5	5,151	1.6	-40	4,351
Loans to customers	**332,519**	**100.0**	**324,679**	**100.0**	**7,840**	**190,830**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

A more detailed numerical description of asset quality is contained in the section dedicated to credit risks in the Risk management chapter. The Group's high asset quality further improved in the first half of 2007: from the beginning of the year to the end of June non-performing loans posted a 145 million euro decrease and had a lower incidence on total loans to customers (2.3% with respect to 2.4% at the end of 2006). Coverage of non-performing loans, pursued via prudential provisional policies extended to all commercial banks, reached 54% as at 30th June 2007 with an increase with respect to the end of last year.

In particular, doubtful loans totalled 2,810 million euro, with a 128 million euro rise from the beginning of the year; the incidence on total loans to customers was 0.8%, with a degree of coverage of 72%.

Substandard and restructured loans, 3,845 million euro, recorded a 42 million euro decrease with respect to 31st December 2006; the degree of coverage, adequate to cover the intrinsic risk of this type of portfolio, was 28%, stable with respect to the end of the previous year.

Past due loans amounted to 913 million euro, with a 231 million euro decrease and a degree of coverage close to 12%.

Cumulated collective adjustments on performing loans as at 30th June 2007 equalled 2,300 million euro. This figure represented 0.7% of gross exposure related to performing loans to customers, stable with respect to the figure recorded at the end of the previous year and congruous to face the risk of performing loans. The implicit risk of the performing loan portfolio is calculated collectively on the basis of the risk configurations of the entire portfolio analysed via models which consider the Probability of Default (PD) and Loss Given Default (LGD) of individual loans.

Customer financial assets

(in millions of euro)

	30.06.2007	% breakdown	31.12.2006 restated (*)	% breakdown	Changes amount	Changes %	31.12.2006 (**)
Direct customer deposits	374,427	37.6	366,309	38.3	8,118	2.2	202,762
Indirect customer deposits	648,210	65.2	615,262	64.4	32,948	5.4	300,823
Netting (a)	-28,088	-2.8	-25,982	-2.7	2,106	8.1	-
Customer financial assets	**994,549**	**100.0**	**955,589**	**100.0**	**38,960**	**4.1**	**503,585**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

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

Customer financial assets reached 995 billion euro, with a 4.1% rise from the beginning of the year thanks to the trend of direct customer deposits and, within indirect customer deposits, specifically to assets under administration. Conversely, assets under management recorded an outflow from mutual funds and individual portfolio management schemes. This reduction, combined with the high volatility which characterises markets, was affected by customer preference for traditional products and easily marketable and low risk investments.

Direct customer deposits

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

(in millions of euro)

	30.06.2007	% breakdown	31.12.2006 restated (*)	% breakdown	Changes amount	Changes %	31.12.2006 (**)
Current accounts and deposits	177,026	47.3	179,054	48.9	-2,028	-1.1	108,220
Repurchase agreements and securities lending	28,809	7.7	24,115	6.6	4,694	19.5	8,784
Bonds	98,711	26.4	92,842	25.3	5,869	6.3	61,926
of which designated at fair value (***)	*3,670*	*1.0*	*3,174*	*0.9*	*496*	*15.6*	-
Certificates of deposit	8,946	2.3	10,449	2.8	-1,503	-14.4	6,012
Subordinated liabilities	16,573	4.4	18,660	5.1	-2,087	-11.2	10,729
Financial liabilities of the insurance business designated at fair value (***)	24,564	6.6	22,978	6.3	1,586	6.9	-
Other deposits	19,798	5.3	18,211	5.0	1,587	8.7	7,091
of which designated at fair value (***)	*4*	-	*5*	-	*-1*	*-20.0*	-
Direct customer deposits	**374,427**	**100.0**	**366,309**	**100.0**	**8,118**	**2.2**	**202,762**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

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

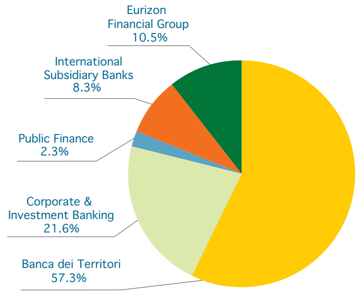
At the end of the first half of 2007 direct customer deposits totalled 374 billion euro, with a 2.2% growth rate from the beginning of the year. Breakdown by contract type shows the increase in bonds (+6.3%) and repurchase agreements (+19.5%), which together registered a 10 billion euro rise, while a total decline of 4 billion euro was recorded by current accounts (-1.1%), affected by the increase in the opportunity cost of liquidity, and subordinated liabilities (-11.2%).
As at 30th June 2007 the Group's domestic market share (according to the ECB's harmonised definition) totalled 19.7%. This figure is net of direct customer deposits of the 173 branches sold to Crédit Agricole on 1st July 2007, which were recorded under liabilities associated to non-current assets held for sale and discontinued operations.

(in millions of euro)

	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %
Banca dei Territori	174,766	177,843	-3,077	-1.7
Corporate & Investment Banking	65,881	62,801	3,080	4.9
Public Finance	7,124	8,020	-896	-11.2
International Subsidiary Banks	25,255	23,733	1,522	6.4
Eurizon Financial Group	32,121	30,483	1,638	5.4
Total business areas	**305,147**	**302,880**	**2,267**	**0.7**
Corporate Centre	69,280	63,429	5,851	9.2
Intesa Sanpaolo Group	**374,427**	**366,309**	**8,118**	**2.2**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

Business areas



Breakdown by business area shows that direct customer deposits of Banca dei Territori, which represents 57% of the total aggregate attributable to the business areas, posted a 1.7% decrease. Conversely, funding of Corporate & Investment Banking presented a 4.9% rise and deposits of International Subsidiary Banks increased by 6.4%, benefiting from the good development potential shown by the markets where it operates. The progress of direct customer deposits of the Corporate Centre (+9.2%) was principally due to securities, also in relation to the issues by Intesa Sec 3 of mortgage backed securities following the securitisation carried out in December 2006.

Indirect customer deposits

(in millions of euro)

	30.06.2007	% breakdown	31.12.2006 restated (*)	% breakdown	Changes amount	Changes %	31.12.2006 (**)
Mutual funds	69,819	10.8	71,774	11.7	-1,955	-2.7	2,010
Open-ended pension funds	1,444	0.2	1,182	0.2	262	22.2	-
Portfolio management	60,129	9.3	61,782	10.0	-1,653	-2.7	26,863
Life technical reserves and financial liabilities	68,018	10.5	67,494	11.0	524	0.8	30,008
Relations with institutional customers	18,365	2.8	18,129	2.9	236	1.3	-
Assets under management	**217,775**	**33.6**	**220,361**	**35.8**	**-2,586**	**-1.2**	**58,881**
Assets under administration and in custody	**430,435**	**66.4**	**394,901**	**64.2**	**35,534**	**9.0**	**241,942**
Indirect customer deposits	**648,210**	**100.0**	**615,262**	**100.0**	**32,948**	**5.4**	**300,823**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

Indirect customer deposits increased by 5.4% since the beginning of the year and reached 648 billion euro. The rise was the result of differing trends: assets under administration increased (+9%), mostly due to the higher customer requests for government securities and bonds; assets under management decreased (-1.2%) affected especially by lower placements of mutual funds and individual portfolio management schemes.

Assets under management, which represent over a third of indirect customer deposits totalled 218 billion euro. Breakdown of the caption shows that technical reserves and financial liabilities in the life insurance business recorded a 0.8% rise and reached 68 billion euro. In the insurance business the new production of EurizonVita and Intesa Vita in the period reached approximately 6 billion euro, mostly offset by the progressive ageing of the policy portfolio which increased the significance of the phenomenon of surrendering of policies. Though from far lower absolute levels, rises were recorded by open-end pension funds (+22.2%) and relationships with institutional customers (+1.3%); instead, as already mentioned, mutual funds and individual portfolio management schemes declined, both down by 2.7%.

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

(in millions of euro)

	30.06.2007	% breakdown	31.12.2006 restated (*)	% breakdown	Changes amount	Changes %	31.12.2006 (**)
Bonds and other debt securities held for trading and designated at fair value through profit and loss	61,433	83.0	54,139	83.6	7,294	13.5	31,144
of which designated at fair value through profit and loss	*12,154*	*16.4*	*12,900*	*19.9*	*-746*	*-5.8*	-
Equities and quotas of UCITS held for trading and designated at fair value through profit and loss	18,999	25.7	14,855	22.9	4,144	27.9	2,202
of which designated at fair value through profit and loss	*8,821*	*11.9*	*7,780*	*12.0*	*1,041*	*13.4*	-
Other assets designated at fair value through profit and loss	12	-	5	-	7		-
Securities, assets held for trading and financial assets designated at fair value through profit and loss	**80,444**	**108.7**	**68,999**	**106.5**	**11,445**	**16.6**	**33,346**
Financial liabilities held for trading	**-7,060**	**-9.5**	**-4,276**	**-6.6**	**2,784**	**65.1**	**-2,341**
Net value of financial derivatives	603	0.8	53	0.1	550		-323
Net value of credit derivatives	2	-	6	-	-4	-66.7	-2
Net value of trading derivatives	**605**	**0.8**	**59**	**0.1**	**546**		**-325**
Financial assets / liabilities, net	**73,989**	**100.0**	**64,782**	**100.0**	**9,207**	**14.2**	**30,680**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

Financial assets held for trading, net of the related liabilities, and financial assets designated at fair value through profit and loss amounted to 74 billion euro, with a 14.2% rise with respect to the figure at the end of 2006. Financial liabilities designated at fair value through profit and loss are included in direct customer deposits.

The rise benefited in particular from the 16.6% increase in securities, financial assets held for trading and financial assets designated at fair value thanks to the contribution of debt securities (+13.5%) and equities (+27.9%); financial derivatives also significantly increased. The positive trend posted by the aggregate was contained by the rise in financial liabilities held for trading (+65.1%), represented by short selling on securities.

Financial assets available for sale

Financial assets available for sale totalled 41 billion euro, almost in line with the figure as at 31st December 2006.

The caption is made up of debt securities not held for trading of 33,021 million euro, up by 1.2% with respect to the figure as at 31st December 2006. It also included equities for 7,510 million euro, down by 2.1%. The main equity investments included under equities were: Santander Central Hispano (1,284 million euro), Assicurazioni Generali (624 million euro), Natixis (370 million euro), Borsa Italiana (297 million euro) and Fiat (202 million euro).

Financial assets available for sale are measured at fair value with recognition of changes in a specific valuation reserve under shareholders' equity.

(in millions of euro)

	30.06.2007		31.12.2006 restated (*)		Changes		31.12.2006 (**)
		% breakdown		% breakdown	amount	%	
Bonds and other debt securities	33,021	80.6	32,615	79.3	406	1.2	2,486
Equities and quotas of UCITS	7,510	18.3	7,673	18.7	-163	-2.1	2,252
Securities available for sale	**40,531**	**98.9**	**40,288**	**98.0**	**243**	**0.6**	**4,738**
Loans available for sale	**435**	**1.1**	**808**	**2.0**	**-373**	**-46.2**	**780**
Financial assets available for sale	**40,966**	**100.0**	**41,096**	**100.0**	**-130**	**-0.3**	**5,518**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

Net interbank position

As at 30th June 2007 the net interbank position recorded a significant expansion in its negative balance, from 18.7 billion euro as at 31st December 2006 to 29.2 billion euro.

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

(in millions of euro)

	30.06.2007	31.12.2006 restated (*)	Changes		31.12.2006 (**)
			amount	%	
Investments in associates and companies subject to joint control	3	5	-2	-40.0	1
Property and equipment	37	42	-5	-11.9	61
Other	-	-	-	-	-
Individual assets	**40**	**47**	**-7**	**-14.9**	**62**
Discontinued operations	**8,791**	**28,569**	**-19,778**	**-69.2**	**7**
of which: loans to customers	*6,551*	*24,272*	*-17,721*	*-73.0*	-
Liabilities associated with non-current assets held for sale and discontinued operations	**-8,181**	**-27,728**	**-19,547**	**-70.5**	**-63**
Non-current assets held for sale and discontinued operations and related liabilities	**650**	**888**	**-238**	**-26.8**	**6**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(**) Figures relative to Gruppo Intesa.

This caption contains assets and related liabilities which no longer refer to continuing operations as they are undergoing disposal. As at 30th June 2007 the most significant amounts refer to the 173 branches sold to Crédit Agricole as of 1st July 2007 and to Biverbanca. The caption as at 31st December 2006 also included the figures of the subsidiaries Cariparma and FriulAdria, sold on 1st March 2007, and the assets related to 29 branches sold on 1st April 2007 to FriulAdria.

Shareholders' equity

As at 30th June 2007 the Group’s shareholders' equity, included net income for the period, totalled 52,806 million euro compared to the 52,233 million euro as of 1st January 2007, which included the effects of the merger. The increase in shareholders' equity is attributable to net income generated in the period, which amply offset the distribution of ordinary and extraordinary dividends, and to the rise in valuation reserves.

Valuation reserves

The 74 million euro increase in valuation reserves from the end of last year is essentially attributable to the rise in cash flow hedges which more than offset the reduction in financial assets available for sale.

(in millions of euro)

	Valuation reserves as at 31.12.2006	Change in the period	Valuation reserves as at 30.06.2007	
				% breakdown
Financial assets available for sale	628	-102	526	41.0
Property and equipment	-	-	-	-
Cash flow hedges	83	152	235	18.3
Legally-required revaluations	344	-2	342	26.7
Other	154	26	180	14.0
Valuation reserves	**1,209**	**74**	**1,283**	**100.0**

Regulatory capital

Regulatory capital and capital ratios as at 30th June 2007 have been determined applying the instructions issued by the Bank of Italy which consider IAS/IFRS. Figures as at 30th June 2007 are compared with those published in Gruppo Intesa's 2006 Annual report.

(in millions of euro)

	30.06.2007 [a]	31.12.2006 [*]
Regulatory capital		
Tier 1 capital	28,689	12,708
of which: preferred shares	*2,576*	*1,581*
Tier 2 capital	11,873	8,039
Minus items to be deducted	-2,420	-1,556
REGULATORY CAPITAL	**38,142**	**19,191**
Tier 3 subordinated loans	599	-
TOTAL REGULATORY CAPITAL	**38,741**	**19,191**
Risk-weighted assets		
Credit risks	334,549	189,100
Market risks	28,412	11,525
Other capital requirements	1,762	1,463
RISK-WEIGHTED ASSETS	**364,723**	**202,088**
Capital ratios %		
Core Tier 1	7.2	5.5
Tier 1	7.9	6.3
Total capital ratio	10.6	9.5

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

[*] Figures related to Gruppo Intesa.

Regulatory capital amounted to 38,142 million euro and total capital, including Tier 3 subordinated loans were of 38,741 million euro, against risk-weighted assets of 364,723 million euro, mostly deriving from credit risks and, to a lower extent, by market risks. The Total capital ratio equalled 10.6%; the ratio between the Group's Tier 1 capital and risk-weighted assets (Tier 1) totalled 7.9%. The ratio between Tier 1 capital net of preferred shares and risk-weighted assets (Core Tier 1) totalled 7.2%.

Reconciliation of the Parent Company's shareholders' equity and net income with consolidated shareholders' equity and net income

(in millions of euro)

	Shareholders' equity	*of which net income as at 30.06.2007*
Parent Company's balances as at 30th June 2007	**49,735**	***4,986***
Effect of consolidation of subsidiaries subject to control	2,680	*2,362*
Effect of valuation at equity of companies subject to joint control and other significant equity investments	151	*141*
Elimination of adjustments to equity investments	10	*10*
Dividends collected during the period	-	*-1,496*
Adjustment in the consolidated financial statements of the capital gain on the sale to Crédit Agricole	-	*-569*
Other	230	*-75*
Consolidated balances as at 30th June 2007	**52,806**	***5,359***

Breakdown of consolidated results by business area and geographical area

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

The table below shows the main data summarising the trend of the business areas of the Intesa Sanpaolo Group in the first half of 2007.

Consistently with the indications provided in the Business Plan, the perimeters of the Business Units were defined, and, exchanges of customers were made in May. In particular, former Banca Intesa corporate customers with a turnover between 50 million euro and 150 million euro were assigned to the Banca dei Territori Division and former SANPAOLO IMI mid corporate customers with a turnover exceeding 150 million euro were assigned to the Corporate & Investment Banking Division. Therefore, with reference to the Divisions involved, the Half-year report as at 30th June 2007 differs from the Consolidated report as at 31st March 2007; 2006 and the first quarter of 2007 were restated consistently with the new perimeters. Further minor changes might occur in the second half of the year in the balance sheets and statements of income of the Divisions indicated in this half-year report.

The itemised analysis of the business areas hereafter contains a description of the products and services offered, the type of customers served and the initiatives carried out in the first half; it also illustrates statement of income figures, the main balance sheet figures as well as the most significant profitability ratios.

(in millions of euro)

	Banca dei Territori	Corporate & Investment Banking	Public Finance	International Subsidiary Banks	Eurizon Financial Group	Corporate Centre	Total
Operating income							
30.06.2007	5,803	1,355	149	909	771	391	9,378
30.06.2006 restated (*)	5,471	1,410	153	738	661	438	8,871
% change (a)	6.1	-3.9	-2.6	23.2	16.6	-10.7	5.7
Operating costs							
30.06.2007	-3,053	-424	-48	-460	-292	-162	-4,439
30.06.2006 restated (*)	-3,067	-433	-45	-417	-271	-451	-4,684
% change (a)	-0.5	-2.1	6.7	10.3	7.7	-64.1	-5.2
Operating margin							
30.06.2007	2,750	931	101	449	479	229	4,939
30.06.2006 restated (*)	2,404	977	108	321	390	-13	4,187
% change (a)	14.4	-4.7	-6.5	39.9	22.8		18.0
Income (Loss) before tax from continuing operations							
30.06.2007	2,227	829	86	385	447	148	4,122
30.06.2006 restated (*)	1,884	924	108	281	372	3	3,572
% change (a)	18.2	-10.3	-20.4	37.0	20.2		15.4
Loans to customers							
30.06.2007	189,947	81,140	32,964	22,208	2,157	4,103	332,519
31.12.2006 restated (*)	184,334	78,295	36,331	18,573	2,384	4,762	324,679
% change (b)	3.0	3.6	-9.3	19.6	-9.5	-13.8	2.4
Direct customer deposits							
30.06.2007	174,766	65,881	7,124	25,255	32,121	69,280	374,427
31.12.2006 restated (*)	177,843	62,801	8,020	23,733	30,483	63,429	366,309
% change (b)	-1.7	4.9	-11.2	6.4	5.4	9.2	2.2

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area and in business unit constituents.

(a) The change expresses the ratio between 30.06.2007 and 30.06.2006 restated.

(b) The change expresses the ratio between 30.06.2007 and 31.12.2006 restated.

BUSINESS AREAS

Banca dei Territori

(in millions of euro)

Statement of income/Alternative performance indicators	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Net interest income	3,454	3,032	422	13.9
Dividends and profits (losses) on investments carried at equity	52	69	-17	-24.6
Net fee and commission income	2,165	2,255	-90	-4.0
Profits (Losses) on trading	104	97	7	7.2
Income from insurance business	-	-	-	-
Other operating income (expenses)	28	18	10	55.6
Operating income	**5,803**	**5,471**	**332**	**6.1**
Personnel expenses	-1,814	-1,789	25	1.4
Other administrative expenses	-1,226	-1,265	-39	-3.1
Adjustments to property, equipment and intangible assets	-13	-13	-	-
Operating costs	**-3,053**	**-3,067**	**-14**	**-0.5**
Operating margin	**2,750**	**2,404**	**346**	**14.4**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-47	-46	1	2.2
Net adjustments to loans	-477	-475	2	0.4
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	1	1	-	-
Income (Loss) before tax from continuing operations	**2,227**	**1,884**	**343**	**18.2**
Allocated capital	10,714	9,824	890	9.1
Profitability ratios (%)				
Cost / Income ratio	52.6	56.1	-3.5	-6.2
ROE before tax (annualised)	41.9	38.7	3.2	8.4
EVA® (in millions of euro)	977	774	203	26.2

(in millions of euro)

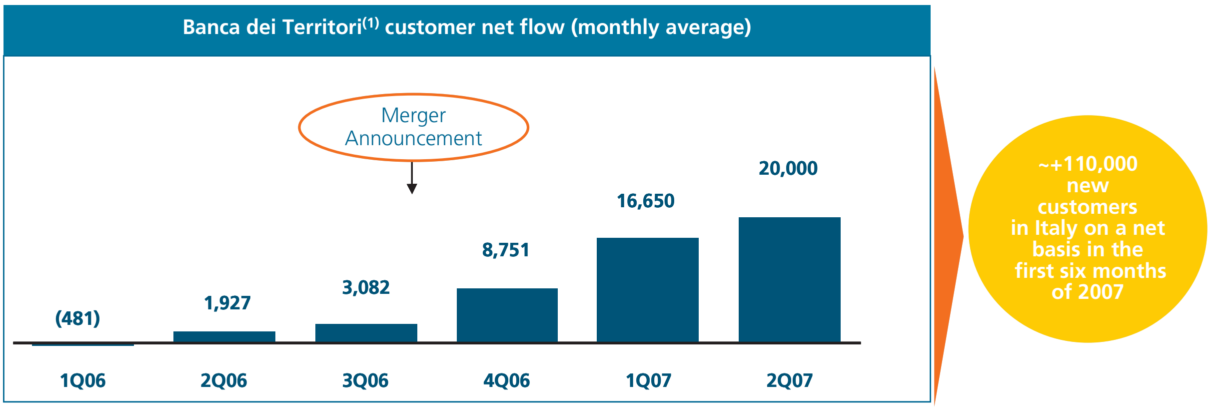
	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %
Loans to customers	189,947	184,334	5,613	3.0
Direct customer deposits	174,766	177,843	-3,077	-1.7
of which: due to customers	*135,312*	*134,832*	*480*	*0.4*
securities issued	*39,454*	*43,011*	*-3,557*	*-8.3*
Indirect customer deposits	340,106	331,459	8,647	2.6

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area and in business unit constituents.

The Banca dei Territori Division, which represents the Group's core business, comprises: i) 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 (family businesses and small enterprises with a turnover under 2.5 million euro and with loan facilities under one million euro) and non-profit entities; ii) the SME Area, in charge of managing SMEs with a turnover between 2.5 and 150 million euro; iii) the Private Banking Department which serves individual customers

with financial assets of over one million euro. Operations summarised above are performed through the Parent Company Intesa Sanpaolo and the network banks integrated in the IT system (Sanpaolo Banco di Napoli, Cassa di Risparmio di Padova e Rovigo, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Friulcassa and Sanpaolo Banca dell'Adriatico). This sector also includes the regional banks for which the IT integration process had not yet started in the first half of 2007 (Intesa Casse del Centro, Banca di Trento e Bolzano) or segmentation activities were not yet completed (Cassa dei Risparmi di Forlì e della Romagna), as well as product companies specialised in industrial credit (Banca Intesa Mediocredito and Banca CIS), leasing (Intesa Leasing and Sanpaolo Leasint) and consumer credit (Neos Banca and Agos Itafinco). Lastly, this Division also includes the insurance companies 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, Si Holding where the Group has a 37% interest, which wholly owns CartaSi, the inter-bank company leader in the Italian credit card market.
The organisational structure in Italy is distributed across 26 territorial areas/network bank directorates, responsible for the coordination of the operations and the initiatives targeting customers on the basis of the specific needs of the territory of reference, by taking advantage of the direct relationship with the customer base.
The net flow of new customers accelerated in the first six months following the merger, with an increase of approximately 110,000 units.

The growth of new customers has been constantly improving since the merger



(1) Retail, SMEs and Private customers

The Banca dei Territori Division closed the first half of 2007 with an income before tax from continuing operations of 2,227 million euro, with a 343 million euro rise compared to the corresponding period of the previous year (+18.2%).
Operating income equalled 5,803 million euro, represented 62% of the Group's consolidated operating income, and recorded a 332 million euro increase with respect to the same period of the previous year (+6.1%). This performance benefited in particular from the positive evolution of net interest income that amounted to 3,454 million euro with a 13.9% increase over the first half of 2006. The rise in interest income was favoured by the expansion in intermediated volumes with customers, particularly in loans, and by the broadening of the mark-down on customer deposits.
Net fee and commission income, 2,165 million euro, registered a 4% reduction compared to the same period of 2006. This reduction derives from a commercial policy aimed at creating value for customers and is attributable to various phenomena such as i) the launch of a new type of current account with more contained costs for customers, ii) lower recourse to placement of products with high up-front commissions and iii) reassessment of the mix of financial assets in customer portfolios in favour of less profitable components for the bank.
Profits on trading, 104 million euro, recorded a 7 million euro increase compared to the first half of 2006 (+7.2%) benefiting from the positive securities trading activities with customers.
Operating costs registered a reduction (-0.5%), attributable to the savings achieved on administrative expenses which more than offset the moderate increase in personnel expenses, influenced by the provisions for the possible renewal of the national collective labour contract which expired at the end of 2005. It does not include the updated calculation of the Employee termination indemnities, the positive effects of which were entirely attributed to the Corporate Centre.

The expansion in revenues, together with the trend in operating costs, led to a reduction of 3.5 percentage points in the cost/income ratio, down to 52.6%.
Operating margin amounted to 2,750 million euro, with a 14.4% rise compared to the first half of 2006.
The Division absorbed 47% of the Group's capital, with an increase compared to the level recorded in the first half of 2006. In absolute terms, allocated capital rose to 10,714 million euro, mainly due to new loans. The good trend of operating margin raised annualised ROE before tax to 41.9%. Value creation recorded a substantial increase (+203 million euro), from 774 million euro to 977 million euro.
Balance sheet figures as at the end of June 2007 evidenced loans to customers at 189,947 million euro (+3% from the end of December 2006) and direct customer deposits down by 1.7% due to the contraction in securities issued. Indirect customer deposits reached 340,106 million euro, with a 2.6% increase from the beginning of the year, mainly due to assets under administration.

The Retail Area, in charge of a network of approximately 5,000 branches, diffusely spread in the national territory, served 9.9 million customers at the end of June 2007.
With regard to the household segment, the objective of the unification of commercial offering in the networks was pursued in the first half, applying to customers the best conditions already applied by the two banks. Commercial initiatives were unified and the products more appreciated by customers were made available to both networks. These activities permitted to define a simplified offer to support the relationship managers' commercial proposition based on a specialised approach by sub-segment.
With regard to the personal segment, actions aimed at strengthening acquisition rates and activities to improve retention led to an increase in the number of customers in the first half.
With regard to the small business segment, the foundations were laid for a coordinated management of the commercial plans through the identification of the levers to achieve objectives summarised by the increase in loans and the expansion of the customer base. With regard to management of resources, activities were promoted with the aim of sharing professional skills, such as the creation of a task force of approximately 100 small business developers, with the start of a new training programme and the selection and training of resources to support commercial actions on supplementary social security. Particular attention was paid to the definition of rules for the management of shared customers which cover a significant portion of lending volumes and of revenues. Activities commenced for the definition of a single catalogue of small business products for the networks, mainly regarding current accounts, loans and POS services.
For banking products activities were undertaken to define the new unified range of current accounts and to rationalise the offer. At the beginning of March the distribution of Zerotondo was extended to the former Intesa network, also offering the possibility of activation via the Internet and choosing on line the reference branch with which to establish the relationship; at the end of the first half Zerotondo accounts exceeded 450,000 units. Rationalisation activities were firstly concentrated on debit cards.
With regard to credit products, for the purpose of favouring the creation of synergies and economies of scale within the Group, and taking advantage of the professional skills acquired in the product companies, starting from the beginning of the year a new methodology was introduced (currently only in the former SANPAOLO network) for the selection and granting of personal loans to households which leverages on CFS – Consumer Financial Services, a subsidiary of Neos Banca. The new operating and commercial approach, using an IT application based on web technology, totally integrated with the Bank's procedures, sets out that the credit risk is entirely taken by CFS.
Within retail home mortgages, a new offer strategy – common to both networks – was adopted in the first half which allows the Group to address the market with a practical alignment of the main product characteristics, of the standard interest rates and of the faculties of derogation assigned to areas/network banks. Furthermore, the initiative aimed at conceding holders of indexed mortgages the possibility of renegotiating loans applying a fixed interest rate and/or prolonging residual life to contain the excessive rise in reimbursement charges, continued.
With regard to loans, the distribution of the new Prestito Personale Intesa Sanpaolo, characterised by high flexibility to meet individual customer needs, was started.
Finally, one of the most important commercial initiatives of the first half was the launch in June of Progetto Giovani, a dedicated offer for young people which includes a mortgage and a loan, "Mutuo Giovani" and "Prestito Giovani", two products characterised by flexibility options, insurance coverage, economic conditions and valuation criteria of reliability/access to credit conceived to meet effectively and in a dynamic and innovative way the needs of that specific customer segment.
The activities of the SME Area focus on SMEs with a turnover between 2.5 and 150 million euro or with granted loans exceeding one million euro. Distribution is based on a network of 290 specialised operating

points that effectively cover the whole national territory. The consolidated territorial presence permits strong links with customers and with local communities and rapid and highly-effective decision-making.
The commercial activities of the first half of 2007 focused on the innovation of financial services and products and on the activation of certain strategic initiatives required to integrate the commercial networks and to guarantee the growth foreseen by the Business Plan. In this context the perimeter of reference customers was revised and the process of unifying all relations with shared customers on one manager commenced. At the same time activities started aimed at rationalising the product catalogue and unifying the offer available for the networks of the two former Groups.
In the collection and payment services sector the commercial campaign Business Class was launched, with the purpose of exploiting the size of the network and the Group's position with SMEs to increase intermediation of commercial flows and at the same time to permit customers to benefit from the reduction in interbank costs. Moreover, the electronic invoicing service Easy Fattura was released, it is an innovative product, allowing corporate customers to simplify their administrative processes by delegating to the Bank the handling and filing of invoices.
With regard to loans, the offer was strengthened with new products dedicated to the support of Italian entrepreneurs. In particular, Finanziamento TFR was launched in the first half, it is an integrated service granting the coverage of the financial needs derived by new legislation and a consultancy on social security matters provided by specialists present in the territory. Moreover, innovative solutions were developed for investments in the energy-environment sectors.
In the field of new instruments to raise finance significant efforts were made for the start of the Alternative Capital Market. This initiative required an attentive targeting activity and a strong promotional action on the territory; over 500 visits were made to primary national companies. The first mandates were acquired in July.
Particular attention was paid to the process of acquisition of new customers. Notwithstanding the high coverage of the market, significant growth opportunities were still identified and therefore an initiative was undertaken with a specific commercial offer.
Finally, a new project was launched aimed at segmenting customers on the basis of their commercial behaviour and at taking an innovative approach to the funding of companies' working capitals.

The Private Banking Department performs its activities through the Parent Company's private branches and modules and through the subsidiary Intesa Sanpaolo Private Banking. The first half of 2007 highlighted a positive trend in revenues, linked to the expansion of the customer base and of the relevant assets: at the end of June 2007 customers served exceeded 74,000 units. In the first half of 2007 commercial action was concentrated on innovation and on the launch of new products mainly in the insurance segment, portfolio management and third party UCITS. Particular attention was paid to training human resources, with the start of the first joint training initiatives. Customer segmentation activities continued, with the identification of a segment followed by dedicated managers (private banker "executive") and with an offer of ad-hoc services and products (including private equity).

The regional banks, in which the IT integration process was not started over the first half of 2007 (Intesa Casse del Centro and Banca di Trento e Bolzano) or the segmentation activities were not completed (Cassa dei Risparmi di Forlì e della Romagna), are not included in segment reporting on a divisional basis and are therefore analysed hereunder as autonomous legal entities.

The eight Saving Banks in Central Italy, united under the control of Intesa Casse del Centro, highlighted, on an aggregate basis, an 8.1% rise in operating income, driven by net interest income which still represented the main source of revenues. The contained rise of costs and lower net provisions for risks and charges led to an approximately 20% rise in income before tax from continuing operations, notwithstanding no non-recurring profits on investments.

Banca di Trento e Bolzano highlighted for the first half of 2007 an income before tax from continuing operations of 13 million euro, down with respect to the corresponding period of the previous year; the decrease was influenced by both the comparative figure, which benefited from non-recurring profits originated by trading activities, and the increase in operating costs and net adjustments to loans. Operating income registered a slight rise mainly attributable to the positive trend of interest margin, deriving from the increase in intermediated volumes and by the widening of the spread with customers.

As of 19th March 2007 Cassa dei Risparmi di Forlì took the name of Cassa dei Risparmi di Forlì e della Romagna and adopted the target SANPAOLO ICT system and at the same time started distributing the product catalogue of the former SANPAOLO network.

Industrial credit is carried out through Banca Intesa Mediocredito, which operates on the whole national territory except Sardinia, and Banca CIS, reference point for production investments in that Region. In the first six months of the year the two companies disbursed loans amounting to approximately 1,500 million euro.
Banca Intesa Mediocredito posted an income before tax from continuing operations for the first half of 2007 of 46 million euro, with an 8% rise compared to the corresponding period of the previous year, mainly due to the collection of dividends paid by its subsidiary CIS.
Banca CIS closed the first half of 2007 with an income before tax from continuing operations of 10 million euro, 12% down with respect to the same period of 2006. This result was determined by the rise in operating costs and in net adjustments to loans, which more than offset the increase in operating income favoured by the good performance of both net interest income and net fee and commission income.

Leasing activities are carried out through the companies Intesa Leasing and Sanpaolo Leasint.
The two companies, which together are the third player in the domestic market with a market share exceeding 13%, in the first half of 2007 stipulated contracts for a countervalue of 3.1 billion euro, approximately 58% of which referred to real estate leasing.
Intesa Leasing recorded an income before tax from continuing operations for the first half of 2007 of 31 million euro, with a 29% growth rate with respect to the same period of 2006, due to higher revenues which more than offset the increase in net adjustments to loans.
Sanpaolo Leasint's statement of income recorded a rise in income before tax from continuing operations, (which totalled 34 million euro), achieved through the positive trend of operating income which amply offset the higher net adjustments to loans. In accordance with the three-year Business Plan, the development of the non-banking channels was pursued, with an over 40% increase in the operations through direct channels/agents/brokers, compared to the first half of 2006.

Consumer credit activities are performed through the Neos group and Agos Itafinco.
The Neos group closed the first half of 2007 with an income before tax from continuing operations of 6 million euro, lower than that recorded in the first six months of 2006, due to the contraction in spreads, higher operating costs linked to the consolidation of CFS's operations and higher net adjustments to loans. Loans registered a significant increase with respect to the corresponding period of the previous year also thanks to the contribution of the subsidiary CFS – Consumer Financial Services which in the first half consolidated its operations as product factory also in the personal loans granted by the branches of Group commercial banks. Breakdown by segment shows a strongly upward trend in personal loans, in loans backed by assignment of one-fifth of salary, in automotive loans and in targeted loans.
Agos, the joint venture established with Crédit Agricole, in which the Group holds a 49% stake, contributed to the consolidated net income for the first half of 2007 with a net income of 17 million euro, up with respect to the same period of 2006.

The Banca dei Territori Diviosion's operating margin also benefited from the commissions for the distribution of Intesa Vita insurance products placed through the branch network. Intesa Vita is a subsidiary of the Generali group and is consolidated with the equity method. The company registered a contribution to the Group's net income for the first half of 31 million euro, down with respect to the corresponding period of the previous year, in line with the evolution of the new production which recorded a slowdown in the period.
The reform of the supplementary social security commenced in the first half of 2007 and led to the stipulation of agreements with employers for the promotion of collective supplementary pension solutions as well as the collection of subscriptions from employees. As at 30th June 2007 Intesa Previdenza managed net assets of 1,618 million euro (+7% from the end of 2006), related for over one half to open-end pension funds (+5% from the beginning of the year) and the remaining part to closed-end funds (+8% from December 2006). The net flow for the period was overall positive for both categories of pension funds.

In the first half Sanpaolo Bank (Luxembourg) continued its specialised activities with particular reference to that of International Advisory, Dealing Room, Depositary Bank and private banking and recorded an income before tax from continuing operations of 36 million euro.

Setefi, specialised in management of electronic payment systems, performs the duties of acquirer for retailers, issues own credit cards and manages the Moneta cards for Group banks. The company uses its own network of POS terminals. In the first half of 2007, activities were focused on maintaining and developing market shares and profitability as well as on containing risk profiles with a 8.6% growth rate in intermediated volumes over the twelve months. The number of directly-issued and managed cards rose to 3.8 million, while own and third-party POS terminals increased to approximately 134,000 (+7%). The statement of income for the first half of 2007 recorded a progress in income before tax from continuing operations, that reached 27 million euro (+18%).

Corporate & Investment Banking

(in millions of euro)

Statement of income/Alternative performance indicators	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Net interest income	509	455	54	11.9
Dividends and profits (losses) on investments carried at equity	5	6	-1	-16.7
Net fee and commission income	458	468	-10	-2.1
Profits (Losses) on trading	363	461	-98	-21.3
Income from insurance business	-	-	-	-
Other operating income (expenses)	20	20	-	-
Operating income	**1,355**	**1,410**	**-55**	**-3.9**
Personnel expenses	-192	-205	-13	-6.3
Other administrative expenses	-224	-218	6	2.8
Adjustments to property, equipment and intangible assets	-8	-10	-2	-20.0
Operating costs	**-424**	**-433**	**-9**	**-2.1**
Operating margin	**931**	**977**	**-46**	**-4.7**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-4	1	-5	
Net adjustments to loans	-96	-80	16	20.0
Net impairment losses on other assets	-2	-1	1	
Profits (Losses) on investments held to maturity and on other investments	-	27	-27	
Income (Loss) before tax from continuing operations	**829**	**924**	**-95**	**-10.3**
Allocated capital	6,916	6,199	717	11.6
Profitability ratios (%)				
Cost / Income ratio	31.3	30.7	0.6	2.0
ROE before tax (annualised)	24.2	30.1	-5.9	-19.6
EVA® (in millions of euro)	200	301	-101	-33.6

(in millions of euro)

	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %
Loans to customers	81,140	78,295	2,845	3.6
Direct customer deposits [(a)]	65,881	62,801	3,080	4.9
of which: due to customers	*38,332*	*36,391*	*1,941*	*5.3*
securities issued	*23,879*	*23,236*	*643*	*2.8*

(a) Direct customer deposits include Banca IMI's bonds designated at fair value.

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and ii) the changes in the consolidation area and in business unit constituents.

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 Bank Ireland, Banca Intesa France, ZAO Banca Intesa, Sanpaolo IMI Bank Ireland). 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;
- the Investment Banking Department, which creates structured finance products and provides M&A consultancy services to the Group's clients;
- the Merchant Banking Department, which operates in the private equity area also through the companies Private Equity International (PEI) and IMI Investimenti;
- the Capital Markets Department, which operates through Banca Caboto and Banca IMI in the capital markets activities for the Group's clients and institutional operators in market making activities;
- the Finance Operations Department, which supplies specific functions of post trading and IT in the finance area.

This Division also comprises the activities of Intesa Mediofactoring.

The Corporate & Investment Banking Division closed the first half of 2007 with an operating income of 1,355 million euro (which represented 14% of the Group's consolidated figure), with a 55 million euro reduction with respect to the same period of the previous year (-3.9%). However, the comparison between the two halves is penalised by the registration, in 2006, of extraordinary revenues generated by the valuations of the Fiat and Parmalat equity investments (totalling 100 million euro). Excluding such extraordinary effects, revenues recorded a 3.4% rise.

The Division's intermediated volumes evidenced a significant increase from the beginning of the year (+4.2%). This development is related to both lending activities and funding. Loans to customers recorded a 3.6% increase, confirming a steady recovery in operations. This trend was favoured by the commercial effort made to support corporate credit also through investment banking and structured finance operations. Mid corporates particularly benefited from this trend, whereas activities with large groups did not record equally significant rises as priority was given to the safeguard of portfolio stability and quality in a market characterised by strong commercial competition. The increase in lending volumes balanced for a large part the erosion in spreads.

The expansion in operating volumes was achieved maintaining a contained portfolio risk profile: in fact, the increase in net adjustments to loans (+16 million euro) was attributable to lower write-backs while adjustments were similar in the halves under comparison.

Direct customer deposits recorded a 4.9% rise from the beginning of the year, particularly sustained by funding from large corporates and foreign corporates.

With regard to statement of income aggregates, net interest income amounted to 509 million euro, with an 11.9% rise with respect to the same period of the previous year, notwithstanding the higher competition in the reference market which determined an erosion in the mark-up. Net interest income was driven by the expansion in loan issuing and also benefited from the enlargement of the mark-down on company liquidity.

Net fee and commission income, 458 million euro, evidenced a reduction compared to the corresponding period of the previous year (-2.1%), particularly influenced by lower commissions on Corporate Relations Department's transactional services and by the decline recorded in capital market activities. Profits on trading totalled 363 million euro and evidenced a 21.3% decrease; however, excluding from the comparison base the aforementioned extraordinary components, the caption is in line with the corresponding period of 2006.

Operating costs recorded a 2.1% reduction to 424 million euro from the 433 million euro of the first half of 2006. This reduction is attributable to the trend of personnel expenses, mainly related to the decline in the variable component of retribution.

Operating margin amounted to 931 million euro with a 4.7% decrease with respect to the same period of 2006. A similar trend was recorded by income before tax from continuing operations, also influenced by the mentioned rise in net adjustments to loans.

The Division absorbed 30% of Group capital, with an increase with respect to the level recorded in the first six months of 2006. In absolute terms, capital registered an increase resulting from both the rise in credit risks, due to the expansion of loans to the mid, large and foreign corporate segments, and the market risks correlated to operations in capital markets. The sector's performance, also affected by the absence of the mentioned capital gains, was reflected in a decline of annualised ROE before tax from 30.1% to 24.2% and in a reduction in value creation from 301 million euro to 200 million euro.

Cost/income ratio increased by 0.6 percentage points to 31.3%.

With regard to the customer segments managed by the Corporate Relations Department, the first half of 2007 highlighted a leading position with an overall market share of 27% and an even higher penetration in the foreign multinationals segment. The current service model confirmed its effectiveness in the development of operations of structured finance (in particular syndicated lending, acquisition finance and project finance) and investment banking also in the mid corporate segment: in the first six months of 2007 over 50 operations were concluded. This action, coupled with the launch of products dedicated to growth and strengthening of corporate capitalisation (mezzanines) and with initiatives in support of the opening of capital to third party investors (sponsorship for listing on the MAC), permitted to contribute to the expansion of Italian companies and to their development in international markets. With regard to the Italian large corporate segment, numerous operations were concluded with the role of arranger, benefiting from the favourable market context. Moreover, the process aimed at reducing the portfolio's risk profile continued, with a contraction in absolute terms of the assets characterised by higher risk.

With reference to the International Network Department, the distribution network directly covers 35 countries and is made up of 18 wholesale branches, 24 representative offices, one operating desk and five subsidiaries. Activities in the first half continued in line with the mission, aimed at encouraging and supporting the internationalisation of Italian companies, promoting and assisting the investments and activities of foreign multinationals on the European market (with priority given to the Italian market), maximising cross-selling opportunities of products and services offered by the Division, by other Divisions and by the Group's product companies. In the period, procedures were undertaken for the integration and rationalisation of the overlapping structures abroad (branches of New York, London, Shanghai, Tokyo, Hong Kong, and representative offices of Mumbai, Moscow, Beijing, Paris and Warsaw), and in June, the procedure regarding the Hong Kong branch was concluded. Furthermore, the merging process of the two Irish subsidiaries (Intesa Bank Ireland and Sanpaolo Bank Ireland) was started and will be concluded in November 2007.
The Department is also responsible for the operations of the following foreign banks:

- Société Européenne de Banque which operates in the Luxembourg financial market, mainly in support of corporate customers as well as in the private banking and mutual fund management areas. In the first half of 2007 the company recorded a net income of 9 million euro (including the results of the subsidiary Lux Gest Asset Management, operational as of 1st May 2007), 7% higher than that of the first six months of 2006, thanks to the increase in revenues which balanced the rise in operating costs and in net adjustments to loans;
- Intesa Bank Ireland which operates mainly in wholesale banking and dealing in financial markets, registered a good performance in revenues that, coupled with operating costs slightly higher than in the first half of 2006, determined an increase in net income to approximately 11 million euro (+29%);
- Sanpaolo Bank Ireland, also operating in Ireland mainly in wholesale banking and dealing in financial markets, closed the first half of 2007 with a net income of 14 million euro, due to the significant rise in revenues, and with higher loans to customers compared to the beginning of the year;
- Zao Banca Intesa, the bank established to assist Italian enterprises operating in the Russian market and those interested in operating there, offering commercial and financial services to corporate customers, achieved a positive net income for the period of 1.4 million euro against a contained loss recorded in the first half of 2006. The performance of net income was favoured by a rise in operations with customers, which sustained all income components;
- Banca Intesa France posted lower operating income with respect to the first half of 2006, due to the natural and advanced reimbursement of certain loans at the beginning of the year. However, operations showed signs of recovery starting from March, which enabled the granting of new loans for 250 million euro.

Within the Financial Institutions Department, the project, related to the new segmentation and coverage of customers, initiated in the last few months with the objective of increasing penetration and cross-selling of high value added products and of efficiently managing the risk/return ratio, in the first half of 2007 led, from the organisational and commercial standpoint, to the integration of the customer portfolio and to the centralisation of the relevant responsibilities to the relationship managers. With the purpose of successfully facing new challenges, the Department identified a number of priority actions with customers, introducing higher focus on Group companies, a targeted offer to insurance customers, higher weight to advisory activities and to the sale of active capital management products, improvement of reciprocity relations with investment banks and targeted development of the business abroad, with particular attention to Central-Eastern European markets encouraging the cooperation between product factories and Group banks present in the area. Within international payments, the Department i) confirmed the upward trend in volumes and revenues registered in the previous year, ii) consolidated the offering of services to existing customers in custody activities, also due to the new products developed in 2006 and to the broadening of the service range and, lastly, with the role of correspondent bank, iii) increased operating volumes as a result of the investment policies on multi-manager funds for institutional customers and of placement activities for foreign funds.

Within the Investment Banking Department, in the first half of 2007 important operations in some of the main sectors were closed.
In the project finance segment, nine important operations were implemented, with primary roles, in particular in the following sectors: energy, shipping, and telecom. The leveraged & acquisition finance segment finalised the structuring and disbursement of credit facilities in support of the acquisition of corporate groups (AEB group), as well as to fund corporate debts (Coin group and Global Garden Products group). As regards origination activities, credit facilities were disbursed in relation to corporate acquisitions, leveraged buyouts or medium-term refinancings. With regard to the real estate segment, the leadership was consolidated by further developing the business model that combines the financial support to real estate assets and the structuring of financing for real estate acquisitions and developments. Among the operations concluded, noteworthy is the participation as mandated lead arranger in the financing of the real estate fund Domus promoted by Beni Stabili SGR and of the real estate fund Delamain (Rinascente) promoted by Pirelli Real Estate. As to securitisations, the securitisation of the commercial receivables of the Prysmian group (400 million euro) and of MAC S.p.A. (50 million euro) were finalised; moreover, mandates were acquired for some of the most important structured finance operations concluded in the Italian market: Sorgenia, Autogrill, Sorin, Kedrion, Castelgarden.
With reference to Banca IMI's investment banking activities, a significant rise was registered in the operations performed in co-operation and support of the network and of the Group's bank customers, confirming the brilliant results of the previous half. In particular, the bank acted directly or in support of the Parent Company leading to the closing of 14 new operations, 10 acquisition finance, one project finance and three real estate finance. With reference to the Weather/Wind group, Banca IMI acted as mandated lead arranger & bookrunner in the issue of collateralised PIK Notes for 1.2 billion euro on behalf of a vehicle company owned by Weather Capital.

The mission of the Merchant Banking Department is value creation for the Group through acquisition and management of equity investments, equity-linked instruments, as well as participation to closed-end funds which invest in equity. Activities are performed through both internal structures and dedicated fully-owned subsidiaries, including two asset management companies (SGR) managing private equity funds. The merchant banking portfolio (direct and through the subsidiaries) amounted to approximately 2.2 billion euro, 1.9 billion euro of which invested in 62 equity investments and 0.3 billion euro invested in 52 funds. In the first half, portfolio assets decreased due to the liquidation of Synesis (the holding company that held the majority stake of the Fidis Retail Italia group, sold to the Fiat group in December 2006). Among the investments in support of projects for the development and internationalisation of primary unlisted companies, noteworthy is the joint venture with Pirelli & C. Real Estate in the facility and project management sector, aimed at creating a leading player in Europe. Beside direct equity investments, investments in equity also occurred through the subscription of closed-end funds, with a financial commitment of 60 million euro at the end of June 2007. Lastly, the participation in the Telco operation, with a foreseen investment of 522 million euro, should be executed in the third quarter.

The Corporate & Investment Banking Division also comprises the activities of the Capital Markets Department which includes Banca IMI and Banca Caboto that, in the reference period, operated as separate legal entities. In relation to the integration process between the two companies, on 30th July 2007 the merger of Banca IMI in Banca Caboto was resolved upon with effect as of 1st October. The bank which will be formed from the merger will play a central role in the creation of a pole dedicated to the capital markets and investment banking sectors, with the objective of consolidating its leadership in Italy and expanding its presence abroad.
Overall operating income of the two companies totalled 296 million euro, with a slight reduction with respect to the same period of the previous year, in a context more volatile of financial markets. The trend of revenues is attributable to the reduction in net fee and commission income (–8 million euro) and interest margin (-5 million euro), only partly offset by positive profits on trading. Operating costs (129 million euro) registered a decline attributable in particular to personnel expenses. Income before tax from continuing operations, 165 million euro, highlighted a rise with respect to the first six months of the previous year (+6.4%).

Banca IMI, the investment bank of the Group is one of the leading Italian financial players, with extensive operations in equity and bond placements, extraordinary finance transactions and securities trading. The mission of the bank is to offer specialised services to company and institutional customers, and develop structured products distributed to institutional customers and to retail and corporate customers through the Group's network. As regards capital markets, in the first half of 2007 Banca IMI confirmed its leading position in the Italian debt capital markets with the placement of over 30 deals. Among the important operations in the financial institutions area, noteworthy are the bonds placed as joint lead manager & bookrunner, issued by Banca Findomestic, Mediocredito Trentino, Banca Popolare di Vicenza, Banca delle Marche, Banca Popolare di Bari in the senior segment and the operations performed for Banca delle Marche and Veneto Banca in the subordinated segment. With reference to corporate customers, Banca IMI played the role of joint lead manager & bookrunner for the issues of IFIL and Enel as well as for the inflation-indexed securities issued by the Republic of Greece. As to equity capital markets activities, the bank confirmed its traditional presence in placements, where it headed as global coordinator & bookrunner the IPO of Omnia Network, Biancamano, Conafi Prestitò and Zignago Vetro. As to capital increases, Banca IMI headed as joint lead manager the rights issue of Juventus and acted as sole bookrunner for the ABB (Accelerated Book Building) of Isagro shares. As to takeover bids, it co-ordinated and headed the OPA (takeover bid) launched by Veneto Banca on Banca Popolare di Intra and the OPA launched by British Telecommunications on I.Net. Lastly, in the first half, the bank received from Rgi and Uniland a mandate for specialist activities, confirming its leading position in specialist and corporate broking activities on the Italian market. Activities in favour of retail customers were addressed in particular to the customers of the Group banks, with the placement of structured bonds and of shares of the main IPOs presented in the first half. The Group's retail customers also benefited from the start of market making activities on foreign shares, bonds and government securities performed on the TLX and EuroTLX markets, where the spreads quoted on government securities were overall in line or better of those present on the MOT.
The distribution to corporate customers was mainly characterised by two actions: opening of new hedging positions against rises in interest rates in the medium term and profit taking from the sale of long-term high-interest positions. With reference to the new operations, the products processed through "IDEA" (the new informative and execution platform for exchange rate derivatives) were far more than those through the traditional channel.

Banca Caboto's operations are addressed to institutional investors, insurance companies, banks, large public and private enterprises, supranational issuers, as well as to distribution networks of banks and of financial advisors. The bank also offers assistance to customers on any need connected to financial markets, from primary market operations to debt capital raising, to market making and trading, to risk management. Banca Caboto also undertakes all the phases of the origination of a new product, from planning to distribution, leveraging on its exclusive know-how and experience, in synergy with the other entities of the Intesa Sanpaolo Group.
In the first half of 2007, the bank concluded important operations in primary Italian markets, in both the fixed-income and the equity segments. In particular, on bond markets where it focused on the placement of financial institutions and ABS issues, the bank participated with the role of joint bookrunner in all public issues of Intesa Sanpaolo, headed the placement of Intesa Sec 3 securities, one of the most important securitisations of residential mortgages in Italy, and of Sunrise 2 ABS. On stock markets it participated, as joint global coordinator and sponsor, in the IPO of RDB S.p.A. on the Star segment and, as global coordinator and listing partner, in the IPO of Pramac S.p.A. on the Expandi market. Moreover, the bank was involved, as intermediary in charge of the co-ordination of the collection of the applications, in the voluntary tender offer launched by Swisscom on Fastweb and in that on Jolly Hotels. In the latter it also acted as financial consultant for the bidder. Banca Caboto participated in the placement with institutional investors of Fondo Immobiliare Pubblico Regione Siciliana, of Risanamento convertible bonds and of Piaggio & C. shares.
Activities on secondary markets evidenced a positive performance compared to the same period of 2006 with reference to government securities and to brokerage on Italian markets for domestic customers. Conversely, the distribution of interest rate derivatives to corporate customers and the public sector registered a generalised slowdown. Activities on derivatives and structured products destined to retail customers were mainly concentrated on structured equity issues, with higher volumes compared to the first six months of 2006; in this area noteworthy are the issues made for Intesa Sanpaolo and a transaction of range accrual intermediated on CDS Italy. As concerns the financial institutions segment, activities related to the sale of listed options commenced in the first half.

With reference to the change in the shareholder base of Telecom, that involved primary national and international players, on 6th July 2007 the German Antitrust Authority had approved the transaction through which Assicurazioni Generali, Intesa Sanpaolo, Mediobanca and Sintonia will indirectly acquire a 23.6% stake in the ordinary share capital of Telecom Italia S.p.A., in accordance with the agreements subscribed at the end of April.
The following 17th July 2007 the investors, while acknowledging that all relevant EU antitrust approvals have been received and that certain authorisation procedures are still pending in relation to the acquisition of 100% of Olimpia S.p.A., namely with respect to the Brazilian market, communicated to Pirelli & C. and to Sintonia the postponement of the closing date, in accordance with the agreement, until the completion of such procedures, but in any case within 15 days of the expiration of 180 days from the date of stipulation of the acquisition contract dated 4th May 2007.

The Corporate & Investment Banking Division is also responsible for the operations carried out by Intesa Mediofactoring, which registered a reduction in intermediated volumes in the first half of 2007 compared to the corresponding period of 2006. Turnover, for which the company is leader in the national ranking, reached 12.7 billion euro in the first half. Receivables acquired through without recourse transactions amounted to approximately 11 billion euro and represented 85.7% of total turnover (84.2% in the first half of 2006). Notwithstanding the decline registered in intermediated volumes, the company improved the level of period-end loans and maintained average loans in the period almost unchanged. Also the stock of loans outstanding as at 30th June 2007 remained at the same level as at the end of June 2006. Operating income, 68 million euro, recorded a 1.8% reduction in relation to the downward trend in intermediated volumes. Income before tax from continuing operations, which benefited from lower net adjustments and provisions, evidenced a 15.4% increase.

Public Finance

(in millions of euro)

Statement of income/Alternative performance indicators	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Net interest income	107	98	9	9.2
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	25	32	-7	-21.9
Profits (Losses) on trading	11	23	-12	-52.2
Income from insurance business	-	-	-	-
Other operating income (expenses)	6	-	6	-
Operating income	**149**	**153**	**-4**	**-2.6**
Personnel expenses	-19	-16	3	18.8
Other administrative expenses	-29	-29	-	-
Adjustments to property, equipment and intangible assets	-	-	-	-
Operating costs	**-48**	**-45**	**3**	**6.7**
Operating margin	**101**	**108**	**-7**	**-6.5**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-	-	-	-
Net adjustments to loans	-9	-	9	-
Net impairment losses on other assets	-6	-	6	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**86**	**108**	**-22**	**-20.4**
Allocated capital	1,074	982	92	9.4
Profitability ratios (%)				
Cost / Income ratio	32.2	29.4	2.8	9.5
ROE before tax (annualised)	16.1	22.2	-6.0	-27.2
EVA® (in millions of euro)	-1	22	-23	

(in millions of euro)

	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %
Loans to customers	32,964	36,331	-3,367	-9.3
Direct customer deposits	7,124	8,020	-896	-11.2
of which: due to customers	*5,147*	*5,004*	*143*	*2.9*
securities issued	*1,977*	*3,016*	*-1,039*	*-34.4*

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and ii) the changes in the consolidation area and in business unit constituents.

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 the cooperation between public and private entities and supporting initiatives and investment projects in big infrastructures, healthcare, research and public utilities in general.
Public Finance is composed of Banca OPI and Banca Intesa Infrastrutture e Sviluppo (BIIS) which have been operating as a single unit since the first months of 2007. Their forthcoming integration, expected by the end of the current year, will lead to the setting up of the major Italian bank in public finance and one of the leaders in Europe.

Public Finance closed the first half of 2007 with an operating income of 149 million euro, 4 million euro down with respect to the same period of the previous year (-2.6%). However, the comparison between the two half-years is influenced by the effects of non-recurring operations, amounting to 3 million euro in the first half of 2007 (non-recurring income of BIIS linked to the sale of tax collection companies stipulated in 2006) and to 18 million euro in the first half of 2006 (generated by sales and/or advanced extinction of Banca OPI's assets, at economic conditions better than the current ones; the relevant contracts were stipulated in the past few years and are not deemed to be replicable in the current market context and within normal active portfolio management activities). Excluding such effects, revenues would register an 11 million euro increase (+8.1%).
Net interest income (107 million euro) highlighted a 9.2% rise with respect to the same period of the previous year (+18.9% excluding non-recurring operations), determined by the increase in loans to customers (+20% in average terms including the operations related to the subscription of securities). Net fee and commission income (25 million euro) recorded a 21.9% reduction, due to the inclusion in the comparison base of the mentioned non-recurring components. Excluding the latter, net fee and commission income would show a 4.2% increase following the expansion of ordinary and structured operations. Profits on trading (11 million euro) registered a 52.2% reduction, attributable to both the slowdown in the reference market and the high comparative figure for 2006 which benefited from the mentioned non-recurring operations and the launch on the market of significant investment banking operations.
Operating costs (48 million euro) recorded a 6.7% rise due to an 18.8% increase in personnel expenses linked to the expansion of Banca OPI's employees occurred to a greater extent in the second half of 2006 in support of business development. The cost/income ratio equalled 32.2%, consistent overall with the mix of transactional operations, of lending/funding and structured finance activities managed by the Business Unit.
Operating margin (101 million euro) registered a 7 million euro contraction compared to the same period of the previous year, but an 8 million euro increase (+8.9%) excluding the effects of the mentioned non-recurring operations. Income before tax from continuing operations (86 million euro) recorded a 22 million euro decline due to both the aforementioned non-recurring components (down by 7 million euro) and the City of Taranto's financial difficulties, that affect Banca OPI's results for the first half of 2007 being almost entirely responsible for adjustments to loans. In particular, such adjustments derive for 6 million euro from the permanent impairment of the BOC bond issue subscribed by Banca OPI following the postponement of 2007-2009 interests agreed with the City; for the remaining part the adjustments are attributable to the non-reimbursement of exposures guaranteed by payment mandates, for which the necessary legal procedures in administrative and civil action were activated.
The capital allocated amounted to 1,074 million euro, up on the first half of 2006. Annualised ROE before tax highlighted a reduction from the values of the same period of the previous year due to trends described in economic results and capital.

With regard to the main balance sheet figures, the decline of loans to customers (-9.3%) from the beginning of the year was partly offset by the positive performance of activities related to the subscription of customer securities. Excluding an important short-term operation with tax collection counterparties for approximately 4,600 million euro, concluded in the last days of 2006 and reimbursed at the end of the first half, the aggregate would evidence a 3.9% rise. Direct customer deposits (7,124 million euro) recorded an 11.2% reduction from the end of December 2006, mainly attributable to securities issued, affected by the failed renewal of Banca OPI's own bonds, following the activation of a different funding policy adopted by the company which leverages on the possibility of using as collateral a portion of the assets with the ECB.

The public infrastructures sector in Italy is undergoing a phase of reassessment and reallocation of resources, also following: i) the various priorities set out by the new Government and ii) the investments that are under definition consistently with public finance conditions. In this context, characterised by the partial interruption of large public works and financial operations in the public sector, by uncertainties at the local level (also due to elections in primary local authorities), by strong market competition following higher interest shown by major international players and highly competitive pricing policies, development activities in favour of the cooperation between public and private sectors were further expanded, with the definition of numerous operations of primary importance for the Country.
In particular, in the first half, with the purpose of assisting and promoting the development of Country's large infrastructures, activities aimed at favouring the realisation of both the road system in Lombardy and the Brescia – Milano (BreBeMi) motorway continued; in fact, the relevant agreements were signed with Concessioni Autostrade Lombarde and then Intesa Sanpaolo purchased the 35.5% stake held by

Autostrade per l'Italia S.p.A. in Autostrade Lombarde S.p.A.. Disbursements for the realisation of the Mestre Motorway link continued as well as activities, as advisor and arranger of the project "Superstrada a pedaggio Pedemontana Veneta", in relation to the forthcoming tender for the award of the concession.
Activities in support of health services, universities and scientific research continued. The collection – in favour of health suppliers – of health receivables from the Abruzzo Region ("D'Annunzio Finance") and from the Piedmont Region was completed; loans were granted in favour of San Matteo General Hospital at Pavia, for the realisation of the new surgery department, in favour of Milan University, for the realisation of the Veterinary University Pole at Lodi, and in favour of Bergamo University for the modernisation of university structures. A contract was signed for the financing of the five-year project to develop research and teaching activities of the San Raffaele Scientific University Institute of Milan.
In favour of the improvement of public and public utility services in the first half of 2007 Telete S.p.A. gave the mandate to Intesa Sanpaolo together with other banks to assist in the structuring of a long-term loan for the realisation of the investments related to the complete water cycle in the Ambito Territoriale Ottimale 1-Lazio Nord-Viterbo as well as similar mandate as advisory for the definition of the plan to develop ATO 3 Umbria; moreover, numerous financing operations were finalised in favour of local public service companies, including the funding of a wind energy plant in the Province of Foggia.
In the first half of 2007 the Public Finance Business Unit consolidated its role as reference for SMAT of Turin, leading player in the field of integrated water services, which was granted guarantees to support the obtainment of BEI subsidised funds for the realisation of investments. Other noteworthy transactions were the participation with other banks in the financing of the investment plan of "Acegas" of Trieste and of a syndicated loan in favour of Acquedotto Pugliese. Within structuring activities, Intesa Sanpaolo acted as mandated lead arranger for IRISACQUA S.r.l., concessionaire for the management of the Integrated Water System in the Ambito Territoriale Ottimale "Orientale Goriziano" and the realisation of the investment plan set out in the relevant Piano d'Ambito in the water sector.
Moreover, the support of the financial balance in the public sector continued through the continuation of disbursements to finance long-term investments to numerous public entities (including the Campania Region, the Province of Pesaro and Urbino, the Province of Vercelli, the City of Rome, the City of Turin); the stipulation of the convention of multi-bond issues (BOC) for the Towns of the Province of Ascoli Piceno; the numerous bond issues in favour of, among others, the Umbria Region and the Province of Varese; the acquisition of the mandate for restructuring City of Venice's debt; the implementation of a structured finance operation on behalf of AVEPA – Veneto Agency for Agricultural Payments; the stipulation of the financing contracts conceded in favour of E.TR. and ESATRI, collection concessionaires transferred to the Equitalia S.p.A. group (formerly Riscossione S.p.A.).
As concerns financing of urban projects and projects for territorial development, disbursements were initiated for the realisation of the western branch of the Centro Intermodale Merci of Novara; a bridge loan was granted and the main contract was signed for the realisation of hotel infrastructures near the Malpensa airport; the assistance to the Fondazione Parco Tecnologico Padano (Lombardy Region – Province and City of Lodi) was initiated for the study of the project to build a new university pole at Lodi. Moreover, the project finance intervention was defined for structuring a loan destined to the realisation of the parking for the exhibition system at Bologna.
Within public & infrastructure finance activities abroad, noteworthy were the participation, as lead arranger, in financing the Istanbul Electricity, Tramway and Tunnels Administration, concessionaire of public transport in the Turkish city, for the construction of a new underground line; the mandate as joint lead arranger for loans to "Aguas de Portugal SGPS", the most important Portuguese operator in the treatment of water and in solid waste disposal; the participation in financing the construction and management of an incinerator in Austria in favour of the project company A.S.A. Abfall Service Zistersdorf Gmbh; the financing of a waste disposal plant in the Majorca island; the participation in financing the City of Goteborg; the subscription of portions of bond issues by various energy utilities in Europe, as well as portions of bond issues by the Republic of Greece, by the Republic of South Africa and by the Kingdom of Morocco, in addition to financing investments within the project to develop the infrastructures of the Autonomous Region of Madeira.

International Subsidiary Banks

(in millions of euro)

Statement of income/Alternative performance indicators	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Net interest income	527	426	101	23.7
Dividends and profits (losses) on investments carried at equity	1	-1	2	
Net fee and commission income	230	206	24	11.7
Profits (Losses) on trading	152	104	48	46.2
Income from insurance business	-	-	-	-
Other operating income (expenses)	-1	3	-4	
Operating income	**909**	**738**	**171**	**23.2**
Personnel expenses	-226	-209	17	8.1
Other administrative expenses	-177	-160	17	10.6
Adjustments to property, equipment and intangible assets	-57	-48	9	18.8
Operating costs	**-460**	**-417**	**43**	**10.3**
Operating margin	**449**	**321**	**128**	**39.9**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-6	-4	2	50.0
Net adjustments to loans	-62	-57	5	8.8
Net impairment losses on other assets	-	4	-4	
Profits (Losses) on investments held to maturity and on other investments	4	17	-13	-76.5
Income (Loss) before tax from continuing operations	**385**	**281**	**104**	**37.0**
Allocated capital	1,478	1,159	319	27.5
Profitability ratios (%)				
Cost / Income ratio	50.6	56.5	-5.9	-10.4
ROE before tax (annualised)	52.5	48.9	3.6	7.4
EVA® (in millions of euro)	201	140	61	43.6

(in millions of euro)

	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %
Loans to customers	22,208	18,573	3,635	19.6
Direct customer deposits	25,255	23,733	1,522	6.4
of which: due to customers	*23,937*	*22,524*	*1,413*	*6.3*
securities issued	*1,318*	*1,209*	*109*	*9.0*

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and ii) the changes in the consolidation area.

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. The 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, including the banking subsidiaries in Central-Eastern Europe (Banka Koper in Slovenia, Vseobecna Uverova Banka in

Slovakia, Central-European International Bank and Inter-Europa Bank in Hungary) and in South-Eastern Europe (Privredna Banka Zagreb in Croatia, Banca Intesa Beograd and Panonska Banka in Serbia, UPI Banka in Bosnia and Herzegovina, Banca Italo Albanese and American Bank of Albania in Albania and Sanpaolo IMI Bank Romania); the Commonwealth of Independent States Banking Area, which includes the subsidiary KMB Bank in the Russian Federation; the South Mediterranean and Asia Banking Area, in charge of developing, in particular, relations in the Mediterranean basin where the Group has a presence through Bank of Alexandria. Consistently with the 2007-2009 Business Plan an integration is foreseen for the two banking subsidiaries operating in Serbia and those in Albania.

The distribution structure, including recent acquisitions, directly covers 12 countries and is made up of over 1,200 branches.

With the purpose of guaranteeing a consistent comparison, the figures related to the first half of 2006 were restated backdating the accounting effects of the acquisitions of Banca Italo Albanese, Panonska Banka and Bank of Alexandria to 1st January 2006. The statement of income does not include the effects of the full integration of American Bank of Albania, which will be effective from 1st July 2007.
In the first half of 2007 the Division's activities evidenced high growth rates with reference to all economic margins and to all operating aggregates.
Operating income, 909 million euro, recorded a 23.2% increase with respect to the first six months of 2006.
In particular, net interest income reached 527 million euro, up by 23.7% with respect to the 426 million euro of the corresponding period of last year. This is attributable to the increase in intermediated volumes (+12.2%), sustained by the rise in loans to customers (+19.6%) and direct customer deposits (+6.4%). The rise in interest margin is attributable for 19 million euro to Bank of Alexandria, that benefited from far higher spreads in relation to the close of particularly onerous funding contracts and of non-interest-earning loans with the public sector, for 20 million euro to Vseobecna Uverova Banka and for 18 million euro to Banca Intesa Beograd, attributable not only to higher operations of the two banks but also to the exchange rate effect linked to the appreciation of local currencies. The rise in interest rates was driven by banks in the CEE area, in particular, the central banks of Hungary and Slovakia conducted a monetary policy aimed at keeping inflation under control and sustaining the exchange rate, and can therefore be related, as concerns operations in euro, to the interest rate rises decided by the ECB.
The 11.7% rise in net fee and commission income (230 million euro against 206 million euro) is attributable to all companies and in particular to Privredna Banka Zagreb (+10 million euro) and to Central-European International Bank (+9 million euro). This trend also benefited from higher revenues generated by the increase in both loans to customers and transactions, especially payments, made by customers.
Profits on trading increased to 152 million euro from the 104 million euro of the corresponding period of 2006 mainly thanks to the positive growth rate recorded by Central-European International Bank (+28 million euro), and Bank of Alexandria (+19 million euro).
Operating costs recorded a 10.3% increase to 460 million euro. Personnel expenses registered an 8.1% rise generalised on all companies, following especially the expansion of the distribution network. Bank of Alexandria and Vseobecna Uverova Banka are exceptions which presented a reduction in average terms, of respectively approximately 1,100 and 400 employees following the realisation of restructuring and efficiency plans. Administrative expenses and adjustments evidenced an increase respectively of 10.6% and 18.8%, mostly determined by the expansion of the distribution network with a consequent impact on logistic and infrastructure expenses.
Allocated capital represented 6% of the Group's capital and amounted to 1,478 million euro, up on the level recorded in the first six months of 2006. The aforementioned economic results and capital determined an increase in annualised ROE before tax to 52.5% (from 48.9% of the first half of 2006). Value creation, expressed in terms of EVA, highlighted a strong increase to 201 million euro.

The CEE & SEE Banking Area Department is in charge of equity investments in the banks operating in Central and South-Eastern Europe.

Banka Koper recorded an operating income for the first half of 2007 of 42 million euro, in line with that of the same period of 2006. The drop in profits on trading (-59.1%) attributable to the contraction, in the second quarter, of trading volumes on securities and foreign exchange, was entirely balanced by higher net fee and commission income (+7.2%) generated by the credit cards business (in which the company holds the leadership at the national level) and by indirect customer deposits as well as by higher net interest income (+8.5%). The latter benefited from the increase in average loans to customers (+14.1%), mainly sustained by the retail component, and from the improvement in spreads. Furthermore, the comparison with the same period of the previous year was influenced, for 2.6 million euro, by the effects determined by the closure of a doubtful loan in the first half of 2006. Excluding this component, net interest income would improve by 4.4 million euro (+23.5%). Operating costs recorded an 11.9% increase mainly as a result of the increase in IT expenses and of the expansion in the network which determined an increase in furbishing, promotion and advertising expenses. Net income equalled 13 million euro with a 50.1% reduction with respect to the first half of 2006. The comparative period however benefited from revenues generated by sales of equity investments for 13.6 million euro.

The Vseobecna Uverova Banka (VUB) group recorded an operating margin of 92 million euro, with a 31.1% increase with respect to the first half of 2006. Operating income registered a 18.2% rise as a result of both local currency appreciation and positive performance of net interest income and profits on trading. More specifically, net interest income benefited from the increase in average volumes with customers (+26% loans to customers; +29% direct customer deposits) whereas profits on trading benefited from the disposal of shares available for sale. Operating costs recorded a 7.3% increase to 88 million euro. Excluding the effects of the currency appreciation, costs decreased by 2.8% thanks to the positive impact of the efficiency plan, which determined a contraction in the average number of employees and savings in administrative expenses. Net income rose by 19.6%, as a result of the above-mentioned effects and to higher net adjustments to loans.

The Central-European International Bank (CIB) group posted a net income for the first half of 2007 of 71 million euro, with a 41.5% increase with respect to the corresponding period of the previous year. The positive trend in revenues (+24.2% to 205 million euro) amply balanced the rise in operating costs determining a two percentage points reduction in the cost/income ratio to 46.5%. Revenues reflected i) the rise in net fee and commission income (+19.9% to 52 million euro), and ii) the increase in profits on trading (+79.1% to 64 million euro) attributable, in particular, to the sale of securities available for sale and to trading activities on derivatives. Net interest income, instead, remained almost unchanged: the rise in intermediated volumes (+45.5% direct customer deposits; +15.4% loans to customers) was offset by the contraction in the spread following the increase in the system's competitiveness. Operating costs reached 95 million euro, up by 19.4%. Their trend was influenced by personnel expenses, linked to the increase in staff following the opening of new branches, as well as by the expenses for the launch of a new advertising campaign related to residential mortgages.

The Inter-Europa Bank (IEB) group recorded operating income for the first six months of 2007 of 37.5 million euro, with a 2.8% rise on the same period of last year driven by net interest income which more than offset the drop in profits on trading. Net interest income benefited from the significant progress in average volumes with customers (+32.5% loans to customers; +48.4% direct customer deposits) and from the increase in spreads, whereas profits on trading was affected by the inclusion in the comparative figure of non-recurring income generated by the sale of one equity investment in the second quarter of 2006. Operating costs showed an 18.6% increase determined by all components: personnel expenses (+21.2%) as a result of a different incentive policy; organisational-administrative expenses (+14.7%) and adjustments (+25.2%) in relation to higher advisory fees as well as to the expansion of back office activities. The aforementioned effects led to a 19.5% reduction in operating margin. Net income decreased by 11.3% due to lower adjustments to loans.

In the first half of 2007 the Privredna Banka Zagreb (PBZ) group's operating income reached 216 million euro (+16.7%) benefiting from the positive contribution of all components. The trend of revenues permitted to balance the higher operating costs (+11.7%), determined by the expansion of the distribution network and by the consequent personnel increase, as well as by higher marketing expenses related to the launch of new products. The cost/income ratio decreased to 48.9% from the 51.1% of the corresponding period of the previous year. With regard to revenues, net interest income (+12.6%) benefited from the marked increase in intermediated volumes (loans to customers +20.6%) only partly offset by a small drop in the spread mainly due to higher funding cost. Net fee and commission income (+18.3%) was especially driven by the development of credit cards (136,000 new cards issued in the first six months of 2007) and by the high volumes reached in the domestic market by payment services. Profits on trading of 24 million euro, against the 18 million euro of the first half of 2006, were generated by trading activities on securities and on foreign exchange. Compared to the corresponding period of 2006, net income also benefited from the reduction in adjustments to loans and reached 87 million euro, with a 24.4% increase.

Banca Intesa Beograd registered an operating margin for the first half of 2007 of 31 million euro, with a 40.4% increase with respect to the corresponding period of 2006. The increase in operating income (+32.3%) amply offset the rise in operating costs (+25.6%) determined by the increase in employees. Revenues were positively affected by the favourable trend of net interest income (+70.6%) that benefited from the expansion of operations, the rise in the spread and the increase in average volumes with customers (loans to customers +39.7%; direct customer deposits +44.6%). Net fee and commission income evidenced a marked improvement (+14.9%), attributable to the acquisition of new customers and to the consequent increase in revenues generated by current account management and payment services. Profits on trading, instead, decreased (-58.6%) as a result of both the reduction in trading margins on currencies and lower income on securities trading, in particular bonds, due to less favourable market conditions. Net income amounted to 20 million euro with a 23.7% increase.

In the first half of 2007 Panonska Banka posted a net income of 2.3 million euro against a result practically at breakeven in the first half of last year. Revenues recorded a 32.2% growth rate due to the rise in net interest income, related to the increase in loans to customers (+37.8%), and in net fee and commission income. The increase in the latter (+37.5%), determined by higher number of transactions with customers, especially of payments, offset the reduction in profits on trading and in other operating income. Operating costs recorded a 13% increase, due to the rise both in personnel expenses and in administrative expenses and adjustments, following the expansion of the network.

UPI Banka closed the first half of 2007 with an operating margin of 3 million euro, with a slight rise compared to the corresponding period of 2006. The increase in revenues (+16.7%) was almost entirely absorbed by higher operating costs due to both the expansion of the network and the restructuring and subsequent merger with LTG Banka (effective from 1st August). The rise in revenues is attributable to net interest income (+25.1%) that benefited from higher loans to customers (+25.9%), following the expansion of the network branches and the introduction of new products for retail customers. Also direct customer deposits recorded an increase (+18.7% to 341 million euro). Net income amounted to 0.3 million euro, down from the 1.3 million euro of the first six months of 2006, due to higher net adjustments to loans.

In the first six months of 2007 Banca Italo Albanese highlighted a marked improvement in operating margin, up to 1.1 million euro with respect to the 0.1 million euro of the same period of the previous year. Revenues rose to 3.1 million euro, with a strong increase determined by the performance of net interest income (+27.7%) attributable to the increase in average loans to customers (+35.3%) and in average direct customer deposits (+28.1%). Net income amounted to 0.4 million euro against a net loss of 5.4 million euro in the first half of 2006, but it must be noted that the comparison is influenced by non-recurring net adjustments to loans of 5.5 million euro, made the previous year to comply with Group accounting criteria.

Economic results for the first half of 2007 posted by American Bank of Albania, acquired at the end of June, were not consolidated, whereas period-end volumes were consolidated and evidenced increases in both loans to customers (+26.5%) and in direct customer deposits (+13.4%), compared to as at 30th June 2006.

Sanpaolo IMI Bank Romania registered an operating margin of 3.3 million euro, with a 26.7% increase with respect to the first half of 2006 (2.6 million euro): in fact, the rise in operating income (+37.8%) was only partially eroded by the increase in costs (+43%). As concerns revenues, net fee and commission income recorded a marked expansion (+91.3%), mainly related to the development of lending activities and profits on trading. Net interest income instead recorded a decline (-4.7%) as the increase in average volumes with customers (+69.2% loans to customers; +28.7% direct customer deposits) was offset by the reduction in the spread due to both higher cost of customer deposits and strong recourse to due to banks. The rise in operating costs is attributable to higher tariffs charged by certain public services (among which gas and electricity) and to the development of the distribution network. Net income, up by 26.6% (from 2.5 to 3.2 million euro), was affected by the increase in net adjustments to loans determined by the change in the calculation methodology induced by the adoption of IAS starting from 1st January 2007.

The CSI Bank Area Department is in charge of the subsidiary KMB Bank in the Russian Federation.

KMB Bank is a leading bank in lending and leasing activities for small and medium-sized enterprises in the Russian Federation. In the first half of 2007 the statement of income closed with a net income of 9 million euro compared to 3 million euro recorded in the corresponding period of 2006. The increase was mainly due to net interest income, that benefited from higher intermediated volumes: average loans to customers reached 669 million euro and direct customer deposits 461 million euro, highlighting a respective progress of 57.7% (corresponding to new loans of 245 million euro) and of 114%. On the contrary, spreads to customers decreased compared to the first half of 2006 mainly as a result of the reduction in lending interest rates. Operating costs rose by 23.2% due to the increase in personnel expenses (+12.6%) determined by the rise in the number of employees and in administrative expenses (+38.5%), in particular real estate and advertising, following the expansion of operations.

The South Mediterranean and Asia Banking Area Department is responsible for developing relations in the Mediterranean basin where the Group is present with Bank of Alexandria.

Bank of Alexandria achieved a net income of 40 million euro, against a loss of 4 million euro registered in the first six months of the previous year, thanks to both an increase in revenues (+62.2%) and a reduction in costs (-27.3%). Operating income recorded a positive performance due to profits on trading (up from 8 to 28 million euro, thanks to the disposal of investments, to the appreciation of the securities held for trading and to profits on mutual funds trading) and to net interest income of 39 million euro against the 20 million euro of the corresponding period of 2006. The latter was related to far higher spreads in the first half of 2007, following the closure of particularly onerous funding contracts and of non-interest-earning loans to the public sector that characterised the first part of the previous year. Net fee and commission income was lower than that of the first half of 2006. As to costs, a restructuring and efficiency plan, which led to savings in operating costs, had commenced in 2006. Personnel expenses recorded a 27.5% reduction, due to the reduction in the number of employees, whereas administrative expenses evidenced a 36.8% drop, due to tighter cost control and the lack of the non-recurring advisory fees paid in 2006 for the privatisation of the bank.

Eurizon Financial Group

(in millions of euro)

Statement of income/Alternative performance indicators	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %
Net interest income	63	35	28	80.0
Dividends and profits (losses) on investments carried at equity	8	11	-3	-27.3
Net fee and commission income	426	416	10	2.4
Profits (Losses) on trading	6	-5	11	
Income from insurance business	263	194	69	35.6
Other operating income (expenses)	5	10	-5	-50.0
Operating income	**771**	**661**	**110**	**16.6**
Personnel expenses	-140	-118	22	18.6
Other administrative expenses	-139	-140	-1	-0.7
Adjustments to property, equipment and intangible assets	-13	-13	-	-
Operating costs	**-292**	**-271**	**21**	**7.7**
Operating margin	**479**	**390**	**89**	**22.8**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-22	-17	5	29.4
Net adjustments to loans	-	-1	-1	
Net impairment losses on other assets	-10	-	10	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**447**	**372**	**75**	**20.2**
Allocated capital	1,349	1,289	60	4.7
Profitability ratios (%)				
Cost / Income ratio	37.9	41.0	-3.1	-7.6
ROE before tax (annualised)	66.8	58.2	8.6	14.8
EVA® (in millions of euro)	242	225	17	7.6

(in millions of euro)

	30.06.2007	31.12.2006	Changes amount	Changes %
Assets under management	170,368	171,204	-836	-0.5
of which: life technical reserves and financial liabilities	*46,859*	*46,105*	*754*	*1.6*

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

In the first half of 2007 the operating perimeter of Eurizon Financial Group (Eurizon) included the insurance business run by EurizonVita, the asset-gathering activities performed by Banca Fideuram group's network of financial advisors serving customers with medium to high savings potential and asset management activities carried out by Eurizon Capital.

On 19th June 2007 the Management Board and the Supervisory Board of Intesa Sanpaolo resolved not to proceed with the listing of Eurizon in its current configuration, but to continue the development and valorisation of the three different business lines included in the group (Vita, Asset Management and Banca Fideuram). In particular, the following objectives were set out:

- create through EurizonVita a leader in the bancassurance sector;
- further strengthen the domestic leadership of Banca Fideuram and bring it back to a successful listing in the short term;

- create through Eurizon Capital a player of European standing in asset management.

Considering the strategic decisions already taken, the sub-holding Eurizon Financial Group will be merged into Intesa Sanpaolo.

In the first half of 2007 income before tax from continuing operations for the business area evidenced a 20.2% increase to 447 million euro with respect to the 372 million euro of the corresponding period of 2006. In particular, Eurizon recorded a 16.6% increase in operating income compared to the first six months of the previous year. This trend reflected the increase in income from insurance business (+35.6%) mainly due to the good performance of financial management and collected insurance premiums. A contribution was also given by higher net interest income (+80%) linked to the decisions taken on Banca Fideuram's securities portfolio that permitted to take advantage from the rise in interest rates. Operating costs rose by 7.7% due to the increase in personnel expenses, related to the strengthening of the group's governance structure.
As at 30th June 2007 the group's customer funds amounted to 195 billion euro (of which over 170 billion euro related to the assets under management segment), with a 1.1% increase from the beginning of the year.
The capital absorbed by the business area, which makes up 6% of the Group's capital, amounted to 1,349 million euro, with a 4.7% increase with respect to the first half of 2006. Good economic results, coupled with the above-mentioned capital absorption, determined an increase in annualised ROE before tax to 66.8% (from 58.2% in the first half of 2006). EVA, which measures value creation, rose from 225 million euro to 242 million euro.

In February Eurizon entered in the Chinese life insurance market through the acquisition of a 19.9% stake in the capital of Union Life, company ranked among the top ten of the market. This operation implied the subscription of newly-issued shares for an amount of approximately 84 million euro and makes Eurizon the first foreign shareholder of the company. Also within the Chinese market, the group acquired 49% of Penghua Fund Management, one of the main asset management companies in the Chinese market, becoming its second shareholder.

The main initiatives that concerned the group's operating companies in the first six months of the year are reported hereunder.

In the first half of 2007 EurizonVita's activities focused on:
- the enrichment of the range of traditional life and unit-linked products;
- the adaptation of social security products to the indications given by COVIP (Italian Authority for Supervision of Pension Funds);
- the starting up of the network dedicated to the distribution of social security products;
- the enrichment of EurizonTutela's casualty product range;
- the project for the construction of a new life insurance company, named Sud Polo Vita.

With regard to products available for the banking channel, after the innovations conducted in 2006 in both traditional and unit-linked policies, in the first half of 2007 the product range was consolidated and upgraded to comply with the expected maturities in the policies in the portfolio.
In relation to the coming into effect, as of 1st January 2007, of the reform of supplementary social security, all social security products distributed through the three distribution channels of the group, individual pension plans or open-end pension funds, were involved in the complex process of adaptation to COVIP legislation.
As of 8th January 2007 the distribution of pension products dedicated to mass market customers, was activated via EurizonVita's new network of social security experts. In the first six months of 2007 three multi-branch products including an individual pension plan (EurizonVita Progetto Pensione) characterised by no entry commission and high flexibility were made available to the network. As at 30th June 2007 there were 235 active social security consultants in 18 agencies present on the territory.
With regard to casualty branch products, offering for the banking channel was expanded with the introduction of the new "Creditor Protection Insurance" policies, to be combined with mortgages and loans and the launch of the new product "Prospettiva Salute", an insurance package for the protection of the person, available in two versions: family (standardised package) and personal (freely personalised package).

In compliance with the indications of Italian Competition Authority, in the first half the process started for the creation of Sud Polo Vita, a life insurance company that will incorporate the policies portfolio referred to Sanpaolo Banco di Napoli, to Intesa Casse del Centro and to the former Intesa branches of the Campania, Puglia, Basilicata and Calabria regions. Sud Polo Vita will distribute its products through 1,133 branches displaced in Central and Southern Italy, with which it will have an exclusive distribution contract for six years. The portfolio under transfer by the sole EurizonVita amounted to 3,586 million euro as at 31st December 2006.
In the first half of 2007 EurizonVita evidenced an income before tax from continuing operations of 196 million euro, with a 29.9% increase compared to the corresponding period of 2006, thanks to the good performance of income from banking and insurance business.
The rise in operating costs is attributable to the investments made to improve the group's IT platform. Furthermore, the trend of expenses reflected the change of the perimeter occurred in 2006: in the first half of the previous year the subsidiary Universo Servizi only managed the insurance component whilst in 2007 it also coordinates the IT platform of the advisors' network and of asset management activities.
The investment portfolio, 47,961 million euro, was made up for 61% of securities designated at fair value, mainly for unit- and index-linked products, and for 39% of securities available for sale, mainly for revaluable policies. The insurance policies portfolio totalled 46,323 million euro, including 21,073 million euro in life technical reserves, 24,707 million euro in financial unit- and index-linked policies classified as deposits, 283 million euro in policies with specific assets, 135 million euro in reserves of open-end pension funds, and 125 million euro in technical reserves for casualty branches.
In the period EurizonVita registered a net flow on products classified as insurance products and on policies with financial content, of 4,247 million euro (+29% with respect to the first six months of 2006), with rises mainly in financial products. The overall collection, including the casualty business, totalled 4,320 million euro, up by 29%.
In terms of new production, in the first six months of 2007 3,869 million euro were collected (+32% on the corresponding period of the previous year), of which 2,643 million euro at banking networks (+5%), 1,211 million euro at Banca Fideuram's private bankers (+204%) and 14 million euro through other distribution networks (among which the new EurizonVita network). Banking networks raised the new collection mainly following the placement of four tranches of index-linked products (1,492 million euro, +42%), of unit-linked products (581 million euro, +134%) dedicated to private customers, whereas the collection of traditional products linked to separate managements recorded a contraction (-53%).

With regard to Banca Fideuram, on 18th January 2007 the OPA (tender offer) launched by Eurizon on Banca Fideuram's remaining ordinary shares, which brought the group to hold 98.7% of the bank's capital, was closed. Following the close of the tender, the Italian Stock Exchange delisted Banca Fideuram's shares with effect as of 24th January 2007. On 4th April 2007 Eurizon exercised the purchase right provided for by art. 111 of Legislative Decree 58/98 (squeeze out), acquiring total control of Banca Fideuram.
After the transfer of Banca Fideuram's IT platform to Universo Servizi in 2006, in the first half of 2007 activities for the creation of a technology platform, shared by Fideuram Investimenti and Eurizon Capital, in support of the asset management business, were concluded.
Activities related to the innovation and extension of the range of products available for Banca Fideuram's private bankers were particularly intense in the first half of the year. Within insurance products, the Irish unit-linked "Fideuram Suite", launched in September, was enriched with the new total-return "Alpha Mix 7" line; the Irish platform will be further developed in 2007 with new solutions characterised by a higher consultancy content and by greater flexibility in the selection of underlying funds. Within asset management products, the new "Absolute return" line of the fund of funds "Fideuram Master Selection" was launched: it offers a guided selection of third party flexible funds, whilst the portfolio management "Capital" was enriched with the Elite line, where the selection of underlying funds is made by consultants selected by Fideuram Investimenti, which however remains responsible for deciding the investment. Also the range of third party funds was enriched through distribution agreements with new third parties. With regard to asset administration products, placement continued of thematic certificates with automatic interruption (Stars platform), linked to both market indices and baskets of commodities.
After the conclusion of the first half an agreement was signed with Viel&Cie for the sale of the business lines of Banque Privèe Fideuram Wargny referred to activities of securities trading, of private banking and of the relevant support functions and for the sale of Fideuram Wargny Gestions SA.
Customer funds at the end of June 2007 totalled 69 billion euro, with increases of 2.1% from the beginning of the year and of 7.7% over the twelve months, mainly due to the positive performance of

operations and to the net collection of life products, third party funds and assets under administration. Private bankers reached 4,277 units with a rise of 61 units from the end of December 2006.
Net flow for the period amounted to 566 million euro against the 1,053 million euro of the first half of 2006. Collection through mutual funds and individual portfolio management was negative for 1,716 million euro whereas the flow of life insurance and pension funds and asset administration products showed substantial increases (respectively of 698 million euro and 1,584 million euro).
The new life production reached 1,211 million euro (+204% compared to the first six months of 2006) bringing the company to the leading position among the networks of financial advisors in terms of life collection.
Income before tax from continuing operations equalled 169 million euro, with a 12.8% increase compared to the first half of the previous year. The result for the period benefited from the improvement of net interest income (attributable to the increase in intermediated volumes, to the rise in market interest rates and to new investment policies), and of profits on trading that more than balanced the decrease in net fee and commission income and the increase in operating costs and provisions.

Eurizon Capital SGR is the company specialised in providing collective and individual asset management products to the Group's internal banking networks as well as in developing the 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, set up to promote and manage, respectively, funds under Luxembourg law and alternative funds.
During the first half the product range was affected by numerous rationalisation and reinforcement initiatives.
As regards funds of funds, "Sanpaolo Garantito Giugno 2012", a fund dedicated to retail customers which enables the investor to take part in financial markets with guaranteed invested capital was launched, the second tranche was distributed at the beginning of July and the "Global Property" segment of "Sanpaolo Manager Selection", which invests in real estate, became operational. Two non-harmonised Italian funds, the "Total Return A3 and A5" funds, that foresee the possibility of partly investing in hedge funds, commenced distribution after the end of the first half.
As regards portfolio management, activities of rationalisation and revision of certain already existing products were carried out. In particular, within the "Private Solution" portfolio management, which offers the possibility of investing not only in proprietary funds but also in third party funds and in securities, new components were inserted that make the product more flexible to meet investor needs. "Gestione Investimento Private", a line characterised by a higher equity component and a lower threshold of entry was added to the three already existing lines.
Within the products dedicated to institutional customers, distribution started for "Alpha Fund", a Luxembourg multi-segment fund with active management approach on markets where considerable over-performances are expected, and for the "Volatility target", an Italian speculative fund, whose investment policy is aimed at achieving positive absolute performances associated to medium/high volatility; moreover, in the year the "Asian Trend" line, specialised in Asiatic stock markets, was launched.
With the purpose of continuing the strategy of internationalisation and opening to third party distributors, activities were differentiated in function of the different economic, legislative and commercial situations of each geographic area. In Asia Eurizon Capital subscribed an agreement with Galaxy Security Investment Consulting Enterprise, company specialised in the distribution of third party products and in the receipt of mandates from institutional customers for the distribution at Taiwan of funds instituted by the Luxembourg subsidiary Eurizon Capital SA. In Singapore an agreement was signed for the distribution of a selection of Luxembourg funds through Philips Sec., a local private banking player active in Singapore and Hong Kong. Furthermore, a product partnership commenced with Fullerton, a primary Singapore player. In Eastern Europe commercial operations with the Intesa Sanpaolo Group's structure abroad were started. In Latin America commercial actions were directed to the extension of active relations to make the most of the forthcoming extension of settlement limits on investments in foreign funds made by local pension funds.
At the end of June 2007 customer funds totalled 116 billion euro, with a 0.8% contraction from the beginning of the year, due to the reduction in EurizonVita's separate management attributable to the reserves of traditional products and to the outflow of mutual funds.
Operating income for the first half of 2007, amounting to 135 million euro, recorded a 12.3% increase compared to the corresponding period of the previous year. Income before tax from continuing operations equalled 88 million euro, with a 19.3% increase compared to the first six months of 2006.
The improvement in efficiency is confirmed by the reduction in the cost/income ratio to 34.9% from 38.7% of the corresponding period of the previous year.

Corporate Centre

The Corporate Centre is responsible not only for guidance, coordination and control of the whole Group, but also for treasury and strategic finance activities and proprietary portfolio management. Therefore, Corporate Centre includes the central structures that perform holding company activities or support operating units through centralised services.

As regards treasury activities, the Bank confirmed its leadership as Italian player in domestic and cross-border payment systems in euro, continuously increasing, from the beginning of the year, the levels of activities in terms of volumes and number of settled transactions. In the first half of 2007 the Bank began to use the "ABACO" (Attivi BAncari COllateralizzati) procedure of the Bank of Italy which enables the Bank to allocate as collateral a part of the loans included in the balance sheet to improve management of liquidity and of infra-day settlements. The procedure was activated with the use of the disbursements to public sector entities of the euro area held in Banca OPI's portfolio, both as collateral of monetary policy operations and as infra-day advance payments. Furthermore, a platform was implemented in the period to settle interbank operations directly with the Ministry of Economy and Finance (application OPTES) both on own account and on behalf of other banks. The technology and administrative activities linked to the start-up of the "TARGET2" project (the new Eurosystem's gross settlement system) continued.
In the first six months of the year net requirements of short-term liquidity remained at contained levels in relation to Group's total assets. Requirements were met with intense funding activities on interbank markets as well as through various programmes of commercial paper and certificate of deposit issues in the European and American markets.
With regard to monetary markets, the growth of the economy in the eurozone induced the ECB and other main Central Banks to continue their policy of progressive and gradual monetary tightening, in order to prevent future inflation pressures. Lower moves instead concerned short-term interest rates in the USD area, where the FED's standstill was justified by the current balance between downward risks for growth related to the sharp slowdown of the real estate sector and inflation risks related to the good performance of the labour market.
With regard to bond markets, characterised by the consolidation of the upward trend of interest rates, investments in floating-rate securities issued by the Italian Treasury, by primary international banks, Asset Backed Securities (ABS) with rating no lower than AAA as well as asset swaps on Italian and German securities, were maintained.
In New York, the investment grade ABS portfolio, even in the high rating classes, was penalised by the widening of the spreads of the Home Equity Loan segment, determined by the more generalised crisis of the US residential sector. Further information on the risks connected to subprime mortgages are reported in the section on credit risks in the Risk management chapter.
Within the proprietary portfolio, in the first half the funds investment component rose mainly due to gross performance, and consequently, the asset allocation by strategies remained virtually unchanged. In the credit market the first quarter was characterised by an initial narrowing of spreads and by a subsequent widening, with high volatility in March and a second quarter with stable spreads in April and May and volatile in June. In such context, long portfolio positions were reduced and credit default swap indices were used.
As to stock markets, the Bank operated in a bull market in the first half, with the exception of March when a sharp correction occurred, reabsorbed in the following months, so that period-highs were reached in June; volatility touched period-highs concurrently with the March fall and at the beginning of June, and in the last part of the period settled above previous quarter average, confirming the trend towards an increase in risk premiums evidenced in March. This scenario permitted to generate a positive performance exploiting the upward trend through long positions in the first part of the half-year and then taking defensive positions through hedging in futures; strategies aimed at increasing dispersion of yields in the European and American stock markets were implemented; upward positions in expected future dividends in the eurozone and in particular arbitrage activities between spot prices and futures on various Italian equities resulted profitable.
In the fixed-income segment, the first half of 2007 was characterised by a progressive increase in interest rates in the eurozone and by the gradual narrowing of the spread between American and European interest rates. Among preferred activities were "Asset Swap Spreads" on European Government securities, that continued their progressive widening. In this context important positions were set up on the short-term portion of the Italian curve, and, subsequently, on the ten-year Bund, in view of brilliant expectations on German public finance; moreover, geographic diversification was increased in the Covered Bond portfolio under management. In "emerging markets", after a first quarter characterised by a contraction in spreads on sovereign and corporate bonds, in the second quarter continuing corporate demand for raising

funds in the international market and the fears linked to the effects of US subprime mortgages put spreads once again under pressure; this led to a further widening with the respective sovereigns (financial sector in Russia and Kazakhstan). In this scenario, positions on corporate bonds were considerably reduced, reaching low risk and duration.

In the area of the structured credit products, operations, strongly influenced by the crisis in the US subprime mortgage sector, focused on search for effective hedging on existing positions. In the US market spreads widened on leveraged loans, mainly due to lower liquidity and rising concerns over the progressively less prudent criteria adopted in granting loans. In the European market the upward trend in terms of volumes of new issues continued, concurrently with a virtual stability in spread, only threatened on certain segments such as Spanish residential and non-conforming UK. Wider spreads accentuated and spread in a generalised way, driven by the negative trend coming from the US market. From an operating standpoint, measures were taken to reduce by over 10% the portfolio's notional value and to implement hedging operations on liquid instruments highly correlated with the portfolio.

The "operating management of AVM (active value management)" gives operating support to the strategies set out by the active value management unit which reports to the Value Governance Area, through the implementation on financial markets of the interventions necessary for active management of credit, market and "banking book" risks; in particular, with reference to Asset & Liability Management activities, interest rate risk is monitored and managed measuring first of all the sensitivity of market value of banking book positions against changes in the yield curve at various maturities; furthermore, specific context analysis regarding the evolution of interest rates, as well as behavioural hypotheses on certain particular items are considered. The structural component of liquidity risk is managed through monitoring cash imbalances expected for maturity buckets, in function of liquidity polices defined internally. The analysis of imbalances on medium/long maturities permits to direct the planning of bond issues.

Within structured finance operations, the Intesa Sec. 3 Srl securitisation, structured by Intesa Sanpaolo acting as arranger, was concluded in March, with the issue of Residential Mortagage Backed Securities, with legal maturity in October 2033, for a countervalue of 3.6 billion euro broken down in five classes of securities listed on the Luxembourg Stock Exchange.

With regard to funding activities, in the first half, the total amount of Intesa Sanpaolo's bond issues placed in the domestic market amounted to 6.4 billion euro. Breakdown by type of placed securities showed a prevalence of the component consisting of plain vanilla securities with an incidence of 96.6%, whereas the weight of structured bonds was 3.4%. Breakdown by maturity showed a concentration on maturity of two years (40% of the total), three years (34.8%) and five years (10.9%), followed by securities with maturity of six years (8.5%) and, lastly, four-year bonds (5.8%). Funding operations on the Euromarket totalled 5 billion euro. Placements on international markets were adequate to the needs of the Intesa Sanpaolo merger; in particular, the new programme of Global Medium Term Notes in the name of Intesa Sanpaolo was signed on 15th February 2007. 67% of such issues is made up of three public issues and the remaining 33% is represented by private placements. In public issues, floating-rate bonds represented the most of placed securities (2.3 billion euro on 3.5 billion euro). In private placements, the innovative factor was represented by a predominance of zero-coupon securities mainly destined to insurance companies.

Bonds denominated in euro have an absolute prevalence with 84% of total volume, whilst within securities in foreign currencies private placements in yen are rising (+4.4%).

The considerable increase in training days delivered (556,000, of which 97% in working days, with respect to 340,000 in the first six months of 2006) is the proof, on the one hand, of the acceleration given to integration processes and, on the other hand, of the enhancement of human resources as a crucial element in the pursuit of the sustainable growth objectives set out in the Business Plan. At the same time, the initiatives for incentive-driven exit plans continued, mainly through extraordinary recourse to the Solidarity Allowance of the banking sector (pursuant to Ministerial Decrees 158 of 2000 and 226 of 2006). As at 30th June 2007, expiry date for the voluntary adhesion to the initiative, 4,200 employees had applied and over 800 for pension. Exits, planned gradually throughout 2007 in consideration of operating needs, will be partly balanced by new recruitments to ensure adequate service levels to branches and to support ICT integration activities. Following the agreement signed by the company with the trade unions on 1st August 2007, access to the Solidarity Allowance was prorogated for 2008 and 2009; consequently, 1,500 exits in 2008 and further 800 in 2009 are expected. This initiative will enable the Group to absorb excess staff and to implement a drastic rejuvenation of personnel, with consequent benefits in terms of savings in personnel costs which represent important cost synergies.

GEOGRAPHICAL AREAS

(in millions of euro)

	Italy	Europe	Rest of the World	Total
Operating income				
30.06.2007	7,790	1,312	276	9,378
30.06.2006 restated (*)	7,543	1,127	201	8,871
% change (a)	3.3	16.4	37.3	5.7
Loans to customers				
30.06.2007	292,804	23,194	16,521	332,519
31.12.2006 restated (*)	288,481	21,000	15,198	324,679
% change (b)	1.5	10.4	8.7	2.4
Direct customer deposits				
30.06.2007	285,793	59,073	29,561	374,427
31.12.2006 restated (*)	281,576	54,424	30,309	366,309
% change (b)	1.5	8.5	-2.5	2.2

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

(a) The change expresses the ratio between 30.06.2007 and 30.06.2006 restated.

(b) The change expresses the ratio between 30.06.2007 and 31.12.2006 restated.

With regard to secondary segment reporting, based on geographical area, activities of the Intesa Sanpaolo Group are mostly concentrated in the domestic market. In fact, 83% of operating income, 88% of loans to customers and 76% of direct customer deposits were realised in Italy. Abroad it has a significant presence in Central and South-Eastern Europe (Croatia, Slovenia, Slovakia, Serbia, Hungary, Bosnia and Herzegovina, Albania and Romania), in the Russian Federation and in the Mediterranean basin (Egypt).
As concerns operations in the first half of 2007, Europe and Rest of the World showed marked growth rates in operating income and loans to customers.

The Parent Company Intesa Sanpaolo

General aspects

The statement of income and balance sheet of the Parent Company Intesa Sanpaolo for the first half of 2007, provided hereafter, are reclassified – for the purpose of a more effective representation of results and of the financial and balance sheet situation – using the criteria illustrated for consolidated figures. The compulsory forms of the Parent Company Intesa Sanpaolo prepared as set forth by Bank of Italy instructions and the relevant reconciliation tables with reclassified figures are contained in the attachments to this Report.

Reclassified statement of income

(in millions of euro)

	30.06.2007	30.06.2006 restated (*)	Changes amount	Changes %	30.06.2006 (**)
Net interest income	2,575	2,239	336	15.0	1,429
Dividends	554	2,188	-1,634	-74.7	930
Net fee and commission income	1,693	1,786	-93	-5.2	1,082
Profits (Losses) on trading	251	670	-419	-62.5	302
Other operating income (expenses)	346	332	14	4.2	90
Operating income	**5,419**	**7,215**	**-1,796**	**-24.9**	**3,833**
Personnel expenses	-1,490	-1,645	-155	-9.4	-966
Other administrative expenses	-909	-960	-51	-5.3	-550
Adjustments to property, equipment and intangible assets	-287	-310	-23	-7.4	-165
Operating costs	**-2,686**	**-2,915**	**-229**	**-7.9**	**-1,681**
Operating margin	**2,733**	**4,300**	**-1,567**	**-36.4**	**2,152**
Net provisions for risks and charges	-149	-77	72	93.5	-40
Net adjustments to loans	-333	-299	34	11.4	-210
Net impairment losses on other assets	-5	-1	4		-1
Profits (Losses) on investments held to maturity and on other investments	43	43	-	-	44
Income (Loss) before tax from continuing operations	**2,289**	**3,966**	**-1,677**	**-42.3**	**1,945**
Taxes on income from continuing operations	-713	-631	82	13.0	-389
Integration charges (net of taxes)	-61	-	61	-	-
Merger and restructuring related charges (net of tax)	-68	-	68	-	-
Income (Loss) after tax from discontinued operations	3,539	105	3,434		85
Net income	**4,986**	**3,440**	**1,546**	**44.9**	**1,641**

(*) Figures restated on a consistent basis considering the merger between Banca Intes and SANPAOLO IMI and the connected transactions with Crédit Agricole.

(**) Figures relative to Banca Intesa, restated in accordance to IFRS 5.

Intesa Sanpaolo's statement of income for the first half of 2007 closed with a net income of 4,986 million euro, with an approximately 45% increase with respect to the 3,440 million euro for the first half 2006. The significant increase is attributable to the capital gain, equal to 3,469 million euro net of the tax effect, realised on the sale to Crédit Agricole of the equity investments in Cariparma and FriulAdria and the contribution of branches to FriulAdria. The previous year had also benefited from an extraordinary dividend paid to Intesa Holding Asset Management (704 million euro) in relation to the sale of 65% of Nextra Investment Management SGR (now CAAM SGR S.p.A.) to the Crédit Agricole group and from other non-recurring income related to Fiat and Parmalat shares and to the inter-group sale of the stake in Santander (overall, 339 million euro, before tax).

Furthermore, economic results of the first half of 2007 were affected by charges specifically connected to the integration with SANPAOLO IMI (61 million euro, net of the tax effect), that have been posted in a separate caption of the reclassified statement of income, as well as the effects of purchase cost allocation (68 million euro net of the tax effects), also posted in a specific caption. It must be noted that in the period dividends from the former equity investments of SANPAOLO IMI (877 million euro) were deducted from the fair value of the equity investments in the allocation of purchase cost of the acquisition. Lastly, the result for the period benefited from the effects of the recalculation of Employee termination indemnities (174 million euro, gross of the tax effect) following the introduction of the reform of supplementary social security.

Considering for both periods figures net of non-recurring components, net income for the period would be 2,406 million euro, with a slight decrease with respect to the consistent figure as at 30th June 2006 due to a greater incidence of taxes.

Breakdown by component of the reclassified statement of income shows **operating income** of 5,419 million euro. Considering the effects of the aforementioned non-recurring components the figure for 2007 (6,296 million euro) posted a 2% rise with respect to the corresponding figure as at 30th June 2006, attributable to the significant increase of net interest income and a slowdown in commission income and profits on trading.

In fact, breakdown by component shows a 15% rise of *net interest income*, which totalled 2,575 million euro, which benefited from the combined effect both in terms of volumes and spreads. Intermediation with customers (1,783 million euro) presents a 14.4% rise, while interest on securities (727 million euro) showed a 24.1% increase.

Dividends decreased from 2,188 million euro of the first half of 2006 to 554 million euro because, as mentioned, dividends of former SANPAOLO IMI subsidiaries were not recorded in the 2007 statement of income. Considering these dividends and excluding the extraordinary dividend related to the sale of Nextra from the figure for the first half of 2006, the decline was -3.6%.

Net fee and commission income, 1,693 million euro, highlighted a 5.2%, decrease mostly attributable to lower commissions from management, dealing and consultancy services (-7%). The latter presented an increase in commissions from portfolio management (+12.8%) and placement of insurance products (+2.6%), while commissions on dealing and placement of securities decreased (-15.2%). Commissions deriving from commercial banking activities were practically stable.

Profits (losses) on trading, 251 million euro, registered a 62.5% drop mostly ascribable to the aforementioned non-recurring profits of the first half of 2006.

Operating costs totalled 2,686 million euro, 7.9% lower with respect to the figure for the first half of 2006 mostly as a result of the recalculation of Employee termination indemnities. *Personnel expenses* – which still did not benefit to an appreciable extent from the rationalisations determined by the merger and from the decreases in headcount - in consistent terms, that is net of the aforementioned non-recurring component, presented a 1.2% rise due to provisions for the assumptions regarding the renewal of the national collective labour contract; *administrative expenses* recorded a 5.3% drop mostly as a result of the lower incidence of advertising and promotional expenses and consultancy fees. *Adjustments to property, equipment and intangible assets* also decreased (287 million euro, -7.4%).

The trends of operating income and costs described above led to an **operating margin** of 2,733 million euro, approximately 36.4% lower with respect to the comparative figure. Net of non-recurring components the result for the first half of 2007 (3,436 million euro) shows a 5.5% progress with respect to the same period of 2006.

Income before tax from continuing operations equalled 2,289 million euro compared to 3,966 million euro of the corresponding period of 2006. Considering figures for both periods net of non-recurring effects, the result would show a 2.4% growth rate.

Net adjustments to loans, deriving from both the measurement of the doubtful loans portfolio and the congruous coverage of risk intrinsic in performing loans, totalled 333 million euro, with an 11.4% growth rate due to higher analytical adjustments to cover substandard loans and the effects of an initiative aimed at redefining terms of certain mortgage contracts in a transparent and satisfactory fashion for customers.

Net provisions for risks and charges totalled 149 million euro (+93.5%), destined to strengthen the coverage of litigations, including revocatory actions in bankruptcy procedures. The rise was mostly attributable to provisions related to litigations with customers and litigations with employees related to social security positions.

Taxes on income from continuing operations totalled 713 million euro, due to a higher tax rate in relation to the lower dividends accounted for in the first half of 2007. Charges connected to the integration process between Banca Intesa and SANPAOLO IMI, as already indicated, are recorded in specific captions – net of taxes. In particular, *integration charges*, in the first half, mostly made up of advisory fees and IT

expenses, amounted to 61 million euro, and *effects of purchase cost allocation* related to the acquisition of SANPAOLO IMI totalled 68 million euro. *Income after tax from discontinued operations* amounted to 3,539 million euro, and recorded the capital gain made on the sale of Cariparma and FriulAdria to Crédit Agricole, profit on the sale of 29 branches to FriulAdria and the result attributable to the 173 branches sold on 1st July to Cariparma.
The statement of income closed with a **net income for the period** of 4,986 million euro.

Reclassified balance sheet

(in millions of euro)

Assets	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %	31.12.2006 (**)
Financial assets held for trading	41,104	36,947	4,157	11.3	32,210
Financial assets designated at fair value through profit and loss	1,002	1,156	-154	-13.3	-
Financial assets available for sale	3,846	3,959	-113	-2.9	3,041
Investments held to maturity	2,492	2,492	-	-	-
Due from banks	105,175	98,501	6,674	6.8	48,746
Loans to customers	193,487	186,166	7,321	3.9	112,314
Investments in associates and companies subject to joint control	23,210	22,963	247	1.1	11,988
Property, equipment and intangible assets	3,926	4,073	-147	-3.6	1,833
Tax assets	2,893	3,265	-372	-11.4	1,686
Non-current assets held for sale and discontinued operations	5,236	6,982	-1,746	-25.0	-
Other assets	7,346	8,242	-896	-10.9	4,390
Merger difference	22,262	-	22,262	-	-
Total Assets	**411,979**	**374,746**	**37,233**	**9.9**	**216,208**

Liabilities and Shareholders' Equity	30.06.2007	31.12.2006 restated (*)	Changes amount	Changes %	31.12.2006 (**)
Due to banks	103,162	88,955	14,207	16.0	39,021
Due to customers and securities issued	229,422	227,497	1,925	0.8	143,355
Financial liabilities held for trading	10,438	10,577	-139	-1.3	9,385
Financial liabilities designated at fair value through profit and loss	-	-	-	-	-
Tax liabilities	678	1,229	-551	-44.8	836
Liabilities associated with non-current assets held for sale and discontinued operations	4,621	5,345	-724	-13.5	-
Other liabilities	10,078	9,883	195	2.0	5,923
Allowances for specific purpose	3,845	4,084	-239	-5.9	2,365
Share capital	6,647	6,646	1	-	3,613
Reserves	5,245	7,859	-2,614	-33.3	7,859
Merger reserves	31,093	6,680	24,413		-
Valuation reserves	1,764	1,610	154	9.6	1,610
Net income	4,986	4,381	605	13.8	2,241
Total Liabilities and Shareholders' Equity	**411,979**	**374,746**	**37,233**	**9.9**	**216,208**

(*) Figures restated on a consistent basis considering the merger between Banca Intes and SANPAOLO IMI and the connected transactions with Crédit Agricole.
(**) Figures relative to Banca Intesa.

As at 30th June 2007 **loans to customers** totalled 193,487 million euro, up by approximately 4% with respect to the consistent figure of December 2006 deriving from diverse trends recorded by the various contract types which make up the aggregate. Current accounts remained practically stable (20,569 million euro; -0.5%) advances and other loans increased (81,594 million euro; approximately +10%) which together represented approximately 53% of total loans to customers. The remaining portion is mostly made up by mortgages which, though confirming at 80,014 million euro, the consistent figure for December 2006, showed signs of slowdown, reflecting an analogous deceleration in the real estate market. Repurchase agreements increased (6,341 million euro; +15.3%), while securities underwritten at the time of issue for the purpose of financing the issuer decreased (1,577 million euro; approximately -35%). Not considering the more significant contribution of repurchase agreements, which have a more markedly financial nature, the overall growth of loans to customers would in any case be approximately 4%.

As regards loan quality, non-performing loans amounted to 3,391 million euro and highlighted, considered together, a 23 million euro decrease with respect to as at 31st December 2006. More specifically, breakdown of this caption showed an increase in doubtful loans (from 1,097 million euro to 1,197 million euro), in parallel with an almost identical decline in loans past due (from 352 million euro to 243 million euro) and substandard and restructured loans (from 1,965 million euro to 1,951 million euro).

As to performing loans, including those represented by securities (190,096 million euro), collective provisions of 983 million euro, determined based on the risk configuration of customers, guaranteed a 0.5% coverage.

Direct customer deposits, 229,422 million euro, slightly improved the already considerable figure at the end of 2006 (approximately +1%). Breakdown by contract type showed the progress of bonds (+5.5% to 74,832 million euro) and repurchase agreements and securities lending (+15.6% to 13,968 million euro), while current accounts and deposits decreased to 115,283 million euro (-3%). Subordinated liabilities also dropped (-13.6% to 14,788 million euro), whereas other forms of funding increased (+51.7% to 6,355 million euro).

The rise in **indirect customer deposits**, with an approximate 6% progress to 427,776 million euro, was entirely ascribable to assets under administration (+7.8% to 336,535 million euro), mostly attributable to the valuation of shares. Assets under management, 91,241 million euro, which represented approximately 21% of total indirect customer deposits, instead posted a moderate decrease (-0.6%) with respect to the figure at the end of 2006, since the persistent growth of bancassurance products (+1.3%) was not sufficient to offset the reduction in individual portfolio management schemes and mutual funds, which together dropped by approximately 2%.

Financial assets held for trading, which comprise debt securities (32,431 million euro) and equities (1,097 million euro) held for trading, net of liabilities (1,493 million euro), totalled 32,035 million euro, with a 13.3% increase with respect to the end of 2006, mostly attributable to bonds.

The caption also includes net value of financial and credit hedging derivatives which presented a negative imbalance of 367 million euro.

Financial assets available for sale amounted to 3,846 million euro, approximately 3% lower than the corresponding figure at the end of 2006, and comprised equity stakes, private equity investments and debt securities and equities, and also included loans relative to portions of syndicated loans destined to be placed with third parties.

Equity investments, that amounted to 23,210 million euro, comprised equity investments in subsidiaries, associates and companies subject to joint control. The net 247 million euro increase with respect to the figure as at 31st December 2006 – restated considering the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole – was mainly ascribable to the acquisition of certain equity investments and capital increases of already-participated companies.

Risk management

BASIC PRINCIPLES

The Intesa Sanpaolo Group attributes great importance to risk management and control as conditions to:
- ensure reliable and sustainable value creation in a context of controlled risk;
- protect the Group's financial strength and reputation;
- permit a transparent representation of the risk profile of its portfolios.

The basic principles for risk management and control are:
- clear identification of responsibility for risk taking;
- measurement and control systems in line with international best practice;
- organisational separation between functions that carry out day-to-day operations and those that carry out control.

The policies relating to risk acceptance are defined by the Parent Company's Statutory Bodies (Supervisory Board and Management Board), with support from specific Committees.
The Parent Company performs guidance, management and overall control of risks. Group companies operate within the operating limits they have been assigned.
The long experience matured by Intesa and SANPAOLO IMI in risk management techniques enables the Group to use a wide array of metrics and instruments for the measurement and management of risks.
In the first months of the year, they have been involved in a first phase of integration which enabled, among other things, the preparation of a control framework for Group risks capable of assessing risks taken on the basis of regulatory and economic prospects; the comparison with capital endowment allows monitoring of Group capital adequacy and is periodically reported to Top Management.
Risk measurements and their quantification in capital measures provide information for company decisions through the capital allocation system to the business lines and contribute to calculating risk-weighted profitability (RORAC – Return On Risk Adjusted Capital); they are therefore a key system to guide operations and to define the financial structure of the Group, maximising return for shareholders.

CREDIT RISKS

Intesa Sanpaolo has a set of instruments to ensure analytical control over the quality of loans to customers and financial institutions, and loans subject to country risk.
As regards, in particular, loans to customers, rating models have been developed, differentiated according to the economic sector and size of the counterparty (Corporate, Italian Public Entities, Small Business, Mortgage, Personal Loans).
In recent years, Intesa and SANPAOLO IMI had developed projects in the context of which new credit processes were implemented that, in accordance with the New Basel Accord (Basel 2), provided for the use of internal ratings as an essential part of deliberations on loan granting and management.
The original mission of the Basel 2 Project of both banks was to prepare for the adoption of the advanced approaches from the moment the New Accord came into force at the beginning of 2007. The merger has meant a rescheduling of the Project so as to proceed with the work necessary to integrate models and processes. Adoption of the advanced models has therefore been postponed until 2008.
The ratings are not just a direct instrument to manage and control credit risk, but are also a primary element for managerial control of credit risk, through the credit risk portfolio model, which synthesises the information on asset quality in terms of risk indicators, including expected losses and absorbed capital; the latter may be calculated according to supervisory rules (Basel 1 and Basel 2) or according to internal metrics (economic capital).

Credit quality

The overall non-performing loan portfolio is continually monitored through a predetermined control system and periodic managerial reporting. In particular, such activities are performed using measurement methods and performance controls that permit the construction of synthetic risk indicators. They interact with processes and procedures for loan management and for credit risk control and allow timely assessments to be formulated when any anomalies arise or persist.

The positions to which the synthetic risk index attributes a high risk valuation, which is confirmed over time, are intercepted and are allocated in different categories based on the risk profile. Exposures with entities in default or in basically similar situations are classified in doubtful loans; exposures with entities in temporary difficulties, deemed solvable in a congruous period of time, are classified in substandard loans; positions for which the bank (or a group of banks), due to the deterioration of the economic and financial conditions of the borrower, permits a modification in the original contractual terms, are classified in restructured loans. Lastly, non-performing loans include loans past due by over 180 days.

(in millions of euro)

	30.06.2007			31.12.2006 restated (*)			Changes
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Doubtful loans	9,945	-7,135	2,810	9,668	-6,986	2,682	128
Substandard and restructured loans	5,336	-1,491	3,845	5,395	-1,508	3,887	-42
Past due loans	1,033	-120	913	1,306	-162	1,144	-231
Non-performing loans	**16,314**	**-8,746**	**7,568**	**16,369**	**-8,656**	**7,713**	**-145**
Performing loans	322,140	-2,300	319,840	314,046	-2,231	311,815	8,025
Performing loans represented by securities	5,116	-5	5,111	5,151	-	5,151	-40
Loans to customers	**343,570**	**-11,051**	**332,519**	**335,566**	**-10,887**	**324,679**	**7,840**

(*) Figures restated on a consistent basis, considering i) the merger between Banca Intesa and SANPAOLO IMI and the connected transactions with Crédit Agricole and ii) the changes in the consolidation area.

The table confirms, also for this half year, the high credit quality for the Group. Non-performing loans fell by 145 million euro and related hedging reached 53.6%, a rise of 0.7 points over the end of the previous year. More specifically, doubtful loans did increase by 128 million euro but only represented 0.8% of total loans, with a coverage of around 72%. Substandard and restructured loans, that fell by 42 million euro compared to 31st December 2006, were helped by provisions that remained at approximately 28%. There was a fall, too, in past due loans, with a coverage of around 12%. Lump-sum provisions to the performing portfolio stand at 0.7% of gross loans, the same percentage as for the end of last year and suitable to face the risk of regular loans. Risk implicit in performing loans is calculated collectively on the basis of the risk configuration of the entire portfolio analysed via models which consider the Probability of Default (PD) and the Loss Given Default (LGD) for each loan.

Information on sub-prime mortgages

Listed banks and insurance companies were asked by Supervisory Authority Consob in its communication No. 7079556 of 30th August 2007 to supply a number of figures and information relating to "subprime mortgages" in the report on operations included in their next available financial statements.
As at 31st August 2007, the Intesa Sanpaolo Group:

- did not have in its portfolio mortgages classifiable as subprime as the Group's policy does not include lending of this kind;
- held in the portfolio financial products having US subprime mortgages as underlying assets or being linked to the latter (ABS, CDOs and unfunded positions in credit derivatives), actively managed through derivatives hedging, for a total net exposure equal to 33 million euro notional value, with no material impact on the consolidated statement of income for the first eight months of the current year;
- had not given guarantees connected to these products;
- had securities of this kind for a notional value of six million euro in funds of asset management/bancassurance companies;
- did not have evidence of financial instruments connected to the subprime risk in its customer assets under administration and in custody.

Therefore, at present the group has no material exposure to the subprime risk.
All investment instruments with sub-prime risk and related hedging are measured at the fair value.

MARKET RISKS

TRADING BOOK

The activities for the quantification of trading risks are based on daily and periodic estimates of sensitivity of the trading portfolios of Intesa Sanpaolo, Banca Caboto and Banca IMI, which represent the main portion of the Group's market risks, to adverse market movements relatively to the following risk factors:

- interest rates;
- equities and market indices;
- investment funds;
- foreign exchange rates;
- implicit volatilities;
- spreads in Credit Default Swaps;
- spreads in issued bonds;
- correlation instruments.

For certain of the abovementioned risk factors, the Supervisory Authority validated the internal models for the regulatory measurement of capital absorption of both Banca Intesa (2001) and Banca Caboto (2003). In 2004 the model related to Banca Intesa's credit derivatives (credit default swaps) was also validated.

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

The paragraphs below provide the estimates and evolution of operating VaR, defined as the sum of VaR and of simulation on illiquid parameters. VaR estimates are calculated daily based on simulations of historical time-series, a 99% confidence level and one-working day holding period; delta-gamma-vega VaR is also calculated for the structured equity positions of Banca Caboto's London branch.

In the second quarter of 2007 market risks originated by Intesa Sanpaolo, Banca Caboto and Banca IMI rose slightly compared to the averages for the first quarter of 2007, attributable chiefly to the introduction for Intesa Sanpaolo of a new parameter for risk measurement - the Spread VaR (cash-CDS basis). Operating VaR for the period equalled 25 million euro (average for the second quarter of 2007).

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

(in millions of euro)

	2007				2006			
	average 2nd quarter	minimum 2nd quarter	maximum 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Intesa Sanpaolo	18.5	16.1	21.7	16.5	16.0	26.1	34.4	36.1
Banca Caboto (*)	3.4	2.6	4.2	4.1	4.4	4.3	3.9	2.9
Banca IMI	2.7	2.1	3.7	2.8	2.4	1.9	2.4	n.d. (**)
Group	**24.6**	**22.1**	**28.4**	**23.4**	**22.8**	**32.3**	**40.7**	**39.0**

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

(*) Not including Banca Caboto's stress on illiquid parameters for the current quarter.

(*) For Banca IMI the Board of Directors resolved upon the adoption of measurement of financial risks based on historical VaR on 7th April 2006. Estimates are therefore available starting from the 2nd quarter of 2006.

For Intesa Sanpaolo, the breakdown of risk profile in the second quarter of 2007 with regard to the various factors shows the prevalence of equity risk which represented 41% of overall operating VaR; the same holds true for Banca Caboto (63% of the total) and for Banca IMI (34% of the total).

Contribution of risk factors to overall operating VaR [a]

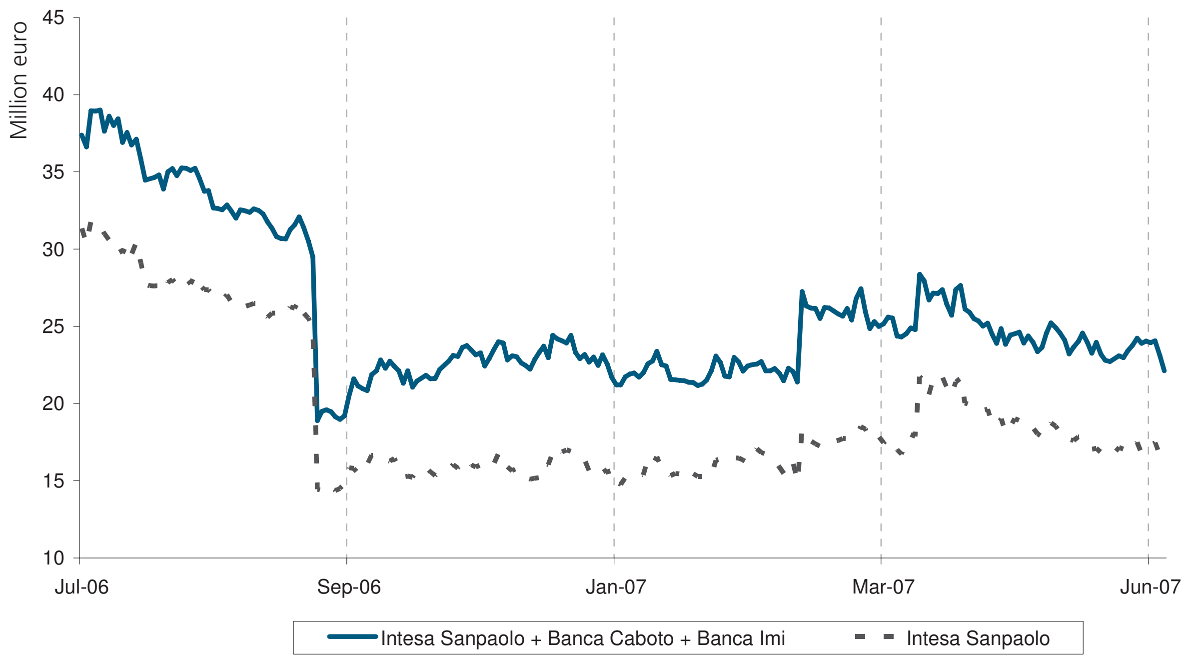
2nd quarter 2007	Shares	Rates	Credit spread [*]	Foreign Exchange	Hedge fund	Other parameters
Intesa Sanpaolo	42%	19%	14%	4%	20%	1%
Banca Caboto	63%	27%	10%	-	-	-
Banca IMI	34%	30%	26%	4%	-	6%
Group	**41%**	**21%**	**15%**	**3%**	**13%**	**7%**

[a] Each line in the table sets out the contribution of risk factors considering the overall operating VaR 100%, calculated as the average of daily estimates in the second quarter 2007, broken down between Intesa Sanpaolo, Banca Caboto and Banca IMI.

[*] Inclusive of VaR spread of cash-CDS strategies.

The trend of operating VaR in the last 12 months is shown below. The average level in the last quarter slightly increased also due to the inclusion in the operating area of Intesa Sanpaolo, as from 1st April 2007, of the cash-CDS spread VaR, previously entered for Banca Caboto and Banca IMI.

Daily evolution of market risks - operating VaR



BANKING BOOK

Market risk originated by the banking book arises primarily in the Parent Company and in the main subsidiaries that carry out retail and corporate banking.

The banking book also includes exposure to market risks deriving from the equity investments in listed companies not fully consolidated or carried at equity held by the Parent Company, FIN.OPI, IMI Investimenti and Sanpaolo IMI Internazionale.

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

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

Value at Risk is calculated as the maximum "unexpected" potential loss in the portfolio's market value that could be recorded over a ten day holding period with a statistical 99% confidence interval (parametric VaR). VaR is also used to consolidate exposure to financial risks of the various Group companies which perform banking book activities, thereby taking into account diversification benefits.
Shift sensitivity analysis quantifies the change in value of a financial portfolio resulting from adverse movements in the main risk factors (interest rate, foreign exchange, equity and volatility). As regards interest rate risk, adverse movement is defined as a parallel and uniform shift of ±100 basis points of the interest rate curve. The measurements include the risk originated by customer sight loans and deposits, whose features of stability and of partial and delayed reaction to interest rate fluctuations have been studied by analysing a large collection of historical data, obtaining a maturity representation model through equivalent deposits.
Furthermore, sensitivity of the interest margin is measured by quantifying the impact on net interest income of a parallel and instantaneous shock in the interest rate curve of ±100 basis points, over a period of 12 months.

Hedging activity of interest rate risk is aimed (i) at protecting the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve or (ii) at reducing the volatility of future cash flows related to a particular asset/liability. The main types of derivative contracts used are interest rate swaps (IRS), overnight index swaps (OIS), cross currency swaps (CCS) and options on interest rates stipulated by the Parent Company with third parties or with other Group companies (mainly Banca IMI and Banca Caboto), which, in turn, replicate the transaction on the market so that the hedging deals meet the criteria to qualify as IAS-compliant for consolidated financial statements.
Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first one refers to the fair value hedge of assets and liabilities specifically identified (micro-hedging), mainly bonds issued or acquired by the bank and loans to customers. Moreover, macro-hedging is carried out on the stable portion of on demand deposits and in order to cover the risk of fair value changes intrinsic in the instalments under accrual generated by floating rate operations. The Bank is exposed to this risk in the period from the date in which the rate is set and the date of payment of the relevant net interests.
Another hedging method used is the cash flow hedge which has the purpose of stabilising interest flow on variable rate funding to the extent that the latter finances fixed-rate investments.
The Risk Management Department is in charge of measuring the effectiveness of interest rate risk hedges for the purpose of hedge accounting, in compliance with international accounting principles.

In the first half of 2007, the interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity analysis, showed an average value of 307 million euro, compared with 297 million euro of the pro forma figure of the end of 2006, reaching 5 million euro at the end of June.
Sensitivity of the interest margin – assuming a 100 basis point increase in interest rates – at the end of June amounted to 192 million euro (–192 million euro in case of reduction), in line with the pro forma figures at the end of 2006 (+205 million euro and –192 million euro, respectively, in case of increase/reduction of interest rates).
Interest rate risk, measured in terms of Value at Risk, in the first half of 2007 was equal on average to 103 million euro (93 million euro the pro forma figure at the end of 2006), with a final value of 37 million euro.
Price risk generated by minority stakes in listed companies, almost entirely accounted for under the AFS principle, equalled an average of 223 million euro in the first half of 2007, measured through VaR (99% confidence level, 10-working day holding period), a drop compared to the pro forma figure of the end of 2006 (248 million euro), reaching 196 million euro at the end of June. The decrease is mainly attributable to the reduction of the portfolio as a result of the disposal of major shareholdings.

OPERATIONAL AND LEGAL RISKS

Operational risk is defined as the risk of suffering losses due to inadequacy or failures of processes, human resources and internal systems, or as a result of external events. Operational risks include legal risk, that is, the risk of losses deriving from breach of laws or regulations, contractual or out-of-contract responsibilities or other disputes; strategic and reputational risks are not included.
In recent years, both Intesa and SANPAOLO IMI had commenced projects for the implementation of advanced operational risk management models; though the adopted approach is similar, the complete

integration of the methodological and organisational components requires that the objective of adoption of the advanced models be postponed until 2008.
The Group has a centralised function within the Risk Management Department for the management of the Group's operational risks. This function is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profile, the verification of mitigation effectiveness and reporting to the Top Management.
In compliance with current requirements, the Group's organisational units have been involved into the process and each of them was assigned the responsibility for the identification, assessment, management and mitigation of its operational risks; specific functions have been identified within these organisational units to be responsible for Operational Risk Management .
The Group's internal model is designed to combine all the main quantitative (historical loss data) and qualitative information sources (scenario analysis).
The quantitative component is based on the statistical analysis of historical loss data, relating to internal or external events (also through the participation in consortium initiatives such as "Database Italiano Perdite Operative" – Italian Operating Loss Database – managed by the Italian Banking Association and Operational Riskdata eXchange Association).
The qualitative component focuses on the assessment of the risk exposure of each unit and is based on the structured collection of subjective estimates aimed at assessment of specific scenarios identified on the basis of event types set out in the New Capital Accord (Basel 2).
Capital-at-Risk is therefore identified as the measurement indicator at Group level, net of insurance cover, required to bear the maximum potential loss (worst loss); Capital-at-Risk is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-Risk of operating losses), applied on quantitative and qualitative data assuming a one-year estimation period, with a level of confidence of 99.96% (99.90% for regulatory measurement).
The Group utilises a traditional operational risk transfer policy (insurance) with the objective of mitigating the impact of any unexpected losses, and thus contributing to the reduction of Capital-at-Risk.

Legal risks

As concerns legal risks, there are no significant variations with respect to the 2006 Annual reports of the Intesa Group and the Sanpaolo IMI Group. As reported in the Consolidated report as at 31st March 2007, at the beginning of April 2007 10 subsidiaries of the Cirio group in Extraordinary Administration notified that they filed a suit against Intesa Sanpaolo and Banca Caboto, as well as against 5 other banks, all considered to be jointly liable, aimed at receiving compensation for alleged damages deriving from:

- worsening of the insolvency of the Cirio group, between the end of 1999 and 2003, favoured also in the 2000/2002 period by 6 bond issues; the damage on this point is quantified – using three different criteria – with the main method in 2,082 million euro or, with the control methods, in 1,055 million euro or in 421 million euro;
- the loss of the possibility of the Extraordinary Administrators to undertake revocatory bankruptcy actions, for indefinite amounts, because the default of the companies of the Cirio group has been delayed;
- the payment of fees amounting to 9.8 million euro in relation to the placement of the various bond issues.

Without prejudicing the need to distinguish the roles exercised by the various banks involved, the Intesa Sanpaolo Group deems that these allegations are unfounded and is convinced that it can dispute them at the appropriate courts.
Moreover, with regard to the IMI-SIR dispute, on 25th July, the Management Board of Intesa Sanpaolo examined the proposal of the Rovelli family for a possible future transaction concerning the case and has authorised th legal representative of the Bank to accept. The proposal covers the payment to Intesa Sanpaolo of a total sum of 200 million euro and the ceding to the Bank of loans obtained by the interested parties to the financial administration in reimbursement of that paid in 1994 as inheritance and tax and interest on the amount paid by IMI at the time (some 150 million euro, plus interest). The conclusion of the operation is subject to certain conditions under the supervision of Intesa Sanpaolo that will be decided by 31st October 2007. In more detail, by such date, amounts for at least 140 million euro will be paid into dedicated accounts. The difference with respect to the 200 million must be guaranteed by a stand-by letter of credit. The rights towards other responsible parties and the State remain unaltered and the State will answer for the damage caused by the corrupted judge.

INSURANCE RISKS

Life branch

The typical risks of a life insurance portfolio can be divided into three main categories of risk: premium risk, life underwriting risk and reserve risk (quantification of the technical reserves).
Premium risks are protected initially during definition of the technical features and product pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at the portfolio level, including all of the liabilities). During the definition of a product, profit testing is used, with the objective of measuring profitability and identifying any weaknesses beforehand. The issuing of a product requires prior authorisation from the Product Committee, whose members include both the managers of the company departments and the General Management, who are presented with the results of the profits tests and sensitivity analyses.
Life underwriting risks arise when an unfavourable trend is recorded in the actual loss ratio compared with the trend estimated when the rate was calculated, and these risks are reflected in the level of "reserves". The loss ratio refers not only to actuarial loss, but also financial loss (guaranteed interest rate risk). The Company guards against these risks by means of statistical analysis of the evolution of liabilities in its own contract portfolio, divided by risk type, and through simulations of expected profitability of the assets hedging technical reserves.
Reserve risk is guarded against through the exact calculation of mathematical reserves, with a series of detailed checks (for example, checking that all the variables required for the calculation such as yields, quotations, technical foundations, parameters for the supplementary reserves, and recalculation of the value of single contracts are correctly saved in the system) as well as overall verifications, by comparing results with the estimates produced on a monthly basis. Specific attention is paid to checking the correct assumption of contracts, by checking the relative portfolio against the reconstruction of movements during the period, divided by purpose, and checking the consistency of the amounts settled compared with the movements of reserves.
The mathematical reserves are calculated on almost the entire portfolio, on a contract-by-contract basis, and the methodology used to determine the reserves takes account of all the future commitments of the company.

Casualty branch

The risks of a casualty insurance portfolio are essentially premium and reserve risk.
Premium risks are protected initially during definition of the technical features and product pricing, and over the life of the instrument by means of periodic checks on the sustainability and profitability (both at product level and at the portfolio level, including all of the liabilities).
Reserve risk is guarded against through the exact calculation of technical reserves. In particular, for companies which exercise casualty branches, technical reserves may be divided into: premium reserve, damage fund, reserve for the participation to profits and reversals, other technical reserves and reserve for equalisation.
The premium reserve is divided into the reserve for premium fractions and the reserve for current risks. The reserve is to cover the risks of casualties and the related expenses which could arise after the close of the period within the limits of coverage of the premiums paid by the insured.
The reserve for premium fractions is made up of premiums recorded in the period but which refer to the subsequent periods according to the pro rata temporis method.
The reserve for current risks represents a provision which must be allocated if the estimated cost of expected casualties, determined on the basis of a forecasting model, shows that the reserve for premium fractions is insufficient.
The damage fund represents the provision for casualties occurred in the current year and previous years not yet settled at the end of the year. These provisions correspond to the overall amount of sums which, based on a prudent assessment made on the basis of objective elements, are deemed to be necessary to pay the casualties and the related liquidation expenses. The reserve is valued at ultimate cost, to consider all forecastable future charges.
Furthermore, a reserve for equalisation has also been set up for the purpose of normalising the fluctuations of casualty rates in future years for natural disaster risks and other technical reserves to cover risks, especially those taken in the sickness branch for irrevocable multi-year contracts.
Regarding the assumption of risk, the policies are checked at the time of purchase, using an automatic system which checks the parameters for assumption associated with the tariff of reference to verify the correspondence of the portfolio with the technical and rate settings agreed with the sales network.

The check not only concerns the form but also the substance and, in particular, allows for verification of the exposure in terms of capital – limits of liability.
Subsequently, statistical checks are carried out to verify potentially anomalous situations (such as concentration by area or by type of risk) and to keep under control accumulation at the level of individual persons (with particular reference to policies that provide cover in the accident and sickness branches). This is also carried out in order to provide the Group's insurance office suitable indications of the portfolio characteristics in order to prepare the annual reinsurance plan.

ALM and financial risks

In line with the growing focus in the insurance sector on the issues of value, risk and capital in recent years, a series of initiatives with the objective of both strengthening risk governance and managing and controlling risk-based capital has been launched.
With reference to investment portfolios, set up both as coverage of obligations with the insured and in relation to free capital, the Investment Policy is the control and monitoring instrument for market and credit risks.
The Policy defines the goals and the operating limits that are needed to distinguish the investments in terms of eligible assets and asset allocation, breakdown by rating classes and credit risk, concentration risk by issuer and sector, market risks (in turn measured in terms of sensitivity to variations in risk factors and Value at Risk over a one-year holding period and with a 99% confidence level). Investment decisions, portfolio evolution and compliance with operating limits, articulated in the diverse types, are discussed, normally on a monthly basis, by specific investment committees.
In order to measure and manage all risks (actuarial and financial) better, a simulation tool, named FAP (Financial Analysis Program), is also used with the objective of measuring the intrinsic value, fair value of the liabilities and economic capital. The FAP is based on a dynamic Asset Liability Management (ALM) model that forecasts stochastically-generated economic scenarios, simulating the evolution of the value of assets and liabilities based on the technical features of the products, the trend in significant financial variables and a management rule which guides investments and disinvestments. This model measures the capital required to cover actuarial and financial risk factors. Among the former, the FAP models risks deriving from the dynamics of an extreme surrendering of policies, from sharp changes in mortality and longevity, and from pressure on costs; among the latter, the FAP takes into consideration scenarios of stress over year-long time spans on interest rates, on credit spread and on stock market trends.
By means of the ALM, FAP makes it possible to compute the sensitivity of liabilities with respect to movements of market risk factors in order to manage the financial assets covering technical provisions efficiently.

Investment portfolios

The investments of the insurance subsidiaries of the Intesa Sanpaolo Group are made using free capital and to cover obligations with customers.
The latter essentially refer to traditional revaluable life policies and index-linked and unit-linked policies and casualty policies.
The former offer the insured, apart from participation in the profit from the fund management, a minimum guaranteed level and therefore generate proprietary financial and credit risks for the insurance company - risks that are linked to the characteristics of the investment portfolio with regard to the commitments made to the insured. Index-linked and unit-linked policies, which usually do not present direct risks, are in any case monitored with regard to reputation risks.
As at 30th June 2007, the investment portfolios at book value amounted to 48,451 million euro. Of these, the share regarding traditional revaluable life policies, casualty policies and free capital ("Class C portfolio" or "at risk portfolio") amounted to 19,435 million euro, while the residual amount (29,017 million euro), mostly comprised investments related to index- and unit-linked policies.
Considering the various types of risks, the analysis of investment portfolios, set forth below, concentrates on the assets included in the "at-risk portfolio".
In terms of breakdown by asset class, 91.5% of assets, equal to 17,896 million euro, was comprised of bonds (76% Government bonds, 11% corporate bonds, 4.5% liquidity) while assets subject to equity price risk amounted to approximately 8.3%, 1,621 million euro.
Financial derivative instruments are used, consistently with the guidelines set by the specific framework resolution, to hedge financial risks of the investment portfolio or for the purpose of effective management. Financial derivatives are not used for speculation.
The fair value of derivatives amounted to 29.4 million euro, of which 1.5 million euro referred to derivatives used for effective management, 11.5 million euro referred to hedging derivatives and 16.3

million euro referred to derivatives originally destined to the coverage of index-linked life policies ("Class D portfolio") and subsequently transferred for accounting purposes to "Class C" since they were no longer representative of technical commitments with the insured.
Breakdown of the bond portfolio by maturity compared to total assets was as follows: 4.5% short-term (under one year), 36.2% medium-term, and 50.9% long-term (over five years). Concentration on medium-long term maturities is the result of an Investment Policy which aims at keeping low levels of mismatch between assets under separate management and the corresponding commitments to customers.
Analysis of the bond portfolio in terms of fair value sensitivity to the interest rate movements highlights that a parallel shift in the curve of +100 b.p. leads to a negative change of 791 million euro. In this hypothetical scenario, the value of hedging derivatives would record a positive change of 139 million euro which would partly offset the corresponding loss in debt securities.
The investment portfolio has an extremely high credit quality. Bonds with very high ratings (AAA/AA) represented over 80% of total investments, while a further 8.6% had ratings of A. The securities in the low investment grade area (BBB) represented 2.66% of the total, while the share of speculative grade or unrated securities was almost zero.
The high level of credit quality also emerges from the breakdown by issuer/counterparty: securities issued by governments and central banks represented 79.3% of the total, while financial companies (mainly banks) contributed approximately 9.4% of the exposure.
At the end of the first six months of 2007, free capital investments amounted to 1,127 million euro (market value) with a Value at Risk of 15.4 million euro, with a 99% confidence interval and a 10-day holding period.

Shareholder base, stock price performance and other information

Shareholder base

Intesa Sanpaolo's shareholder base – detailed in the following table – shows the holders of shares exceeding 2%, for whom Italian regulation (art.120 of Consolidated law on finance "TUF") sets forth that holdings exceeding that threshold of the voting capital of a listed company shall be communicated to both the company and Consob.

Shareholder	Ordinary shares (*)	% held on ordinary share capital
Compagnia di San Paolo	943,225,000	7.96%
Carlo Tassara S.p.A.	698,708,241	5.90%
Crédit Agricole S.A.	671,743,440	5.67%
Assicurazioni Generali	601,168,748	5.07%
Fondazione Cariplo	554,578,319	4.68%
Fondazione C.R. di Padova e Rovigo	545,264,450	4.60%
Fondazione C.R. in Bologna	323,334,757	2.73%
Giovanni Agnelli e C. Sapaz	289,916,165	2.45%
Fondazione Cariparma	260,515,202	2.20%

(*) Directly or indirectly held

Transactions with related parties

Procedural aspects

Intesa Sanpaolo has proceeded to identify the individuals and juridical entities with the characteristics that make them eligible to be considered "related parties" defined based on the indications given by IAS 24, applied with reference to the specific organisational structure and to the new governance system adopted by the Bank.

In relation to the latter, the new Regulation for the management of transactions with related parties, approved by the Management Board, which sets out the guidelines (procedural, decision-making and information requirements) for closing transactions with related parties and, in particular, for "significant" transactions, i.e. the most significant transactions in terms of financial, economic or balance sheet impact, which must be submitted to the exclusive approval of the Management Board of the Parent Company or of the Board of Directors of the subsidiaries. The application of the Regulation is directed to guarantee the transparency and substantial and procedural correctness in the management of such transactions within the Group.

The Regulation sets forth that "significant" transactions, identified using qualitative and/or quantitative criteria, must be submitted to the approval of the Management Board of the Bank if they exceed 3 million euro for the Parent Company (20 million euro in the counterparty is a Group company) and 1 million euro for other companies (10 million if intergroup).

Moreover, transactions with related parties must be submitted to the approval of the Management Board, if they exceed 25% of Tier 1 capital/shareholders' equity of each company (and in any case if they exceed 25 million euro if carried out by the Parent Company). Similar approval must be given for the granting to companies of the Banking group or the Group of: (i) payments connected to equity interests (payments for future capital increases, coverage of losses, etc.), hybrid capital instruments; (ii) subordinated loans, even as bonds, certificates of deposit, eligible to be included in shareholders' equity for supervisory purposes of the subsidiary (iii) loans not destined to support the ordinary operations of the subsidiary.

The following transactions are also within the competence of the Management Board: granting loans to related parties not belonging to the Banking group exceeding 0.5% of the consolidated shareholders' equity for supervisory purposes for the Parent Company or 0.5% of the shareholders' equity for supervisory purposes/shareholders' equity of each company; transactions on non-performing loans (substandard loans, doubtful loans, restructured loans or loans under restructuring) exceeding the powers attributed to the head of the Credit Governance Area and in any case all transactions, both financial and commercial, whose economic value exceeds 20 million euro (other than those mentioned above and excluding bank funding at market conditions).
Lastly, the following transactions must always be submitted to the approval of the Management Board: those transactions that due to their object, the nature of the counterparties, consideration, means or timing of execution may impact the safekeeping of company value, or the fairness/completeness of information, also accounting information, relative to Intesa Sanpaolo (moreover, any such transactions must be disclosed to the market pursuant to art. 71 bis of Consob Regulation 11971/99).
Where the nature, value or other aspects of a transaction with related parties make this necessary, the Management Board may be assisted by independent experts for the provision of financial, and/or legal and/or technical advice (fairness opinion and legal opinion).
Furthermore, in adhesion to the recommendations of the new Corporate Governance Code, the resolutions proposed to the Parent Company, for the transactions referring to it which present an economic value which is higher than more than double the thresholds indicated above, are subordinated to the prior opinion of the Control Committee formed within the Supervisory Board.
Significant transactions with related parties carried out by the Parent Company or by subsidiaries must be reported quarterly to the Supervisory Board, by the Management Board, pursuant to art. 150 of Consolidated law on finance, so to provide a complete picture of the most significant transactions carried out, as well as the volumes and the main characteristics of all of delegated transactions.
Group companies must also adopt a regulation equivalent to that defined by the Parent Company, as indicated in the Regulation and compliant with IAS 24, to also regulate transactions of the company with "its related parties".
With regard to transactions with entities that carry out functions of management, administration and control of the Bank, in addition to the application of art. 2391 of the Italian Civil Code, the special regulations on the obligations of banking representatives set forth in art. 136 of Legislative Decree 385/1993 (Consolidated law on banking) and the Supervisory Instructions are also applied; they require, in any case, the prior unanimous approval by the Management Board, and the unanimous approval by the Supervisory Board. Those who carry out administrative, management and control functions at Group banks or companies also must not undertake obligations of any nature or perform acts of buying or selling, directly or indirectly, with the relevant company, or undertake financial transactions with another Group company or bank without a decision by the appropriate bodies of the contracting company or bank, taken as set forth above. In these cases, furthermore, the obligation or act must have the approval of the Parent Company.

Information regarding transactions with related parties

In the first half of 2007 relations with related parties were attentively monitored and no situations emerged other than those typical of standard bank relations with individual and corporate customers. In particular, no transactions occurred which may be considered unusual and/or uncharacteristic.
Policy as concerns the relations between various economic entities which make up the Group remained unchanged, and also the relationships with other related parties other than subsidiaries, associates and companies subject to joint control were unchanged. Normally, these transactions are regulated at market rates or are aligned with the most favourable conditions applied to personnel, when the necessary conditions exist.
The transactions entered into in the first half included the credit lines, granted at standard market terms, for a total of 116.5 million euro, including 105 million euro with a mortgage guarantee, in favour of Ente Holding S.r.l., a wholly-owned subsidiary of the Pension Fund of the former Sanpaolo IMI Group, included in related parties.

Stock option plan

214,623 new Intesa Sanpaolo ordinary shares, with regular rights were issued on 25th April 2007 following the exercise by the Management of the merged company SANPAOLO IMI and its subsidiaries, of corresponding subscription rights relative to a stock option plan approved by the Board of Directors of the

aforementioned Company on 17th December 2002, on the basis of the specific mandate conferred to the same Board by the Shareholders' Meeting of SANPAOLO IMI of 30th April 2002. This led to an increase in the ordinary share capital of Intesa Sanpaolo of 111,603.96 euro, as well as an increase in the share premium reserve of 379,410.54 euro.
Moreover, as already illustrated in the Annual report 2006, on 14th November 2005 the Board of Directors of SANPAOLO IMI had exercised the power delegated by the Shareholders' Meeting of 30th April 2002 to resolve upon a Stock option plan and assigned options to executives who held key positions within the Group. The plan – redetermined after the merger – following the resolution of the Shareholders' Meeting of 1st December 2006, provides for the assignment of 30,059,750 rights which may be exercised after the payment of the dividend for financial year 2008 and no later than 30th April 2012 at a price of 3.951 euro.

The stock granting plan

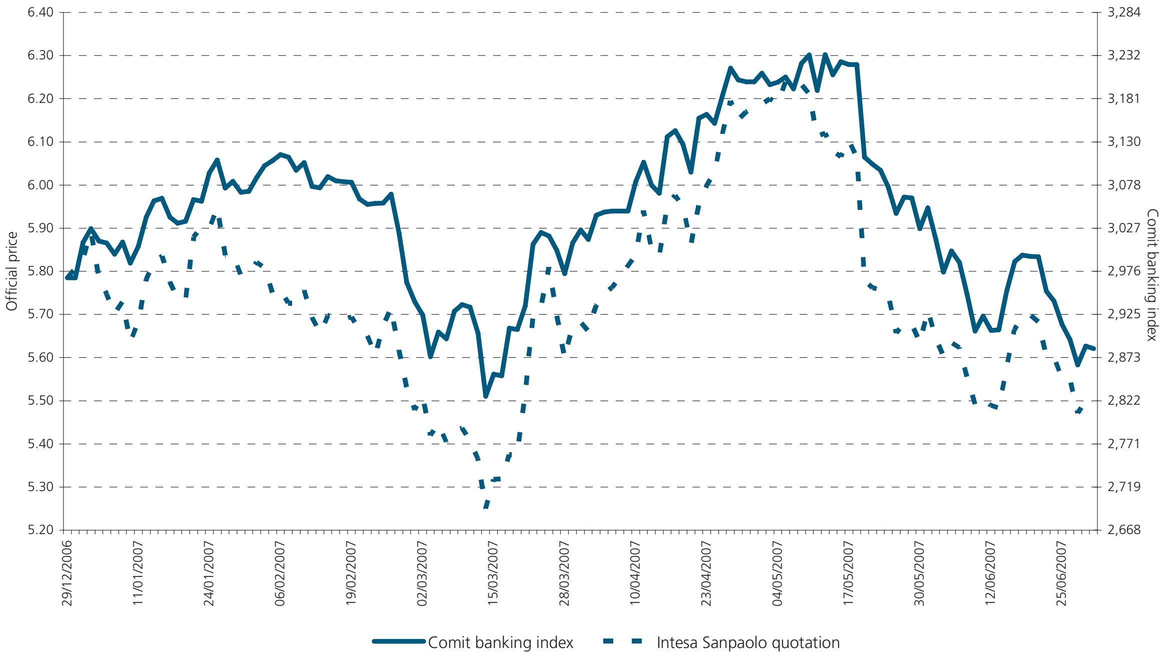
At the end of the first half of 2007, Intesa Sanpaolo concluded its programme for the free purchase and assignment of ordinary shares to employees, resolved upon by the Shareholders' meetings of 1st December 2006 and 3rd May 2007. The Italian subsidiaries involved in the plan also concluded their stock granting plan relative the Parent Company's shares resolved upon at their respective Meetings and similar in aims and terms to that of the Parent Company. More specifically, on 1st December 2006, the Shareholders' Meeting of the Bank had resolved upon the purchase of a maximum of 5,250,000 own ordinary shares to serve a free assignment plan of shares to the employees of Banca Intesa with an indefinite term contract, included in the Personnel Register within 31st December 2006 and in service as at 31st May 2007. These employees had each been assigned for free Intesa Sanpaolo ordinary shares for a maximum countervalue of 700 euro, reduced for cases of shorter period of service. The free assignment Plan approved by the Bank's Shareholders' Meeting of 3rd May 2007 and reserved to Bank employees coming from SANPAOLO IMI, integrated the similar resolution of 1st December 2006 and was reserved to all employees of Intesa Sanpaolo with an indefinite term contract, in service as the date of the set in motion of the Plan (4th May 2007) and already in service at SANPAOLO IMI as at 31st December 2006, save for specific exceptions. Beneficiaries of the Plan were attributed the faculty of requesting the free assignment of shares amounting to a countervalue between a minimum of 516.46 euro and a maximum of 2,065.83 euro depending on the position of each beneficiary of the Plan as at 31st December 2006; such request leads to a restructuring of the amount of the Company Productivity Bonus 2006 due to each employee. For the purpose of serving the Plan for former SANPAOLO IMI employees, the Ordinary Shareholders' Meeting authorised the purchase of further own shares up to a maximum number of 4,600,000. As regards Group companies, the Shareholders' Meetings of these companies authorised the purchase of Intesa Sanpaolo ordinary shares, to take place in the same period as indicated above for the Parent Company, for a maximum number of i) 891,225 shares relating to the companies controlled by Banca Intesa prior to the merger and ii) 3,000,000 shares relating to the companies controlled by SANPAOLO IMI prior to the merger.
From 28th May 2007, the date on which the programme was started, the Group, through Banca IMI, totally purchased – in compliance with provisions of the Italian Civil Code, the resolutions of the Shareholders' Meetings and according to operating methods set forth in the regulations providing for the organisation and management of markets – 10,293,907 Intesa Sanpaolo ordinary shares (equal to approximately 0.09% of the ordinary share capital), for a total countervalue of 57,719,618.04 euro; the Parent Company purchased 7,220,124 shares, for a countervalue of 40,485,219.07 euro. The shares were assigned to employees on 27th June.

Stock price performance

In a favourable European economic context, the Italian stock market registered a positive performance in the first half of the year (+2.9%) though lower than that of European markets in the same period (DJ Euro Stoxx index +9.9%).
The Italian banking industry, after a first positive phase driven by new M&A deals, recorded a negative performance, starting from mid-May due to the weakening of expectations of a further consolidation which led the sector index to close the first half of 2007 with a 2.8% reduction. The European banking industry showed a better performance, with a 3.8% progress in the same period.
The price of the Intesa Sanpaolo ordinary share registered – after the progressive decrease in the first two and half months of 2007 – a rapid acceleration between mid-March and the first ten days of May, also following the publication of the 2006 results of Banca Intesa and SANPAOLO IMI and of the 2007-2009

Business Plan, which led the share to reach levels approximately 7% higher than those of the beginning of the year. From the date of payment of the dividend the price returned to values lower than those of the beginning of the year and the first half closed with a 5.9% decline with respect to 2nd January 2007.
At the end of June 2007, the price of the Intesa Sanpaolo saving share recorded a 9% drop with respect to 2nd January 2007, thus increasing its discount with respect to the ordinary share to 6.5%, from approximately 3% at the beginning of the year.
As at 30th June 2007, the capitalisation of Intesa Sanpaolo amounted to 69.8 billion euro, compared to the 74.3 billion euro of 2nd January 2007.

Intesa Sanpaolo ordinary shares quotation and banking index



Earnings per share

Intesa Sanpaolo's share capital is made up of ordinary and saving shares which are reserved different rights in the allocation of net income, which have been considered in the determination of the portion of net income attributable to each category of share.
Net income attributable to each type of share was determined considering most recent dividends resolved upon for each type of share and then allocating the residual portion of net income, in the hypothetical assumption of its total distribution, to the same extent to all shares.
The indicator Earnings per share (EPS) is presented both in the "basic" and in the "diluted" formulation: basic EPS is calculated by dividing income theoretically attributable to holders of different categories of shares by the weighted average number of the shares outstanding; diluted EPS is calculated considering the dilutive effect of the forecast issues of ordinary shares, which, in any case, do not determine material effects and permit, therefore, the full convergence of the two ratios.

	30.06.2007		30.06.2006 (*)	
	Ordinary shares	Saving shares	Ordinary shares	Saving shares
Weighted average number of shares	11,839,261,873	932,412,064	5,988,713,686	932,490,561
Income attributable to the various categories of shares *(millions of euro)*	4,963	396	1,274	202
Basic EPS (*euro*)	0.42	0.42	0.21	0.22
Diluted EPS (*euro*)	0.42	0.42	0.21	0.22
Basic EPS annualised (**) (*euro*)	0.84	0.85	0.43	0.43
Diluted EPS annualised (**) (*euro*)	0.84	0.85	0.43	0.43

(*) Figures for 2006 refer to Gruppo Intesa and have not been restated to consider the merger.

(**) Net income is not indicative of forecast net income for the whole of 2007, since it is obtained by annualising net income for the period.

Price/book value

The index identifies the value attributed by the market to the share capital of a listed company and, therefore, indirectly to the entire value of its activities. Though it is affected by the exogenous factors which influence stock prices, the index measures the greater or lower confidence which financial analysts and the financial community have in the profitability prospects and the capital strength of the company. For the Intesa Sanpaolo Group, the index – calculated on average figures for the semester and at period-end – is influenced by the significant increase in shareholders' equity connected to the merger.

(in millions of euro)

	30.06.2007	1st half 2007	2006	2005	2004	2003	2002
Market capitalisation	69,787	73,325	33,724	26,258	20,414	17,140	16,856
Shareholders' equity	52,086	52,806	17,435	15,337	15,328	14,521	14,061
Price / book value	**1.34**	**1.39**	**1.93**	**1.71**	**1.33**	**1.18**	**1.20**

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

Rating

After the coming into effect of the merger with SANPAOLO IMI on 1st January 2007, Intesa Sanpaolo received confirmation of all ratings assigned to Banca Intesa and Fitch upgraded the Support Rating to 1 from 2.

In April, following the update of the methodology used to determine ratings, Moody's upgraded the rating on long-term debt (to Aa2 from Aa3) and downgraded the financial strength rating BFSR (to B- from B).

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

Projections for the whole year

The scenario expected for the rest of 2007 presents a deceleration in the growth of intermediated funds, consistent with the rise in interest rates enacted by monetary authorities in Europe and the forecast stabilisation in economic growth.

New uncertainties derive from the turbulences of interbank markets, which registered a significant repricing of risk following the explosion of defaults on the US subprime mortgage market. Greater attention to counterparty risk and a higher demand for liquidity from banks are emerging on the markets and are leading to a repositioning of euribor on the various maturities approximately 40-50 basis points higher than normal. The tensions on the monetary markets are decreasing liquidity in the other segments of the financial markets and in particular in that of corporate bonds. Monetary authorities immediately intervened to assist the market with extraordinary liquidity injections and will continue to provide support until the tensions ebb. Monetary policies will offset any unprogrammed tightening in financial conditions.

The global economic consequences will be less severe due to the considerable growth which is still experienced especially by Emerging Asia. Also for Europe, and Italy, risks appear to be contained since household debt is certainly more sustainable than in the United States and because there is no evident overpricing of real estate assets, with the sole exception of Spain.

A stabilisation in the growth of loans to enterprises is expected, although in the framework of a market situation still favourable for the development of economic activities and, therefore, of demand for loans to fund working capital, fixed investments and mergers & acquisitions. Demand for loans will be particularly selective as a consequence of the transformation under way in the Italian manufacturing sector, exposed to an increasing international competition. To face the new context more active companies will require further support from the banking and financial system through more traditional and more innovative forms of credit. Lending to households will continue to be weighed down by the upward trend in cost of loans, combined with the slowdown in real estate prices. Despite these limitative factors, household demand for loans will continue to be favoured by structural elements, such as the still limited use of consumer credit and the overall low level of indebtedness of Italian households. As concerns solvency, Italian households show better parameters than those from other European countries: for example the ratio of financial assets to financial liabilities equalled 6 in Italy compared to 2.7 of Germany and 3.3 of France.

Direct customer deposits and, in particular, more liquid deposits may temporarily benefit from current market turbulence. A deceleration of bonds is instead forecast, essentially as a result of the lower growth rate of long-term loans.

Asset management will record a somewhat limited development. Financial market uncertainties will determine greater prudence of final investors with an increase in their risk aversion. Assets managed by mutual funds, also due to a negative first half as concerns collections, are expected to record a very limited growth rate, in line with that recorded in 2006. The trend of life technical reserves will instead continue to benefit from structural factors, including the limited dimension of the supplementary pension plan market.

In 2007 bank financial statements should be satisfactory. Net interest income is expected to increase especially as a result of the positive trend of intermediated volumes and the improvement of unit margins. The trend of non-interest income should instead prove to be more contained than in the brilliant 2006, also reflecting portfolio recomposition in favour of assets which are not under management, the likely reduction of commissions (via competition and *ex lege*) applied to current accounts and to related services and pressure on margins on payment systems. The scenario referred to operating costs also forecasts a contained growth, in line with the trend of the most recent periods. Lastly, as regards net adjustments and prudential provisions, no particular changes with respect to 2006 are expected, also due to an economic context which favours risk containment due to the quality of loans to households and enterprises.

The outlook for 2007 is positive for the Intesa Sanpaolo Group, with an evolution of statement of income aggregates practically consistent with that of the system, described above and in line with the forecasts of the Business Plan. The economic result of the year, also due to the considerable non-recurring components, it expected to be particularly significant.

The Management Board

Milano, 11th September 2007

Consolidated financial statements

Consolidated balance sheet

(in millions of euro)

Assets	30.06.2007	31.12.2006 (*)
10. Cash and cash equivalents	2,949	1,895
20. Financial assets held for trading	81,557	46,328
30. Financial assets designated at fair value through profit and loss	20,987	-
40. Financial assets available for sale	40,966	5,518
50. Investments held to maturity	5,971	2,823
60. Due from banks	63,256	30,363
70. Loans to customers	332,519	190,830
80. Hedging derivatives	1,618	873
90. Fair value change of financial assets in hedged portfolios (+/-)	-	-1
100. Investments in associates and companies subject to joint control	3,063	2,183
110. Technical insurance reserves reassured with third parties	35	-
120. Property and equipment	4,809	2,928
130. Intangible assets	3,384	1,381
of which		
- goodwill	*2,686*	*926*
140. Tax assets	4,167	2,502
a) current	*1,753*	*1,100*
b) deferred	*2,414*	*1,402*
150. Non-current assets held for sale and discontinued operations	8,831	69
160. Other assets	8,738	4,089
Merger difference	20,255	-
Total Assets	**603,105**	**291,781**

(*) Figures relative to Gruppo Intesa.

(in millions of euro)

Liabilities and Shareholders' Equity	30.06.2007	31.12.2006 (*)
10. Due to banks	92,470	39,954
20. Due to customers	215,464	122,733
30. Securities issued	130,725	80,029
40. Financial liabilities held for trading	28,555	15,648
50. Financial liabilities designated at fair value through profit and loss	28,238	-
60. Hedging derivatives	1,878	1,878
70. Fair value change of financial liabilities in hedged portfolios (+/-)	-120	-
80. Tax liabilities	1,795	1,474
a) current	*774*	*903*
b) deferred	*1,021*	*571*
90. Liabilities associated with non-current assets held for sale and discontinued operations	8,181	63
100. Other liabilities	15,248	7,711
110. Employee termination indemnities	1,668	1,158
120. Allowances for risks and charges	3,993	2,115
a) post employment benefits	*507*	*310*
b) other allowances	*3,486*	*1,805*
130. Technical reserves	21,312	-
140. Valuation reserves	1,283	1,209
150. Reimbursable shares	-	-
160. Equity instruments	-	-
170. Reserves	6,096	5,226
Merger reserves	31,093	-
180. Share premium reserve	2,364	5,559
190. Share capital	6,647	3,613
200. Treasury shares (-)	-36	-
210. Minority interests (+/-)	892	852
220. Net income (loss)	5,359	2,559
Total Liabilities and Shareholders' Equity	**603,105**	**291,781**

(*) Figures relative to Gruppo Intesa.

Consolidated statement of income

(in millions of euro)

	First half 2007	First half 2006 (*)
10. Interest and similar income	12,037	4,742
20. Interest and similar expense	-6,834	-2,544
30. Interest margin	**5,203**	**2,198**
40. Fee and commission income	3,769	1,734
50. Fee and commission expense	-673	-200
60. Net fee and commission income	**3,096**	**1,534**
70. Dividend and similar income	629	352
80. Profits (Losses) on trading	324	174
90. Fair value adjustments in hedge accounting	19	8
100. Profits (Losses) on disposal or repurchase of	3	39
a) loans	*-29*	*-12*
b) financial assets available for sale	*42*	*42*
c) investments held to maturity	*-*	*-*
d) financial liabilities	*-10*	*9*
110. Profits (Losses) on financial assets and liabilities designated at fair value	56	-
120. Net interest and other banking income	**9,330**	**4,305**
130. Net losses / recoveries on impairment	-531	-240
a) loans	*-537*	*-278*
b) financial assets available for sale	*-11*	*-1*
c) investments held to maturity	*-*	*4*
d) other financial activities	*17*	*35*
140. Net income from banking activities	**8,799**	**4,065**
150. Net insurance premiums	892	-
160. Other net insurance income (expense)	-1,122	-
170. Net income from banking and insurance activities	**8,569**	**4,065**
180. Administrative expenses	-4,216	-2,243
a) personnel expenses	*-2,659*	*-1,338*
b) other administrative expenses	*-1,557*	*-905*
190. Net provisions for risks and charges	-215	-57
200. Net adjustments to / recoveries on property and equipment	-225	-118
210. Net adjustments to / recoveries on intangible assets	-171	-107
220. Other operating expenses (income)	73	151
230. Operating expenses	**-4,754**	**-2,374**
240. Profits (Losses) on investments in associates and companies subject to joint control	176	80
250. Valuation differences on property, equipment and intangible assets measured at fair value	-	-
260. Goodwill impairment	-	-
270. Profits (Losses) on disposal of investments	8	46
280. Income (Loss) before tax from continuing operations	**3,999**	**1,817**
290. Taxes on income from continuing operations	-1,382	-582
300. Income (Loss) after tax from continuing operations	**2,617**	**1,235**
Effect of purchase cost allocation (net of tax)	-200	-
310. Income (Loss) after tax from discontinued operations	3,006	299
320. Net income (loss)	**5,423**	**1,534**
330. Minority interests	-64	-58
340. Parent Company's net income (loss)	**5,359**	**1,476**
Basic EPS - Euro	**0.42**	**0.21**
Diluted EPS - Euro	**0.42**	**0.21**

(*) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

Changes in consolidated shareholders' equity as at 30th June 2007

(in millions of euro)

	30.06.2007													
	Share capital		Share premium reserve	Reserves		Merger reserves	Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other		available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2007 Gruppo Intesa														
- Group	**3,128**	**485**	**5,559**	**5,141**	**85**	**-**	**628**	**83**	**344**	**154**	**-**	**-**	**2,559**	**18,166**
- minority interests	**327**	**3**	**115**	**277**	**-**	**-**	**6**	**-**	**9**	**5**	**-**	**-**	**110**	**852**
EFFECTS OF THE MERGER														
Banca Intesa capital increase	3,033					31,093								**34,126**
Minority interests former Sanpaolo IMI Group	187		21	-6								-3	54	**253**
Intesa Sanpaolo Group treasury shares												-59		**-59**
AMOUNTS AS AT 1.1.2007 Intesa Sanpaolo Group														**-**
- Group	**6,161**	**485**	**5,559**	**5,141**	**85**	**31,093**	**628**	**83**	**344**	**154**	**-**	**-59**	**2,559**	**52,233**
- minority interests	**514**	**3**	**136**	**271**	**-**	**-**	**6**	**-**	**9**	**5**	**-**	**-3**	**164**	**1,105**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR														
Reserves														
- Group				**877**									**-877**	**-**
- minority interests				**66**									**-66**	**-**
Dividends and other allocations [a]													**-1,780**	**-1,780**
CHANGES IN THE PERIOD														
Changes in reserves														
- Group				**-5**	**-9**		**-102**	**152**	**-2**	**26**				**60**
- minority interests	**-124**		**-17**	**-44**			**-2**		**1**	**-3**				**-189**
Operations on shareholders' equity														
Issue of new shares														
- Group	1											52		**53**
- minority interests	7											3		**10**
Purchase of treasury shares														
- Group												-29		**-29**
- minority interests														
Extraordinary dividends			-3,195											**-3,195**
Changes in equity instruments														
Derivatives on treasury shares														
Stock options					7									**7**
Net income (loss) for the period														
- Group													**5,359**	**5,359**
- minority interests													**64**	**64**
SHAREHOLDERS' EQUITY AS AT 30.06.2007	**6,559**	**488**	**2,483**	**6,306**	**83**	**31,093**	**530**	**235**	**352**	**182**	**-**	**-36**	**5,423**	**53,698**
- Group	**6,162**	**485**	**2,364**	**6,013**	**83**	**31,093**	**526**	**235**	**342**	**180**	**-**	**-36**	**5,359**	**52,806**
- minority interests	**397**	**3**	**119**	**293**	**-**	**-**	**4**	**-**	**10**	**2**	**-**	**-**	**64**	**892**

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

Changes in consolidated shareholders' equity as at 30th June 2006

(in millions of euro)

	30.06.2006 (*)													
	Share capital		Share premium reserve	Reserves		Merger reserves	Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other		available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2006 Gruppo Intesa														
- Group	**3,111**	**485**	**5,510**	**3,660**	**85**	**-**	**389**	**-39**	**345**	**134**	**-**	**-**	**3,025**	**16,705**
- minority interests	**367**	**3**	**124**	**178**	**-**	**-**	**7**	**-2**	**11**	**6**	**-**	**-**	**107**	**801**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR														
Reserves														
- Group				**1,483**									**-1,483**	**-**
- minority interests				**59**									**-59**	**-**
Dividends and other allocations (a)													**-1,590**	**-1,590**
CHANGES IN THE PERIOD														
Changes in reserves														
- Group				**-5**			**73**	**136**	**3**	**-73**				**134**
- minority interests	**-50**		**-10**	**-6**				**1**	**-2**	**1**				**-66**
Operations on shareholders' equity														
Issue of new shares														
- Group	17		49											**66**
- minority interests														
Purchase of treasury shares														
- Group												-7		**-7**
- minority interests														
Extraordinary dividends														
Changes in equity instruments														
Derivatives on treasury shares														
Stock options														
Net income (loss) for the period														
- Group													**1,476**	**1,476**
- minority interests													**58**	**58**
SHAREHOLDERS' EQUITY AS AT 30.06.2006	**3,445**	**488**	**5,673**	**5,369**	**85**	**-**	**469**	**96**	**357**	**68**	**-**	**-7**	**1,534**	**17,577**
- Group	**3,128**	**485**	**5,559**	**5,138**	**85**	**-**	**462**	**97**	**348**	**61**	**-**	**-7**	**1,476**	**16,832**
- minority interests	**317**	**3**	**114**	**231**	**-**	**-**	**7**	**-1**	**9**	**7**	**-**	**-**	**58**	**745**

(*) Figures relative to Gruppo Intesa.

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

Consolidated statement of cash flows

(in millions of euro)

	30.06.2007	30.06.2006 (*)
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**4,789**	**3,426**
- net income (+/-)	5,423	1,534
- gains/losses on financial assets held for trading and on assets/liabilities designated at fair value through profit and loss (-/+)	-299	350
- gains/losses on hedging activities (-/+)	-19	-13
- net losses/recoveries on impairment (+/-)	673	416
- adjustments to/net recoveries on property, equipment and intangible assets (+/-)	595	242
- net provisions for risks and charges and other costs/revenues (+/-)	509	142
- net insurance premiums to be collected (-)	-2	-
- other insurance revenues/charges to be collected (-/+)	1,118	-
- taxes and duties to be settled (+)	-52	778
- net adjustments to/recoveries on disposal groups net of tax effect (-/+)	-	-
- other adjustments (+/-)	-3,157	-23
2. Cash flow from / used in financial assets	**-25,621**	**-11,041**
- financial assets held for trading	-12,683	-494
- financial assets designated at fair value through profit and loss	-56	-
- financial assets available for sale	320	-401
- due from banks: repayable on demand	-1,149	-2,680
- due from banks: other	-5,705	-240
- loans to customers	-8,839	-6,881
- other assets	2,491	-345
3. Cash flow from / used in financial liabilities	**21,602**	**8,895**
- due to banks: repayable on demand	3,227	1,897
- due to banks: other	12,944	2,953
- due to customers	4,794	3,723
- securities issued	1,699	3,745
- financial liabilities held for trading	3,513	-4,448
- financial liabilities designated at fair value through profit and loss	1,663	-
- other liabilities	-6,238	1,025
Net cash flow from (used in) operating activities	**770**	**1,280**
B. INVESTING ACTIVITIES		
1. Cash flow from	**4,843**	**910**
- sales of investments in associates and companies subject to joint control	89	120
- dividends collected on investments in associates and companies subject to joint control	22	22
- sales/reimbursements of investments held to maturity	-	661
- sales of property and equipment	7	96
- sales of intangible assets	-	3
- sales of subsidiaries and business branches	4,725	8
2. Cash flow used in	**-969**	**-764**
- purchases of investments in associates and companies subject to joint control	-53	-127
- purchases of investments held to maturity	-276	-326
- purchases of property and equipment	-148	-141
- purchases of intangible assets	-77	-73
- purchases of subsidiaries and business branches	-415	-97
Net cash flow from (used in) investing activities	**3,874**	**146**
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	-36	-7
- share capital increases	1	66
- dividend distribution and other	-4,943	-1,590
Net cash flow from (used in) financing activities	**-4,978**	**-1,531**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-334**	**-105**
RECONCILIATION		
Cash and cash equivalents at beginning of period	3,279	1,797
Net increase (decrease) in cash and cash equivalents	-334	-105
Cash and cash equivalents: foreign exchange effect	4	-73
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,949**	**1,619**

LEGENDA: (+) from (–) used in

(*) Figures relative to Gruppo Intesa.

(**) The figure relating to 1st January 2007 includes the Cash of the former Intesa Group and the former Sanpaolo IMI Group and is net of the Cash relating to the subsidiaries Cassa di Risparmio di Parma e Piacenza, Banca Popolare FriulAdria and the branches being disposed.

Accounting policies

Criteria for the preparation of the report

Declaration of compliance with international accounting standards

The Consolidated report of the Intesa Sanpaolo Group has been prepared in compliance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as provided for by Community Regulation 1606 of 19th July 2002.
The Consolidated report as at 30th June 2007 has been prepared based on the application of international accounting standards as set forth by Consob Resolution 11971 of 14th May 1999 and subsequent amendments and integrations. This Consolidated report as at 30th June 2007 complies with requirements of IAS 34 relative to interim reports. In particular, the Intesa Sanpaolo Group used the option of preparing the quarterly report in short form, instead of the full presentation required for the Annual report.
In the preparation of the Consolidated report as at 30th June 2007 the IAS/IFRS principles in force as at 30th June 2007 have been used (including SIC and IFRIC interpretation documents), as endorsed by the European Commission.
Reconta Ernst & Young reviewed this Consolidated report.
Intesa Sanpaolo's Parent Company financial statements, whose publication is required by Consob resolution 11971 and subsequent amendments and integrations, are included in the attachments to the present Report. Such financial statements have been prepared in compliance with the same accounting principles mentioned above.

General preparation principles

The Consolidated report as at 30th June 2007 is made up of the Balance sheet, the Statement of income, the Changes in shareholders' equity, the Statement of cash flows; the Report on operations has also been included.
In compliance with provisions of art. 5 of Legislative Decree 38/2005, the Consolidated report as at 30th June 2007 has been drawn up in euro as functional currency. The amounts indicated in the Consolidated financial statements and in the Report on operations are expressed in millions of euro, unless otherwise specified.
The Consolidated report as at 30th June 2007 is prepared with the application of the general principles set out by IAS 1 and the specific accounting principles endorsed by the European Commission, as well as in compliance with the general assumptions set forth by the Framework for the preparation and presentation of Financial Statements issued by IASB. The Consolidated report as at 30th June 2007 contains all information required by IAS 34, by current regulations and by Consob (public authority responsible for regulating the Italian securities market), in addition to other information which is not compulsory but is nonetheless deemed to be necessary in order to give a more complete representation of the Group's situation.
The Consolidated balance sheet as at 30th June 2007 presents components relative to non-current assets held for sale and discontinued operations, the captions relative to the 173 branches to be sold to Cariparma on 1st July as well as the captions of Biverbanca, in consideration of the agreement for the sale of the equity stake signed in June. The Consolidated statement of income as at 30th June 2007 includes in Income (Loss) after tax from discontinued operations, the economic components relative to the aforementioned transactions, and also those related to Cariparma and FriulAdria – sold on 1st March 2007 – and to 29 branches transferred to FriulAdria on 1st April 2007. Comparative figures for 2006 set out the past amounts of the former Gruppo Intesa restated, as concerns the statement of income – consistently with IFRS 5 – to consider the mentioned sales. The restatements of 2006 figures are illustrated in detail in the attachments.

Accounting Principles

The accounting principles adopted in the preparation of the Consolidated report as at 30th June 2007, for classification, recognition, measurement and derecognition of asset and liability captions, and the means of recognition of revenues and costs, have remained practically unchanged with respect to those adopted for Gruppo Intesa's Annual report 2006 to which, therefore, reference must be made. Such principles have been integrated by the accounting principles - illustrated hereafter - relative to the Insurance Assets and Liabilities and Financial Assets and Liabilities measured at fair value adopted by the Sanpaolo IMI Group. Furthermore, it must be noted that, as part of hedge accounting, portfolios of Financial Assets and Liabilities with fair value hedges include "core deposits", as permitted by IAS 39 endorsed by the European Commission.
It must be noted that as part of the integration between the two Groups the need for alignment of accounting processes and estimation criteria could emerge. In particular, with reference to financial assets and liabilities and financial activities in general, such processes will be progressively realised during the year, and in any case, in the Annual report 2007. Such alignments are not deemed to lead to significant changes. Before the definition of integrated financial management policies, management guidelines implemented by the two Groups were continued and therefore in this Consolidated report the means of classification of financial instruments and hedging policies and hedge accounting were not revised.
Furthermore, due to the integration the operating segments of the new Group have been revised as better specified in the chapter relative to Segment reporting.
Lastly, the coming into effect of the supplementary social security reform led to changes in the registration of Employee termination indemnities, also illustrated hereafter.

Insurance Assets and Liabilities

Insurance products

Products for which insurance risk is deemed significant include: temporary first branch death policies and income and mixed policies with guaranteed fixed conversion rates at the time of issue, and certain types of unit-linked policies and damage cover. As regards these products, IAS/IFRS substantially confirm the national accounting standards concerning insurance. In brief, IFRS 4 sets forth:

- gross premiums are to be recorded in the statement of income under income; they include all amounts matured during the period as a result of insurance contracts signed, net of cancellations; likewise, all premiums ceded to reinsurers are recorded under current period costs;
- if gross premiums are collected and recorded under income, the corresponding commitment towards the insured is accrued in mathematical reserves, such amount being calculated on a contract-by-contract basis using the prospective method taking into account demographic/financial assumptions currently used by the market;
- the insurance products entered under separate management are valued by applying "shadow accounting," whereby the differences between the book value and the market value of securities classified as available-for-sale investments are allocated to technical reserves as regards the insured parties' portion and to net equity as regards the insurance companies' portion. If, on the other hand, the securities are designated at fair value through profit and loss, the difference between the book value and the market value is recorded in the statement of income giving rise to a change in technical reserves equal to the amount of the insured parties' portion;
- the Group deems the discretional participation in profits (DPF) is equal to the rates for contractual reconveyance guaranteed in policies for insured parties;
- liabilities related to DPF products are given as a whole with no distinction between the guaranteed and discretional components.

Financial products included under separate management

Financial products included under separate management despite their not being subject to significant insurance risk, and which therefore contain discretionary profit-sharing features, include the majority of life policies and mixed first branch policies, as well as fifth branch capitalisation policies. These are accounted for according to the principles set forth in IFRS 4. These principles may be summarised as:

- the products are shown in the financial statements according to principles that are very similar to the principles that are locally in force on the subject; any premiums, payments and changes in technical reserves being recorded in the statement of income;

- the Group deems the discretionary profit-sharing features (DPF) are equal to the quotas for contractual reconveyance guaranteed in policies for insured parties;
- liabilities related to DPF products are given as a whole with no distinction between the guaranteed and discretionary components;
- the products are measured using shadow accounting.

Financial products not included under separate management

Financial products without a significant insurance risk and which are not included under separate management, and therefore do not envisage discretionary profit-sharing features, are stated in the financial statements as financial liabilities and are valued at fair value, on the basis of the envisaged option (Fair Value Option), or at amortised cost. These financial products essentially include index-linked policies and part of unit-linked policies, as well as policies with specific assets not included under separate management. These products are accounted for according to the principles set forth in IAS 39, as summarised below:

- the portion of index- and unit-linked policies that are considered investment contracts are measured at fair value, whereas the specific asset products not included under separate management are measured at amortised cost;
- the statement of income does not reflect the premiums relating to these products, but just the revenue components, represented by charges and commissions, and the cost components, comprising provisions and other charges; it also reflects the costs and revenues represented by the changes in the fair value of the liabilities incurred against these contracts. More specifically, the international accounting standards, contained in IAS 39 and 18, provide that, for the liabilities designated at fair value, income and costs relating to the products in question be identified and classified under two headings: (i) origination, to be recorded in the statement of income at the time the product is issued and (ii) investment and management services, to be amortised over the life of the product which depends on how the service is provided. In addition, as regards specific asset products not included under separate management, incremental cost and income items are included in the calculation of the amount to be amortised;
- the insurance component included in the index- and unit-linked products, where it can be unbundled, is independently valued and recorded.

Financial assets designated at fair value through profit and loss

IAS/IFRS endorsed by the European Commission enable the classification as financial instruments designated at fair value through profit and loss of any financial asset thus defined at the moment of acquisition, in compliance with the cases contemplated in the reference regulations.

In line with IASB indications, the Group essentially classified investments with respect to insurance polices where the total risk is borne by the policyholders in this category, thereby reducing or eliminating any "accounting biases" with the corresponding financial liabilities. This category also includes quotas of mutual funds and debt securities with incorporated derivatives or debt securities subject to financial hedging.

Financial liabilities designated at fair value through profit and loss

The Group exercised the fair value option for liabilities, designating insurance policies (with predominantly financial characteristics and investments under which total risk is borne by the insured parties) and certain issues of structured securities with characteristics similar to the former. Investments relating to such forms of deposits, as already noted, were also designated at fair value, thereby eliminating or considerably reducing "accounting biases" that would otherwise arise from measuring assets and liabilities on different bases. The effects of initial recognition of liabilities at fair value on the balance sheet are recorded in the statement of income.

Bonds issued by subsidiaries whose return is correlated to the performance of baskets of investment funds are also designated at fair value and recorded in the balance sheet under assets. The adoption of the fair value option for this category of structured financial instruments enables their recording in the financial statements on a basis that reflects the natural hedging approach taken through their structuring.

These liabilities are recorded at fair value as at the date of issue through the application of the fair value option, and include the value of any embedded derivatives, net of placement fees paid. The difference between the amounts collected upon issue, net of placement fees, and the fair value of the bonds at the date of issue is recorded in the statement of income on an accrual basis over the life of the bond.

Employee termination indemnities

In application of IAS 19 "Employee Benefits", Employee termination indemnities until 31st December 2006 was considered a "post employment benefit" classified as a "defined benefit plan". Therefore, it had to be recognised in the financial statements on the basis of the actuarial value determined using the "Projected Unit Credit Method".

Following the coming into effect of Legge Finanziaria 2007, which anticipated to 1st January 2007 the reform of supplementary social security as per Legislative Decree 252 of 5th December 2005, each employee had to decide to allocate the Employee termination indemnities under accrual as of 1st January 2007 either to forms of supplementary social security or to maintain it at the employer and be transferred by the latter to a specific fund managed by INPS (Social Security National Institute).

The coming into effect of the aforesaid reform led to a change in the accounting treatment of the fund with reference both to the amounts accrued until 31st December 2006, and to the amounts under accrual as of 1st January 2007.

In particular:

- Employee termination indemnities under accrual as of 1st January 2007 are considered a "defined contribution plan" irrespective of allocation by employee to supplementary social security, or to the Treasury allowance at INPS. Therefore, such amounts must be determined on the basis of amounts due without the application of actuarial calculation methodologies;
- Employee termination indemnities accrued as at 31st December 2006 continue to be considered a "defined benefit plan" with the consequent need to continue carrying out an actuarial valuation which however, with respect to the calculation methodology applied until 31st December 2006, no longer leads to the proportional attribution of the benefit to the employment period. This stems from the fact that the employment period to be measured is considered entirely accrued due to the change in the accounting nature of the amounts that will be accrued as of 1st January 2007.

Following the change in applicable regulations, Employee termination indemnities as at 31st December 2006 were recalculated according to the new actuarial methodology. The difference deriving from the actuarial recalculation is a reduction in the defined benefit plan and any gains or losses which arise (including actuarial components which were previously not recorded in application of the corridor approach), in application of IAS 19, are recorded in the statement of income. The positive effect, recorded in the statement of income as at 30th June 2007, amounted to 255 million euro before tax.

Consolidation area and consolidation methods

Consolidation area

The consolidated financial statements include Intesa Sanpaolo and the companies which it directly or indirectly controls and consider in the consolidation area – as specifically set out by the IAS/IFRS principles – also the companies operating in dissimilar sectors from the Parent Company, as well as private equity investments. Similarly, special purpose entities (SPE/SPV) are included when the requisite of effective control recurs, even if there is no direct or indirect stake in the company.

Companies are considered subsidiaries when Intesa Sanpaolo, directly or indirectly, holds more than half of the voting rights or when the Parent Company has a lower portion of voting rights but has the power to appoint the majority of directors of the company or determine its financial or operating policies. In the measurement of voting rights also "potential" rights are considered if they are currently exercisable or convertible into effective voting rights at any time.

Companies are considered to be subject to joint control if their voting rights and the control of their economic activities are equally shared by Intesa Sanpaolo, directly or indirectly, and another entity. Furthermore, a company is qualified as subject to joint control if, even though voting rights are not equally shared, control on its economic activities and its strategies is shared on the basis of contractual agreements.

Companies are considered associates, that is, subject to significant influence, when Intesa Sanpaolo, directly or indirectly, holds at least 20% of voting rights (including "potential" voting rights as described above) or when the Parent Company – despite a lower percentage of voting rights due to specific legal agreements such as the participation of voting syndicates – has the power of participating in the determination of the financial and operating policies of the company. The equity investment in the Bank of Italy, in which the Group holds a 42.3% stake, is an exception since, considering its peculiarity, it is not carried at equity, but maintained at cost.

Certain companies in which the Parent Company holds an equity stake exceeding 20% of voting share capital, and in any case of limited absolute amount, are excluded from the consolidation area and are classified in Financial assets available for sale since Intesa Sanpaolo, directly or indirectly, exclusively holds rights on a portion of the rewards of the investment, does not have access to management policies and may exercise limited governance rights to safeguard its economic interests.
Companies for which the shares have been received as pledges with voting rights are not consolidated, in consideration of the substance underlying the pledge, which has the purpose of guaranteeing loans and not of exercising control and direction over financial and economic policies in order to benefit from the economic return on the shares.
Furthermore, certain investments in subsidiaries, associates and companies subject to joint control are excluded from the consolidation area as they are immaterial.

With respect to the situation as at 31st December 2006 resulting from the Annual reports of Banca Intesa and SANPAOLO IMI, the acquisition of the American Bank of Albania, at the end of the first half of 2007, in addition to the already mentioned exits of Cassa di Risparmio di Parma e Piacenza and of Banca Popolare FriulAdria are to be recorded.
Moreover, it must be noted that in 2006 the former SANPAOLO IMI acquired Cassa dei Risparmi di Forlì, Panonska Banka and the Bank of Alexandria, in the fourth quarter, as well as Banca Italo Albanese in the second quarter.

Consolidation methods

The methods used for the consolidation of the figures of subsidiaries (*full consolidation*) and for the consolidation of associates and of companies subject to joint control (*equity method*) have remained unchanged from those adopted for Gruppo Intesa's Annual report 2006 to which, therefore, reference must be made.
The financial statements of the Parent Company and of other companies used to prepare the Consolidated report as at 30th June 2007 refer to the same date. In certain cases, for subsidiaries which are not material, the last official figures are used.
Where necessary – and without prejudice to absolutely marginal cases – the financial statements of consolidated companies, which are drawn up using different accounting criteria, are restated to be compliant with the standards used by the Group.
The financial statements of the companies which do not operate in the eurozone are translated into euro applying the spot exchange rate at period-end to the assets and liabilities in the balance sheet and the average exchange rate to the statement of income.
The following table provides a list of the companies included in the consolidation area as at 30th June 2007.

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
A. CONSOLIDATED COMPANIES						
	Parent Company					
	Intesa Sanpaolo S.p.A. Capital Euro 6,646,547,922.56 in shares of Euro 0.52	Torino				
A. 1 Companies subject to full consolidation						
1	American Bank of Albania Capital Usd 33,399,000.00 in shares of Euro 2.23	Tirana	1	Intesa Sanpaolo	80.00	
2	Anthracite Investments Plc [(c)]	Dublin	4	Intesa Sanpaolo	-	
3	Arten Sicav [(d)]	Luxembourg	4	EurizonLife	91.00	-
4	Atlantis Sociedad Anonima Capital ARP 3,489,505 in shares of ARP 1	Buenos Aires	1	Intesa Holding International Sudameris	18.75 81.25	
5	B.I. Private Equity Ltd Capital Euro 100,000 in shares of Euro 1	Dublin	1	Private Equity International	100.00	
6	Banca Caboto S.p.A. Capital Euro 482,464,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
7	Banca Cis S.p.A. Capital Euro 170,276,569.35 in shares of Euro 51.65	Cagliari	1	Intesa Sanpaolo Banca Intesa Mediocredito	44.63 55.37	
8	Banca Comerciala Sanpaolo Imi Bank Romania S.A. Capital Ron 140,000,000.00 in shares of Ron 10	Arad	1	Sanpaolo Imi Internazionale	98.65	
9	Banca di Trento e Bolzano S.p.A. Capital Euro 55,103,550.84 in shares of Euro 0.52	Trento	1	Intesa Sanpaolo Finanziaria BTB	8.29 62.96	
10	Banca d'Intermediazione Mobiliare I.M.I. S.p.A. Capital Euro 180,000,000.00 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
11	Banca Fideuram S.p.A. Capital Euro 186,255,207.16 in shares of Euro 0.19	Roma	1	Eurizon Financial Group	100.00	
12	Banca Imi Securities Corp Capital Usd 44,500,000 in shares of Usd 1,000	New York	1	Imi Capital Markets USA Corp.	100.00	
13	Banca Intesa (France) S.A. Capital Euro 160,270,853.25 in shares without nominal value	Paris	1	Intesa Sanpaolo	100.00	
14	Banca Intesa a.d., Beograd Capital RSD 13,136,100,000.00 in shares of RSD 100,000	Novi Beograd	1	Intesa Holding International	93.00	
15	Banca Intesa Infrastrutture e Sviluppo S.p.A. Capital Euro 346,300,000 in shares of Euro 1	Roma	1	Intesa Sanpaolo	100.00	
16	Banca Intesa Mediocredito S.p.A. Capital Euro 500,000,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
17	Banca Intesa Private Banking S.p.A. (then Intesa Sanpaolo Private Banking S.p.A.) Capital Euro 52,000,000 in shares of Euro 4	Milano	1	Intesa Sanpaolo	100.00	
18	Banca Italo Albanese Sh.A. Capital Usd 15,500,000 in shares of Usd 100,000	Tirana	1	Intesa Sanpaolo	80.00	100.00
19	Banca OPI S.p.A. Capital Euro 500,000,000 in shares of Euro 1,000	Roma	1	Intesa Sanpaolo	100.00	
20	Bank of Alexandria Capital EGP 800,000,000 in shares of EGP 5	Il Cairo	1	Intesa Sanpaolo	80.00	
21	Banka Koper d.d. Capital Euro 22,173,218.16 in shares of Euro 41.73	Koper	1	Intesa Sanpaolo	91.21	
22	Banque Privée Fideuram Wargny S.A. [(e)] Capital Euro 72,530,240 in shares of Euro 40	Paris	1	Financiere Fideuram	99.91	
23	BCI U.S. Funding LLC I [(f)] Capital USD 10,000,000 in "common shares" of USD 10,000	Wilmington (Delaware) (Dela	1	Intesa Sanpaolo	100.00	
24	BCI U.S. Funding LLC II [(g)] Capital Euro 27,500,000 in "common shares" of Euro 1,000	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
25	BCI U.S. Funding LLC III [(h)] Capital GBP 6,000,000 in "common shares" of GBP 1,000	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
26	BL Yachtclub Ltd. Capital subscribed HUF 3,000,000	Budapest	1	CIB Real Estate CIB Insurance Broker	96.67 3.33	
27	Canova Sicav [(d)]	Luxembourg	4	EurizonLife	100.00	-
28	Cards d.o.o. in liquidation Capital Euro 5.112,92	Skopje	1	PBZ Card	95.00	
29	Carifano - Cassa di Risparmio di Fano S.p.A. Capital Euro 77,289,674.04 in shares of Euro 5.16	Fano	1	Intesa Casse del Centro	30.00	86.63
30	Cassa dei Risparmi di Forlì e della Romagna S.p.A. (former Cassa dei Risparmi di Forlì S.p.A.) Capital Euro 95,544,526 in shares of Euro 1	Forlì	5	Intesa Sanpaolo	38.25	
31	Cassa di Risparmio della Provincia di Viterbo S.p.A. Capital Euro 49,407,056.31 in shares of Euro 0.51	Viterbo	1	Intesa Casse del Centro	75.81	82.02
32	Cassa di Risparmio di Ascoli Piceno S.p.A. Capital Euro 70,755,020 in shares of Euro 258.23	Ascoli Piceno	1	Intesa Casse del Centro	66.00	

	Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
33	Cassa di Risparmio di Biella e Vercelli S.p.A. (i) Capital Euro 117,500,000 in shares of Euro 1	Biella	1	Intesa Sanpaolo	55.00	
34	Cassa di Risparmio di Città di Castello S.p.A. Capital Euro 23,750,000 in shares of Euro 0.50	Città di Castello *(Perugia)*	1	Intesa Casse del Centro	82.19	
35	Cassa di Risparmio di Foligno S.p.A. Capital Euro 17,720,820 in shares of Euro 0.52	Foligno *(Perugia)*	1	Intesa Casse del Centro	70.47	
36	Cassa di Risparmio di Padova e Rovigo S.p.A. Capital Euro 628,869,000 in shares of Euro 10	Padova	1	Intesa Sanpaolo	100.00	
37	Cassa di Risparmio di Rieti S.p.A. Capital Euro 47,339,291 in shares of Euro 51.65	Rieti	1	Intesa Casse del Centro	85.00	
38	Cassa di Risparmio di Spoleto S.p.A. Capital Euro 35,070,334 in shares of Euro 1	Spoleto *(Perugia)*	1	Intesa Casse del Centro	59.44	
39	Cassa di Risparmio Terni e Narni S.p.A. Capital Euro 21,000,000 in shares of Euro 6	Terni	1	Intesa Casse del Centro	75.00	
40	Cassa di Risparmio di Venezia S.p.A. Capital Euro 254,536,000 in shares of Euro 10	Venezia	1	Intesa Sanpaolo	100.00	
41	Cassa di Risparmio in Bologna S.p.A. Capital Euro 586,930,000 in shares of Euro 10	Bologna	1	Intesa Sanpaolo	100.00	
42	Central-European International Bank Ltd. Capital HUF 40,500,000,000 in shares of HUF 1,000	Budapest	1	Intesa Holding International	100.00	
43	Centurion Financial Services Ltd. Capital BAM 1,173,415	Sarajevo	1	PBZ Card	100.00	
44	Centurion Financne Storitve d.o.o. Capital Euro 1,648,305.79	Ljubljana	1	Banka Koper PBZ Card	75.00 25.00	
45	CIB Car Trading Limited Liability Company Capital HUF 10,000,000	Budapest	1	CIB Credit	100.00	
46	CIB Credit Ltd Capital HUF 50,000,000 in shares of HUF 1,000,000	Budapest	1	CIB Leasing CIB Real Estate	98.00 2.00	
47	CIB Factor Financial Service Ltd. Capital HUF 103,500,000 in shares of HUF 100,000	Budapest	1	CIB REAL Property Utilisation and Services CIB Service Property Utilisation and Services	50.00 50.00	
48	CIB Insurance Broker Ltd. Capital HUF 10,000,000 in shares of HUF 10,000	Budapest	1	CIB Leasing	100.00	
49	CIB Inventory Management Limited Liability Company Capital HUF 100,000,000 in shares of HUF 1	Ujlengyel	1	Central-European International Bank	100.00	
50	CIB Investment Fund Management Ltd. Capital HUF 300,000,000 in shares of HUF 10,000	Budapest	1	Central-European International Bank CIB REAL Property Utilisation and Services	93.34 6.66	
51	CIB Leasing Ltd. Capital HUF 1,520,000,000 in shares of HUF 10,000	Budapest	1	CIB Rent Operative Leasing	100.00	
52	CIB Real Estate Ltd. Capital HUF 50,000,000 in shares of HUF 1,000,000	Budapest	1	CIB Leasing	100.00	
53	CIB REAL Property Utilisation and Services Ltd. Capital HUF 4,400,000,000 in shares of HUF 10,000	Budapest	1	Central-European International Bank CIB Service Property Utilisation and Services	26.00 74.00	
54	CIB Rent Operative Leasing Ltd. Capital HUF 800,000,000 in shares of HUF 4,444.44	Budapest	1	Central-European International Bank	100.00	
55	CIB Residential Property Leasing Ltd. Capital HUF 50,000,000 in shares of HUF 10,000	Budapest	1	CIB Credit	100.00	
56	CIB Service Property Utilisation and Services Ltd. Capital HUF 15,300,000,000 in shares of HUF 10,000	Budapest	1	Central-European International Bank	100.00	
57	CIL - FOOD 2006 Ltd Capital HUF 3,000,000	Budapest	1	CIB Leasing CIB Real Estate	50.00 50.00	
58	CIL Bajor Co. Ltd. Capital HUF 20,000,000 in shares of HUF 10,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00	
59	CIL Danubius Co. Ltd Capital HUF 20,000,000 in shares of HUF 10,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00	
60	CIL Nagyteteny Ltd. Capital HUF 3,000,000	Budapest	1	CIB Real Estate CIB Leasing	50.00 50.00	
61	CIL Vaci ut Property Utilisation Limited Liability Company Capital HUF 3,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00	
62	Cimabue Sicav (d)	Luxembourg	4	EurizonLife	100.00	-
63	Comit Investments (Ireland) Ltd Capital Euro 6,000 in shares of Euro 60 Capital GBP 1,000 in shares of GBP 1	Dublin	1	Intesa Sanpaolo	99.21	
64	Consumer Finance Holding a.s. Capital SKK 1,600,000,000	Kezmarok	1	Vseobecna Uverova Banka	100.00	
65	Consumer Financial Services S.r.l. Capital Euro 1,500,000	Bologna	1	Neos Banca	100.00	
66	Duomo Funding PLC Capital Euro 40,000	Dublin	4	Intesa Sanpaolo	-	

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
67	Eolo Investments B.V. (j)	Amsterdam	4	Eurizon Vita	-	
68	Eurizon Alternative Investments S.G.R. S.p.A. Capital Euro 6,500,000 in shares of Euro 100	Milano	1	Eurizon Capital SGR	100.00	
69	Eurizon Capital S.A. Capital Euro 5,000,000 in shares of Euro 100	Luxembourg	1	Eurizon Capital SGR	100.00	
70	Eurizon Capital S.G.R. S.p.A. Capital Euro 15,000,000 in shares of Euro 1	Milano	1	Eurizon Financial Group	100.00	
71	Eurizon Financial Group S.p.A. Capital Euro 116,000,000 in shares of Euro 0.10	Torino	1	Intesa Sanpaolo	100.00	
72	Eurizon Vita S.p.A. Capital Euro 294,822,508 in shares of Euro 1	Torino	1	Eurizon Financial Group	99.96	
73	EurizonLife Ltd Capital Euro 625,000 in shares of Euro 1	Dublin	1	Eurizon Vita	100.00	
74	EurizonTutela S.p.A. Capital Euro 27,912,258 in shares of Euro 1	Torino	1	Eurizon Vita	100.00	
75	Euro-Tresorerie S.A. Capital Euro 200,038,320 in shares of Euro 15.30	Paris	1	Financiere Fideuram	100.00	
76	Farbanca S.p.A. (i) Capital Euro 28,242,100 in shares of Euro 10	Bologna	5	Intesa Sanpaolo	19.33	
77	Fideuram Asset Management (Ireland) Ltd Capital Euro 1,000,000 in shares of Euro 1,000	Dublin	1	Banca Fideuram	100.00	
78	Fideuram Bank S.A. Capital Euro 30,000,000 in shares of Euro 1,225.94	Luxembourg	1	Banca Fideuram Eurizon Vita	99.99 0.01	
79	Fideuram Bank (Suisse) A.G. Capital CHF 15,000,000 in shares of CHF 1,000	Zurigo	1	Fideuram Bank	99.95	
80	Fideuram Fiduciaria S.p.A. Capital Euro 1,551,000 in shares of Euro 517	Roma	1	Banca Fideuram	100.00	
81	Fideuram Fund Bond Global Emerging Markets (d)	Luxembourg	4	Eurizon Vita	91.67	
82	Fideuram Fund Bond Global High Yield (d)	Luxembourg	4	Eurizon Vita	91.83	
83	Fideuram Fund Equity Europe (d)	Luxembourg	4	Eurizon Vita	88.60	
84	Fideuram Fund Equity Global Emerging Markets (d)	Luxembourg	4	Eurizon Vita	92.03	
85	Fideuram Fund Equity Italy (d)	Luxembourg	4	Eurizon Vita	90.30	
86	Fideuram Fund Equity Japan (d)	Luxembourg	4	Eurizon Vita	88.18	
87	Fideuram Fund Equity Pacific Ex Japan (d)	Luxembourg	4	Eurizon Vita	91.80	
88	Fideuram Fund Equity Usa (d)	Luxembourg	4	Eurizon Vita	85.59	
89	Fideuram Fund Equity Usa Growth (d)	Luxembourg	4	Eurizon Vita	67.34	
90	Fideuram Fund Equity Usa Value (d)	Luxembourg	4	Eurizon Vita	85.05	
91	Fideuram Fund Euro Bond Long Risk (d)	Luxembourg	4	Eurizon Vita	88.08	
92	Fideuram Fund Euro Bond Low Risk (d)	Luxembourg	4	Eurizon Vita	90.64	
93	Fideuram Fund Euro Bond Medium Risk (d)	Luxembourg	4	Eurizon Vita	91.84	
94	Fideuram Fund Euro Corporate Bond (d)	Luxembourg	4	Eurizon Vita	71.44	
95	Fideuram Fund Euro Defensive Bond (d)	Luxembourg	4	Eurizon Vita	65.50	
96	Fideuram Fund Euro Short Term (d)	Luxembourg	4	Eurizon Vita	82.23	
97	Fideuram Fund Europe Listed Consumer Discretionary Equity (d)	Luxembourg	4	Eurizon Vita	61.54	
98	Fideuram Fund Europe Listed Consumer Staples Equity (d)	Luxembourg	4	Eurizon Vita	91.35	
99	Fideuram Fund Europe Listed Energy Materials Utilities Equity (d)	Luxembourg	4	Eurizon Vita	92.39	
100	Fideuram Fund Europe Listed Financials Equity (d)	Luxembourg	4	Eurizon Vita	89.25	
101	Fideuram Fund Europe Listed Health Care Equity (d)	Luxembourg	4	Eurizon Vita	92.37	
102	Fideuram Fund Europe Listed Industrials Equity (d)	Luxembourg	4	Eurizon Vita	91.36	
103	Fideuram Fund Europe Listed T.T. Equity (d)	Luxembourg	4	Eurizon Vita	80.78	
104	Fideuram Fund Inflation Linked (d)	Luxembourg	4	Eurizon Vita	61.59	
105	Fideuram Fund Zero Coupon 2007 (d)	Luxembourg	4	Eurizon Vita	100.00	
106	Fideuram Fund Zero Coupon 2008 (d)	Luxembourg	4	Eurizon Vita	100.00	
107	Fideuram Fund Zero Coupon 2009 (d)	Luxembourg	4	Eurizon Vita	100.00	
108	Fideuram Fund Zero Coupon 2010 (d)	Luxembourg	4	Eurizon Vita	100.00	
109	Fideuram Fund Zero Coupon 2011 (d)	Luxembourg	4	Eurizon Vita	100.00	
110	Fideuram Fund Zero Coupon 2012 (d)	Luxembourg	4	Eurizon Vita	100.00	
111	Fideuram Fund Zero Coupon 2013 (d)	Luxembourg	4	Eurizon Vita	100.00	
112	Fideuram Fund Zero Coupon 2014 (d)	Luxembourg	4	Eurizon Vita	100.00	
113	Fideuram Fund Zero Coupon 2015 (d)	Luxembourg	4	Eurizon Vita	100.00	
114	Fideuram Fund Zero Coupon 2016 (d)	Luxembourg	4	Eurizon Vita	100.00	

	Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
115	Fideuram Fund Zero Coupon 2017 [d]	Luxembourg	4	Eurizon Vita	100.00	
116	Fideuram Fund Zero Coupon 2018 [d]	Luxembourg	4	Eurizon Vita	100.00	
117	Fideuram Fund Zero Coupon 2019 [d]	Luxembourg	4	Eurizon Vita	100.00	
118	Fideuram Fund Zero Coupon 2020 [d]	Luxembourg	4	Eurizon Vita	100.00	
119	Fideuram Fund Zero Coupon 2021 [d]	Luxembourg	4	Eurizon Vita	100.00	
120	Fideuram Fund Zero Coupon 2022 [d]	Luxembourg	4	Eurizon Vita	100.00	
121	Fideuram Fund Zero Coupon 2023 [d]	Luxembourg	4	Eurizon Vita	100.00	
122	Fideuram Fund Zero Coupon 2024 [d]	Luxembourg	4	Eurizon Vita	100.00	
123	Fideuram Fund Zero Coupon 2025 [d]	Luxembourg	4	Eurizon Vita	100.00	
124	Fideuram Fund Zero Coupon 2026 [d]	Luxembourg	4	Eurizon Vita	100.00	
125	Fideuram Fund Zero Coupon 2027 [d]	Luxembourg	4	Eurizon Vita	100.00	
126	Fideuram Fund Zero Coupon 2028 [d]	Luxembourg	4	Eurizon Vita	100.00	
127	Fideuram Fund Zero Coupon 2029 [d]	Luxembourg	4	Eurizon Vita	100.00	
128	Fideuram Fund Zero Coupon 2030 [d]	Luxembourg	4	Eurizon Vita	100.00	
129	Fideuram Fund Zero Coupon 2031 [d]	Luxembourg	4	Eurizon Vita	100.00	
130	Fideuram Fund Zero Coupon 2032 [d]	Luxembourg	4	Eurizon Vita	100.00	
131	Fideuram Fund Zero Coupon 2033 [d]	Luxembourg	4	Eurizon Vita	100.00	
132	Fideuram Fund Zero Coupon 2034 [d]	Luxembourg	4	Eurizon Vita	100.00	
133	Fideuram Fund Zero Coupon 2035 [d]	Luxembourg	4	Eurizon Vita	100.00	
134	Fideuram Fund Zero Coupon 2036 [d]	Luxembourg	4	Eurizon Vita	100.00	
135	Fideuram Fund Zero Coupon 2037 [d]	Luxembourg	4	Eurizon Vita	100.00	
136	Fideuram Gestions S.A. Capital Euro 10,000,000 in shares of Euro 100	Luxembourg	1	Banca Fideuram Eurizon Vita	99.94 0.06	
137	Fideuram Investimenti S.G.R. S.p.A. Capital Euro 25,850,000 in shares of Euro 517	Roma	1	Banca Fideuram	99.50	
138	Fideuram Wargny Gestion S.A.M. Capital Euro 2,500,000 in shares of Euro 100	Monaco	1	Banque Privée Fideuram Wargny	99.96	
139	FINAMERIS S.A. - Société d'Investissements et de Financements Immobiliers Capital Euro 762,245 in shares without nominal value	Paris	1	Banca Intesa (France)	99.99	
140	Financière Fideuram S.A. Capital Euro 236,761,600 in shares of Euro 25	Paris	1	Banca Fideuram	100.00	
141	Finanziaria B.T.B. S.p.A. Capital Euro 56,832,921.60 in shares of Euro 0.52	Trento	1	Intesa Sanpaolo	99.29	
142	Fin. OPI S.p.A. Capital Euro 150,000,000 in shares of Euro 5	Torino	1	Banca OPI	100.00	
143	Finor Leasing d.o.o. Capital Euro 2,045,000	Koper	1	Banka Koper	100.00	
144	Fondo Caravaggio Sicav [d]	Luxembourg	4	EurizonLife	100.00	-
145	Fondo Doppia Opportunità [d]	Luxembourg	4	EurizonLife	100.00	-
146	Friulcassa S.p.A. Capital Euro 180,263,000 in shares of Euro 10	Gorizia	1	Intesa Sanpaolo	100.00	
147	IE Befektetesi Alapkezelo Rt. Capital HUF 300,000,000 in shares of HUF 1,000,000	Budapest	1	Inter-Europa Bank	100.00	
148	IE-New York Broker Rt Capital HUF 20,025,000 in shares of HUF 75,000	Budapest	1	Inter-Europa Bank	100.00	
149	IE-Services Szolgaltato es Kereskedelmi Kft Capital HUF 1,050,000 in shares of HUF 1,000	Budapest	1	Inter-Europa Bank	100.00	
150	IMI Capital Markets USA Corp. Capital USD 5,000 in shares of USD 1	New York	1	IMI Investments	100.00	
151	IMI Finance Luxembourg S.A. Capital Euro 100,000 in shares of Euro 200	Luxembourg	1	IMI Investments	100.00	
152	IMI Investimenti S.p.A. Capital Euro 579,184,200 in shares of Euro 5	Bologna	1	Intesa Sanpaolo	100.00	
153	IMI Investments S.A. Capital USD 150,000,000 in shares of USD 1,000	Luxembourg	1	Banca IMI Banca IMI Securities	99.99 0.01	
154	Inter-Europa Bank Nyrt Capital HUF 5,438,750,000 in shares of HUF 1,000 Capital HUF 1,579,820,000 in shares of HUF 10,000	Budapest	1	Sanpaolo IMI Internazionale	100.00	
155	Inter-Europa Beruhazo Kft Capital HUF 7,078,700,000 in shares of HUF 1	Budapest	1	Inter-Europa Bank	100.00	
156	Inter Europa Ertekesitesi Kft. Capital HUF 30,000,000 in shares of HUF 1	Budapest	1	Inter-Europa Bank	100.00	

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
157	Intesa Bank Ireland Plc. Capital Euro 8,000,000 in shares of Euro 50	Dublin	1	Intesa Sanpaolo	100.00	
158	Intesa Bank Overseas Ltd. Capital USD 10,000,000 in shares of USD 1	Cayman Islands	1	Intesa Sanpaolo	100.00	
159	Intesa Casse del Centro S.p.A. Capital Euro 774,240,078 in shares of Euro 1	Spoleto	1	Intesa Sanpaolo	96.07	
160	Intesa Distribution International Services S.A. Capital Euro 1,500,000 in shares of Euro 25	Luxembourg	1	Intesa Distribution Services Société Européenne de Banque	99.97 0.03	
161	Intesa Distribution Services S.r.l.. Capital Euro 5,000,000	Milano	1	Intesa Sanpaolo	100.00	
162	Intesa Funding LLC Capital USD 10,000 in shares of USD 1	Wilmington (Delaware) (Dela	1	Intesa Sanpaolo	100.00	
163	Intesa Global Finance Company Ltd Capital Euro 100,000 in shares of Euro 1	Dublin	1	Intesa Holding International	100.00	
164	Intesa Holding International S.A. Capital Euro 2,897,558,699 in shares of Euro 311	Luxembourg	1	Intesa Sanpaolo	100.00	
165	Intesa Investimenti S.p.A. Capital Euro 1,000,000,000 in shares of Euro 1,000	Milano	1	Intesa Sanpaolo	100.00	
166	Intesa Lease Sec S.r.l. Capital Euro 60,000	Milano	1	Intesa Sanpaolo	60.00	
167	Intesa Leasing d.o.o. Beograd Capital Euro 5,350,000	Novi Beograd	1	Banca Intesa a.d., Beograd CIB Leasing	51.00 49.00	
168	Intesa Leasing S.p.A. Capital Euro 38,451,895.56 in shares of Euro 0.52	Milano	1	Intesa Sanpaolo	99.67	
169	Intesa Mediofactoring S.p.A. Capital Euro 220,000,000 in shares of Euro 100	Milano	1	Intesa Sanpaolo	100.00	
170	Intesa Preferred Capital Company L.L.C. [(k)] Capital Euro 46,000,000 in shares of Euro 1	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
171	Intesa Previdenza - Società di Intermediazione Mobiliare S.p.A. Capital 15,300,000 in shares of Euro 500	Milano	1	Intesa Sanpaolo	78.53	
172	Intesa Real Estate S.r.l. Capital Euro 4,625,000	Milano	1	Intesa Sanpaolo	100.00	
173	Intesa Sec. S.p.A. Capital Euro 100,000 in shares of Euro 100	Milano	1	Intesa Sanpaolo	60.00	
174	Intesa Sec. 2 S.r.l. Capital Euro 15,000	Milano	1	Intesa Sanpaolo	60.00	
175	Intesa Sec. 3 S.r.l. Capital Euro 70,000	Milano	1	Intesa Sanpaolo	60.00	
176	Intesa Sec. Npl S.p.A. Capital Euro 129,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	60.00	
177	Intesa Sec. Npl 2 S.r.l. Capital Euro 70,000	Milano	1	Intesa Sanpaolo	100.00	
178	IntesaBci Preferred Capital Company L.L.C. III [(l)] Capital Euro 11,000,000 in shares of Euro 1	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
179	IntesaBci Preferred Securities Investor Trust Capital Euro 1,000 in shares of Euro 1,000	Newark	1	IntesaBci Preferred Capital Company III	100.00	
180	IntesaTrade Sim S.p.A. Capital Euro 30,000,000 in shares of Euro 16	Milano	1	Intesa Sanpaolo	100.00	
181	Inversiones Mobiliarias S.A.- IMSA Capital PEN 26,666,332.83 in shares of PEN 0.03	Lima	1	Intesa Sanpaolo	99.82	
182	Invest Holding d.o.o. Capital HRK 30,000,000	Karlovac	1	Privredna Banka Zagreb	56.38	
183	KMB - Leasing Capital RUB 3,000,000 in shares of RUB 100	Moscow	1	KMB Bank	100.00	
184	KMB Bank Capital RUB 1,937,183,950 in shares of RUB 12,350	Moscow	1	Intesa Holding International	75.00	
185	LDV Holding B.V. Capital Euro 2,700,000 in shares of Euro 450	Amsterdam	1	IMI Investimenti	100.00	
186	Lelle SPC - Real Estate investment and trading co. Capital HUF 270,000,000 in shares of HUF 100,000	Budapest	1	CIB Real Estate CIB Insurance Broker	99.96 0.04	
187	Levanna Sicav [(d)]	Luxembourg	4	EurizonLife	100.00	-
188	Lima Sudameris Holding S.A. in liquidation Capital PEN 168,190,806.15 in shares of PEN 0.09	Lima	1	Intesa Sanpaolo IMSA	52.87 47.13	
189	LT Gospodarska Banka d.d. Capital KM 17,656,800	Sarajevo	1	Privredna Banka Zagreb	66.95	66.99
190	Lux Gest Asset Management S.A. (former Luxicav Conseil S.A.) Capital Euro 200,000 in shares of Euro 25	Luxembourg	1	Société Européenne de Banque	99.99	

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
191	Margit Business Center Limited Liability Company Capital HUF 221,000,000	Budapest	1	Central-European International Bank	100.00	
192	Medimurska Banka d.d. Capital HRK 127,900,000 in shares of HRK 400	Čakovec	1	Privredna Banka Zagreb	96.39	
193	Neos Banca S.p.A. Capital Euro 89,818,181.70 in shares of Euro 0.26	Bologna	1	Intesa Sanpaolo	99.49	
194	Neos Finance S.p.A. Capital Euro 52,018,308 in shares of Euro 6	Bologna	1	Neos Banca	100.00	
195	NHS Investments S.A. Capital Euro 168,000,000 in shares of Euro 1,000	Luxembourg	1	IMI Investimenti LDV Holding	99.99 0.01	
196	OOO Intesa Realty Russia Capital RUB 10,000	Moscow	1	Intesa Sanpaolo	100.00	
197	Panonska Banka A.D. Capital RSD 3,220,357,300 in shares of RSD 4,100	Novi Sad	1	Intesa Sanpaolo	96.64	
198	PBZ Card d.o.o. Capital HRK 50,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
199	PBZ Invest d.o.o. Capital HRK 5,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
200	PBZ Leasing d.o.o. Capital HRK 15,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
201	PBZ Nekretnine d.o.o. Capital HRK 3,000,000	Zagreb	1	Privredna Banka Zagreb	100.00	
202	PBZ Stambena stedionica d.d. Capital HRK 70,000,000 in shares of HRK 100	Zagreb	1	Privredna Banka Zagreb	100.00	
203	Private Equity International S.A. (#) Capital Euro 252,999,968 in shares of Euro 26	Luxembourg	1	Intesa Sanpaolo	100.00	
204	Privredna Banka Zagreb d.d. Capital HRK 1,907,476,900 in shares of HRK 100	Zagreb	1	Intesa Holding International	76.59	
205	Recovery a.s. Capital SKK 1,000,000 in shares of SKK 10,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
206	Romulus Funding Corporation Capital Euro 10,000	Delaware	4	Intesa Sanpaolo	-	
207	Sailview Company Ltd. Capital Euro 5,906,730 in shares of Euro 1.25	Dublin	1	Private Equity International	100.00	
208	Sanpaolo Banca dell'Adriatico S.p.A. Capital Euro 254,300,000 in shares of Euro 1	Pesaro	1	Intesa Sanpaolo	100.00	
209	Sanpaolo Banco di Napoli S.p.A. Capital Euro 800,000,000 in shares of Euro 10	Napoli	1	Intesa Sanpaolo	100.00	
210	Sanpaolo Bank S.A. Capital Euro 140,000,000 in shares of Euro 83.06	Luxembourg	1	Intesa Sanpaolo	100.00	
211	Sanpaolo Bank (Suisse) S.A. Capital CHF 20,000,000 in shares of CHF 500	Lugano	1	Sanpaolo Bank	99.98	
212	Sanpaolo Fiduciaria S.p.A. Capital Euro 1,032,000 in shares of Euro 5.16	Milano	1	Intesa Sanpaolo	100.00	
213	Sanpaolo IMI Bank (International) S.A. Capital Euro 172,238,000 in shares of Euro 5	Funchal	1	Intesa Sanpaolo	100.00	
214	Sanpaolo IMI Bank Ireland Plc Capital Euro 7,500,000 in shares of Euro 1	Dublin	1	Intesa Sanpaolo	100.00	
215	Sanpaolo IMI Capital Company I L.l.c. (m) Capital Euro 1,045,001,000	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
216	Sanpaolo IMI Fondi Chiusi S.G.R. S.p.A. Capital Euro 2,000,000 in shares of Euro 1,000	Bologna	1	IMI Investimenti	100.00	
217	Sanpaolo IMI Insurance Broker S.p.A. Capital Euro 204,000 in shares of Euro 1	Bologna	1	Intesa Sanpaolo	100.00	
218	Sanpaolo IMI International S.A. Capital Euro 768,000,000 in shares of Euro 384	Luxembourg	1	Intesa Sanpaolo	100.00	
219	Sanpaolo IMI Internazionale S.p.A. Capital Euro 103,678,000 in shares of Euro 1,000	Padova	1	Intesa Sanpaolo	100.00	
220	Sanpaolo IMI Investimenti per lo Sviluppo SGR S.p.A. Capital Euro 2,000,000 in shares of Euro 1,000	Napoli	1	IMI Investimenti	100.00	
221	Sanpaolo IMI US Financial Co. Capital USD 1,000 in shares of Euro 1	Wilmington (Delaware)	1	Intesa Sanpaolo	100.00	
222	Sanpaolo Immobiliere S.A. Capital Euro 250,000 in shares of Euro 25	Luxembourg	1	Sanpaolo Bank Eurizon Capital SA	99.99 0.01	
223	Sanpaolo Invest Ireland Ltd Capital Euro 500,000 in shares of Euro 1	Dublin	1	Banca Fideuram	100.00	
224	Sanpaolo Invest SIM S.p.A. Capital Euro 14,980,000 in shares of Euro 140	Roma	1	Banca Fideuram	100.00	

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
225	Sanpaolo Leasint S.p.A. Capital Euro 33,591,600 in shares of Euro 5.16	Milano	1	Intesa Sanpaolo	100.00	
226	Sanpaolo Real Estate S.A. Capital Euro 3,000,000 in shares of Euro 12	Luxembourg	1	Sanpaolo Bank Sanpaolo IMI International	99.99 0.01	
227	Scala Advisory S.A. Capital Euro 75,000 in shares of Euro 25	Luxembourg	1	Intesa Sanpaolo Société Européenne de Banque	99.97 0.03	
228	SEB Trust Limited Capital Euro 410,000 in shares of Euro 1	St Helier Jersey	1	Société Européenne de Banque	100.00	
229	SEP S.p.A. Capital Euro 1,560,000 in shares of Euro 0.52	Torino	1	Intesa Sanpaolo	100.00	
230	Servitia S.A. Capital Euro 1,500,000 in shares without nominal value	Luxembourg	1	Société Européenne de Banque	99.99	
231	Setefi S.p.A. Capital Euro 8,450,000 in shares of Euro 52	Milano	1	Intesa Sanpaolo	100.00	
232	Sirens B.V. [j]	Amsterdam	4	Eurizon Vita	-	
233	Società Italiana di Revisione e Fiduciaria – S.I.RE.F. S.p.A. Capital 2,600,000 in shares of Euro 0.52	Milano	1	Intesa Sanpaolo	100.00	
234	Société Européenne de Banque S.A. Capital Euro 45,000,000 in shares without nominal value	Luxembourg	1	Intesa Holding International	100.00	
235	SP Lux Sicav II [d]	Luxembourg	4	EurizonLife	99.00	-
236	Split 2 S.r.l. [n]	Treviso	4	Sanpaolo Leasint	-	
237	Sudameris S.A. Capital Euro 49,671,600 in shares without nominal value	Paris	1	Intesa Holding International	99.87	
238	Tiepolo Sicav [d]	Luxembourg	4	EurizonLife	100.00	-
239	Universo Servizi S.p.A. Capital Euro 19,894,740 in shares of Euro 1	Milano	1	EurizonVita Banca Fideuram Eurizon Capital SGR	90.48 4.76 4.76	
240	UPI Banka d.d. Capital BAM 22,900,000 in shares of BAM 100	Sarajevo	1	Intesa Holding International	81.18	
241	Vseobecna Uverova Banka a.s. Capital SKK 12,978,108,000	Bratislava	1	Intesa Holding International	96.49	
242	VUB Asset Management Sprav. Spol a.s. Capital SKK 50,000,000 in shares of SKK 100,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
243	VUB Factoring a.s. Capital SKK 67,194,000 in shares of SKK 9,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
244	VUB Leasingova a.s. Capital SKK 11,000,000 in shares of SKK 1,000,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
245	ZAO Banca Intesa Capital RUB 750,000 in shares of RUB 0.6	Moscow	1	Intesa Sanpaolo	100.00	

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

(b) Availability of votes in the Ordinary Shareholders' Meeting. Voting rights are recorded only when different to the percentage of capital investments.
(c) SDS - Società a Destinazione Specifica (Specified Company) for the issuing of debt securities (SIC 12).
(d) Collective investment structure in which the EurizonVita Group holds the majority of risk benefits (SIC 12).
(e) Company for which Banca Fideuram has initiated disposal (IFRS5).
(f) Taking into account the "Preferred shares" issued for $200.001.000 through BCI U.S. Funding Trust, the investment amounts to 4.76%.
(g) Taking into account the "Preferred shares" issued for 550.001.000 euro through BCI U.S. Funding Trust, the investment amounts to 4.76%.
(h) Taking into account the "Preferred shares" issued for £120.001.000 through BCI U.S. Funding Trust, the investment amounts to 4.76%.
(i) Company for which te Parent Company has initiated disposal (IFRS5).
(j) SDS - Società a Destinazione Specifica (Specified Company) for the issuing of structured products to cover Index-Linked products (SIC 12).
(k) Taking into account the "Preferred shares" issued for 200.000.000 euro, the investment amounts to 18.70%.
(l) Taking into account the "Preferred shares" issued for 500.001.000 euro, the investment amounts to 2.15%.
(m) Taking into account the "Preferred shares" issued for $1.045.001.000, the investment amounts to 4.31%.
(n) SDS - Società a Destinazione Specifica (Specified Company) for the securitisation of leasing loans (pursuant to Law 130 of 30 April 1999) (SIC 12).
(#) Companies from merchant banking activities.

Criteria for the preparation of segment reporting

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

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

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

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

Furthermore, each Business area has been attributed its allocated capital, represented by 6% of RWA (Risk Weighted Assets) with the exception of Eurizon Financial Group which, in consideration of the business performed, in addition to 6% of RWA, has also been allocated 0.2% of assets under management and capital absorbed by insurance risk.

Business area profitability has been expressed in terms of Return On Equity before tax, calculated as the ratio between each segment's income before tax from continuing operations and allocated capital.

Value creation is measured by EVA® (Economic Value Added), which represents the economic value generated in the period in favour of shareholders, that is, net income for the period that remains after the remuneration of shareholders' equity via the cost of capital. The latter represents the opportunity cost determined using the Capital Asset Pricing Model.

For the purposes of comparing performances, where necessary, the economic data relative to the first half of 2006 and balance sheet figures as at 31st December 2006 were reconstructed on a consistent basis to consider i) the revised operating segments following the merger between Banca Intesa and SANPAOLO IMI ii) the related transactions with Crédit Agricole and iii) the changes in the consolidation area and in business unit constituents.

Geographical areas which make up secondary segment reporting disclosures are defined on the basis of the territorial breakdown of Group activities and consider the economic and strategic importance, as well as the potential, of the reference markets. Secondary segments are identified by three geographic areas defined on the basis of the residence of the juridical entities which make up the Group: Italy, Europe and Rest of the world.

Other notes

The business combination between Banca Intesa and SANPAOLO IMI

As already illustrated in detail in the Consolidated report as at 31st March 2007, the merger between Banca Intesa and SANPAOLO IMI has been accounted for using IFRS 3 on business combinations. IFRS 3 requires that an acquirer be identified in any business combination. Banca Intesa – based on quantitative factors relative to the number of outstanding and newly-issued shares and the size of the two Groups, and since it was the entity which issued the shares – was identified as the acquirer as provided for by IFRS 3. Moreover, this principle requires that the cost of a business combination be determined as the sum of the fair value, at transaction date: (i) of assets sold, (ii) of liabilities undertaken and (iii) capital instruments issued by the acquirer in exchange of acquisition of control. To this value must be added (iv) costs directly attributable to the business combination. In the business combination between Intesa and SANPAOLO IMI, since Banca Intesa did not take over assets or liabilities, the cost of the acquisition is represented by the fair value at transaction date (that is from the date of the issue of new securities, which coincides with the date in which the merger came into legal effects), of shares which the surviving company, Banca Intesa, issued in exchange of the shares of the merged company SANPAOLO IMI. Since such shares were listed, the fair value of the Intesa share is represented by the stock price on the market (reference price) on the day before the date in which the merger came into legal effect.

The cost was therefore determined in 34,126 million euro to which the accessory costs of the transaction, equal to 77 million euro, must be added. This amount is compared with the consolidated shareholders' equity of the Sanpaolo IMI Group, which equalled 14,338 million euro, determining a "merger difference" in the consolidated financial statements of 19,865 million euro.

The cost of the business combination must be allocated to assets, liabilities and potential liabilities as well as to intangible assets not recorded in the balance sheet of the Sanpaolo IMI Group, within the limits of their fair value. After this allocation any further residual value must be recorded as goodwill, which will be subject to impairment test once a year.

Considering the complexity of this process, which requires valuations of several and diversified assets and liabilities of the entities that make up the acquired Group, accounting standards permit that the precise allocation of the cost be recorded within twelve months from the date of acquisition.

At the time of preparation of the present Half-year report the determination of the fair value of assets and liabilities and the purchase cost allocation process have not yet been completed. Only for information purposes - at consolidated level - the provisional estimates led to a revaluation of loans of approximately 0.9 billion euro and of real estate assets of approximately one billion euro as well as the recognition of new intangible assets (intangible assets with finite or indefinite useful life) of approximately eight billion euro. After an estimated fiscal effect of approximately three billion euro, the net residual value of the above-mentioned "merger difference", amounting to approximately 13 billion euro, will be recorded as goodwill. Such revaluations, as well as intangible assets with finite useful life, will produce negative effects in the 2007 statement of income, in terms of interest adjustments and amortisation, estimated at approximately 400 million euro net of tax (200 million euro in the first half of 2007). This amount is expected to decline progressively over the years.

Considering that estimates are provisional, in the Consolidated balance sheet as at 30th June 2007 the difference between acquisition cost and consolidated shareholders' equity of the Sanpaolo IMI Group has been recorded, like other consolidation effects, in the caption "Merger difference". Using the same approach, the estimated impacts of the above allocations on the Consolidated statement of income as at 30th June 2007 are recorded under the caption "Effect of purchase cost allocation, net of tax".

Lastly, it must be noted that the 31,093 million euro difference between the fair value of the shares issued on 1st January 2007 and the increase in nominal share capital to effect the exchange has been provisionally recorded in the caption "Merger reserves".

The sale of assets to Crédit Agricole

In the context of the merger between Banca Intesa and SANPAOLO IMI – as already illustrated in Banca Intesa's Annual report 2006 and in Intesa Sanpaolo's Consolidated report as at 31st March 2007 – the definition of relations with Crédit Agricole, a shareholder and member of the Voting Syndicate of Banca Intesa, was particularly important. On 11th October 2006 Banca Intesa signed an agreement with Crédit Agricole for the sale to the latter of the equity stakes in Cassa di Risparmio di Parma e Piacenza and in Banca Popolare FriulAdria as well as of 202 branches of Banca Intesa and/or its subsidiaries. As provided for by the agreement, on 1st March 2007 Intesa Sanpaolo and Crédit Agricole signed the contract for the purchase of the two equity stakes. Later, with effect as of 1st April 2007, Intesa Sanpaolo contributed 29 former Banca Intesa branches to FriulAdria. The resulting shares from the contribution were sold to Cariparma (which controls Banca Popolare FriulAdria and is controlled by Crédit Agricole) for a consideration of 136 million euro. A capital gain of approximately 68 million euro was recognised in Intesa Sanpaolo's consolidated statement of income for the second quarter of 2007. The remaining 173 former Banca Intesa branches under disposal have been contributed to Cariparma with effect as of 1st July 2007, whereas the resulting shares from the contribution have been sold partly to Crédit Agricole and partly to Fondazione Cariparma for a consideration of 1,194 million euro, with a capital gain exceeding 800 million euro to be recorded in Intesa Sanpaolo's consolidated statement of income for the third quarter of 2007.
In the preparation of the present Report, in applying IFRS 5, the aforementioned events – as already indicated – were considered by: i) recording the statement of income components for the first two months of 2007 of Cariparma and Banca Popolare FriulAdria before the deconsolidation and the capital gain realised in the caption Income/Loss after tax from discontinued operations; ii) registering the statement of income components pertaining to the branches under disposal on 1st April in the caption "Income/Loss after tax from discontinued operations" and iii) posting the balance sheet and statement of income components pertaining to the branches under disposal on 1st July 2007 in captions recording discontinued operations.

Provisions of the Italian Competition Authority

The Italian Competition Authority authorised the merger between Intesa and SANPAOLO IMI but set out further requirements, in addition to the aforementioned sales of assets to Crédit Agricole. In particular, additional requirements referred to the disposal of a further 197 branches and a line of business consisting of an organised set of activities and structures directed toward the production and management of insurance policies, represented by 1,133 branches. The effects of compliance to these requirements, programmed to occur in 2007, will be considered in future interim reports and in the Annual report 2007 in relation to the progressive definition of the terms and means with which sales will occur.
Furthermore, again following the provisions of the Italian Competition Authority, Intesa Sanpaolo and Crédit Agricole decided to unwind the partnership in the asset management field. Therefore, Intesa Sanpaolo will purchase from the French group the asset management activities formerly belonging to Nextra and sold to Crédit Agricole in December 2005. The effects of this purchase, which will be executed within 2007 or at the beginning of 2008, will also be considered in this interim reports and in the Annual report 2007 in relation to the progressive definition of the terms and means with which the transaction will occur.

Significant subsequent events

As already illustrated in the Report on operations, on 25th July 2007 Intesa Sanpaolo's Management Board and Supervisory Board resolved to proceed with the acquisition of control of Carifirenze. The agreement with Ente Cassa di Risparmio di Firenze, formalised on 27th July, provides for the acquisition on the part of Intesa Sanpaolo of 40.3% of Carifirenze's share capital held by Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio di La Spezia (the "Fondazioni") and Sofibar by means of a share swap of 399 million Intesa Sanpaolo ordinary shares to be purchased on the market once the relevant Shareholders' Meeting resolution is obtained, on the basis of the swap ratio of 1.194 Intesa Sanpaolo ordinary shares for each Carifirenze share. Intesa Sanpaolo - already owning approximately 18.6% in Carifirenze and in consequence of the aforementioned share swap - will reach 58.9% in the latter's share capital. Therefore, Intesa Sanpaolo will launch a public offer pursuant to art. 106 and art. 102 of Legislative Decree 58 of 24th February 1998 as subsequently amended ("Mandatory Public Offer") on the total shares of Carifirenze with voting rights not held, corresponding to 41.1% of the share capital of the issuer. The Mandatory Public Offer will have the objective of delisting Carifirenze to be carried out through the ways deemed most appropriate which might include the residual-acquisition public offer or, alternatively, a merger with a not listed company. Since the European Directive provisions on takeover bids will be shortly adopted in Italian regulations, a "European" Mandatory Public Offer will be launched on 41.1% of Carifirenze's capital wholly in cash at a price per share equal to the valuation price of Carifirenze share for the purpose of calculating the share swap ratio, that is at the price of 6.73 euro per share. In order to execute the share swap, the Management Board summoned the Ordinary Shareholders' Meeting for 28th September and 2nd October 2007, on first and second call respectively, to resolve upon the purchase of own shares. In the 15 days prior to the date of the Meeting relevant documents will be made available. Approximately, the share swap execution in favour of the Fondazioni is expected to take place by the end of this November or the beginning of this December while the launch of the Mandatory Public Offer is expected to occur this December to be concluded in January 2008. With respect to the purchase of own ordinary shares to serve this share swap, in order to minimise the exposure to their market price fluctuations, which could make the actual price of the transaction differ from the expected price, Intesa Sanpaolo has stipulated a cash-settled derivative contract with Banca Leonardo having as underlying asset the number of Intesa Sanpaolo ordinary shares included in the swap transaction.

Again as part of the process aimed at extending market presence, on 12th July 2007 Intesa Sanpaolo signed an agreement for the subscription of a capital increase to reach a 19.99% stake in Qingdao City Commercial Bank (QCCB) in China, for a total consideration of approximately 135 million dollars, i.e. approximately 0.34 dollars per newly-issued share, equal to 2.2 times QCCB's book value (shareholders' equity as at 31st December 2006 plus a capital increase of approximately 15 million dollars by local shareholders).

Lastly, at the beginning of August, within the framework of its Business Plan which sets forth a staff reduction of 6,500 people, an agreement with all the nine Trade Unions of the banking sector has been reached relating to a further recourse to the Solidarity Allowance (as per Ministerial Decree 158 of 2000 and Ministerial Decree 226 of 2006) on a voluntary basis for a staff reduction of 1,500 in 2008 and 800 in 2009. This activation is similar to that agreed upon on 1st December 2006 under which as at 1st July 2007, 4,200 employees made request of adhesion. Activation of the Solidarity Allowance will involve Intesa Sanpaolo Group employees who qualify for pension within 60 months.

For the purpose of ensuring an adequate service level: i) a number of apprentices will be recruited equal to 50% of the exits of the branch commercial staff; ii) apprentices - for a maximum of up to 50% of those in service as at 1st August 2007 - can be recruited under an indefinite-term contract after 24 months instead of the 48 months provided by law; iii) definite-term recruitment is envisaged to offset maternity leaves in the branch network and support the ICT migration process.

At the end of August, as part of a transaction with which Scotiabank aims to acquire a 100% stake in the capital of Banco del Desarollo, Intesa Sanpaolo signed the agreement with Scotiabank for the sale of its stake in Banco del Desarollo – equal to 15.7% of share capital – for a consideration of approximately 120 million euro, with a consequent capital gain of approximately 60 million euro to be recorded in the consolidated statement of income. The closing of the transaction, which is conditional on obtaining the necessary authorisations, is expected to occur next November.

Declaration of the Manager in charge of preparing the Company's financial reports

I hereby declare, pursuant to art. 154 bis, par. 2 of Legislative Decree 58/98, that the accounting figures contained in the present Report correspond to the records, books and accounts of the Company.

The Manager in charge of preparing
the Company's financial reports

B. Picca

Independent Auditors' Review on the Consolidated report as at 30th June 2007

ERNST & YOUNG

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AUDITORS' REVIEW REPORT ON THE CONSOLIDATED REPORT AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2007 PREPARED PURSUANT TO ARTICLE 81 OF THE CONSOB REGULATION ADOPTED BY THE RESOLUTION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

(Translation from the original Italian text)

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

1. We have reviewed the interim consolidated financial statements, consisting of the balance sheet, the statement of income, the statement of changes in shareholders' equity and the statement of cash flows (the "Statements") and the related explanatory notes, included in the consolidated report of Intesa Sanpaolo S.p.A. as of and for the six months ended June 30, 2007. The consolidated report is the responsibility of Intesa Sanpaolo S.p.A.'s management. Our responsibility is to issue this review report based on our review. We have also examined that part of the information included in the management's discussion and analysis of operations, solely for the purpose of evaluating its consistency with the remaining part of the six months consolidated report.

2. We conducted our review in accordance with auditing standards governing the review of interim financial statements recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. The review consisted mainly of obtaining information with respect to the accounts included in the Statements and the consistency of the accounting principles applied, through discussions with management, and analytical procedures applied to the financial data presented in such Statements. The review did not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities, and the scope of the work performed provides significant less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the six months consolidated report as we do in connection with reporting on our full scope audit of the annual consolidated financial statements.

3. With respect to the comparative data related to the consolidated financial statements of the preceding year, reference should be made to our audit report issued on March 29, 2007. As described in the explanatory notes, management, pursuant to IFRS 5, restated the comparative information related to the statement of income for the same period of the preceding year, on which we issued our review report on September 27, 2006. We have examined the method adopted to restate the comparative financial information for the same period of the preceding year for the purpose of our review of the consolidated report as of and for the six months ended June 30, 2007.

4. Based on our review, we are not aware of any significant modifications that should be made to the Statements and the related explanatory notes, identified in paragraph 1. above, in order for them to be in conformity with IAS 34 and with the criteria for the preparation of the six months consolidated report required by Article 81 of Consob Regulation as adopted in its Resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations.

Reconta Ernst & Young S.p.A.
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5. In section “Report on operations”, management presented certain additional 2006 comparative financial information, restated primarily to take into account the merger of Sanpaolo IMI S.p.A. into Banca Intesa S.p.A., to explain the trend of the period. We have not examined such financial information.

Turin, September 24, 2007

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

Attachments

Intesa Sanpaolo Parent Company's financial statements

Reconciliation between reclassified financial statements and official financial statements

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

Comparison of the reclassified statement of income for the first and the second quarter

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

Intesa Sanpaolo Parent Company's financial statements

Intesa Sanpaolo Parent Company's balance sheet

(in millions of euro)

Assets	30.06.2007	31.12.2006 (*)
10. Cash and cash equivalents	1,531	1,078
20. Financial assets held for trading	41,104	32,210
30. Financial assets designated at fair value through profit and loss	1,002	-
40. Financial assets available for sale	3,846	3,041
50. Investments held to maturity	2,492	-
60. Due from banks	105,175	48,746
70. Loans to customers	193,487	112,314
80. Hedging derivatives	1,134	644
90. Fair value change of financial assets in hedged portfolios (+/-)	-	-1
100. Equity investments	23,210	11,988
110. Property and equipment	2,830	1,501
120. Intangible assets	1,096	332
of which		
- goodwill	*610*	-
130. Tax assets	2,893	1,686
a) current	*1,531*	*776*
b) deferred	*1,362*	*910*
140. Non-current assets held for sale and discontinued operations	5,236	-
150. Other assets	4,681	2,669
Merger difference	22,262	-
Total Assets	**411,979**	**216,208**

(*) Figures relative to Banca Intesa.

(in millions of euro)

Liabilities and Shareholders' Equity	30.06.2007	31.12.2006 (*)
10. Due to banks	103,162	39,021
20. Due to customers	137,185	83,795
30. Securities issued	92,237	59,560
40. Financial liabilities held for trading	10,438	9,385
50. Financial liabilities designated at fair value through profit and loss	-	-
60. Hedging derivatives	2,330	1,670
70. Fair value change of financial liabilities in hedged portfolios (+/-)	-58	-
80. Tax liabilities	678	836
a) current	*444*	*590*
b) deferred	*234*	*246*
90. Liabilities associated with non-current assets held for sale and discontinued operations	4,621	-
100. Other liabilities	7,806	4,253
110. Employee termination indemnities	1,144	888
120. Allowances for risks and charges	2,701	1,477
a) post employment benefits	*275*	*117*
b) other allowances	*2,426*	*1,360*
130. Valuation reserves	1,764	1,610
140. Reimbursable shares	-	-
150. Equity instruments	-	-
160. Reserves	2,881	2,300
Merger reserves	31,093	-
170. Share premium reserve	2,364	5,559
180. Share capital	6,647	3,613
190. Treasury shares (-)	-	-
200. Net income (loss)	4,986	2,241
Total Liabilities and Shareholders' Equity	**411,979**	**216,208**

(*) Figures relative to Banca Intesa.

Intesa Sanpaolo Parent Company's statement of income

(in millions of euro)

	First half 2007	First half 2006 (*)
10. Interest and similar income	7,713	3,502
20. Interest and similar expense	-5,210	-2,148
30. Interest margin	**2,503**	**1,354**
40. Fee and commission income	1,857	1,210
50. Fee and commission expense	-164	-128
60. Net fee and commission income	**1,693**	**1,082**
70. Dividend and similar income	766	1,043
80. Profits (Losses) on trading	58	198
90. Fair value adjustments in hedge accounting	3	6
100. Profits (Losses) on disposal or repurchase of	29	26
a) loans	*-13*	*-12*
b) financial assets available for sale	*54*	*28*
c) investments held to maturity	*-*	*-*
d) financial liabilities	*-12*	*10*
110. Profits (Losses) on financial assets and liabilities designated at fair value	-	-
120. Net interest and other banking income	**5,052**	**3,709**
130. Net losses / recoveries on impairment	-268	-148
a) loans	*-291*	*-166*
b) financial assets available for sale	*-6*	*-1*
c) investments held to maturity	*-*	*-*
d) other financial activities	*29*	*19*
140. Net income from banking activities	**4,784**	**3,561**
150. Administrative expenses	-2,532	-1,641
a) personnel expenses	*-1,549*	*-986*
b) other administrative expenses	*-983*	*-655*
160. Net provisions for risks and charges	-166	-48
170. Net adjustments to / recoveries on property and equipment	-149	-76
180. Net adjustments to / recoveries on intangible assets	-138	-89
190. Other operating expenses (income)	353	195
200. Operating expenses	**-2,632**	**-1,659**
210. Profits (Losses) on equity investments	42	1
220. Valuation differences on property, equipment and intangible assets measured at fair value	-	-
230. Goodwill impairment	-	-
240. Profits (Losses) on disposal of investments	1	42
250. Income (Loss) before tax from continuing operations	**2,195**	**1,945**
260. Taxes on income from continuing operations	-680	-389
270. Income (Loss) after tax from continuing operations	**1,515**	**1,556**
Effect of purchase cost allocation (net of tax)	-68	-
280. Income (Loss) after tax from discontinued operations	3,539	85
290. Net income (loss)	**4,986**	**1,641**
Basic EPS - Euro	**0.39**	**0.24**
Diluted EPS - Euro	**0.39**	**0.24**

(*) Figures relative to Banca Intesa, restated in accordance to IFRS 5.

Intesa Sanpaolo Parent Company’s changes in shareholders’ equity as at 30th June 2007

(in millions of euro)

	30.06.2007													
	Share capital		Share premium reserve	Reserves		Merger reserves	Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other		available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2007 Banca Intesa	**3,128**	**485**	**5,559**	**2,215**	**85**	**-**	**554**	**69**	**987**	**-**	**-**	**-**	**2,241**	**15,323**
EFFECTS OF THE MERGER														
Banca Intesa capital increase	3,033					31,093								**34,126**
Intesa Sanpaolo treasury shares														
AMOUNTS AS AT 1.1.2007 Intesa Sanpaolo	**6,161**	**485**	**5,559**	**2,215**	**85**	**31,093**	**554**	**69**	**987**	**-**	**-**	**-**	**2,241**	**49,449**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR														
Reserves				**559**									**-559**	**-**
Dividends and other allocations [a]													**-1,682**	**-1,682**
CHANGES IN THE PERIOD														
Changes in reserves					**15**		**25**	**129**						**169**
Operations on shareholders' equity														
Issue of new shares	1													**1**
Purchase of treasury shares														**-**
Extraordinary dividends			-3,195											**-3,195**
Changes in equity instruments														
Derivatives on treasury shares														
Stock options					7									**7**
Net income (loss) for the period													**4,986**	**4,986**
SHAREHOLDERS' EQUITY AS AT 30.06.2007	**6,162**	**485**	**2,364**	**2,774**	**107**	**31,093**	**579**	**198**	**987**	**-**	**-**	**-**	**4,986**	**49,735**

[a] The caption includes dividends and the amount attributable to the Parent Company's Allowance for charitable contributions.

Intesa Sanpaolo Parent Company’s changes in shareholders’ equity as at 30th June 2006

(in millions of euro)

	30.06.2006 (*)												
	Share capital		Share premium reserve	Reserves		Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other	available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2006 Banca Intesa	**3,111**	**485**	**5,510**	**2,199**	**85**	**336**	**-26**	**987**	**-**	**-**	**-**	**1,564**	**14,251**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR													
Reserves				**22**								**-22**	**-**
Dividends and other allocations [a]												**-1,542**	**-1,542**
CHANGES IN THE PERIOD													
Changes in reserves				**-5**		**51**	**107**						**153**
Operations on shareholders' equity													
Issue of new shares	17		49										**66**
Purchase of treasury shares													
Extraordinary dividends													
Changes in equity instruments													
Derivatives on treasury shares													
Stock options													
Net income (loss) for the period												**1,641**	**1,641**
SHAREHOLDERS' EQUITY AS AT 30.06.2006	**3,128**	**485**	**5,559**	**2,216**	**85**	**387**	**81**	**987**	**-**	**-**	**-**	**1,641**	**14,569**

(*) Figures relative to Banca Intesa.

[a] The caption includes dividends and the amount attributable to the Parent Company's Allowance for charitable contributions.

Intesa Sanpaolo Parent Company's statement of cash flows

(in millions of euro)

	30.06.2007	30.06.2006 (*)
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**1,733**	**1,894**
- net income (+/-)	4,986	1,641
- gains/losses on financial assets held for trading and on assets/liabilities designated at fair value through profit and loss (-/+)	36	261
- gains/losses on hedging activities (-/+)	-3	-6
- net losses/recoveries on impairment (+/-)	155	235
- adjustments to/net recoveries on property, equipment and intangible assets (+/-)	287	165
- net provisions for risks and charges and other costs/revenues (+/-)	166	103
- taxes and duties to be settled (+)	680	449
- net adjustments/recoveries on disposal groups net of tax effect (-/+)	-	-
- other adjustments (+/-)	-4,574	-954
2. Cash flow from / used in financial assets	**-17,900**	**-2,779**
- financial assets held for trading	-4,193	1,456
- financial assets designated at fair value through profit and loss	154	-
- financial assets available for sale	113	-284
- due from banks: repayable on demand	980	-982
- due from banks: other	-7,654	-65
- loans to customers	-7,321	-3,322
- other assets	21	418
3. Cash flow from / used in financial liabilities	**16,035**	**1,443**
- due to banks: repayable on demand	4,854	501
- due to banks: other	9,353	788
- due to customers	2,300	294
- securities issued	-375	2,627
- financial liabilities held for trading	-139	-3,502
- financial liabilities designated at fair value through profit and loss	-	-
- other liabilities	42	735
Net cash flow from (used in) operating activities	**-132**	**558**
B. INVESTING ACTIVITIES		
1. Cash flow from	**5,354**	**1,095**
- sales of investments in associates and companies subject to joint control	89	127
- dividends collected on investments in associates and companies subject to joint control	554	920
- sales/reimbursements of investments held to maturity	-	-
- sales of property and equipment	7	48
- sales of intangible assets	-	-
- sales of subsidiaries and business branches	4,704	-
2. Cash flow used in	**-444**	**-335**
- purchases of investments in associates and companies subject to joint control	-297	-225
- purchases of investments held to maturity	-	-
- purchases of property and equipment	-70	-53
- purchases of intangible assets	-77	-57
- purchases of subsidiaries and business branches	-	-
Net cash flow from (used in) investing activities	**4,910**	**760**
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	-	-
- share capital increases	1	66
- dividend distribution and other	-4,877	-1,543
Net cash flow from (used in) financing activities	**-4,876**	**-1,477**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-98**	**-159**
RECONCILIATION		
Cash and cash equivalents at beginning of period (**)	1,629	1,098
Net increase (decrease) in cash and cash equivalents	-98	-159
Cash and cash equivalents: foreign exchange effect	-	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,531**	**939**

LEGENDA: (+) from (–) used in

(*) Figures relative to Banca Intesa.

(**) The figure relating to 1st January 2007 includes the Cash of the former Banca Intesa and the former SANPAOLO IMI and is net of Cash relating to the branches under disposal.

Reconciliation between reclassified financial statements and official financial statements

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

(in millions of euro)

Captions of the reclassified consolidated balance sheet Assets	Captions of the consolidated balance sheet - Assets	30.06.2007
Financial assets held for trading		81,557
	Caption 20 - Financial assets held for trading	*81,557*
Financial assets designated at fair value through profit and loss		20,987
	Caption 30 - Financial assets designated at fair value through profit and loss	*20,987*
Financial assets available for sale		40,966
	Caption 40 - Financial assets available for sale	*40,966*
Investments held to maturity		5,971
	Caption 50 - Investments held to maturity	*5,971*
Due from banks		63,256
	Caption 60 - Due from banks	*63,256*
Loans to customers		332,519
	Caption 70 - Loans to customers	*332,519*
Investments in associates and companies subject to joint control		3,063
	Caption 100 - Investments in associates and companies subject to joint control	*3,063*
Property, equipment and intangible assets		8,193
	Caption 120 - Property and equipment	*4,809*
	+ Caption 130 - Intangible assets	*3,384*
Tax assets		4,167
	Caption 140 - Tax assets	*4,167*
Non-current assets held for sale and discontinued operations		8,831
	Caption 150 - Non-current assets held for sale and discontinued operations	*8,831*
Other assets		13,340
	Caption 10 - Cash and cash equivalents	*2,949*
	+ Caption 160 - Other assets	*8,738*
	+ Caption 110 - Technical insurance reserves reassured with third parties	*35*
	+ Caption 80 - Hedging derivatives	*1,618*
	+ Caption 90 - Fair value change of financial assets in hedged portfolios	*-*
Merger difference		20,255
	Merger difference	*20,255*
Total Assets	**Total Assets**	**603,105**

Captions of the reclassified consolidated balance sheet Liabilities and Shareholders' Equity	Captions of the consolidated balance sheet - Liabilities and Shareholders' Equity	30.06.2007
Due to banks		92,470
	Caption 10 - Due to banks	*92,470*
Due to customers and securities issued		346,189
	Caption 20 - Due to customers	*215,464*
	+ Caption 30 - Securities issued	*130,725*
Financial liabilities held for trading		28,555
	Caption 40 - Financial liabilities held for trading	*28,555*
Financial liabilities designated at fair value through profit and loss		28,238
	Caption 50 - Financial liabilities designated at fair value through profit and loss	*28,238*
Tax liabilities		1,795
	Caption 80 - Tax liabilities	*1,795*
Liabilities associated with non-current assets held for sale and discontinued operations		8,181
	Caption 90 - Liabilities associated with non-current assets held for sale and discontinued operations	*8,181*
Other liabilities		17,006
	Caption 100 - Other liabilities	*15,248*
	+ Caption 60 - Hedging derivatives	*1,878*
	+ Caption 70 - Fair value change of financial liabilities in hedged portfolios	*-120*
Allowances for specific purpose		5,661
	Caption 110 - Employee termination indemnities	*1,668*
	Caption 120 - Allowances for risks and charges	*3,993*
Technical reserves		21,312
	Caption 130 - Technical reserves	*21,312*
Share capital		6,647
	Caption 190 - Share capital	*6,647*
Reserves (net of treasury shares)		8,424
	Caption 170 - Reserves	*6,096*
	Caption 180 - Share premium reserve	*2,364*
	– Caption 200 - Treasury shares	*-36*
Merger reserves		31,093
	Merger reserves	*31,093*
Valuation reserves		1,283
	Caption 140 - Valuation reserves	*1,283*
Minority interests		892
	Caption 210 - Minority interests	*892*
Net income (loss)		5,359
	Caption 220 - Net income (loss)	*5,359*
Total Liabilities and Shareholders' Equity	**Total Liabilities and Shareholders' Equity**	**603,105**

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

(in millions of euro)

Captions of the reclassified consolidated statement of income	Captions of the consolidated statement of income	30.06.2007
Net interest income		4,896
	Caption 30 - Interest margin	*5,203*
	- Caption 30 (partial) - Figurative cost for the funding of shares held for trading	*62*
	- Caption 30 (partial) - Contribution of insurance business	*-479*
	+ Caption 80 (partial) - Interest rate differentials on currency interest rate swap	*49*
	+ Caption 90 - Fair value adjustments in hedge accounting	*19*
	+ Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)	*106*
	+ Caption 180 a) (partial) - Personnel expenses (Time value employee termination indemnities)	*-42*
	+ Caption 190 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)	*-22*
Dividends		23
	Caption 70 - Dividend and similar income	*629*
	– Caption 70 (partial) - Contribution of insurance business	*-93*
	– Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading	*-513*
Profits (Losses) on investments carried at equity		141
	+ Caption 240 (partial) - Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	*141*
Net fee and commission income		3,219
	+ Caption 60 - Net fee and commission income	*3,096*
	- Caption 60 (partial) - Contribution of insurance business	*123*
Profits (Losses) on trading		770
	Caption 80 - Profits (Losses) on trading	*324*
	+ Caption 100 b) - Profits (Losses) on disposal or repurchase of financial assets available for sale	*42*
	+ Caption 100 d) - Profits (Losses) on disposal or repurchase of financial liabilities	*-10*
	+ Caption 110 - Profits (Losses) on financial assets and liabilities designed at fair value	*56*
	+ Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading	*513*
	- Caption 80 (partial) - Interest rate differentials on currency interest rate swap	*-49*
	+ Caption 30 (partial) - Figurative cost for the funding of shares held for trading	*-62*
	- Caption 80 (partial) - Contribution of insurance business	*-44*
Income from insurance business		263
	+ Caption 150 - Net insurance premiums	*892*
	+ Caption 160 - Other net insurance income (expense)	*-1,122*
	+ Caption 30 (partial) - Contribution of insurance business	*479*
	+ Caption 60 (partial) - Contribution of insurance business	*-123*
	+ Caption 70 (partial) - Contribution of insurance busines	*93*
	+ Caption 80 (partial) - Contribution of insurance business	*44*
Other operating income (expenses)		66
	Caption 220 - Other operating income (expenses)	*73*
	– Caption 220 (partial) - Other operating income (expenses) (Recovery of expenses and taxes and duties)	*-7*
Operating income		**9,378**
Personnel expenses		-2,565
	Caption 180a) - Personnel expenses	*-2,659*
	– Caption180 a) (partial) - Personnel expenses (merger and restructuring related charges)	*52*
	– Caption 180 a) (partial) - Personnel expenses (Time value employee termination indemnities and other captions)	*42*
Other administrative expenses		-1,479
	Caption 180b) - Other administrative expenses	*-1,557*
	– Caption180 b) (partial) - Other administrative expenses (merger and restructuring related charges)	*71*
	+ Caption 220 (partial) - Other operating income (expenses) (Recovery of expenses and taxes and duties)	*7*
Adjustments to property, equipment and intangible assets		-395
	Caption 200 - Net adjustments to/recoveries on property and equipment	*-225*
	+ Caption 210 - Net adjustments to/recoveries on intangible assets	*-171*
	– Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (impairment)	*1*
	– Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment)	*-*
Operating costs		**-4,439**
Operating margin		**4,939**
Goodwill impairment		-
	Caption 260 - Goodwill impairment	*-*
Net provisions for risks and charges		-193
	Caption 190 - Net provisions for risks and charges	*-215*
	– Caption 190 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)	*22*
Net adjustments to loans		-645
	Caption 100 a) - Profits (Losses) on disposal or repurchase of loans	*-29*
	+ Caption 130 a) - Net losses/recoveries on impairment of loans	*-537*
	– Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)	*-106*
	+ Caption 130 d) - Net losses/recoveries on impairment of other financial activities	*17*
	- Caption 130 d) (partial) - Net losses/recoveries on impairment of other financial assets	*10*
	+ Caption 220 (partial) - Other operating income (expenses) (Recovery of expenses)	*-*
Net impairment losses on other assets		-22
	Caption 130 b) - Net losses/recoveries on impairment of financial assets available for sale	*-11*
	+ Caption 130 c) - Net losses/recoveries on impairment of investments held to maturity	*-*
	+ Caption 130 d) (partial) - Net losses/recoveries on impairment of other financial assets	*-10*
	+ Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (impairment)	*-1*
	+ Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment)	*-*
Profits (Losses) on investments held to maturity and on other investments		43
	Caption 100 c) - Profits (Losses) on disposal or repurchase of investments held to maturity	*-*
	+ Caption 240 - Profits (Losses) on investments in associates and companies subject to joint control	*176*
	- Caption 240 - Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	*-141*
	+ Caption 270 - Profits (Losses) on disposal of investments	*8*
Income (Loss) before tax from continuing operations		**4,122**
Taxes on income from continuing operations		-1,425
	Caption 290 - Taxes on income from continuing operations	*-1,382*
	- Caption 290 (partial) - Taxes on income from continuing operations (merger and restructuring related charges)	*-43*
Merger and restructuring related charges (net of taxes)		-80
	+ Caption180 a) (partial) - Personnel expenses (merger and restructuring related charges)	*-52*
	+ Caption180 b) (partial) - Other administrative expenses (merger and restructuring related charges)	*-71*
	+ Caption 290 (partial) - Taxes on income from continuing operations (merger and restructuring charges)	*43*
Effect of purchase cost allocation (net of tax)		*-200*
Income (Loss) after tax from discontinued operations		3,006
	Caption 310 - Income (Loss) after tax from discontinued operations	*3,006*
Minority interests		-64
	Caption 330 - Minority interests	*-64*
Net income	**Caption 340 - Parent Company's net income (loss)**	**5,359**

Reconciliation between reclassified balance sheet and official balance sheet of the Parent Company Intesa Sanpaolo

(in millions of euro)

Captions of the reclassified balance sheet Assets	Captions of the balance sheet - Assets	30.06.2007
Financial assets held for trading		41,104
	Caption 20 - Financial assets held for trading	*41,104*
Financial assets designated at fair value through profit and loss		1,002
	Caption 30 - Financial assets designated at fair value through profit and loss	*1,002*
Financial assets available for sale		3,846
	Caption 40 - Financial assets available for sale	*3,846*
Investments held to maturity		2,492
	Caption 50 - Investments held to maturity	*2,492*
Due from banks		105,175
	Caption 60 - Due from banks	*105,175*
Loans to customers		193,487
	Caption 70 - Loans to customers	*193,487*
Equity investments		23,210
	Caption 100 - Equity investments	*23,210*
Property, equipment and intangible assets		3,926
	Caption 110 - Property and equipment	*2,830*
	+ *Caption 120 - Intangible assets*	*1,096*
Tax assets		2,893
	Caption 130 - Tax assets	*2,893*
Non-current assets held for sale and discontinued operations		5,236
	Caption 140 - Non-current assets held for sale and discontinued operations	*5,236*
Other assets		7,346
	Caption 10 - Cash and cash equivalents	*1,531*
	+ *Caption 150 - Other assets*	*4,681*
	+ *Caption 80 - Hedging derivatives*	*1,134*
	+ *Caption 90 - Fair value change of financial assets in hedged portfolios*	-
Merger difference		22,262
	Merger difference	*22,262*
Total Assets	**Total Assets**	**411,979**

Captions of the reclassified balance sheet Liabilities and Shareholders' Equity	Captions of the balance sheet - Liabilities and Shareholders' Equity	30.06.2007
Due to banks		103,162
	Caption 10 - Due to banks	*103,162*
Due to customers and securities issued		229,422
	Caption 20 - Due to customers	*137,185*
	+ *Caption 30 - Securities issued*	*92,237*
Financial liabilities held for trading		10,438
	Caption 40 - Financial liabilities held for trading	*10,438*
Financial liabilities designated at fair value through profit and loss		-
	Caption 50 - Financial liabilities designated at fair value through profit and loss	-
Tax liabilities		678
	Caption 80 - Tax liabilities	*678*
Liabilities associated with non-current		4,621
assets held for sale and discontinued operations	*Caption 90 - Liabilities associated with non-current assets held for sale and discontinued operations*	*4,621*
Other liabilities		10,078
	Caption 100 - Other liabilities	*7,806*
	+ *Caption 60 - Hedging derivatives*	*2,330*
	+ *Caption 70 - Fair value change of financial liabilities in hedged portfolios*	*-58*
Allowances for specific purpose		3,845
	Caption 110 - Employee termination indemnities	*1,144*
	Caption 120 - Allowances for risks and charges	*2,701*
Share capital		6,647
	Caption 180 - Share capital	*6,647*
Reserves (net of treasury shares)		5,245
	Caption 160 - Reserves	*2,881*
	Caption 170 - Share premium reserve	*2,364*
	– *Caption 190 - Treasury shares*	-
Merger reserves		31,093
	Merger reserves	*31,093*
Valuation reserves		1,764
	Caption 130 - Valuation reserves	*1,764*
Net income (loss)		4,986
	Caption 200 - Net income (loss)	*4,986*
Total Liabilities and Shareholders' Equity	**Total Liabilities and Shareholders' Equity**	**411,979**

Reconciliation between reclassified statement of income and official statement of income of the Parent Company Intesa Sanpaolo

(in millions of euro)

Captions of the reclassified statement of income	Captions of the statement of income	30.06.2007
Net interest income		2,575
	Caption 30 - Interest margin	*2,502*
	+ *Caption 70 (partial) - Dividend and similar income related to financing transactions*	*-*
	- *Caption 30 (partial) - Figurative cost for the funding of shares held for trading*	*13*
	+ *Caption 80 (partial) - Interest rate differentials on currency interest rate swap*	*48*
	+ *Caption 90 - Fair value adjustments in hedge accounting*	*3*
	+ *Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)*	*58*
	+ *Caption 150 a) (partial) - Personnel expenses (Time value employee termination indemnities)*	*-32*
	+ *Caption 160 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)*	*-17*
Dividends		554
	Caption 70 - Dividend and similar income	*766*
	– *Caption 70 (partial) - Dividend and similar income related to financing transactions*	*-*
	– *Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading*	*-212*
Net fee and commission income		1,693
	Caption 60 - Net fee and commission income	*1,693*
Profits (Losses) on trading		251
	Caption 80 - Profits (Losses) on trading	*58*
	+ *Caption 100 b) - Profits (Losses) on disposal or repurchase of financial assets available for sale*	*54*
	+ *Caption 100 d) - Profits (Losses) on disposal or repurchase of financial liabilities*	*-12*
	+ *Caption 110 - Profits (Losses) on financial assets and liabilities designated at fair value*	*-*
	+ *Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading*	*212*
	- *Caption 80 (partial) - Interest rate differentials on currency interest rate swap*	*-48*
	+ *Caption 30 (partial) - Figurative cost for the funding of shares held for trading*	*-13*
Other operating income (expenses)		346
	Caption 190 - Other operating income (expenses)	*353*
	– *Caption 190 (partial) - Other operating income (expenses) (Recovery of expenses)*	*-7*
Operating income		**5,419**
Personnel expenses		-1,490
	Caption 150 a) - Personnel expenses	*-1,549*
	- *Caption 150 a) (partial) - Personnel expenses (merger and restructuring related charges)*	*27*
	– *Caption 150 a) (partial) - Personnel expenses (Time value employee termination indemnities)*	*32*
Other administrative expenses		-909
	Caption 150b) - Other administrative expenses	*-983*
	- *Caption 150 b) (partial) - Other administrative expenses (merger and restructuring related charges)*	*67*
	+ *Caption 190 (partial) Other operating income (expenses) (Recovery of expenses)*	*7*
Adjustments to property,		-287
equipment and intangible assets	*Caption 170 - Net adjustments to/recoveries on property and equipment*	*-149*
	+ *Caption 180 - Net adjustments to/recoveries on intangible assets*	*-138*
	– *Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (impairment)*	*-*
	– *Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (impairment)*	*-*
Operating costs		**-2,686**
Operating margin		**2,733**
Goodwill impairment		-
	Caption 230 - Goodwill impairment	*-*
Net provisions for risks and charges		-149
	Caption 160 - Net provisions for risks and charges	*-166*
	– *Caption 160 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)*	*17*
Net adjustments to loans		-333
	Caption 100 a) - Profits (Losses) on disposal or repurchase of loans	*-13*
	+ *Caption 130 a) - Net losses/recoveries on impairment of loans*	*-291*
	– *Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)*	*-58*
	+ *Caption 130 d) - Net losses/recoveries on impairment of other financial activities*	*29*
Net impairment losses on other assets		-5
	Caption 130 b) - Net losses/recoveries on impairment of financial assets available for sale	*-5*
	+ *Caption 130 c) - Net losses/recoveries on impairment of investments held to maturity*	*-*
	+ *Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (impairment)*	*-*
	+ *Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (impairment)*	*-*
Profits (Losses) on investments held to maturity		43
and on other investments	*Caption 100 c) - Profits (Losses) on disposal or repurchase of investments held to maturity*	*-*
	+ *Caption 240 - Profits (Losses) on disposal of investments*	*1*
	+ *Caption 210 - Profits (Losses) on equity investments*	*42*
	+ *Caption 220 - Valuation differences on property, equipment and intangible assets measured at fair value*	*-*
Income (Loss) before tax from continuing operations		**2,289**
Taxes on income from continuing operations		-713
	Caption 260 - Taxes on income from continuing operations	*-680*
	- *Caption 260 (partial) - Taxes on income from continuing operations (merger and restructuring related charges)*	*-33*
Merger and restructuring related charges		-61
(net of taxes)	+ *Caption 150 a) (partial) - Personnel expenses (merger and restructuring related charges)*	*-27*
	+ *Caption 150 b) (partial) - Other administrative expenses (merger and restructuring related charges)*	*-67*
	+ *Caption 260 (partial) - Taxes on income from continuing operations (merger and restructuring related charges)*	*33*
Effect of purchase cost allocation (net of tax)		-68
Income (Loss) after tax from discontinued operations		3,539
	Caption 280 - Income (Loss) after tax from discontinued operations	*3,539*
Net income	**Caption 290 - Net income (loss)**	**4,986**

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

Reconciliation between consolidated statement of income as at 30th June 2006 of the Intesa Sanpaolo Group and figures restated according to IFRS 5

(in millions of euro)

		30.06.2006 published (*)	Impact of IFRS 5 adoption	30.06.2006
10.	Interest and similar income	5,359	-617	4,742
20.	Interest and similar expense	-2,719	175	-2,544
30.	**Interest margin**	**2,640**	**-442**	**2,198**
40.	Fee and commission income	2,058	-324	1,734
50.	Fee and commission expense	-213	13	-200
60.	**Net fee and commission income**	**1,845**	**-311**	**1,534**
70.	Dividend and similar income	379	-27	352
80.	Profits (Losses) on trading	188	-14	174
90.	Fair value adjustments in hedge accounting	13	-5	8
100.	Profits (Losses) on disposal or repurchase of	43	-4	39
	a) loans	*-12*	-	*-12*
	b) financial assets available for sale	*44*	*-2*	*42*
	c) investments held to maturity	-	-	-
	d) financial liabilities	*11*	*-2*	*9*
110.	Profits (Losses) on financial assets and liabilities designated at fair value	-	-	-
120.	**Net interest and other banking income**	**5,108**	**-803**	**4,305**
130.	Net losses / recoveries on impairment	-283	43	-240
	a) loans	*-318*	*40*	*-278*
	b) financial assets available for sale	*-4*	*3*	*-1*
	c) investments held to maturity	*4*	-	*4*
	d) other financial activities	*35*	-	*35*
140.	**Net income from banking activities**	**4,825**	**-760**	**4,065**
150.	Net insurance premiums	-	-	-
160.	Other net insurance income (expense)	-	-	-
170.	**Net income from banking and insurance activities**	**4,825**	**-760**	**4,065**
180.	Administrative expenses	-2,597	354	-2,243
	a) personnel expenses	*-1,577*	*239*	*-1,338*
	b) other administrative expenses	*-1,020*	*115*	*-905*
190.	Net provisions for risks and charges	-66	9	-57
200.	Net adjustments to / recoveries on property and equipment	-132	14	-118
210.	Net adjustments to / recoveries on intangible assets	-110	3	-107
220.	Other operating expenses (income)	192	-41	151
230.	**Operating expenses**	**-2,713**	**339**	**-2,374**
240.	Profits (Losses) on investments in associates and companies subject to joint control	82	-2	80
250.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-
260.	Goodwill impairment	-	-	-
270.	Profits (Losses) on disposal of investments	47	-1	46
280.	**Income (Loss) before tax from continuing operations**	**2,241**	**-424**	**1,817**
290.	Taxes on income from continuing operations	-750	168	-582
300.	**Income (Loss) after tax from continuing operations**	**1,491**	**-256**	**1,235**
310.	Income (Loss) after tax from discontinued operations	43	256	299
320.	**Net income (loss)**	**1,534**	**-**	**1,534**
330.	Minority interests	-58	-	-58
340.	**Parent Company's net income (loss)**	**1,476**	**-**	**1,476**

(*) Figures originally published in Gruppo Intesa's Consolidated Report as at 30th June 2006.

Reconciliation between statement of income as at 30th June 2006 of the Parent Company Intesa Sanpaolo and figures restated according to IFRS 5

(in millions of euro)

		30.06.2006 published (*)	Impact of IFRS 5 adoption	30.06.2006
10.	Interest and similar income	3,641	-139	3,502
20.	Interest and similar expense	-2,160	12	-2,148
30.	**Interest margin**	**1,481**	**-127**	**1,354**
40.	Fee and commission income	1,317	-107	1,210
50.	Fee and commission expense	-131	3	-128
60.	**Net fee and commission income**	**1,186**	**-104**	**1,082**
70.	Dividend and similar income	1,043	-	1,043
80.	Profits (Losses) on trading	198	-	198
90.	Fair value adjustments in hedge accounting	6	-	6
100.	Profits (Losses) on disposal or repurchase of	26	-	26
	a) loans	*-12*	-	*-12*
	b) financial assets available for sale	*28*	-	*28*
	c) investments held to maturity	-	-	-
	d) financial liabilities	*10*	-	*10*
110.	Profits (Losses) on financial assets and liabilities designated at fair value	-	-	-
120.	**Net interest and other banking income**	**3,940**	**-231**	**3,709**
130.	Net losses / recoveries on impairment	-153	5	-148
	a) loans	*-171*	*5*	*-166*
	b) financial assets available for sale	*-1*	-	*-1*
	c) investments held to maturity	-	-	-
	d) other financial activities	*19*	-	*19*
140.	**Net income from banking activities**	**3,787**	**-226**	**3,561**
150.	Administrative expenses	-1,729	88	-1,641
	a) personnel expenses	*-1,042*	*56*	*-986*
	b) other administrative expenses	*-687*	*32*	*-655*
160.	Net provisions for risks and charges	-48	-	-48
170.	Net adjustments to / recoveries on property and equipment	-76	-	-76
180.	Net adjustments to / recoveries on intangible assets	-89	-	-89
190.	Other operating expenses (income)	200	-5	195
200.	**Operating expenses**	**-1,742**	**83**	**-1,659**
210.	Profits (Losses) on investments in associates and companies subject to joint control	1	-	1
220.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-
230.	Goodwill impairment	-	-	-
240.	Profits (Losses) on disposal of investments	42	-	42
250.	**Income (Loss) before tax from continuing operations**	**2,088**	**-143**	**1,945**
260.	Taxes on income from continuing operations	-447	58	-389
270.	**Income (Loss) after tax from continuing operations**	**1,641**	**-85**	**1,556**
280.	Income (Loss) after tax from discontinued operations	-	85	85
340.	**Net income (loss)**	**1,641**	**-**	**1,641**

(*) Figures originally published in Gruppo Intesa's Consolidated Report as at 30th June 2006.

Comparison of the reclassified statement of income for the first and the second quarter

Comparison between the reclassified consolidated statement of income for the first and the second quarter of 2007 of the Intesa Sanpaolo Group and for the first and the second quarter of 2006 of Gruppo Intesa

(in millions of euro)

	2007		2006 (*)	
	Second quarter	First quarter restated (**)	Second quarter	First quarter
Net interest income	2,482	2,414	1,187	1,141
Dividends and profits (losses) on investments carried at equity	118	46	60	27
Net fee and commission income	1,603	1,616	746	788
Profits (Losses) on trading	332	438	154	334
Income from insurance business	162	101	-	-
Other operating income (expenses)	26	40	11	10
Operating income	**4,723**	**4,655**	**2,158**	**2,300**
Personnel expenses	-1,145	-1,420	-662	-656
Other administrative expenses	-760	-719	-399	-375
Adjustments to property, equipment and intangible assets	-204	-191	-116	-108
Operating costs	**-2,109**	**-2,330**	**-1,177**	**-1,139**
Operating margin	**2,614**	**2,325**	**981**	**1,161**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-101	-92	-15	-34
Net adjustments to loans	-323	-322	-140	-186
Net impairment losses on other assets	-20	-2	-2	3
Profits (Losses) on investments held to maturity and on other investments	8	35	49	-
Income (Loss) before tax from continuing operations	**2,178**	**1,944**	**873**	**944**
Taxes on income from continuing operations	-735	-690	-267	-315
Merger and restructuring related charges (net of tax)	-66	-14	-	-
Effect of purchase cost allocation (net of tax)	-100	-100	-	-
Income (Loss) after tax from discontinued operations	111	2,895	148	151
Minority interests	-31	-33	-29	-29
Net income	**1,357**	**4,002**	**725**	**751**

(*) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

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

Comparison between the reclassified statement of income for the first and the second quarter of 2007 of the Parent Company Intesa Sanpaolo and of the first and second quarter of 2006 of Banca Intesa

(in millions of euro)

	2007		2006 (*)	
	Second quarter	First quarter restated (**)	Second quarter	First quarter
Net interest income	1,318	1,257	730	699
Dividends	524	30	929	1
Net fee and commission income	816	877	512	570
Profits (Losses) on trading	101	150	61	241
Other operating income (expenses)	174	172	45	45
Operating income	**2,933**	**2,486**	**2,277**	**1,556**
Personnel expenses	-641	-849	-486	-480
Other administrative expenses	-463	-446	-282	-268
Adjustments to property, equipment and intangible assets	-149	-138	-86	-79
Operating costs	**-1,253**	**-1,433**	**-854**	**-827**
Operating margin	**1,680**	**1,053**	**1,423**	**729**
Net provisions for risks and charges	-81	-68	-11	-29
Net adjustments to loans	-138	-195	-83	-127
Net impairment losses on other assets	-4	-1	-	-1
Profits (Losses) on investments held to maturity and on other investments	-2	45	34	10
Income (Loss) before tax from continuing operations	**1,455**	**834**	**1,363**	**582**
Taxes on income from continuing operations	-385	-328	-176	-213
Merger and restructuring related charges (net of tax)	-50	-11	-	-
Effect of purchase cost allocation (net of tax)	-33	-35	-	-
Income (Loss) after tax from discontinued operations	93	3,446	43	42
Net income	**1,080**	**3,906**	**1,230**	**411**

(*) Figures relative to Gruppo Intesa, restated in accordance to IFRS 5.

(**) Figures restated in accordance to IFRS 5.

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

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

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

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
21 Investimenti SpA	11.76		Intesa Sanpaolo	Holding
Abac - Aria Compressa SpA	12.85		Intesa Sanpaolo	Holding
Accessible Luxury Holdings 1 SA	15.65		Intesa Sanpaolo	Holding
Adar Holding SpA (former Sci USA SpA)	16.91		Intesa Sanpaolo	Pledge
Aeroporto di Napoli SpA in liquidation	20.00		Intesa Sanpaolo	Holding
Agos SpA (former Agos Itafinco SpA)	49.00		Intesa Sanpaolo	Holding
Agricola Investimenti Srl in liquidation	100.00		Intesa Sanpaolo	Holding
Agromedimurje d.d.		10.21	Medimurska Banka	Holding
AL.FA. Un'altra famiglia dopo di noi Srl	42.86		Intesa Sanpaolo	Holding
Alfa-ex Ingatlanhasznosito es Forgalmazo		21.20	Central European International Bank	Pledge
Alfieri Associated Investors Servicos de Consultor	20.00		Intesa Sanpaolo	Holding
AL.GIO.FIN. SpA	20.00		Intesa Sanpaolo	Pledge
Allfunds Bank S.A.	50.00		Intesa Sanpaolo	Holding
Allsystem SpA		100.00	C.R. Biella e Vercelli	Pledge
Alpifin Srl (in liquidation)		10.44	Friulcassa	Holding
Alstom Hrvatska doo (former Alstom Power)		20.07	Invest Holding doo Karlovac	Holding
American Bank of Albania	80.00		Intesa Sanpaolo	Holding
Anita Srl	100.00		Intesa Sanpaolo	Pledge
Associazione Nazionale per l'Enciclopedia della Banca e della Borsa	12.12		Intesa Sanpaolo	Holding
		0.35	Banca Fideuram	Holding
Asteimmobili.it SpA	13.28		Intesa Sanpaolo	Holding
Atlantis SA		81.25	Sudameris	Holding
		18.75	Intesa Holding International	Holding
Aurum Toscana Srl		100.00	Sanpaolo Banco di Napoli	Pledge
Azimut-Benetti SpA		11.94	Ldv Holding	Holding
		0.08	IMI Investimenti	Holding
Bamcard d.d.		20.03	UPI Banka	Holding
Banca Caboto SpA (former Banca Primavera, IntesaBci Italia Sim)	100.00		Intesa Sanpaolo	Holding
Banca Cis SpA		55.37	Banca Intesa Mediocredito	Holding
	44.63		Intesa Sanpaolo	Holding
Banca Comerciala Sanpaolo Imi Bank Romania S.A.		98.65	Sanpaolo IMI Internazionale	Holding
Banca di Trento e Bolzano SpA		62.96	Finanziaria BTB	Holding
	8.29		Intesa Sanpaolo	Holding
Banca d'Intermediazione Mobiliare I.M.I. SpA	100.00		Intesa Sanpaolo	Holding
Banca d'Italia	30.35		Intesa Sanpaolo	Holding
		6.20	C.R. Bologna	Holding
		0.88	C.R. Venezia	Holding
		1.20	C.R. Padova e Rovigo	Holding
		0.62	Friulcassa	Holding
		0.03	Carifano	Holding
		0.20	Cariromagna	Holding
		0.22	C.R. Ascoli Piceno	Holding
		0.08	C.R. Viterbo	Holding
		0.08	C.R. Città di Castello	Holding
		0.01	C.R. Rieti	Holding
		0.03	C.R. Spoleto	Holding
		0.11	C.R. Foligno	Holding
		2.10	C.R. Biella e Vercelli	Holding
		0.15	C.R. Terni e Narni	Holding
Banca Imi Securities Corp		100.00	IMI Capital Market	Holding
Banca Impresa Lazio SpA	12.00		Intesa Sanpaolo	Holding
Banca Intesa a.d. - Beograd (former Delta Banka a.d.)		93.00	Intesa Holding International	Holding
Banca Intesa (France) S.A. (former B.ca Comm.le Ital. France)	100.00		Intesa Sanpaolo	Holding
Banca Intesa Infrastrutture e Sviluppo SpA (former B.I. Infrastrutture SpA)	100.00		Intesa Sanpaolo	Holding
Banca Intesa Mediocredito SpA	100.00		Intesa Sanpaolo	Holding
Banca Intesa Private Banking SpA	100.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Banca Italo Albanese Sh.A.	80.00		Intesa Sanpaolo	Holding
Banca OPI S.p.A.	100.00		Intesa Sanpaolo	Holding
Banco del Desarrollo S.A.	15.71		Intesa Sanpaolo	Holding
Banco Patagonia S.A.		0.65	Atlantis	Holding
(former Banco Patagonia Sudameris / Banco Sudameris Argentina)		8.20	Sudameris	Holding
	11.10		Intesa Sanpaolo	Holding
Bank of Alexandria	80.00		Intesa Sanpaolo	Holding
Banka Koper d.d.	91.21		Intesa Sanpaolo	Holding
Banque Espirito Santo et de la Venetie S.A.	18.00		Intesa Sanpaolo	Holding
Banque Galliere S.A. (in liq.)		17.50	C.R. Bologna	Holding
Banque Palatine S.A.	37.31		Intesa Sanpaolo	Holding
Banque Privée Fideuram Wargny S.A.		99.91	Financiere Fideuram	Holding
BCI US Funding LLC I	100.00		Intesa Sanpaolo	Holding
BCI US Funding LLC II	100.00		Intesa Sanpaolo	Holding
BCI US Funding LLC III	100.00		Intesa Sanpaolo	Holding
Beato Edoardo Materiali Ferrosi Srl		50.00	C.R. Padova e Rovigo	Pledge
		50.00	C.R. Venezia	Pledge
Belisce dd		13.41	Privredna Banka Zagreb	Holding
BI Private Equity Ltd		100.00	Private Equity International	Holding
Binda SpA in liquidation	0.77		Intesa Sanpaolo	Pledge
	11.25		Intesa Sanpaolo	Holding
		n.s.	Cormano	Holding
		0.01	Banca Caboto	Holding
		0.01	C.R. Biella e Vercelli	Pledge
		0.01	C.R. Bologna	Pledge
BL Yachtclub Ltd		3.33	Cib Insurance Broker	Holding
		96.67	Cib Real Estate	Holding
Blue Gem Luxembourg 1 Sarl		50.00	Eurizon Vita	Holding
BN Finrete SpA in liquidation	99.00		Intesa Sanpaolo	Holding
Borsa Italiana SpA	10.31		Intesa Sanpaolo	Holding
		7.94	Banca IMI	Holding
		0.43	Sanpaolo Bank	Holding
		0.06	C.R. Biella e Vercelli	Holding
Bosna Reosiguranje d.d.		14.63	UPI Banka	Holding
BSL Bertola Servizi Logistici SpA	14.00		Intesa Sanpaolo	Holding
Business Incubator Beocin d.o.o.		11.11	Banca Intesa - Beograd	Holding
Calitri Denim Industries S.p.A. (bankrupt)		14.29	Isveimer	Holding
CAAM SGR SpA (former Nextra Investment Managem. SGR SpA, former Comit Asset Management SGR)	35.00		Intesa Sanpaolo	Holding
Cala Capitana Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Camigliati Scuola Management Territoriale Scrl		20.00	Intesa Formazione	Holding
Cantiere Darsena Italia SpA in liquidation	20.00		Intesa Sanpaolo	Holding
Capitale e Sviluppo SpA		9.76	C.R. Spoleto	Holding
		9.76	C.R. Foligno	Holding
		9.76	C.R. Terni e Narni	Holding
Caprera Srl	100.00		Intesa Sanpaolo	Pledge
Cards d.o.o. in liquidation (former PBZ American Express d.o.o. - Skopje)		95.00	PBZ Card	Holding
Carifano-Cassa di Risparmio di Fano SpA	56.63		Intesa Sanpaolo (46,63% in assemblea ord.)	Pledge
		30.00	Intesa Casse del Centro	Holding
		0.37	C.R. Foligno	Pledge
Cartiere Paolo Pigna SpA	96.16		Intesa Sanpaolo	Pledge
Cartitalia Srl under bankruptcy procedures		51.00	Cormano	Holding
Cassa dei Risparmi di Forlì e della Romagna S.p.A. (former Cassa dei Risparmi di Forlì S.p.A.)	38.25		Intesa Sanpaolo	Holding
Cassa di Risparmio di Ascoli Piceno SpA		66.00	Intesa Casse del Centro	Holding
Cassa di Risparmio di Biella e Vercelli SpA	55.00		Intesa Sanpaolo	Holding
Cassa di Risparmio di Città di Castello SpA		82.19	Intesa Casse del Centro	Holding
Cassa di Risparmio della Prov. di Chieti SpA	20.00		Intesa Sanpaolo	Holding
Cassa di Risparmio di Fermo SpA	33.33		Intesa Sanpaolo	Holding
Cassa di Risparmio di Foligno SpA		70.47	Intesa Casse del Centro	Holding
Cassa di Risparmio di Padova e Rovigo SpA	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio di Rieti SpA		85.00	Intesa Casse del Centro	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Cassa di Risparmio di Spoleto SpA		59.44	Intesa Casse del Centro (65,309% su az. ord.)	Holding
Cassa di Risparmio di Terni e Narni SpA		75.00	Intesa Casse del Centro	Holding
Cassa di Risparmio della Prov. di Viterbo SpA		82.02	Intesa Casse del Centro	Holding
Cassa di Risparmio di Venezia SpA	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio in Bologna S.p.A.	100.00		Intesa Sanpaolo	Holding
CBE Service Sprl	50.00		Intesa Sanpaolo	Holding
		5.00	Cariromagna	Holding
Cedar Street Securities Corp.		100.00	Banca IMI Securities	Holding
Celeasing S.r.l. (in liq.)	100.00		Intesa Sanpaolo	Holding
Cen.Ser. Centro Servizi S.p.A.		11.76	C.R. Padova e Rovigo	Holding
Centotrenta 4/6 Srl	10.64		Intesa Sanpaolo	Holding
Centradia Group Limited in liquidation	30.45		Intesa Sanpaolo	Holding
Centradia Limited in liquidation		100.00	Centradia Group Limited	Holding
Centradia Services Ltd in liquidation		100.00	Centradia Group Limited	Holding
Central European International Bank Ltd		100.00	Intesa Holding International	Holding
Centrale dei Bilanci Srl	24.26		Intesa Sanpaolo	Holding
		0.15	Banca Cis	Holding
Centro Factoring S.p.A.	10.81		Intesa Sanpaolo	Holding
		0.11	Cariromagna	Holding
Centurion Financne Storitve d.o.o. (former Amex d.o.o.)		75.00	Banka Koper	Holding
		25.00	PBZ Card	Holding
Centurion Financial Service Ltd		100.00	PBZ Card	Holding
Chess Ventures Ltd	49.75		Intesa Sanpaolo	Holding
China International Packaging Leasing Ltd		17.50	Intesa Holding International	Holding
Cib Car Trading LLC		100.00	Cib Credit	Holding
Cib Credit Ltd (former Cib Car Finance Rt.)		98.00	Cib Leasing	Holding
		2.00	Cib Real Estate	Holding
Cib Expert Ltd		100.00	Cib Real Estate	Holding
Cib Factor Financial Service Ltd		50.00	Cib Real Property Utilisation and Services	Holding
		50.00	Cib Service	Holding
Cib Insurance Broker Ltd		100.00	Cib Leasing	Holding
Cib Inventory Management LLC (former Project Company I Kft.)		100.00	Central European International Bank	Holding
Cib Investment Fund Management Ltd		6.66	Cib Real Property Utilisation and Services	Holding
		93.34	Central European International Bank	Holding
Cib Leasing Ltd		100.00	Cib Rent Operative Leasing	Holding
Cib Real Estate Ltd		100.00	Cib Leasing	Holding
Cib Real Property Utilisation and Services Ltd (former Cib Securities)		26.00	Central European International Bank	Holding
		74.00	Cib Service	Holding
Cib Rent Operative Leasing Ltd (former Cib Rent and Leasing Co. Ltd)		100.00	Central European International Bank	Holding
Cib Residential Property Leasing Ltd		100.00	Cib Credit	Holding
(former Cib Invest Financial Services, Wallizing Financial Service)				
Cib Service Ltd		100.00	Central European International Bank	Holding
Cil Bajor Co. Ltd		50.00	Cib Real Estate	Holding
		50.00	Cib Insurance Broker	Holding
Cil Danubius Co. Ltd		50.00	Cib Real Estate	Holding
		50.00	Cib Insurance Broker	Holding
Cil-Food 2006 Ltd		50.00	Cib Real Estate	Holding
		50.00	Cib Leasing	Holding
Cil-Log Ltd		50.00	Cib Real Estate	Holding
		50.00	Cib Leasing	Holding
Cil MNM Ltd		96.67	Cib Real Estate	Holding
Cil Nagyteteny Ltd		50.00	Cib Real Estate	Holding
		50.00	Cib Leasing	Holding
Cil Vaci ut Property Utilisation LLC		50.00	Cib Insurance Broker	Holding
		50.00	Cib Real Estate	Holding
Cimo Srl	100.00		Intesa Sanpaolo	Pledge
Cimos International d.d.		13.56	Banka Koper	Holding
Cioccolato Feletti SpA in liquidation	100.00		Intesa Sanpaolo	Holding
Cofragef S.A. in liquidation		99.76	Banca Intesa (France)	Holding
Collegamento Ferroviario Genova-Milano SpA - Co.Fer.Ge.Mi.		20.00	Banca Intesa Infrastrutture e Sviluppo	Holding
Comit Investments ltd - Ireland	99.21		Intesa Sanpaolo	Holding
Consorzio Agrario Interprovinciale Forlì-Cesena e Rimini Scrl		10.39	Cariromagna	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Consorzio Agrario Provinciale di Rovigo in liquidation		35.45	C.R. Padova e Rovigo	Holding
Consorzio Bancario SIR SpA in liquidation	32.86		Intesa Sanpaolo	Holding
		5.63	Banca Cis	Holding
		0.69	Isveimer	Holding
		n.s.	Banca di Trento e Bolzano	Holding
Consorzio per gli studi universitari a distanza F. Corongiu		33.33	Banca Cis	Holding
Consorzio Studi e Ricerche Fiscali	55.00		Intesa Sanpaolo	Holding
		10.00	Banca Fideuram	Holding
		10.00	Eurizon Vita	Holding
		5.00	Banca OPI	Holding
		5.00	Banca IMI	Holding
		5.00	Sanpaolo Leasint	Holding
		5.00	IMI Investimenti	Holding
		5.00	Eurizon Capital	Holding
Consorzio Sviluppo Industriale e Artigianale di Gorizia		18.35	Friulcassa	Holding
Consorzio Triveneto SpA	15.00		Intesa Sanpaolo	Holding
Consul Service Srl in liquidation		98.41	Banca Cis	Holding
Consumer Finance Holding a.s.		100.00	Vseobecna Uverova Banka	Holding
Consumer Financial Services S.r.l.		100.00	Neos Banca	Holding
Cormano Srl	70.82		Intesa Sanpaolo	Holding
		6.40	C.R. Bologna	Holding
Cotonificio Bresciano Ottolini - C.B.O. Srl in liquidation	97.58		Intesa Sanpaolo	Holding
CR Firenze Gestion Internationale S.A.	20.00		Intesa Sanpaolo	Holding
Dante Prini SpA in liquidation	32.50		Intesa Sanpaolo	Holding
Domina Group SpA in liquid./ under bankruptcy procedures (former Multimoda Network SpA)	98.61		Intesa Sanpaolo	Pledge
Dulevo SpA under bankruptcy procedures	81.91		Intesa Sanpaolo	Pledge
	16.30		Intesa Sanpaolo	Holding
Edilmarket Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
EDM Srl		25.00	C.R. Spoleto	Pledge
Egypt International Towers Co.		27.86	Bank of Alexandria	Holding
Eleven	100.00		Intesa Sanpaolo	Pledge
Emerald UK Limited Partnership	11.14		Intesa Sanpaolo	Holding
		7.43	IMI Investimenti	Holding
Emil Europe '92 Srl in liquidation		93.48	C.R. Bologna	Holding
Emporium S.r.l.		51.27	C.R. Padova e Rovigo	Pledge
Endeavour Holdings Srl		10.75	Private Equity International	Holding
Ente Nazionale Sementi Elette	49.41		Intesa Sanpaolo	Holding
		7.85	C.R. Bologna	Holding
Equinox Investment Company Scpa		28.98	Private Equity International	Holding
Equipe Investments S.p.A.		100.00	C.R. Padova e Rovigo	Pledge
Equitypar Companhia de Participacoes S.A.		12.50	Intesa Brasil Empreendimentos	Holding
ERFI 2000 Ingatlan Kft		100.00	Cib Service	Holding
Esped Spedizioni S.r.l.		29.80	C.R. Padova e Rovigo	Pledge
Eurizon Alternative Investments S.G.R. SpA		100.00	Eurizon Capital	Holding
Eurizon Capital S.A.		100.00	Eurizon Capital	Holding
Eurizon Capital S.G.R. S.p.A.		100.00	Eurizon Financial Group	Holding
Eurizon Financial Group S.p.A.	100.00		Intesa Sanpaolo	Holding
Eurizon Vita S.p.A.		99.96	Eurizon Financial Group	Holding
EurizonLife Ltd		100.00	Eurizon Vita	Holding
EurizonTutela SpA		100.00	Eurizon Vita	Holding
Eurofidi - Consorzio Garanzia Fidi	10.29		Intesa Sanpaolo	Holding
		0.80	C.R. Biella e Vercelli	Holding
Euromilano SpA (former Srl)	37.50		Intesa Sanpaolo	Holding
Europay Hrvatska d.o.o. in liquidation		14.63	Privredna Banka Zagreb	Holding
Europrogetti & Finanza SpA	15.97		Intesa Sanpaolo	Holding
Euro-Tresorerie S.A.		100.00	Financiere Fideuram	Holding
Evoluzione 94 SpA	24.10		Intesa Sanpaolo	Holding
		7.35	Società Gestione di Attività	Holding
		2.55	C.R. Bologna	Holding
		1.97	Friulcassa	Holding
F.I.L.A. Fabbrica Italiana Lapis e Affini SpA	24.75		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
F2I - Fondi Italiani per le Infrastrutture SGR S.p.A.		14.29	Banca Intesa Infrastrutture e Sviluppo	Holding
Farbanca S.p.A.		19.33	Intesa Sanpaolo	Holding
Fides S.p.A. (bankrupt)		20.00	Isveimer	Holding
Fideuram Asset Management (Ireland) Ltd		100.00	Banca Fideuram	Holding
Fideuram Bank (Suisse) A.G.		99.95	Fideuram Bank Luxembourg	Holding
Fideuram Bank Luxembourg S.A.		99.99	Banca Fideuram	Holding
		0.01	Eurizon Vita	Holding
Fideuram Fiduciaria S.p.A.		100.00	Banca Fideuram	Holding
Fideuram Gestions S.A.		99.94	Banca Fideuram	Holding
		0.06	Eurizon Vita	Holding
Fideuram Investimenti S.G.R. S.p.A.		99.50	Banca Fideuram	Holding
Fideuram Wargny Gestion S.A.		99.96	Banque Privée Fideuram Wargny	Holding
Fideuram Wargny Gestion S.A.M.		99.96	Banque Privée Fideuram Wargny	Holding
Fidia SGR SpA	25.00		Intesa Sanpaolo	Holding
Fin.Ser. SpA		15.00	C.R. Padova e Rovigo	Holding
Fin. Tess. S.p.A.		98.00	C.R. Padova e Rovigo	Pledge
Fin. OPI S.p.A.		100.00	Banca OPI	Holding
Finameris - Societe d'Investiss.et de Financ. Immobiliers S.A.		99.99	Banca Intesa (France)	Holding
Financière Fideuram S.A.		100.00	Banca Fideuram	Holding
Finanziaria Agricola Bresciana SpA in liquidation		100.00	Agricola Investimenti	Holding
Finanziaria BTB SpA	99.29		Intesa Sanpaolo	Holding
Fineurop SpA	15.00		Intesa Sanpaolo	Holding
Finbrescia Holding SpA in liquidation	17.30		Intesa Sanpaolo	Pledge
Finor Leasing d.o.o.		100.00	Banka Koper	Holding
Fonti di Gaverina	60.64		Intesa Sanpaolo	Pledge
Friulcassa SpA	100.00		Intesa Sanpaolo	Holding
Garibaldi	100.00		Intesa Sanpaolo	Pledge
GE.I.PO. Srl	90.00		Intesa Sanpaolo	Pledge
Geni SpA under bankruptcy procedures	35.91		Intesa Sanpaolo	Holding
Gercom SpA	100.00		Banca Intesa Mediocredito	Pledge
GEST Line SpA	30.02		Intesa Sanpaolo	Holding
Gestione e Recupero Attivi Anomali da Leasing - G.R.A.A.L. Srl		100.00	Società Gestione di Attività	Holding
Gestiones y Recuperaciones de Activos SA (former Wiese Sudam. Leasing)		99.94	Inversiones Mobiliarias	Holding
Global Menkul Degerler AS		20.00	Banca IMI	Holding
GPA ATR LTD		12.50	Sanpaolo IMI Bank Ireland	Holding
Granarolo SpA	19.78		Intesa Sanpaolo	Holding
Grin Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Gruppo Pasini SpA	100.00		Intesa Sanpaolo	Pledge
Horizonte Club italia		100.00	Sanpaolo Banco di Napoli	Pledge
HROK d.o.o. - Hrvatski Registar Obveza po Kreditima		14.00	Privredna Banka Zagreb	Holding
I.TRE - Iniziative Immobiliari Industriali S.p.A.		20.00	C.R. Padova e Rovigo	Holding
IAM Piaggio SpA	16.58		Intesa Sanpaolo	Holding
		3.86	Banca Fideuram	Holding
Idra Partecipazioni SpA in liquidation	18.62		Intesa Sanpaolo	Holding
		11.56	Ldv Holding	Holding
IE Befektetesi Alapkezelo Rt.		100.00	Inter-Europa Bank	Holding
IE-New York Broker Rt		100.00	Inter-Europa Bank	Holding
IE-Services Szolgaltato es Kereskedelmi Kft		100.00	Inter-Europa Bank	Holding
Ifas Gruppo SpA	45.00		Intesa Sanpaolo	Holding
Il Mondo dei Fiori Srl	100.00		Intesa Sanpaolo	Pledge
Imaging SpA	37.95		Intesa Sanpaolo	Holding
		19.99	IMI Investimenti	Holding
IMI Bank A.G. in liquidation		100.00	Sanpaolo Bank	Holding
IMI Capital Markets USA Corp.		100.00	IMI Investments	Holding
IMI Finance Luxembourg S.A.		100.00	IMI Investments	Holding
IMI Investimenti S.p.A.	100.00		Intesa Sanpaolo	Holding
IMI Investments S.A.		99.99	Banca IMI	Holding
		0.01	Banca IMI Securities	Holding
IMIFIN SpA in liquidation	100.00		Intesa Sanpaolo	Holding
Immobiliare 21 Srl	100.00		Intesa Sanpaolo	Holding
Immobiliare Bella Riva Srl	100.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Immobiliare Femar S.p.A.		38.57	C.R. Padova e Rovigo	Pledge
Immobiliare Ferrero SpA	91.70		Intesa Sanpaolo	Pledge
Immobiliare Nettuno SpA		100.00	C.R. Bologna	Holding
Immobiliare Olimpia ' 93 SpA	100.00		Intesa Sanpaolo	Pledge
Immobiliare Peonia Rosa S.r.l.	57.00		Intesa Sanpaolo	Pledge
Immobiliare Santa Caterina S.r.l.		100.00	Sanpaolo Banco di Napoli	Pledge
Impianti Srl in liquidation		1.69	Banca di Trento e Bolzano	Holding
		5.25	Isveimer	Holding
		10.22	Società Gestione di Attività	Holding
	26.27		Intesa Sanpaolo	Holding
Impresa Castelli SpA	36.60		Intesa Sanpaolo	Pledge
Informatica Umbra Srl		8.33	C.R. Spoleto	Holding
		8.33	C.R.Foligno	Holding
Infragruppo SpA		21.71	IMI Investimenti	Holding
Iniziative Urbane SpA		11.11	Banca di Trento e Bolzano	Holding
Insediamenti Produttivi Piemonte Settentrionale SpA - Nordind		12.76	C.R. Biella e Vercelli	Holding
Integra Srl		29.64	C.R. Padova e Rovigo	Holding
Integrated Shipping Company	100.00		Intesa Sanpaolo	Pledge
Inter-Europa Bank Nyrt		100.00	Sanpaolo IMI Internazionale	Holding
Inter-Europa Beruhazo Kft		100.00	Inter-Europa Bank	Holding
Inter Europa Ertekesitesi Kft.		100.00	Inter-Europa Bank	Holding
Intervalv SpA	20.00		Intesa Sanpaolo	Holding
Intesa Bank Ireland Plc	100.00		Intesa Sanpaolo	Holding
(former IntesaBci B.I/B.ca Comm. Ital. Plc Ireland)				
Intesa Bank Overseas Ltd.	100.00		Intesa Sanpaolo	Holding
Intesa Brasil Empreendimentos S.A. (former Traianus S.A.)	100.00		Intesa Sanpaolo	Holding
Intesa Casse del Centro SpA	96.07		Intesa Sanpaolo	Holding
(former Intesa Holding Centro/Holding IntesaBci Centro)				
Intesa Distribution International Services SA		0.03	Société Européenne de Banque	Holding
(former Nextra Distribution Services SA, Prontofund Advisory SA)		99.97	Intesa Distribution Services	Holding
Intesa Distribution Services Srl	100.00		Intesa Sanpaolo	Holding
(former Intesa Immobiliare/IntesaBci Immobiliare)				
Intesa Formazione Scpa (former Intesa Formazione Sud, CEII S.)	80.00		Intesa Sanpaolo	Holding
		20.00	Intesa Casse del Centro	Holding
Intesa Funding Llc (former BCI Funding Corporation)	100.00		Intesa Sanpaolo	Holding
Intesa Global Finance Company Ltd		100.00	Intesa Holding International	Holding
Intesa Holding International SA (former Comit Holding Intern.Sa)	100.00		Intesa Sanpaolo	Holding
Intesa Investimenti SpA	100.00		Intesa Sanpaolo	Holding
(former IntesaBci Inv./Comp.Ital. di Inv.Diversif.)				
Intesa Lease Sec. Srl	60.00		Intesa Sanpaolo	Holding
Intesa Leasing d.o.o. - Beograd (former Delta Leasing d.o.o.)		51.00	Banca Intesa - Beograd	Holding
		49.00	Cib Leasing	Holding
Intesa Leasing SpA	99.67		Intesa Sanpaolo	Holding
Intesa Mediofactoring SpA (former Mediofactoring SpA)	100.00		Intesa Sanpaolo	Holding
Intesa Preferred Capital Co. Llc.	100.00		Intesa Sanpaolo	Holding
Intesa Previdenza SIM SpA (former Sim Co.Ge.F. SpA)	78.53		Intesa Sanpaolo	Holding
Intesa Real Estate Srl (former Immobiliare Maram Srl)	100.00		Intesa Sanpaolo	Holding
Intesa Sec. SpA (former IntesaBci Sec.)	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 2 Srl (former IntesaBci Sec. 2)	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 3 Srl	60.00		Intesa Sanpaolo	Holding
Intesa Sec. NPL SpA (former IntesaBci Sec Npl/Giotto Fin./Lario Fin.)	60.00		Intesa Sanpaolo	Holding
Intesa Sec. NPL 2 Srl (former La Centrale Consulenza Srl)	100.00		Intesa Sanpaolo	Holding
Intesa Soditic Trade Finance Ltd (former BCI Soditic Trade Fin.)		50.00	Intesa Holding International	Holding
Intesa Vita SpA (former Timavo Vita SpA)	50.00		Intesa Sanpaolo (44,44% in assemblea ord.)	Holding
IntesaBci Preferred Capital Company Llc III Delaware	100.00		Intesa Sanpaolo	Holding
IntesaBci Preferred Securities Investor Trust		100.00	IntesaBci Preferred Capital Company Llc III Delaw.	Holding
IntesaTrade Sim SpA	100.00		Intesa Sanpaolo	Holding
Inversiones Mobiliarias S.A - IMSA	99.82		Intesa Sanpaolo	Holding
Inversiones Sudameris C.A.(Venezuela) in liquidation		100.00	Sudameris	Holding
Investholding d.o.o.		56.38	Privredna Banka Zagreb	Holding
Investitori Associati S.A in liquidation	16.67		Intesa Sanpaolo	Holding
Ipef Partners Ltd.	40.50		Intesa Sanpaolo	Holding
ISC Euroservice Gmbh in liquidation	80.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
ISCAIM Srl in liquidation (former Immobiliare dell'Isola Cattaneo)	48.57		Intesa Sanpaolo	Pledge
Istituto per il Credito Sportivo	10.81		Intesa Sanpaolo	Holding
Isveimer SpA in liquidation	65.47		Intesa Sanpaolo	Holding
		0.04	C.R. Ascoli Piceno	Holding
Isyde S.p.A.		100.00	Eurizon Financial Group	Holding
Italfondiario SpA	11.25		Intesa Sanpaolo	Holding
Italia Generali Costruzioni Srl	100.00		Intesa Sanpaolo	Pledge
Italian Equity Advisors SpA in liquidation	17.16		Intesa Sanpaolo	Pledge
Ittica Ugento S.p.A.		26.96	Sanpaolo Banco di Napoli	Pledge
Kall Kwik Italia SpA in liquidation		15.00	Sanpaolo Leasint	Holding
Kish Receivables Co.		20.83	Tobuk	Holding
KMB-Bank Small Business Credit Bank (closed Joint Stock C.)		75.00	Intesa Holding International	Holding
KMB-Leasing (closed Joint Stock Company)		100.00	KMB-Bank	Holding
La Compagnia Finanziaria S.p.A.	12.09		Intesa Sanpaolo	Holding
LDV Holding B.V.		100.00	IMI Investimenti	Holding
Lelle SPC - Real Estate Investment and Trading Rt.		99.96	Cib Real Estate	Holding
		0.04	Cib Insurance Broker	Holding
Leonardo Technology SpA	25.00		Intesa Sanpaolo	Holding
Lima Sudameris Holding S.A in liquidation	52.87		Intesa Sanpaolo	Holding
		47.13	Inversiones Mobiliarias	Holding
Liseuro SpA	35.11		Intesa Sanpaolo	Holding
LT Gospodarska Banka d.d.		66.99	Privredna Banka Zagreb	Holding
Lux Gest Asset Management S.A. (former Luxicav Conseil S.A.)		99.99	Société Européenne de Banque	Holding
Luxi Privilege Conseil S.A.		50.00	Société Européenne de Banque	Holding
Mantero Finanziaria SpA	10.59		Intesa Sanpaolo	Holding
Marche Capital S.p.A.	11.99		Intesa Sanpaolo	Holding
Margit Business Center Ltd		100.00	Central European International Bank	Holding
Mater-Bi SpA	34.48		Intesa Sanpaolo	Holding
Mecaer SpA		13.21	IMI Investimenti	Holding
Medimurska Banka dd		96.39	Privredna Banka Zagreb	Holding
Medinvest Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Mega International SpA		48.00	Neos Banca	Holding
Merloni Termosanitari SpA		7.42	IMI Investimenti	Holding
	6.05		Intesa Sanpaolo	Holding
Mezzanove Capital Management Sarl (former Meridian Mezzanine Manag.)		47.00	Private Equity International	Holding
Mezzanove Capital Sca-Sicar (former Meridian Mezzanine Sca)		27.26	Private Equity International	Holding
Mirano Costruzioni S.r.l.		100.00	C.R. Venezia	Holding
Misr Alexandria Mutual Fund Co.		25.00	Bank of Alexandria	Holding
Misr Financial Investments Co.		17.70	Bank of Alexandria	Holding
Montalbano Technology SpA	13.64		Intesa Sanpaolo	Holding
Monte Mario 2000 Srl		47.50	Intesa Real Estate	Holding
Myremi		100.00	Sanpaolo Banco di Napoli	Pledge
N.H. Italia Srl	45.00		Intesa Sanpaolo	Holding
Napredak Osiguranje d.d. in liquidation		19.05	LT Gospodarska Banka	Holding
Neos Banca S.p.A.	99.49		Intesa Sanpaolo	Holding
Neos Finance S.p.A.	100.00		Neos Banca	Holding
Netsystem.com SpA	35.74		Intesa Sanpaolo	Pledge
NHS Investments S.A.		99.99	IMI Investimenti	Holding
		0.01	Ldv Holding	Holding
Nuova Cartiera di Arbatax SpA under extr. Admin.		16.00	Banca Cis	Holding
Nuova G SpA under extraordinary administration	100.00		Intesa Sanpaolo	Pledge
Nuovo Hotel S. Pietro Srl	28.00		Intesa Sanpaolo	Pledge
O.M.S.O. Officina Macchine per Stampa su Oggetti SpA	20.50		Intesa Sanpaolo	Pledge
Obiettivo Nordest Sicav SpA	29.62		Intesa Sanpaolo	Holding
OOO Intesa Realty Russia	100.00		Intesa Sanpaolo	Holding
Osservatorio Regionale Banche Imprese di Economia e Finanza Scarl		5.26	Sanpaolo Banco di Napoli	Holding
		5.26	Banca Intesa Mediocredito	Holding
P.B. Srl	42.24		Intesa Sanpaolo	Holding
P.IND Srl	100.00		Intesa Sanpaolo	Pledge
Panonska Banka A.D.	96.64		Intesa Sanpaolo	Holding

Company	Percentage or quotas held direct	indirect	Direct ownership	Type of right
Pasco SpA		90.00	C.R. Biella e Vercelli	Pledge
PBZ Card d.o.o. (former PBZ American Express d.o.o. Zagreb)		100.00	Privredna Banka Zagreb	Holding
PBZ Croatia Osiguranje Joint Stock Co. for Comp.Pens.Fund M. (former PBZ Croatia Osig. Plc for Compuls. Pension Fund Man.)		50.00	Privredna Banka Zagreb	Holding
PBZ Invest d.o.o.		100.00	Privredna Banka Zagreb	Holding
PBZ Leasing d.o.o.		100.00	Privredna Banka Zagreb	Holding
PBZ Nekretnine d.o.o.		100.00	Privredna Banka Zagreb	Holding
PBZ Stambena Stedionica d.d.		100.00	Privredna Banka Zagreb	Holding
Petrochemical Investments Ltd in liquidation	100.00		Intesa Sanpaolo	Holding
Phoenix Beteiligungs GmbH in liquidation	100.00		Intesa Sanpaolo	Holding
Pietra Srl		22.22	Intesa Sanpaolo	Holding
Pila 2000 S.p.A.		37.19	C.R. Padova e Rovigo	Holding
Pirelli RE - Facility Management Netherlands b.v.	49.00		Intesa Sanpaolo	Holding
Print S.r.l.		100.00	Intesa Sanpaolo	Pledge
Praxis Calcolo SpA		14.52	Ldv Holding	Holding
		14.52	IMI Investimenti	Holding
Primorske Novice d.o.o.		17.12	Banka Koper	Holding
Private Equity International S.A.(former Neuf)	100.00		Intesa Sanpaolo	Holding
Privredna Banka Zagreb d.d.		76.59	Intesa Holding International	Holding
Progema - Promozione Gestione Management Srl in liquidation		10.00	Sep	Holding
		10.00	Neos Banca	Holding
Progetto Milano Bastioni SpA	12.50		Intesa Sanpaolo	Holding
Projekt d.d.		67.01	LT Gospodarska Banka	Holding
Quadrante SpA	50.00		Intesa Sanpaolo	Pledge
R.C.N. Finanziaria SpA (former T.F. Partners Srl)	23.96		Intesa Sanpaolo	Holding
Razvojni Center Mal. Gospod. d.o.o.		19.53	Banka Koper	Holding
Recovery a.s. (former Leasreal a.s.)		100.00	Vseobecna Uverova Banka	Holding
Remari Finanziaria Srl in liquidation	28.00		Intesa Sanpaolo	Pledge
Renee Srl under bankruptcy procedures	100.00		Intesa Sanpaolo	Pledge
Resco Uno Srl (former Trattamenti Termici Solbiate Srl)	100.00		Intesa Sanpaolo	Holding
Sabaudia 29 Srl in liquidation	95.00		Intesa Sanpaolo	Pledge
Sagat SpA		12.40	IMI Investimenti	Holding
Sago S.p.A.	26.67		Intesa Sanpaolo	Pledge
Sailview Company		100.00	Private Equity International	Holding
San Francesco Srl	100.00		Intesa Sanpaolo	Pledge
Sanpaolo Banca dell'Adriatico S.p.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo Banco di Napoli S.p.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo Bank (Suisse) S.A.		99.98	Sanpaolo Bank	Holding
Sanpaolo Bank S.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo Fiduciaria S.p.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Bank (International) S.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Bank Ireland Plc	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Capital Company I L.l.c.	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Equity Management S.A.		100.00	IMI Investimenti	Holding
Sanpaolo IMI Fondi Chiusi S.G.R. S.p.A.		100.00	IMI Investimenti	Holding
Sanpaolo IMI Insurance Broker S.p.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI International S.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Internazionale S.p.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo IMI Investimenti per lo Sviluppo SGR S.p.A.		100.00	IMI Investimenti	Holding
Sanpaolo IMI Management Limited		100.00	IMI Investimenti	Holding
Sanpaolo IMI Private Equity Scheme b.v.		23.50	Ldv Holding	Holding
		20.00	Sanpaolo IMI Equity Management	Holding
Sanpaolo IMI U.S. Financial Co.	100.00		Intesa Sanpaolo	Holding
Sanpaolo Immobiliere S.A.		99.99	Sanpaolo Bank	Holding
		0.01	Eurizon Capital	Holding
Sanpaolo Invest Ireland Ltd		100.00	Banca Fideuram	Holding
Sanpaolo Invest SIM S.p.A.		100.00	Banca Fideuram	Holding
Sanpaolo Leasint G.m.b.h. in liquidation		100.00	Sanpaolo Leasint	Holding
Sanpaolo Leasint S.p.A.	100.00		Intesa Sanpaolo	Holding
Sanpaolo Real Estate S.A.		99.99	Sanpaolo Bank	Holding
		0.01	Sanpaolo IMI Bank International	Holding

Company	Percentage or quotas held direct	Percentage or quotas held indirect	Direct ownership	Type of right
Santa Chiara Srl		100.00	Sanpaolo Banco di Napoli	Pledge
Saper Participacoes Ltda (former Saper Empreendim.Imobiliarios)		37.90	Intesa Brasil Empreendimentos	Holding
Scala Advisory S.A.		0.03	Société Européenne de Banque	Holding
	99.97		Intesa Sanpaolo	Holding
Scidue		100.00	Sanpaolo Banco di Napoli	Pledge
Scotiabank Perù S.A.A. (former Banco Wiese Sudameris S.A.)		8.73	Lima Sudameris Holding	Holding
		n.s.	Inversiones Mobiliarias	Holding
	11.18		Intesa Sanpaolo	Holding
Seb Trust Ltd		100.00	Société Européenne de Banque	Holding
SEP S.p.A.	100.00		Intesa Sanpaolo	Holding
Servitia S.A.		99.99	Société Européenne de Banque	Holding
Setefi SpA	100.00		Intesa Sanpaolo	Holding
Shanghai Sino-Italy Business Advisory Company Ltd	40.00		Intesa Sanpaolo	Holding
Seaser SpA		100.00	Banca Intesa Infrastrutture e Sviluppo	Pledge
SI Holding SpA	36.74		Intesa Sanpaolo	Holding
		0.25	Cariromagna	Holding
SIA - SSB SpA	26.83		Intesa Sanpaolo	Holding
		1.39	Banca IMI	Holding
		0.13	Banca di Trento e Bolzano	Holding
		0.07	C.R. Biella e Vercelli	Holding
		0.04	Cariromagna	Holding
		0.03	C.R. Viterbo	Holding
		0.03	C.R. Rieti	Holding
		0.02	C.R. Foligno	Holding
		0.02	C.R. Città di Castello	Holding
		0.02	C.R. Terni e Narni	Holding
		0.02	Banca Fideuram	Holding
		0.02	C.R. Ascoli Piceno	Holding
		0.01	C.R. Spoleto	Holding
		n.s.	Banca Cis	Holding
Sicil Power SpA	97.00		Intesa Sanpaolo	Pledge
Sinloc - Sistema Iniziative Locali SpA		10.00	Fin.OPI	Holding
		8.15	Banca OPI	Holding
Siteba S.p.A.	18.31		Intesa Sanpaolo	Holding
		0.16	Banca di Trento e Bolzano	Holding
		0.09	C.R. Rieti	Holding
		0.09	Carifano	Holding
		0.06	C.R. Terni e Narni	Holding
		0.05	C.R. Foligno	Holding
Slovak Banking Credit Bureau Spol. s.r.o.		33.33	Vseobecna Uverova Banka	Holding
Soa Nordest S.p.A.		15.00	C.R. Padova e Rovigo	Holding
Soc. Aree Ind. ed Artigianali - S.A.I.A. SpA	10.08		Intesa Sanpaolo	Holding
Società Europea di Sviluppo Srl	90.00		Intesa Sanpaolo	Pledge
Società Gestione per il Realizzo SpA	38.33		Intesa Sanpaolo	Holding
		0.95	Carifano	Holding
		0.63	Banca Fideuram	Holding
Società Italiana di Revisione e Fiduciaria SpA - SIREF	100.00		Intesa Sanpaolo	Holding
Sociéte Européenne de Banque S.A.		100.00	Intesa Holding International	Holding
Speed SpA	19.19		Intesa Sanpaolo	Holding
Speroni Beni Stabili Srl		100.00	Banca Intesa Mediocredito	Pledge
Spinoffer Real Estate Srl	100.00		Intesa Holding International	Pledge
Stoà Scpa	10.20		Intesa Sanpaolo	Holding
Strutture Centrali Srl	25.00		Intesa Sanpaolo	Pledge
Studi e Ricerche per il Mezzogiorno		16.67	Banca Opi	Holding
		16.67	Sanpaolo IMI Investimenti per lo Sviluppo	Holding
		16.67	Sanpaolo Banco di Napoli	Holding
	16.67		Intesa Sanpaolo	Holding
Sud Polo Vita SpA		100.00	Eurizon Vita	Holding
Sudameris SA (former Banque Sudameris SA)		99.87	Intesa Holding International	Holding
Sudameris Bank S.A.E.C.A. (former Banco Sudameris Paraguay S.A.E.C.A.)		19.92	Sudameris	Holding
Sudameris Inmobiliaria SA (Panama)		100.00	Sudameris	Holding
Sviluppo Como SpA	15.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Sviluppo Garibaldi Repubblica SpA in liquidation	33.00		Intesa Sanpaolo	Holding
Synesis Finanziaria SpA	25.00		Intesa Sanpaolo	Holding
		25.00	IMI Investimenti	Holding
Tabby SpA under bankruptcy procedures	73.81		Intesa Sanpaolo	Pledge
Tamma - Industrie Alimentari di Capitanata Srl	54.60		Intesa Sanpaolo	Pledge
Tecnoalimenti ScpA	20.00		Intesa Sanpaolo	Pledge
Tecnobiomedica S.p.A.	26.32		Intesa Sanpaolo	Pledge
Tecnocittà S.r.l. in liquidation	12.00		Intesa Sanpaolo	Holding
Tecnofarmaci SpA	20.50		Intesa Sanpaolo	Pledge
Tecnotessile Srl	40.00		Intesa Sanpaolo	Pledge
Tehnolosko-Inovacijski Centar doo		11.20	Privredna Banka Zagreb	Holding
Termomeccanica SpA	33.29		Intesa Sanpaolo	Holding
TLX SpA		50.00	Banca IMI	Holding
To.Ro. Tosco Romagnola Soc. Cons. a r.l.		11.88	Cariromagna	Holding
Tobuk Limited		100.00	Sanpaolo IMI Bank Ireland	Holding
Tornabuoni Srl	100.00		Intesa Sanpaolo	Pledge
Tre Re SpA in liquidation	39.99		Intesa Sanpaolo	Pledge
Trigoria 2000 Srl in liquidation	95.00		Intesa Sanpaolo	Pledge
Turismo e Immobiliare SpA	25.00		Intesa Sanpaolo	Holding
Twice Sim SpA (former Gemofin Sim)	19.95		Intesa Sanpaolo	Holding
Unicar Furgonature		40.52	Cariromagna	Pledge
Union Life Insurance Company Ltd		19.90	Eurizon Financial Group	Holding
United Valves Co. In liquidation		25.00	Bank of Alexandria	Holding
Universo Servizi SpA		90.48	Eurizon Vita	Holding
		4.76	Banca Fideuram	Holding
		4.76	Eurizon Capital	Holding
Uno a Erre Italia SpA (former ECC Holding Srl)	13.51		Intesa Sanpaolo	Holding
		11.14	Banca Intesa Mediocredito	Holding
UPI Banka d.d. - Sarajevo		81.18	Intesa Holding International	Holding
Villaggio Turistico Internazionale Srl (former Sviluppo Marino Srl)	100.00		Intesa Sanpaolo	Pledge
Vseobecna Uverova Banka a.s.		96.49	Intesa Holding International	Holding
Vub Asset Management Sprav. Spol. a.s.		100.00	Vseobecna Uverova Banka	Holding
Vub Factoring a.s.		100.00	Vseobecna Uverova Banka	Holding
Vub Generali dochodkova spravcovska spolocnost a.s.		50.00	Vseobecna Uverova Banka	Holding
Vub Leasingova a.s.		100.00	Vseobecna Uverova Banka	Holding
West Leasing S.A. in liquidation		88.71	Banca Comerciala Sanpaolo IMI Bank Romania	Holding
West Trade Center S.A.		99.99	Sanpaolo IMI Internazionale	Holding
Zao Banca Intesa	100.00		Intesa Sanpaolo	Holding
Zao International Business Consulting in liquidation	55.00		Intesa Sanpaolo	Holding

N.S. = Not significant as the percentage is less than 0.001

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