Interim statement as at 31 March 2008

This is an English translation of the Italian original "Resoconto intermedio al 31 marzo 2008" and has been prepared solely for the convenience of the reader. The Italian version takes precedence and will be made available to interested readers upon request to Intesa Sanpaolo S.p.A.

Interim statement as at 31 March 2008

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

Contents

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

Supervisory Board

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

Management Board

Chairman	Enrico SALZA
Deputy Chairman	Orazio ROSSI
Managing Director and Chief Executive Officer	Corrado PASSERA
Members	Elio CATANIA Giuseppe FONTANA Gian Luigi 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 responsible for preparing the Company's financial reports

Bruno PICCA

Independent Auditors

RECONTA ERNST & YOUNG S.p.A.

(*) Appointed by the Shareholders' Meeting held on 30 April 2008 after the resignation of Pio BUSSOLOTTO (in office until 8 April) and Fabrizio GIANNI (in office until 28 April).

Intesa Sanpaolo Group - Financial highlights and alternative performance measures

Income statement (in millions of euro)	**31.03.2008**	**31.03.2007** restated (*)	**Changes** amount	%
Net interest income	2,823	2,540	283	11.1
Net fee and commission income	1,602	1,676	-74	-4.4
Profits (losses) on trading	25	454	-429	-94.5
Income from insurance business	79	121	-42	-34.7
Operating income	4,648	4,896	-248	-5.1
Operating costs	-2,392	-2,468	-76	-3.1
Operating margin	2,256	2,428	-172	-7.1
Net adjustments to loans	-311	-346	-35	-10.1
Net income	1,748	3,966	-2,218	-55.9

Balance sheet (in millions of euro)	**31.03.2008**	**31.12.2007** restated (*)	**Changes** amount	%
Loans to customers	361,920	355,656	6,264	1.8
Direct customer deposits	393,819	393,156	663	0.2
Indirect customer deposits	653,033	669,768	-16,735	-2.5
of which: Assets under management	*255,772*	*270,232*	*-14,460*	*-5.4*
Total assets	605,241	601,700	3,541	0.6
Shareholders' equity	49,500	51,558	-2,058	-4.0

Operating structure	**31.03.2008**	**31.12.2007** restated (*)	**Changes** amount
Number of employees	101,769	101,627	142
Italy	*76,214*	*76,060*	*154*
Abroad	*25,555*	*25,567*	*-12*
of which: atypical labour contracts	*447*	*476*	*-29*
Number of financial advisors	4,570	4,574	-4
Number of branches [a]	7,874	7,789	85
Italy	*6,566*	*6,502*	*64*
Abroad	*1,308*	*1,287*	*21*

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

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

	31.03.2008	31.03.2007 restated (*)	31.12.2007 restated (*)
Profitability ratios (%)			
Cost / Income	51.5	50.4	51.6
Net income / Average shareholders' equity (ROE) (a)	10.3	18.7	18.9
Economic Value Added (EVA®)(b) (in millions of euro)	1,018	3,304	
Risk ratios (%)			
Net doubtful loans / Loans to customers	0.9		0.9
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	70.7		70.8
Capital ratios (%) (c)			
Tier 1 capital (d) net of preferred shares / Risk-weighted assets (Core Tier 1)	6.1		
Tier 1 capital (d) / Risk-weighted assets	6.7		
Total capital (e) / Risk-weighted assets	9.3		
Risk-weighted assets (in millions of euro)	392,525		
Basic earnings per share (basic EPS) (f) – euro	0.14		
Diluted earnings per share (diluted EPS) (g) – euro	0.14		
Shares			
Number of ordinary shares (thousands)	11,849,332		11,849,332
Share price at period-end - ordinary share (euro)	4.457		5.397
Average share price for the period - ordinary share (euro)	4.658		5.579
Average market capitalisation (in millions of euro)	59,287		71,058
Book value per share (euro) (h)	3.873		4.506
Long-term rating			
Moody's	Aa2		
Standard & Poor's	AA-		
Fitch	AA-		

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

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

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

(c) Ratios as at 31 March 2008 are determined using the methodology set out in the Basel 2 Capital Accord, adopting the standardised methods for the calculation of credit risk-weighted assets and for the calculation of operational risks.

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

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

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

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

(h) Figures for 2007 not restated. Book value per share as at 31.12.2007 does not consider treasury shares.

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

Income statement (in millions of euro)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)
Operating income	3,215	3,221	491	742	64	67	497	443	96	99	154	187
Operating costs	-1,618	-1,657	-214	-214	-23	-21	-257	-229	-42	-42	-83	-83
Operating margin	1,597	1,564	277	528	41	46	240	214	54	57	71	104

Balance sheet (in millions of euro)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	31.03.2008	31.12.2007 restated (*)	31.03.2008	31.12.2007 restated (*)	31.03.2008	31.12.2007 restated (*)	31.03.2008	31.12.2007 restated (*)	31.03.2008	31.12.2007 restated (*)	31.03.2008	31.12.2007 restated (*)
Loans to customers	214,861	211,612	86,491	87,525	34,287	33,906	24,409	23,215	7	8	1,108	905
Direct customer deposits	224,304	224,874	71,018	66,545	8,196	8,282	26,360	26,683	2	3	6,941	6,999

Profitability ratios (%)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)	31.03.2008	31.03.2007 restated (*)
Cost / Income	50.3	51.4	43.6	28.8	35.9	31.3	51.7	51.7	43.8	42.4	53.9	44.4
ROE before tax [a]	42.8	41.4	14.8	29.5	16.4	19.1	44.9	52.8	95.6	103.8	82.3	113.0
Economic Value Added (EVA®) (in millions of euro)	596	542	6	152	-	5	94	100	30	34	44	63

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

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

Intesa Sanpaolo in the first quarter of 2008
Executive summary

Introduction

The "Interim statement as at 31 March 2008" has been prepared, in consolidated form, in accordance with art. 154 ter of the Consolidated Law on Finance, introduced by Legislative Decree 195/07 which enforced Directive 2004/109/EC as concerns interim statements.
The structure of this Interim statement is similar to the Consolidated reports of the previous years, and presents a condensed income statement and a condensed balance sheet, prepared according to the usual criteria already used in the Annual report 2007 and in the other interim reports and illustrated in the chapter relative to the criteria for the preparation of this Interim statement.
The Interim statement includes detailed tables and comments on the main captions of the Income statement and the Balance sheet and a brief overview of financial and operational risks, including an update on the specific information provided on credit derivatives.

Intesa Sanpaolo in the first quarter of 2008

The first quarter of 2008 closed with a consolidated net income of 1,748 million euro, compared to a net income of 3,966 million euro in the corresponding period of the previous year, restated on a consistent basis considering the changes in the consolidation area. The two periods were affected in different ways by the non-recurring components deriving from the sale of assets. More specifically, net income for the first quarter of 2007 included capital gains on the disposal of Cariparma and FriulAdria to Crédit Agricole and other income from discontinued operations for a total of 2,914 million euro, whereas in the first quarter of 2008 the capital gains on the sale of 198 branches to Banca Carige, Credito Valtellinese, Banca Popolare di Bari, Veneto Banca and Banca Popolare dell'Alto Adige and other income from discontinued operations amounted to 950 million euro.
Moreover, the first quarter of 2008 was again affected, though to a lesser extent with respect to the last period of 2007, by the downturn in financial markets, which almost eliminated the contribution of profits on trading of financial instruments, compared to the positive result of 454 million euro of the first quarter of 2007. In particular, in the first three months of 2008 adjustments to structured credit products generated further losses of 120 million euro.
This diverse contribution led to a decrease in operating margin from 2,428 million euro at 31 March 2007 to 2,256 million euro at 31 March 2008 (-7.1%). In fact, the other important income captions contributed to operating margin with a significant growth rate for net interest income (+11.1%, from 2,540 million euro to 2,823 million euro) and a slight contraction in net fee and commission income (-4.4%, from 1,676 million euro to 1,602 million euro).
Operating costs recorded an overall 3.1% reduction (from 2,468 million euro to 2,392 million euro) due to a contraction in all components (personnel expenses, adjustments and administrative expenses), which was more marked than envisaged in the Business Plan.
Net provisions and adjustments to loans as at 31 March 2008 amounted to 344 million euro with a significant decline with respect to the 443 million euro of the first three months of 2007, thus testifying to continued good asset quality.
Income before tax from continuing operations totalled 1,917 million euro, down 5.1% compared to the 2,020 million euro of the corresponding period of the previous year.
After the registration of taxes of 608 million euro, income after tax from discontinued operations of 950 million euro, merger and restructuring related charges (net of tax) of 321 million euro, economic effects of purchase cost allocation of 133 million euro, as well as minority interests of 57 million euro, net income totalled 1,748 million euro.
The comparison between the results of the first quarter of 2008 with the fourth quarter of 2007 shows a 1% rise in revenues and a significant contraction in both operating costs and adjustments and provisions, with a significant growth rate in both operating margin and income before tax from continuing operations.

The contribution of the business units to the Group's overall economic results recorded diverse trends.
The Banca dei Territori Division, which is the Group's "core business", highlighted a 2.1% rise in operating margin, due to the decrease in operating costs, combined with practically stable revenues. Within the business unit, operating margin on the retail and private segments increased, whereas the result of SMEs and the insurance business decreased.
Operating margin of the Corporate & Investment Banking Division posted a significant decline due to proprietary trading activities and stable operating costs.
The result of the International Subsidiary Banks Division recorded a 12.1% growth rate due to the rise in revenues which amply offset higher growth-related costs.
The performance of Eurizon Capital and Banca Fideuram (operating margin down respectively by 5.3% and 31.7%) was affected by the continued crisis of the asset management sector, whereas Public Finance, which generated operating margin down 10.9%, was affected by the halt in public sector investments, that led to a decrease in the working capital requirement of the public sector compared to the first quarter of 2007.

As concerns main balance sheet aggregates, loans to customers totalled 362 billion euro, with a 1.8% rise from the beginning of the year; direct customer deposits stood at almost 394 billion euro, virtually unchanged compared to 31 December 2007. Indirect customer deposits totalled 653 billion euro (-2.5% with respect to the end of the previous year).

Significant events

In the first quarter of 2008 activities continued for the realisation of the strategic options set forth in the Business Plan and for the rationalisation of Group structure.
As already described in detail in the Annual report 2007, at the end of January, Intesa Sanpaolo acquired control of Carifirenze from Ente Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio della Spezia and So.Fi.Ba.R. – Società Finanziaria di Banche Romagnole, by means of a share swap of own ordinary shares. As a result of the stake already held, the share swap, the subsequent Mandatory Public Offer and the exercise of the squeeze-out right on the residual shares, Intesa Sanpaolo now holds an 89.71% stake in the Cassa's share capital and Ente Cassa di Risparmio di Firenze holds the residual stake.
The acquisition of Carifirenze significantly strengthens Intesa Sanpaolo's competitive position in the five regions of Centre-North Italy, where the Cassa has an extensive presence, and specifically in Tuscany. This transaction effectively complements Intesa Sanpaolo's strategy aimed at completing its territorial coverage of Italy, as set out in the Business Plan.
Cassa di Risparmio di Firenze will become the sub-holding company for Central Italy and will perform management and coordination duties, on behalf of the Parent Company Intesa Sanpaolo, of the commercial banks controlled by Carifirenze and by Casse del Centro. The Cassa will operate within the Territorial Bank ("Banca dei Territori") framework and will have the exclusive territorial control of Tuscany and Umbria and the following areas will be added: the Eastern part of Liguria, the Viterbo and the Ascoli Piceno provinces and the area of Fano.

As regards the rationalisation of Group structure, various infra-group mergers became effective as of 1 January 2008 and involved both Italian and international subsidiaries.
In Italy, the integration between Banca Intesa Infrastrutture e Sviluppo S.p.A. – which took on the new corporate name of Banca Infrastrutture Innovazione e Sviluppo S.p.A., in short BIIS S.p.A., – and Banca per la Finanza alle Opere Pubbliche e alle Infrastrutture (Banca OPI) came into effect. The operation was realised through the total spin-off of Banca OPI. All assets, liabilities and legal relationships previously referred to Banca OPI were assigned completely and totally unchanged to BIIS, with the exception of the equity investments held by Banca OPI in Fin.OPI (now Equiter) and in SINLOC, which were transferred, respectively, to Intesa Sanpaolo and Fin.OPI.
Leasint – the company formed from the merger by incorporation of Sanpaolo Leasint into Intesa Leasing – is also operational from the beginning of the year and it is a leading player in Italy with an overall portfolio of over 70,000 clients and 16 billion euro of loans.
The disposal of 198 branches, to comply with decision issued by the Italian Competition Authority relative to the Banca Intesa and SANPAOLO IMI merger, was finalised in the first quarter of 2008.
More specifically, 36 branches of the Intesa Sanpaolo Group were sold to Veneto Banca on 14 February for a total consideration of 274 million euro. This disposal which came into effect as of 18 February 2008 included branches located in the provinces of Imperia (5 branches), Venezia (12), Padova (7), Udine (9)

and Rovigo (3). On 21 February the following further disposals were finalised and came into effect as of 25 February 2008: 35 branches, for a total consideration of 395 million euro, to the Credito Valtellinese Group, of which 12 to Credito Artigiano in the Pavia province and 23 to Credito Piemontese in the provinces of Alessandria (4) and Torino (19); 6 branches, for a total consideration of 54 million euro, to Banca Popolare Alto Adige in the Venezia province; 43 branches, for a total consideration of 181 million euro, to Banca Popolare di Bari in the provinces of Pesaro (2), Terni (11), Napoli (15), Caserta (10) and Brindisi (5).
The sale of the remaining 78 branches – in the provinces of Torino (14), Aosta (1), Como (19), Pavia (6), Venezia (18), Padova (15), Rovigo (1) and Sassari (4) – to Banca Carige was finalised on 7 March with effect as of 10 March 2008 for a total consideration of 996 million euro.
Lastly, the integration in Eurizon Capital of Eurizon Investimenti (former CAAM Sgr), whose control was acquired at the end of 2007 following the purchase of the activities attributable to the 65% stake of Nextra Investment Management, was finalised in April. Following this transaction, Eurizon Capital became the leading Italian asset management company with over 174 billion euro of net managed assets and a market share exceeding 20%. The new Eurizon Capital, which controls Eurizon Capital SA – with registered office in Luxembourg and branches in Chile and Singapore –, Eurizon Alternative Investments Sgr and Eurizon A.I. Sgr, both asset management companies of funds of hedge funds, and Epsilon Sgr, specialised in quantitative asset management, is capable of offering a product range which is among the most complete in the market, both in terms of asset class and management styles, complemented by a wide range of services offered to retail, private and institutional investors.
As concerns presence abroad, in Albania, American Bank of Albania absorbed Banca Italo Albanese; in Serbia, Banca Intesa Beograd merged with Panonska Banka and in Hungary CIB absorbed Inter-Europa Bank. In parallel the rebranding of International Banks commenced and will proceed in 2008 in every country according to different timing and means, with the sole exception of Albania where it will occur in 2009.
Lastly, at the beginning of February, Intesa Sanpaolo and the controlling shareholders of JSC Pravex Bank, executed an agreement for the acquisition of 100% of the share capital of Pravex. Completion of the transaction is expected within the year, after obtaining the necessary authorisations in Italy and Ukraine. Pravex is a commercial bank entirely dedicated to retail banking activities with households, with a network of approximately 560 branches (which represent the sixth largest network in the country), over 2,000 point-of-sale consumer finance outlets located in major commercial retails chains, and approximately 280 ATM machines. Pravex provides personal, mortgage, and auto loans and revolving credit cards and is one of the three major Ukrainian providers of point-of-sale consumer finance to approximately 1.2 million clients.
Pravex's financial statements, prepared according to IFRS, showed total assets of approximately 1 billion dollars, loans to customers of approximately 600 million dollars – financed entirely with customer deposits – and shareholders' equity exceeding 100 million dollars. At closing, Intesa Sanpaolo will pay an exchange value of approximately 750 million dollars. Total consideration shall be adjusted based on Pravex's IFRS net book value at the date of completion.

In the first quarter of 2008 all the operating divisions continued activities aimed at the integration and rationalisation of the Group and the launch of new products and services.
Within **Banca dei Territori**, preparatory activities for the migration to the target information system of all the branches were completed. The migration process commenced in April 2008 and is expected to be completed for the Parent Company next July. Product rationalisation, simplification and standardisation was almost completed. It involved the selection of the best commercial offers of the Intesa and Sanpaolo IMI Groups and led to an approximately 60% reduction in the number of products. A new product catalogue was defined tailored to meet the needs of the various customer segments (private, small business, and SMEs). Moreover, a new platform was introduced to support branches in all the phases of the commercial process and to ensure consistent behaviour.
In the quarter, new products and new initiatives were also launched, both for retail customers and for small businesses, illustrated in the chapter commenting the division's results.
In the private segment, the project aimed at optimising private banking activities – through the integration in Intesa Sanpaolo Private Banking of the private networks from SANPAOLO IMI and network banks – continued.
For non-profit customers, Banca Prossima, the first dedicated European bank, established at the beginning of November 2007, launched an innovative service for all non-profit organisations called "Subito 5 per mille" which advances, within 10 working days, up to 100% of the expected sums of donations made by citizens through personal tax returns; the only undertaking required is to authorise

Banca Prossima to collect the "5 per mille" once it has been disbursed, thereby closing the financing arrangement. Donations totalled almost 600 million euro, targeted at tens of thousands of organisations throughout Italy. These contributions, to be transferred by the State and varying from thousands to millions of euro, have still not been paid out, with the consequence that more than 15,000 non-profit organisations of all sizes risk having to reassess their work programmes.
Concerning medium-/long-term financing to support the development of small and medium-sized enterprises, Mediocredito Italiano, a company which unites the experiences matured by the Group in financing to SMEs, was recently presented to the market. Mediocredito Italiano operates within the Banca dei Territori Division, to serve the network of the Intesa Sanpaolo Group, and is mostly aimed at companies with a turnover between 2.5 million euro and 150 million euro offering industrial and specialised lending and leasing thanks to the convergence with Leasint, in which Mediocredito Italiano now holds a direct interest. The strongly-innovative business model is based on a twofold logic: on the one hand, centres of excellence were formed for all business financing types (medium-/long-term, subsidised lending, research and development lending, Alternative Capital Market, structured finance, leasing); on the other hand, the service model is based on specialised desks deeply rooted in local territories to capitalise on so-called "high growth" industries (energy, fashion, research and development, hospitality, agriculture, food, media and entertainment, shipping).
The changed organisational structure sees EurizonVita committed in the support of the development of Banca dei Territori and, simultaneously in satisfying the needs of the customers of Banca Fideuram's networks of financial advisors. Activities in the first quarter of the year focused on enhancing quality of customer service and of distribution networks and on adapting the product range in order to satisfy customer needs with innovative investment, insurance and protection solutions.
The production mix, in a less dynamic market context with respect to the previous year, entails:

- the repositioning on unit-linked policies, aimed at absorbing part of the production of index-linked products, which are affected by the lower customer preferences; the new unit-linked product called EurizonLife Prospettiva was launched in the quarter;
- the resizing of traditional products, characterised by a low new business contribution, and considerable outflows for surrenders and expiries;
- the expansion of the offer of the casualty branch, with the introduction of the new "Creditor protection insurance" products to be combined with mortgages and loans and the launch of the new "Prospettiva Salute" product.

The **Corporate & Investment Banking Division** continued both rationalisation and integration activities and product and service development activities.
Corporate Relations continued the project that focuses on the identification of new hubs for back-office operations and on the definition of a service model which guarantees an improvement in customer management by means of segmentation in relation to market share, risk level, industry. At the same time a new strategy to develop activities in emerging countries was defined.
As regards Financial Institutions, to increase cross-selling on high value added products, Global Relationship Managers were provided with "SalesForce", the first on line Customer Relationship Management tool, and a statistical datamart specifically designed for this market segment is in an advanced phase of realisation.
With reference to the Investment Banking area, the coverage of Corporate customers was strengthened with a highly specialised product offer (for example advisory services for corporate restructurings or advisory and interventions in complex extraordinary finance transactions).
In particular, credit facilities in favour of highly-leveraged entities in relation to corporate acquisitions, leveraged buy-outs or medium-term refinancing transactions were originated. Moreover, coverage on international markets is being strengthened through the selective identification of the industries, products and geographical areas in which to develop internal competencies and apply the Group's distinctive competencies in the origination, structuring and management of complex transactions.
The Capital Markets area addressed its actions to the development and enhancement of service models which entail strengthening distribution capacity, launching new products and expanding origination capacity.
With reference to Merchant Banking activities, the Bank operates both directly and indirectly in almost all market segments (investments in development projects; support to SMEs through regional funds, institutional investments, quasi-equity investments through the mezzanine fund; restructuring projects and special situations, start-ups and technological innovation with the venture capital fund etc.), with a strong focus on the Italian market.

Within the **Public Finance** Business Unit, the already-mentioned integration between Banca OPI and Banca Intesa Infrastrutture e Sviluppo was finalised with effect as of 1 January 2008 with the establishment of the new Banca Infrastrutture Innovazione e Sviluppo (BIIS) thus forming 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 first bank in Italy in Public finance and among the top European specialists in this sector became fully operational: it is the sign of the Group's strong and visible commitment to playing an important role in favour of the development and growth of the country. Moreover, BIIS has the competencies and the experience to operate in all international markets, and continues to develop Public Finance abroad, as set out in the Business Plan, starting from the European and Mediterranean basin countries.

The strategic guidelines defined in the Business Plan for the **International Subsidiary Banks** Division are mainly oriented to an improvement in the Group's competitive positioning in the countries where it is present, realising revenue synergies on the one hand, especially by leveraging on centres of excellence (leasing, credit cards, consumer credit, etc.), and cost synergies on the other hand, with the merger projects in Bosnia, Hungary, Albania and Serbia, which have been completed.
The press conference for the presentation of the new logos of the Group's International Subsidiary Banks took place in Vienna in January. The new logos are aimed at evoking the Parent Company's logo in terms of format and colour. All Banks will change identity and certain banks will also change name: the rebranding activity will proceed in every country according to different timing and means.
In the various countries, in addition to the initiatives aimed at strengthening and rationalising the territorial coverage, specific attention was paid to commercial development activities, for the renewal, expansion and diversification of the range of products offered, especially those targeted to retail customers.

In the first months of 2008, with reference to asset management, **Banca Fideuram**, consistent with the objective of consolidating its market leadership through the development of its traditional strong points (such as private banking), undertook certain important actions. In particular, efforts concentrated not only on the continuous updating of the product offer, to keep it in tune with market evolution and to adequately support the advisory service model, but especially on the development of a dedicated offer for the private customer segment, strategic for the bank.
Lastly, in the first quarter the preparatory activities were completed for the incorporation of Eurizon Investimenti into **Eurizon Capital**, which occurred on 7 April. The company started a process to requalify its asset management products, including funds incorporated under both Italian and Luxembourg law, aimed at product range rationalisation and in investment policy variations.

The Intesa Sanpaolo Group

Intesa Sanpaolo

Head Office Departments

Public Finance

- Banca Infrastrutture Innovazione e Sviluppo

Corporate & Investment Banking Division

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

Banca dei Territori Division

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

International Subsidiary Banks Division

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

Other Group Subsidiaries

- Banca Fideuram
- Eurizon Capital

Consolidated financial statements

Consolidated balance sheet

(in millions of euro)

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

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

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

Consolidated income statement

(in millions of euro)

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

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

Report on operations

Economic results

Quarterly development of the reclassified consolidated income statement

(in millions of euro)

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

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

The economic results for the first quarter of 2008 are compared with those for 2007. For the purpose of permitting a consistent comparison, figures for the previous year are restated on a consistent basis to consider the changes in the consolidation area, mainly attributable to the entrance of Cassa di Risparmio di Firenze in the Intesa Sanpaolo Group which occurred at the end of January.

In the first quarter of the 2008 Intesa Sanpaolo Group generated a net income amounting to 1,748 million euro, achieved in a particularly difficult market context due to the persisting financial market crisis, triggered by subprime mortgages, and by the signs of economic slowdown. The net decrease in the result with respect to the corresponding period of the previous year, which exceeded 2 billion euro, is mostly attributable to the capital gains on the sales of equity investments recorded in the first quarter of 2007 (2.9 billion euro). Excluding non-recurring income generated by such sales, profits on trading, merger and restructuring related charges and the economic effects of purchase cost allocation, net income for the period presents a 34% growth rate.

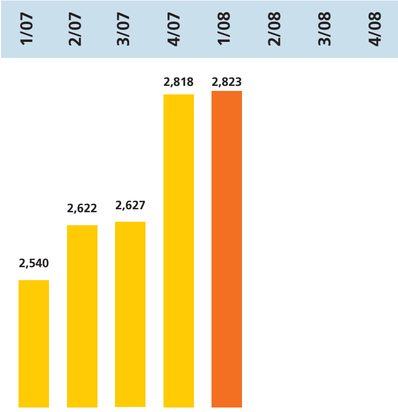
Operating income

In the first three months of 2008 the Group's operating income amounted to 4,648 million euro, down 5.1% compared to the same period of the previous year. The strong rise in net interest income (+11.1%) was accompanied by a contraction in commissions on services (-4.4%) and insurance business (-34.7%). The persisting financial market crisis negatively affected profits on trading which, however, after the negative result of the fourth quarter of 2007, registered a positive result.

Net interest income

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Relations with customers	4,260	3,383	877	25.9
Relations with banks	-312	-286	26	9.1
Securities issued	-1,603	-1,421	182	12.8
Differentials on hedging derivatives	-109	52	-161	
Financial assets held for trading	262	429	-167	-38.9
Investments held to maturity	64	133	-69	-51.9
Financial assets available for sale	208	155	53	34.2
Non-performing assets	134	135	-1	-0.7
Other net interest income	-93	-45	48	
Interest margin	**2,811**	**2,535**	**276**	**10.9**
Fair value adjustments in hedge accounting	**12**	**5**	**7**	
Net interest income	**2,823**	**2,540**	**283**	**11.1**



Quarterly development of net interest income

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

Net interest income in the period amounted to 2,823 million euro, with a 283 million euro rise compared to the first quarter of 2007. Net interest income from operations with customers, which in the table above also includes components related to securities issued and differentials on hedging derivatives, totalled 2,548 million euro, up 534 million euro (+26.5%) on the same period of 2007. The rise benefited from growth in intermediated volumes, especially from the increase in loans to customers, and, as concerns interest rates, from the rise in the spread on funding only partly offset by the reduction in the margin on loans. Net interest income attributable to financial investments posted a 25.5% decrease following financial market turbulence; lastly, net interest expense on relations with banks worsened by 9.1%.

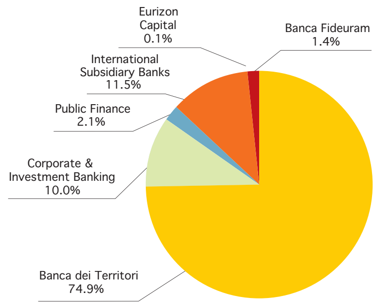
Net interest income in the first quarter of 2008 was higher than in the previous quarters of 2007.

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	1,994	1,845	149	8.1
Corporate & Investment Banking	267	240	27	11.3
Public Finance	57	51	6	11.8
International Subsidiary Banks	307	257	50	19.5
Eurizon Capital	2	3	-1	-33.3
Banca Fideuram	37	30	7	23.3
Total business areas	**2,664**	**2,426**	**238**	**9.8**
Corporate Centre	159	114	45	39.5
Intesa Sanpaolo Group	**2,823**	**2,540**	**283**	**11.1**

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

Business areas



Most business areas contributed to the growth of net interest income. In particular, Banca dei Territori, which generates 75% of the result of the business areas, posted an 8.1% rise in net interest income, especially due to the retail and private areas and to leasing and consumer credit. International Subsidiary Banks recorded a considerable rise (+19.5%), followed by the contributions of Corporate & Investment Banking (+11.3%), Banca Fideuram (+23.3%) and Public Finance (+11.8%).

Dividends and profits on investments carried at equity

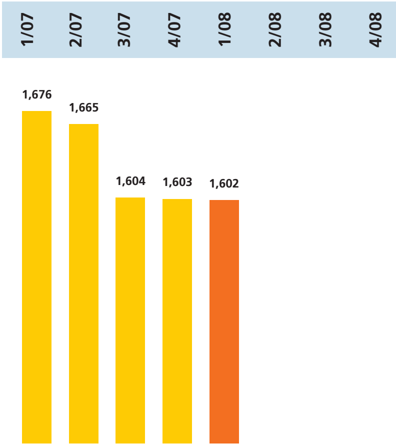
Dividends collected from unconsolidated equity investments and profits on investments carried at equity totalled 66 million euro, compared to 50 million euro in the first quarter of 2007. The caption is mostly attributable to the Parent Company.

Net fee and commission income

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Guarantees given	63	61	2	3.3
Collection and payment services	114	106	8	7.5
Current accounts	229	246	-17	-6.9
Credit and debit cards	109	101	8	7.9
Commercial banking activities	**515**	**514**	**1**	**0.2**
Dealing and placement of securities	229	265	-36	-13.6
Currency dealing	16	18	-2	-11.1
Portfolio management	409	404	5	1.2
Distribution of insurance products	187	210	-23	-11.0
Other	68	59	9	15.3
Management, dealing and consultancy activities	**909**	**956**	**-47**	**-4.9**
Other net fee and commission income	**178**	**206**	**-28**	**-13.6**
Net fee and commission income	**1,602**	**1,676**	**-74**	**-4.4**

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



Quarterly development of net fee and commission income

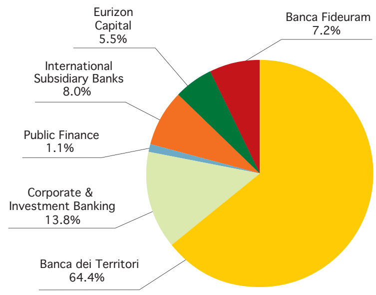
Net fee and commission income achieved in the first quarter of 2008 amounted to 1,602 million euro and represented 35% of revenues. The comparison with the figure for the first three months of 2007 shows a 4.4% decrease.
The trend was affected by the 4.9% reduction in management, dealing and consultancy fees due to dealing and placement of securities and distribution of insurance products.
Commissions on banking activities, which represent approximately one third of the overall aggregate, remained stable. The highest inflows were achieved on collection and payment services, credit and debt cards which more than offset the decrease in fees on current accounts, ascribable to the ever-increasing diffusion of accounts with lower costs for customers.
With respect to the quarters of 2007, net fee and commission income in the first three months of 2008 was stable on the last quarter of the previous year, which ended a year of decreases.

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	1,076	1,127	-51	-4.5
Corporate & Investment Banking	231	219	12	5.5
Public Finance	18	10	8	80.0
International Subsidiary Banks	134	111	23	20.7
Eurizon Capital	92	94	-2	-2.1
Banca Fideuram	120	153	-33	-21.6
Total business areas	**1,671**	**1,714**	**-43**	**-2.5**
Corporate Centre	-69	-38	31	81.6
Intesa Sanpaolo Group	**1,602**	**1,676**	**-74**	**-4.4**

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

Business areas

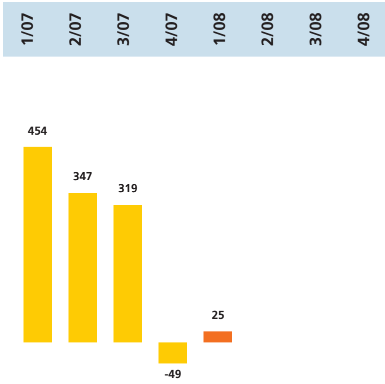


The fall in net fee and commission income with respect to the first quarter of 2007 is attributable to Banca dei Territori (-4.5%), which produced 64% of net fee and commission income generated by the business units, Banca Fideuram (-21.6%) and Eurizon Capital (-2.1%), affected by the difficulties of the asset management market. Opposite trends were recorded by International Subsidiary Banks (+20.7%), due to the positive trend of commissions on lending and payment services, Public Finance (+80%) and Corporate & Investment Banking (+5.5%), mostly due to capital market activities.

Profits (Losses) on trading

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Trading result (securities and connected credit derivatives, foreign exchange, financial derivatives)	-134	325	-459	
Other credit derivatives	-28	-1	27	
Other financial assets / liabilities: foreign exchange differences	147	63	84	
Profits (Losses) on financial assets / liabilities held for trading	**-15**	**387**	**-402**	
Profits (Losses) on disposal of financial assets available for sale and repurchase of financial liabilities	**32**	**44**	**-12**	**-27.3**
Dividend and similar income on shares available for sale	**8**	**23**	**-15**	**-65.2**
Profits (Losses) on trading	**25**	**454**	**-429**	**-94.5**



Quarterly development of profits (losses) on trading

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

In the first quarter of 2008, Profits (Losses) on trading, that included profits (losses) on trading, on other credit derivatives and on foreign exchange differences, profits (losses) on disposal of financial assets and liabilities available for sale and dividends and other income from such assets, totalled 25 million euro compared to the 454 million euro recorded in the same period of 2007. The decrease is attributable to the significantly negative market performances due to the already-mentioned subprime mortgage crisis, which commenced in the second half of 2007.

The mark to market for quoted instruments and its application to non-quoted instruments within Internal Models, which necessarily had to consider the further deterioration of reference market parameters, resulted in the registration of adjustments on structured credit derivatives of 120 million euro, which almost entirely referred to the Parent Company.

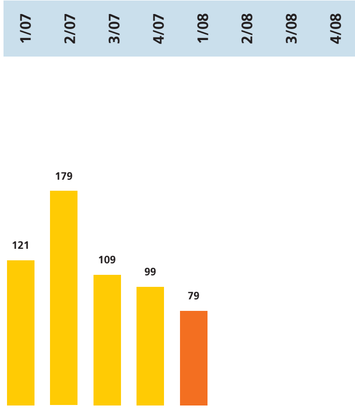
A detailed analysis shows, with respect to the first quarter of 2007, negative trends for all areas of activity with the sole exception of foreign exchange.

Quarterly development of Profits (Losses) on trading shows an inversion in the trend: after the progressive erosion in 2007, which ended with a negative result in the last quarter, the caption went back to positive in the first quarter of 2008.

Income from insurance business

(in millions of euro)

	31.03.2008			31.03.2007 restated (*)			Changes	
	Life	Casualty	**Total**	Life	Casualty	**Total**	**amount**	**%**
Premiums and payments [(a)]	52	28	80	-78	22	-56	136	
net premiums	*368*	*37*	*405*	*580*	*29*	*609*	*-204*	*-33.5*
net charges for claims	*-1,223*	*-9*	*-1,232*	*-1,097*	*-6*	*-1,103*	*129*	*11.7*
net charges for changes in technical reserves	*907*	*-*	*907*	*439*	*-1*	*438*	*469*	
Net income from financial instruments designated at fair value through profit and loss [(b)]	-102	-	-102	68	-	68	-170	
Net income from securities (including UCITS) classified as Financial assets available for sale and Financial assets held for trading [(c)]	159	2	161	221	1	222	-61	-27.5
Other income/charges from insurance business [(d)]	-41	-19	-60	-98	-15	-113	-53	-46.9
Income from insurance business	**68**	**11**	**79**	**113**	**8**	**121**	**-42**	**-34.7**



Quarterly development of income from insurance business

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

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

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

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

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

Income from insurance business in the period, which contains revenue items referring to the life and casualty companies of the Group, totalled 79 million euro, down 34.7% with respect to the first quarter of 2007.

This result reflects the significant decrease in financial management, attributable to lower amounts under management and portfolio divestment policies which were negatively affected by market instability. This trend, together with an asset mix which moved to less profitable products, absorbed the improvement in the margin on the insurance business, represented by the imbalance between net premiums and net charges.

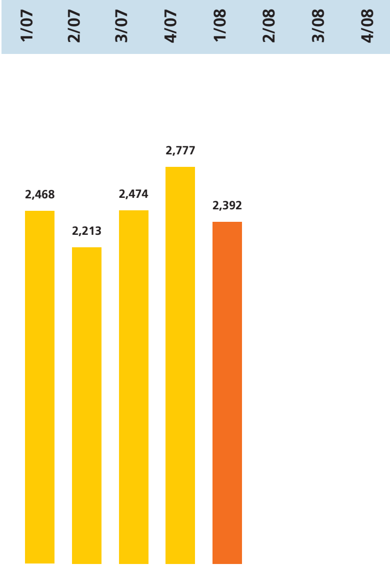
Other operating income (expenses)

Other operating income (expenses) is a residual caption which comprises various types of income and expenses, such as real estate rentals, income and expenses on consumer credit activities and leasing, amortisation of leasehold improvements. The caption does not include recovery of expenses and taxes and duties, which are directly deducted from administrative expenses. Other operating income totalled 53 million euro, with a 2 million euro decrease with respect to the first three months of 2007.

Operating costs

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Wages and salaries	1,028	1,095	-67	-6.1
Social security charges	261	279	-18	-6.5
Other	164	133	31	23.3
Personnel expenses	**1,453**	**1,507**	**-54**	**-3.6**
Information technology expenses	193	192	1	0.5
Management of real estate assets	174	189	-15	-7.9
General structure costs	125	123	2	1.6
Professional and legal expenses	100	97	3	3.1
Advertising and promotional expenses	35	40	-5	-12.5
Indirect personnel costs	29	30	-1	-3.3
Other costs	86	91	-5	-5.5
Indirect taxes and duties	152	162	-10	-6.2
Recovery of expenses and charges	-146	-165	-19	-11.5
Administrative expenses	**748**	**759**	**-11**	**-1.4**
Property and equipment	110	120	-10	-8.3
Intangible assets	81	82	-1	-1.2
Adjustments	**191**	**202**	**-11**	**-5.4**
Operating costs	**2,392**	**2,468**	**-76**	**-3.1**



Quarterly development of operating costs

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

The operating costs of the first quarter of 2008, net of costs connected to the integration process recorded in a specific caption of the reclassified income statement, totalled 2,392 million euro, down 3.1% with respect to the same period of 2007, thanks to the reductions recorded in the main components.

The breakdown shows that personnel expenses amounted to 1,453 million euro, down 3.6% with respect to the first quarter of 2007. The trend was originated by cost reductions in the Group's Italian companies, mostly ascribable to the decrease in personnel, which more than offset the growth-related expenses of international subsidiaries.

Administrative expenses amounted to 748 million euro, down 1.4% with respect to the first three months of 2007. The highest savings are mostly attributable to management of real estate assets and, to a lower extent, to advertising, promotional and other expenses.

Adjustments recorded a 5.4% fall to 191 million euro compared to the 202 million euro of the first quarter of 2007. The decline is essentially attributable to intangible assets.

With respect to the quarters of 2007, operating costs in the first quarter of 2008 were lower, with the sole exception of the second quarter of the previous year, which had benefited from the registration in the income statement of part of the employee termination indemnities, following the actuarial recalculation in compliance with the supplementary social security reform, in force as of 1 January 2007.

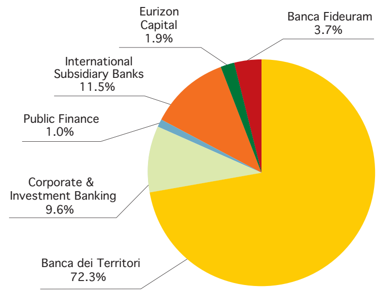
The cost/income ratio totalled 51.5%, with an approximately one percentage point rise with respect to the first quarter of 2007, due to the volatility of profits on trading.

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	1,618	1,657	-39	-2.4
Corporate & Investment Banking	214	214	-	-
Public Finance	23	21	2	9.5
International Subsidiary Banks	257	229	28	12.2
Eurizon Capital	42	42	-	-
Banca Fideuram	83	83	-	-
Total business areas	**2,237**	**2,246**	**-9**	**-0.4**
Corporate Centre	155	222	-67	-30.2
Intesa Sanpaolo Group	**2,392**	**2,468**	**-76**	**-3.1**

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

Business areas



The fall in the Group's operating costs with respect to the first quarter of 2007 was mostly ascribable to the Banca dei Territori (-39 million euro) and to the Corporate Centre (-67 million euro), which significantly benefited from the already-achieved synergies. Costs increased in all components for International Subsidiary Banks (+12.2%); Public Finance posted a 9.5% growth rate due to administrative expenses. Operating costs were stable for Corporate & Investment Banking, Banca Fideuram and Eurizon Capital.

Operating margin

In the first quarter of 2008, operating margin totalled 2,256 million euro, down 7.1% with respect to the same period of 2007. This trend was mostly affected by the decrease in profits on trading, due to the effects of the aforementioned financial market crisis.

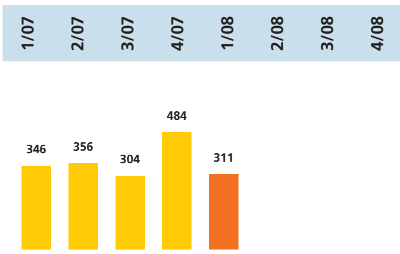
Net provisions for risks and charges

Net provisions for risks and charges amounted to 33 million euro, deriving from revocatory actions, claims for damages, lawsuits and other disputes and are updated on the basis of the litigations under way and the assessment of their possible outcomes. The caption registered a significant decrease with respect to the first quarter of the previous year, which had been affected by considerable charges for the settlement of major litigations.

Net adjustments to loans

(in millions of euro)

	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Doubtful loans	-159	-119	40	33.6
Other non-performing loans	-147	-138	9	6.5
Performing loans	-30	-112	-82	-73.2
Net impairment losses on loans	**-336**	**-369**	**-33**	**-8.9**
Net adjustments to guarantees and commitments	**25**	**23**	**2**	**8.7**
Net adjustments to loans	**-311**	**-346**	**-35**	**-10.1**



Quarterly development of net adjustments to loans

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

In the first quarter of 2008 the Group posted net adjustments to loans of 311 million euro, down 10.1% with respect to the corresponding period of the previous year. The decrease is attributable to lower lump-sum adjustments, amounting to 30 million euro compared to the 112 million euro of the first three months of 2007, though they still permitted a 0.7% coverage of performing loans, as at the end of 2007. Analytical adjustments, which totalled 306 million euro, posted a 49 million euro rise.
Off-balance sheet credit risk related to guarantees and commitments led to record value recoveries of 25 million euro.

The first quarter of 2008 presented lower adjustments than those recorded on average in the quarters of 2007.

Net impairment losses on other assets
Net impairment losses on other assets totalled 8 million euro compared to the 2 million posted in the first quarter of 2007.

Profits (Losses) on investments held to maturity and on other investments
Profits on investments held to maturity and on other investments amounted to 13 million euro compared to 37 million euro recorded in the first three months of 2007. That figure included profits of 29 million euro generated from the sale of Cassa di Risparmio di Teramo.

Income before tax from continuing operations
Income before tax from continuing operations totalled 1,917 million euro, down 5.1% with respect to the first quarter of 2007: the downward trend of income before tax from continuing operations was partly offset by lower provisions for risks and charges and net adjustments.

Taxes on income from continuing operations
Provisions for taxes for the period, both current and deferred, totalled 608 million euro, compared to 725 million euro in the first quarter of 2007. The tax-rate totalled 31.7%, compared to 35.9% recorded in the first three months of 2007.

Merger and restructuring related charges (net of tax)
Merger and restructuring related charges (net of tax) totalled 321 million euro and were attributable to the Parent Company. The caption includes 271 million euro, which represents the further prudential provision allocated in view of the probable exit of other staff, again with the application to the Solidarity Allowance provided for by Ministerial Decree 158 of 2000. After the agreement signed on 1 December 2006, which set out the exit from the Group of 4,200 people, a second agreement was signed on 1 August 2007 to enable a further 2,300 people to leave service, also through the application to utilise the Solidarity Allowance. 3,982 applications were received within the set expiry date, more than the number set out in the agreement, for which considerable provisions had been made in the 2007 financial statements.
In view of defining with Trade Unions the terms and the means for acceptance of the higher requests, the sum allocated to provisions represents a reasonable estimate of the charges which would be paid by Group companies. The procedures with Trade Unions provided for by the aforesaid M. D. 158/2000 have already been commenced.

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, financial assets and liabilities and the recognition of new intangible assets, in application of IFRS 3, upon registration of acquisitions (SANPAOLO IMI, Cassa di Risparmio di Firenze, Eurizon Investimenti); in the first quarter of 2008 such effects totalled 133 million euro, in line with the same period of the previous year.

Income (Loss) from discontinued operations (net of tax)
Income from discontinued operations, amounting to 950 million euro, was generated by the capital gain relative to the sale of 120 branches to Veneto Banca, Credito Valtellinese, Banca Popolare di Bari and Banca Popolare Alto Adige (in February 2008), of 78 branches to Banca Carige (with effects as of 10 March 2008), and from income recorded by such branches until the moment of their sale. The result is compared with the 2,914 million euro of income of first quarter of 2007 which, as already highlighted, included the capital gains on the sale to Crédit Agricole of Cariparma and FriulAdria, as well as the results achieved by the two subsidiaries before their sale.

Net income

Net income for the period reached 1,748 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.

Balance sheet aggregates

Balance sheet aggregates as at 31 March 2008 are compared with those as at 31 December 2007. For the purpose of a consistent comparison, figures for the previous year are restated to consider changes in the Group's consolidation area.

Quarterly development of the consolidated reclassified balance sheet

(in millions of euro)

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

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

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

Loans to customers

(in millions of euro)

	31.03.2008		31.12.2007 restated (*)		Changes	
		% breakdown		% breakdown	amount	%
Current accounts	35,296	9.8	33,834	9.5	1,462	4.3
Mortgages	169,978	47.0	164,397	46.3	5,581	3.4
Advances and other loans	137,525	38.0	138,101	38.8	-576	-0.4
Repurchase agreements	3,434	0.9	3,459	1.0	-25	-0.7
Loans represented by securities	6,960	1.9	7,609	2.1	-649	-8.5
Non-performing loans	8,727	2.4	8,256	2.3	471	5.7
Loans to customers	**361,920**	**100.0**	**355,656**	**100.0**	**6,264**	**1.8**

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

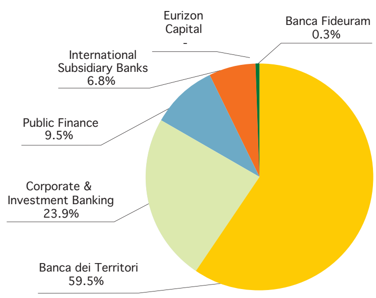
Despite the slowdown in the economy and continuing market volatility which reduced the operating options of financial intermediaries, the Group's loans to customers at the end of the first quarter of 2008, including loans represented by securities issued by customers, reached 362 billion euro, up 1.8% from the beginning of the year. An analysis of single components shows increases in current accounts (+4.3%), preferred by customers as flexible financing instruments in an instable market, and in mortgages (+3.4%), which represent almost half of loans to customers. Advances and other loans slightly decreased (-0.4%); while loans represented by securities posted an 8.5% decrease. Repurchase agreements, which have a mostly financial nature, recorded a modest drop (-0.7%). In terms of risk, non-performing loans posted a 5.7% increase from the beginning of the year, but in any case the ratio between non-performing loans and loans to customers remained in line with 31 December 2007.
In the domestic medium-/long-term loan market, disbursements to households reached 4 billion euro, while those to companies exceeded 2 billion euro.
As at 31 March 2008, the Group's share of the domestic market (calculated on the harmonised time-series defined for countries in the eurozone) was 17.5% for total loans, down by 0.4 percentage points with respect to the end of 2007. The trend was affected by the sale of 198 branches in the quarter, in compliance with the provision of the Italian Competition Authority.

(in millions of euro)

	31.03.2008	31.12.2007	Changes	
		restated (*)	amount	%
Banca dei Territori	214,861	211,612	3,249	1.5
Corporate & Investment Banking	86,491	87,525	-1,034	-1.2
Public Finance	34,287	33,906	381	1.1
International Subsidiary Banks	24,409	23,215	1,194	5.1
Eurizon Capital	7	8	-1	-12.5
Banca Fideuram	1,108	905	203	22.4
Total business areas	**361,163**	**357,171**	**3,992**	**1.1**
Corporate Centre	757	-1,515	2,272	
Intesa Sanpaolo Group	**361,920**	**355,656**	**6,264**	**1.8**

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

Business areas



Breakdown by business area shows a 1.5% increase achieved by Banca dei Territori, which represents approximately 60% of the total aggregate attributable to the Group's business areas, through medium-/long-term disbursements to retail and private customers, as well as loans to SMEs. There was an upturn also in loans granted by the International Subsidiary Banks (+5.1%), confirming their expansion, and Public Finance (+1.1%). Conversely, a decline was recorded by Corporate & Investment Banking (-1.2%).

Loans to customers: loan portfolio quality

(in millions of euro)

	31.03.2008		31.12.2007 restated (*)		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Doubtful loans	3,213	0.9	3,129	0.9	84
Substandard and restructured loans	4,168	1.1	3,907	1.1	261
Past due loans	1,346	0.4	1,220	0.3	126
Non-performing loans	**8,727**	**2.4**	**8,256**	**2.3**	**471**
Performing loans	346,233	95.7	339,791	95.6	6,442
Loans represented by performing securities	6,960	1.9	7,609	2.1	-649
Loans to customers	**361,920**	**100.0**	**355,656**	**100.0**	**6,264**

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

At the end of the first quarter of 2008, the Group showed a good asset quality, confirmed by persistently low risk indicators (for a detailed numerical analysis see the chapter on credit quality contained in the "Risk management" section). In fact, with respect to the beginning of the year non-performing loans, despite their 5.7% increase, showed a 2.4% incidence on loans to customers with a slight rise (+0.1%). As at 31 March 2008 coverage of non-performing loans, pursued through prudent provisioning policies extended to all commercial banks, totalled 52%.

In particular, doubtful loans totalled 3,213 million euro, with an 84 million euro rise from the beginning of the year; the incidence on total loans to customers was 0.9%, with a degree of coverage of 71%, both unchanged with respect to 31 December 2007.

Substandard and restructured loans, 4,168 million euro, recorded a 261 million euro rise with respect to 31 December 2007; the degree of coverage, adequate to cover the intrinsic risk of this type of portfolio, was 27%.

Past due loans amounted to 1,346 million euro, with a 126 million euro increase and a degree of coverage of 10%.

Cumulated collective adjustments on performing loans came to 2,329 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 period and congruous to face the risk of performing loans. Risk implicit in performing loans is calculated on the basis of the risk configuration of the entire portfolio analysed via models which consider the Probability of Default (PD) and the Loss Given Default (LGD) for each loan.

Customer financial assets

(in millions of euro)

	31.03.2008		31.12.2007 restated (*)		Changes	
		% breakdown		% breakdown	amount	%
Direct customer deposits	393,819	38.6	393,156	38.0	663	0.2
Indirect customer deposits	653,033	64.0	669,768	64.7	-16,735	-2.5
Netting [(a)]	-26,527	-2.6	-27,846	-2.7	-1,319	-4.7
Customer financial assets	**1,020,325**	**100.0**	**1,035,078**	**100.0**	**-14,753**	**-1.4**

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

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

At the end of the first quarter of 2007 customer financial assets reached 1,020 billion euro, with a 1.4% decrease from the beginning of the year due to the trend of indirect customer deposits, only partly offset by the slight rise in direct customer deposits.
However, it must be noted that the 2.5% decrease in indirect customer deposits, mostly determined by asset management (-5.4%) and, to a lesser extent, by assets under administration (-0.6%), was closely connected to high financial market volatility: the latter had an important effect on assets, leading to a strongly negative performance effect, and led investors to prefer liquid and low-risk investments.

Direct customer deposits

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

(in millions of euro)

	31.03.2008		31.12.2007 restated (*)		Changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	187,708	47.7	189,156	48.1	-1,448	-0.8
Repurchase agreements and securities lending	24,426	6.2	22,604	5.8	1,822	8.1
Bonds	98,977	25.1	102,591	26.1	-3,614	-3.5
of which designated at fair value [(**)]	*4,216*	*1.1*	*4,214*	*1.1*	*2*	-
Certificates of deposit	18,149	4.6	13,516	3.4	4,633	34.3
Subordinated liabilities	17,062	4.3	17,490	4.4	-428	-2.4
Financial liabilities of the insurance business designated at fair value [(**)]	22,689	5.8	23,943	6.1	-1,254	-5.2
Other deposits	24,808	6.3	23,856	6.1	952	4.0
of which designated at fair value [(**)]	-	-	-	-	-	-
Direct customer deposits	**393,819**	**100.0**	**393,156**	**100.0**	**663**	**0.2**

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

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

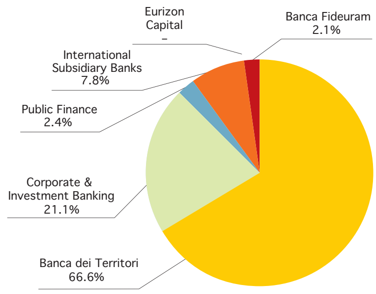
Direct customer deposits amounted to 394 billion euro, up by 663 million euro (+0.2%) from the beginning of the year. Breakdown by contract type shows the increase in certificates of deposit (+34.3%), repurchase agreements and securities lending (+8.1%) and other deposits (+4%). Conversely, decreases were instead recorded by current accounts and deposits (-0.8%), bonds (-3.5%), subordinated liabilities (-2.4%) and financial liabilities of the insurance business designated at fair value (-5.2%).
At the end of the first quarter of 2008 the Group's domestic market share (according to the ECB's harmonised definition) totalled 17.9%, down by 0.7 percentage points from the beginning of the year. The decrease is affected by the sale of 198 branches in the quarter, in compliance with the provision of the Italian Competition Authority.

(in millions of euro)

	31.03.2008	31.12.2007 restated (*)	Changes amount	Changes %
Banca dei Territori	224,304	224,874	-570	-0.3
Corporate & Investment Banking	71,018	66,545	4,473	6.7
Public Finance	8,196	8,282	-86	-1.0
International Subsidiary Banks	26,360	26,683	-323	-1.2
Eurizon Capital	2	3	-1	-33.3
Banca Fideuram	6,941	6,999	-58	-0.8
Total business areas	**336,821**	**333,386**	**3,435**	**1.0**
Corporate Centre	56,998	59,770	-2,772	-4.6
Intesa Sanpaolo Group	**393,819**	**393,156**	**663**	**0.2**

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

Business areas



The breakdown by business area shows that direct customer deposits of Banca dei Territori, which represent approximately two thirds of the total aggregate attributable to the business areas, remained practically stable (-0.3%). Deposits of International Subsidiary Banks (-1.2%) and Public Finance (-1%) decreased due to the reduction in due to customers. Corporate & Investment Banking posted a 6.7% rise in deposits mostly as a result of activities related to securities.

Indirect customer deposits

(in millions of euro)

	31.03.2008	% breakdown	31.12.2007 restated (*)	% breakdown	Changes amount	Changes %
Mutual funds	108,968	16.7	112,305	16.8	-3,337	-3.0
Open-ended pension funds and individual pension plans	1,351	0.2	1,603	0.2	-252	-15.7
Portfolio management	67,987	10.4	78,447	11.7	-10,460	-13.3
Life technical reserves and financial liabilities	65,176	10.0	66,645	9.9	-1,469	-2.2
Relations with institutional customers	12,290	1.9	11,232	1.7	1,058	9.4
Assets under management	**255,772**	**39.2**	**270,232**	**40.3**	**-14,460**	**-5.4**
Assets under administration and in custody	**397,261**	**60.8**	**399,536**	**59.7**	**-2,275**	**-0.6**
Indirect customer deposits	**653,033**	**100.0**	**669,768**	**100.0**	**-16,735**	**-2.5**

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

Indirect customer deposits decreased by 2.5% since the beginning of the year and reached 653 billion euro. This trend was mostly determined by asset management, down 5.4% to 256 billion euro. The aggregate, which represents almost 40% of indirect customer deposits, showed decreases in mutual funds (-3%), open-ended pension funds and individual insurance-type pension plans (-15.7%), portfolio management (-13.3%) and life technical reserves and financial liabilities (-2.2%). In insurance business, during the first quarter of 2008 the new business of EurizonVita, Intesa Vita and Sud Polo Vita exceeded 1.5 billion euro, offset by the progressive ageing of the policy portfolio which increased the significance of the phenomenon of surrendering of policies. All components were affected, as indicated above, by the negative performance ascribable to market turbulence.

Assets under administration declined to 397 billion euro, down 0.6% due to the changes in the positions of institutional investors. Also customer securities under administration were negatively affected by the performance effect.

Net interbank position

At the end of the first quarter of 2008 the imbalance of the net interbank position was 2.5 billion euro, significantly lower than at the beginning of the year (7.9 billion euro), due to disinvestments of financial portfolios.

Shareholders' equity

As at 31 March 2008 the Group's shareholders' equity, including net income for the period, totalled 49,500 million euro compared to the 51,558 million euro as at 31 December 2007. The change in shareholders' equity is mostly attributable to dividend distribution, to the reduction in valuation reserves and to the use of own shares for the acquisition of Cassa di Risparmio di Firenze.

Valuation reserves

As at 31 March 2008 the valuation reserves posted a 748 million euro reduction with respect to the end of the previous year, essentially attributable to the decrease in fair value of financial assets available for sale and, to a lesser extent, to the reduction in cash flow hedges.

(in millions of euro)

	Valuation reserves as at 31.12.2007	Change in the period	Valuation reserves as at 31.03.2008
Financial assets available for sale	149	-575	-426
Property and equipment	-	-	-
Cash flow hedges	133	-76	57
Legally-required revaluations	343	2	345
Other	74	-99	-25
Valuation reserves	**699**	**-748**	**-49**

Regulatory capital

Regulatory capital and related capital ratios as at 31 March 2008 were determined using the instructions issued by the Bank of Italy according to the new Basel 2 provisions.

(in millions of euro)

Regulatory capital and capital ratios	31.03.2008 (*)
Regulatory capital	
Tier 1 capital	26,479
of which: preferred shares	*2,523*
Tier 2 capital	12,531
Minus items to be deducted	-2,630
REGULATORY CAPITAL	**36,380**
Tier 3 subordinated loans	60
TOTAL REGULATORY CAPITAL	**36,440**
Risk-weighted assets	
Credit and counterparty risks	341,150
Market risks	20,275
Operational risk	31,100
RISK-WEIGHTED ASSETS	**392,525**
Capital ratios %	
Core Tier 1	6.1
Tier 1	6.7
Total capital ratio	9.3

(*) 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.

At the end of March 2008, regulatory capital – which considers dividend distribution in 2008 – amounted to 36,380 million euro and total capital, including Tier 3 subordinated loans, amounted to 36,440 million euro, against risk-weighted assets of 392,525 million euro, mostly deriving from credit risks and, to a lesser extent, from market and operational risks. The Total capital ratio equalled 9.3%; the Group's Tier 1 ratio totalled 6.7%. The ratio between Tier 1 capital net of preferred shares and risk-weighted assets (Core Tier 1) was 6.1%.

Ratios are determined using the methodology set out in the Basel 2 Capital Accord, adopting the standardised methods for the calculation of credit risk-weighted assets and for the calculation of operational risks. Using the previous (Basel 1) calculation method, ratios would have been only slightly lower: Core Tier 1 at 6.0%, Tier 1 at 6.6% and Total capital ratio at 9.1%.

Breakdown of consolidated results by business area

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

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

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

(in millions of euro)

	Banca dei Territori	Corporate & Investment Banking	Public Finance	International Subsidiary Banks	Eurizon Capital	Banca Fideuram	Corporate Centre	Total
Operating income								
31.03.2008	3,215	491	64	497	96	154	131	4,648
31.03.2007 restated (*)	3,221	742	67	443	99	187	137	4,896
% change [(a)]	-0.2	-33.8	-4.5	12.2	-3.0	-17.6	-4.4	-5.1
Operating costs								
31.03.2008	-1,618	-214	-23	-257	-42	-83	-155	-2,392
31.03.2007 restated (*)	-1,657	-214	-21	-229	-42	-83	-222	-2,468
% change [(a)]	-2.4	-	9.5	12.2	-	-	-30.2	-3.1
Operating margin								
31.03.2008	1,597	277	41	240	54	71	-24	2,256
31.03.2007 restated (*)	1,564	528	46	214	57	104	-85	2,428
% change [(a)]	2.1	-47.5	-10.9	12.1	-5.3	-31.7	-71.8	-7.1
Income (Loss) before tax from continuing operations								
31.03.2008	1,288	255	44	199	53	70	8	1,917
31.03.2007 restated (*)	1,276	487	47	191	56	91	-128	2,020
% change [(a)]	0.9	-47.6	-6.4	4.2	-5.4	-23.1		-5.1
Loans to customers								
31.03.2008	214,861	86,491	34,287	24,409	7	1,108	757	361,920
31.12.2007 restated (*)	211,612	87,525	33,906	23,215	8	905	-1,515	355,656
% change [(b)]	1.5	-1.2	1.1	5.1	-12.5	22.4		1.8
Direct customer deposits								
31.03.2008	224,304	71,018	8,196	26,360	2	6,941	56,998	393,819
31.12.2007 restated (*)	224,874	66,545	8,282	26,683	3	6,999	59,770	393,156
% change [(b)]	-0.3	6.7	-1.0	-1.2	-33.3	-0.8	-4.6	0.2

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

(a) The change expresses the ratio between 31.03.2008 and 31.03.2007 restated.

(b) The change expresses the ratio between 31.03.2008 and 31.12.2007 restated.

BUSINESS AREAS

Banca dei Territori

(in millions of euro)

Income statement/Alternative performance indicators	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Net interest income	1,994	1,845	149	8.1
Dividends and profits (losses) on investments carried at equity	14	29	-15	-51.7
Net fee and commission income	1,076	1,127	-51	-4.5
Profits (Losses) on trading	28	70	-42	-60.0
Income from insurance business	78	126	-48	-38.1
Other operating income (expenses)	25	24	1	4.2
Operating income	**3,215**	**3,221**	**-6**	**-0.2**
Personnel expenses	-966	-1,006	-40	-4.0
Other administrative expenses	-635	-633	2	0.3
Adjustments to property, equipment and intangible assets	-17	-18	-1	-5.6
Operating costs	**-1,618**	**-1,657**	**-39**	**-2.4**
Operating margin	**1,597**	**1,564**	**33**	**2.1**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-24	-26	-2	-7.7
Net adjustments to loans	-286	-265	21	7.9
Net impairment losses on other assets	-	1	-1	
Profits (Losses) on investments held to maturity and on other investments	1	2	-1	-50.0
Income (Loss) before tax from continuing operations	**1,288**	**1,276**	**12**	**0.9**
Allocated capital	12,113	12,383	-270	-2.2
Profitability ratios (%)				
Cost / Income ratio	50.3	51.4	-1.1	-2.1
ROE before tax (annualised)	42.8	41.4	1.3	3.2
EVA® (in millions of euro)	596	542	54	10.0

(in millions of euro)

	31.03.2008	31.12.2007 restated (*)	Changes amount	Changes %
Loans to customers	214,861	211,612	3,249	1.5
Direct customer deposits	224,304	224,874	-570	-0.3
of which: due to customers	*149,739*	*149,484*	*255*	*0.2*
securities issued	*51,856*	*51,445*	*411*	*0.8*
financial liabilities designated at fair value through profit and loss	*22,709*	*23,945*	*-1,236*	*-5.2*

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

In the first quarter of 2008 the Banca CR Firenze group was fully consolidated and included in the figures for Banca dei Territori. In fact, in January 2008 Intesa Sanpaolo acquired a 40.3% stake in Banca CR Firenze, reaching an overall 58.9% stake; later it launched a Mandatory Public Offer on the remaining capital which permitted Intesa Sanpaolo to own, jointly with Ente Cassa di Risparmio di Firenze, a 99.093% stake. In April it exercised the squeeze-out right to purchase the remaining ordinary shares not

included in the Public Offer. Moreover, starting from the beginning of the year, Cassa dei Risparmi di Forlì e della Romagna was organised in divisions and adopted customer segmentation criteria consistent with the other network banks.
Banca dei Territori's distribution structure is made up of approximately 6,400 branches, operating in the retail, corporate and private segments, spread over the national territory.

Banca dei Territori closed the first quarter of 2008 with an income before tax from continuing operations of 1,288 million euro, up 0.9% over the corresponding period of the previous year (+0.9%).
Operating income of 3,215 million euro, representing 69% of the Group's consolidated operating income, was virtually stable with respect to the first quarter of 2007 (-0.2%). This performance was influenced in particular by the 4.5% reduction in net fee and commission income, at 1,076 million euro. Commissions from assets under management decreased as a result both of outflow from mutual funds and individual portfolio management schemes and of unfavourable performance. Commercial policy aimed at creating value for customers favoured the distribution of current accounts with more contained costs. Negative changes were registered in trading (-60%) and insurance (-38.1%) activities, in the life and casualty segments. Net interest income of 1,994 million euro recorded a positive performance (+8.1%) compared to the same period of the previous year, favoured by the expansion in intermediated volumes with customers, particularly in loans, and by the broadening of the mark-down on customer deposits.
Operating costs decreased (-2.4%), attributable to the savings achieved on personnel expenses, mainly due to the reduction in staff, and determined a 1.1 percentage point improvement in the cost/income ratio, to 50.3%.
Operating margin amounted to 1,597 million euro, with a 2.1% rise compared to the first three months of 2007.
The Division absorbed 49% of Group capital, down from the level recorded in the corresponding period of the previous year. Also in absolute terms capital decreased and totalled 12,113 million euro. Lower allocated capital, coupled with the positive performance of operating margin, raised annualised ROE before tax to 42.8%. Value creation increased (+54 million euro) from 542 million euro to 596 million euro.
Balance sheet figures at the end of March 2008 showed loans to customers of 214,861 million euro (+1.5% from the end of December 2007) through both medium-/long-term disbursements to retail and private customers, represented by mortgages, and by loans to SMEs. Direct customer deposits, at 224,304 million euro, were virtually in line with the figure recorded at the beginning of the year.

In the first quarter of 2008 Retail Area activities mainly focused on the reorganisation of the organisational and IT model and on the simplification and unification of the product catalogue.
With regard to current accounts, the range of services associated to Zerotondo was developed and reached 850,000 units at the end of March: starting from the beginning of April each existing or newly subscribed account benefited from Bonus Intesa Sanpaolo, the loyalty programme which offers a postponed discount to customers who make purchases with programme partners. With regard to on-line transactions on current accounts, the O-Key device, which provides safety protections in line with the most advanced international standards, was extended to all customers.
In March, "Flash" the new prepaid card was launched: it is addressed in particular to young people, and a special version was dedicated to the European Football Championship.
For the same customer target a new financial product, a student loan without particular guarantees, was developed and distributed starting from April to university and post-university students of all nationalities - provided they are resident in Italy and aged between 18 and 35.
An important project to boost entrepreneurial activity among young people and women commenced from Piemonte. It entailed the establishment of a specific guarantee allowance and the agreement between the Region, Unioncamere and ABI Regional Commission, and enabled the bank to offer loans with an 80% guarantee granted by FinPiemonte - destined to women without age limit and to young people aged between 18 and 35 with their own business already operational or in a start-up phase - usable to activate plants, make new investments and renew premises. Moreover, Pink Corners were formed within 20 branches, managed by women who attended a training course aimed at providing specific consultancy for those categories.
Flexible solutions were offered to prolong the residual life of floating-rate mortgages and to convert existing floating-rate mortgages to fixed-rate mortgages without charges for customers. Furthermore,

holders of fixed- and floating-rate mortgages are granted the possibility of suspending payment of a few instalments and holders of mortgages granted by other banks are offered the possibility of transferring their mortgage to any branch of the bank, free of charge.
In the first months of the year a new unit-linked product was launched, compliant with the MiFID Directive, with the objective of unifying the range of financial products offered and creating a complete and flexible investment solution.
Three new Mediobanca bonds, each of them indexed to a different basket of equity and bond mutual funds and an indexed bond (Europa Obiettivo 105) issued by EIB, were placed.
With the aim of sustaining Small Businesses the following new products were distributed: Finanziamento Liquidità Business, destined to meet liquidity needs and financial restructuring projects, and Finanziamento Investimenti Business, to fund investments linked to entrepreneurial and professional activities.

In the quarter, the SME Area focused on the Mediocredito Italiano project, completed in March, which led to the establishment of a new bank dedicated to sustain the branch network in the development of SMEs and of the territory.
In the quarter, in cooperation with important scientific partners, activities continued to finance research and innovation through dedicated product lines, that support enterprises in both the development of internal research projects and the acquisition of new technology. Moreover, financing activities continued to promote and sustain alternative energy sources and energy conservation. Credit incentives are addressed to SMEs which invest in small generation projects or in the improvement of energy efficiency in production units, but also to individuals (through the Prestito Ecologico launched in March), to condominiums and to all entities, private or public, involved in the realisation of plants of micro-generation from renewable sources or in energy conservation programmes.
Lastly, within the innovative products and services destined to Italian enterprises operating abroad, an initiative was started in the Egyptian market, in cooperation with the Bank of Alexandria, focused on a credit line to finance Egyptian enterprises that purchase Italian machinery, plants and technology.

In the first quarter the commercial action of the Private Banking Department was focused on the launch of a single, integrated offer of products and services for the Group's private customers, the development and launch of new investment products tailored to meet the needs of customer groups in third party UCITS, in individual portfolio management schemes and in consultancy services. Furthermore, customer segmentation activities continued, with the identification of a particularly sophisticated segment followed by dedicated managers ("executive" private bankers) and with an offer of customised services and products (including private equity).

In the first quarter of 2008, Banca Prossima, operating in the non-profit sector with 51 local offices and 77 specialists throughout the country, launched "Subito 5 per mille", an innovative offer for the non-profit organisations which are beneficiaries of the "5 per mille" tax award that, in anticipation of disbursements from the State, have the opportunity of receiving the advance of the "5 per mille" in a simple, timely and cost-effective way.

In the first quarter of 2008 Mediocredito Italiano achieved an operating margin of 85 million euro, with a 9% rise with respect to the same period of the previous year. Income before tax from continuing operations remained in line with that of the first quarter of 2007, due to higher net adjustments to loans.

Consumer credit activities were performed through the Neos group, whose operating margin in the first quarter of 2008 was 20% up on the first quarter of 2007, despite a reduction in loans disbursed, thanks to the positive trend in spreads and product mix.

Banca dei Territori's operating margin also benefited from the contribution of insurance/social security companies. With regard to EurizonVita, first quarter activities were mainly related to: i) the modernisation and strengthening of the life-product range through "EurizonLife Prospettiva", the new unit-linked product; ii) the adjustments in terms of compliance; iii) the completion of the migration on the "Universo" IT target system of the traditional products dedicated to financial consultant networks. The actions related to the product range were conducted with a view to repositioning investment terms to medium-/long-term maturities, and reallocating the business in the traditional segment to the financial segment, specifically unit-linked policies.

In the first quarter of 2008 EurizonVita posted an income before tax from continuing operations of 40 million euro, down 42.8% with respect to the corresponding period of the previous year due to the performance of financial management related to traditional products, which were negatively affected by the market context, and by an asset mix overbalanced towards less profitable products.
The investment portfolio totalled 40.4 billion euro, whereas the insurance policies portfolio amounted to 38.2 billion euro, including 21.6 billion euro in financial unit- and index-linked policies.

In the first quarter of 2008 Sud Polo Vita, the insurance company established in November 2007, continued its start-up activities, acquiring as of 1 March the insurance policies portfolio of Intesa Vita and initiating the distribution of Intesa Vita and Eurizon Life products. Income for the quarter generated by insurance activities decreased with respect to the same period of 2007 mainly due to capital losses from the valuation of the securities portfolio.

In the first quarter of 2008 Intesa Vita, a subsidiary of the Generali group and consolidated at equity, recorded a contribution to the Group's net income of 4 million euro, down with respect to the first three months of the previous year, but in line with the slowdown of the new business.

In the first quarter of 2008 Intesa Previdenza continued its initiatives linked to the reform of supplementary social security. At the end of March 2008 the company managed net assets for 1,666 million euro, over half of which related to open-ended funds and the rest to closed-ended funds.

In the first quarter of 2008, Setefi, the company specialised in the management of electronic payment systems, recorded an 8.1% rise in income before tax from continuing operations, linked to the increase in operations in terms of both issues of credit cards and management of Moneta cards for Group banks and of transaction volumes.

Corporate & Investment Banking

(in millions of euro)

Income statement/Alternative performance indicators	**31.03.2008**	**31.03.2007** restated (*)	**Changes** amount	%
Net interest income	267	240	27	11.3
Dividends and profits (losses) on investments carried at equity	2	-	2	-
Net fee and commission income	231	219	12	5.5
Profits (Losses) on trading	-19	273	-292	
Income from insurance business	-	-	-	-
Other operating income (expenses)	10	10	-	-
Operating income	**491**	**742**	**-251**	**-33.8**
Personnel expenses	-97	-92	5	5.4
Other administrative expenses	-105	-118	-13	-11.0
Adjustments to property, equipment and intangible assets	-12	-4	8	
Operating costs	**-214**	**-214**	**-**	**-**
Operating margin	**277**	**528**	**-251**	**-47.5**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-1	-4	-3	-75.0
Net adjustments to loans	-18	-37	-19	-51.4
Net impairment losses on other assets	-3	-	3	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**255**	**487**	**-232**	**-47.6**
Allocated capital	6,927	6,636	291	4.4
Profitability ratios (%)				
Cost / Income ratio	43.6	28.8	14.8	51.4
ROE before tax (annualised)	14.8	29.5	-14.7	-49.8
EVA® (in millions of euro)	6	152	-146	-96.1

(in millions of euro)

	31.03.2008	**31.12.2007** restated (*)	**Changes** amount	%
Loans to customers	86,491	87,525	-1,034	-1.2
Direct customer deposits	71,018	66,545	4,473	6.7
of which: due to customers	*33,368*	*33,294*	*74*	*0.2*
securities issued	*33,540*	*29,037*	*4,503*	*15.5*
financial liabilities designated at fair value through profit and loss	*4,110*	*4,214*	*-104*	*-2.5*

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

The Corporate & Investment Banking Division faced the first quarter of 2008 with stronger competencies and a broad diversification of activities and of the business portfolio. The Division recently included in its organisational structure the activities referred to proprietary portfolio management. This portfolio registered significant capital losses following the indirect effects of the persisting subprime mortgage crisis.

The Corporate & Investment Banking Division closed the first quarter of 2008 with an operating income of 491 million euro (which represented 11% of the Group's consolidated figure), down 33.8% with

respect to the same period of the previous year. The reduction is attributable to profits on trading because of the strongly negative performance of the Structured Credit Products business line within the Proprietary Trading area, determined by the valuation of the securities portfolio at fair value (negative mark to market), as well as by the effect of hedge funds. Excluding profits on trading, the Division's income rose by 8.7%.
Volumes intermediated by the Division showed a 2.2% increase from the beginning of 2008, confirming the positive results in the more traditional business lines as well as the implementation of strategic and marketing actions aimed at increasing the share of wallet and the acquisition of important deals. This development is related to the rise in customer deposits (+6.7%) which benefited from the good performance of financial institutions. Conversely, loans to customers registered a 1.2% reduction.
With regard to income statement aggregates, net interest income amounted to 267 million euro, with an 11.3% rise with respect to the corresponding period of the previous year, notwithstanding higher competition in the national markets. This was due to the expansion in lending (+6% average rise in loans to customers) and to the level of the mark-down on company liquidity. Net fee and commission income, 231 million euro, increased with respect to the same period of the previous year (+5.5%), benefiting in particular from the rise in primary market activities within investment banking and from the rise in the revenues linked to transnational activities thanks to the improvement of services as well as to the expansion of the product range which meets the needs of corporate customers. Profits on trading, 139 million euro excluding the component referred to the proprietary portfolio, fell 37.8%, determined by the weak contribution from corporate finance and equity capital markets activities performed by Banca IMI, and by merchant banking results not in line with those of the first three months of 2007. Operating costs, 214 million euro, were stable compared to the first three months of 2007.
As a result of the trend in revenues and costs described above, operating margin, 277 million euro, recorded a 47.5% reduction (-7.6% excluding the proprietary trading area). Net adjustments to loans dropped sharply (-51.4%) confirming the improvement of the risk profile of the portfolio under management. Income before tax from continuing operations, 255 million euro, fell 47.6% compared to the corresponding period of the previous year (-4% excluding the proprietary portfolio).
The Division absorbed 28% of Group capital, slightly up with respect to the first quarter of 2007. In absolute terms, capital registered an increase resulting from the rise in credit risks, correlated to the expansion in operations in the large corporate segment and abroad (both foreign corporate network and foreign banks). The trend of income before tax from continuing operations and capital allocated led to a decrease in annualised ROE before tax from 29.5% to 14.8% (-1.9 percentage points excluding the proprietary trading area). Value creation declined, also due to unfavourable market conditions. Excluding proprietary trading the Division shows a slight increase of the EVA®.
The cost/income ratio equalled 43.6% against 28.8% in the first quarter of 2007. Excluding the results of the proprietary portfolio the indicator shows a more contained decline (1.7 percentage points).

The Corporate Relations Department, with a market share exceeding 25%, and an even greater share in the foreign multinational segment, confirms also in the first quarter of 2008 its absolute leadership. In the period it continued to reduce higher-risk assets by monitoring the portfolio's risk profile and by the new rating model adopted by the Group which permits a more precise evaluation of counterparty risk. The service model confirmed its effectiveness in the development of structured finance operations (in particular syndicated lending, acquisition finance and project finance) and investment banking also in the mid corporate segment: in the quarter, 20 operations were concluded, despite high tension in the markets. Commercial activities were supported by the launch of products to sustain growth and strengthen corporate capitalisation (mezzanines in partnership with DAM Capital) and with initiatives in support of the opening of capital to third party investors. Lastly, with regard to the Italian large corporate segment, the Bank took part in all operations concluded in the first months of 2008, notwithstanding the unfavourable market context for capital market operations.

The distribution structure of the International Network Department directly covers 33 countries and is made up of 14 wholesale branches, 22 representative offices, four subsidiaries and one advisory firm.

The Department is responsible for the operations of the following banks abroad:

- Société Européenne de Banque, which recorded a net income of 5 million euro in the first quarter of 2008, down 7.1% compared to the same period of 2007, mainly due to the reduction in net fee and commission income;
- Intesa Sanpaolo Bank Ireland, which recorded a net income of 18 million euro, up 39.6% compared to the first three months of 2007 thanks to the increase in revenues, especially commissions;

- Zao Banca Intesa, which recorded a net income of almost one million euro, up by over 50% with respect to the corresponding period of 2007, thanks to higher revenues (+21.3%);
- Banca Intesa France, which posted a higher operating income (+5.7%) with respect to the first quarter of 2007 and a net income of two million euro against the loss recorded in the same period of the previous year.

Within the Financial Institutions Department, the policy in the quarter continued to pursue maximum selectivity, focussed on operations linked to equity products or higher added-value products in debt capital markets and with lending basically on short maturities. A further rationalisation was initiated regarding the utilisation of credit lines in favour of customers exposed to risks directly or indirectly linked to subprime mortgages in the United States. In particular, in addition to the renewal of many credit lines at better conditions, the Department acted as mandated lead arranger for a few operations referred to European customers and for two operations related to Italian borrowers that will be syndicated in the second quarter. Moreover, it obtained the mandate to distribute the shares of a real estate closed-end fund managed by a primary European real estate management company and the mandate as advisor for the capital increase of an Italian medium-sized bank. In international payments, in the first quarter of 2008 bank-to-bank flows showed a low but constant growth, determined by the renegotiation of the agreements with the providers that led to a rise in payments channelled through the bank; in custody activities the Department improved its capability of attracting funds on innovative products and of consolidating its activities in a few segments such as real estate mutual funds and hedge funds. With the role of correspondent bank, operating volumes increased as a result of the investment policies on multi-manager funds for institutional customers and of distribution activities in Italy of foreign SICAVs.

In M&A activities, characterised by an over 50% fall in volumes of transactions with respect to the first three months of 2007, the Investment Banking Department acted as advisor for Clessidra SGR, Fingiochi, Mer Mec, Prime Industrie, Nice and Tiscali. In capital increases and placement of securities, it led the capital increase of Tiscali and the IPO of MolMed S.p.A., acted as sponsor of GreenergyCapital in the listing process on the MTA and coordinated and led the Public Offer on Banca CR Firenze, Jolly Hotels, Linificio and Canapificio Nazionale, Polynt, Sirti and Tas. In specialist and corporate broking activities, it confirmed its leadership in the Italian market with 30 mandates. In relation to its activities in debt capital markets it took part in the placement of the Republic of Greece bonds and of the Banco Popolare real estate fund. In leveraged & acquisition finance activities, credit facilities in support of the acquisition of the Nicotra group, Polynt S.p.A. and Finn Power Oy, and origination activities in support of the acquisition of Ducati, Giochi Preziosi, Mer Mec S.p.A. and CIFA S.p.A. were finalised. In the real estate segment credit facilities were provided for the construction of the Galleria Commerciale in Rome and in favour of Pirelli RE to sustain the purchase and development of the "Compendio" of Rome. Furthermore, loan agency activities were intense and focused on the acquisition of important mandates as agent bank, in particular Numonyx, Polynt, Autogrill, Centro Energia Ferrara, Banca IFIS.

Concerning the Merchant Banking Department, as at 31 March 2008 the portfolio held directly and through subsidiaries amounted to 2.2 billion euro, of which 1.9 billion euro invested in 51 companies and 0.3 billion euro in 52 funds. New private equity investments include the entry in the capital of Goglio S.p.A. and the underwriting of a stake in MolMed S.p.A. Institutional investments include the purchase of Telecom Italia S.p.A. shares, for a total of 100 million euro, and of RCS. Disinvestments include the sale of the interest held in Speed S.p.A. (newco which held a 38.9% stake in Pirelli Tyre S.p.A.), with a capital gain of 19 million euro, and in NCH S.p.A.. With regard to investments in private equity funds managed by subsidiary SGRs, the new Atlante Ventures closed-end fund was launched: it is addressed to investments in the SMEs which are characterised by high perspective growth rates, high technological development or innovative entrepreneurial formulas. As at 31 March 2008, the four closed-end funds under management held a portfolio of 16 equity investments in SMEs, for an invested exchange value of 83 million euro.

The Corporate & Investment Banking Division also comprises the activities of the Capital Markets Department which includes Banca IMI and the capital markets and investment banking business units of the Parent Company Intesa Sanpaolo. Income for the first quarter of 2008 fell slightly compared to the corresponding period of 2007 due to persisting difficulties in capital markets that influenced the bank's decisions in trading activities and drove customers (retail and institutional) towards defensive positions. Consequently, a general reduction in flows and a distribution of lower-yield products was registered. In this context, with particular reference to the Group networks, Euribor-linked bonds were placed, whereas, for institutional customers, sales of bonds from Italian issuers and a strong reduction in hedge fund activities were recorded. Activities with corporate customers were intense in foreign exchange and in the equity segment. Brokering activities were affected by stock market volatility. In this area Banca IMI initiated the pilot project of the "Market Hub", a new platform destined to offer "MiFID compliant" brokering services mainly to retail and institutional customers.

Lastly, the Corporate & Investment Banking Division is responsible for the operations carried out by Mediofactoring (former Intesa Mediofactoring) which, compared to 31 March 2007, registered a slight reduction in intermediated volumes (-1.3%) due to the reduction in lending without recourse. On the contrary, average loans (+9.2%), the stock of loans as at 31 March 2008 (+18.5%) and the stock of loans outstanding (+7.9%) increased. Operating income amounted to 35 million euro, up 9% due to the considerable rise in net interest income (+32.5%) driven by the increase in market interest rates and by the expansion in lending against the reduction in net fee and commission income (-2.9%) affected by the decrease in intermediated volumes. Net income, in the presence of lower net adjustments and provisions, amounted to 15 million euro, up by over 50% compared to the first quarter of 2007.

Public Finance

(in millions of euro)

Income statement/Alternative performance indicators	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Net interest income	57	51	6	11.8
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	18	10	8	80.0
Profits (Losses) on trading	-11	3	-14	
Income from insurance business	-	-	-	-
Other operating income (expenses)	-	3	-3	
Operating income	**64**	**67**	**-3**	**-4.5**
Personnel expenses	-9	-9	-	-
Other administrative expenses	-14	-12	2	16.7
Adjustments to property, equipment and intangible assets	-	-	-	-
Operating costs	**-23**	**-21**	**2**	**9.5**
Operating margin	**41**	**46**	**-5**	**-10.9**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	1	-	1	-
Net adjustments to loans	2	1	1	
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**44**	**47**	**-3**	**-6.4**
Allocated capital	1,076	991	85	8.6
Profitability ratios (%)				
Cost / Income ratio	35.9	31.3	4.6	14.7
ROE before tax	16.4	19.1	-2.6	-13.8
EVA® (in millions of euro)	-	5	-5	

(in millions of euro)

	31.03.2008	31.12.2007 restated (*)	Changes amount	Changes %
Loans to customers	34,287	33,906	381	1.1
Direct customer deposits	8,196	8,282	-86	-1.0
of which: due to customers	*5,649*	*6,262*	*-613*	*-9.8*
securities issued	*2,547*	*2,020*	*527*	*26.1*

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

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

In the first quarter of 2008, in a political framework characterised by the break for a general elections, the Public Finance sector in Italy recorded, the worsening of the uncertainty already experienced in 2007, as well as the persistence of the partial interruption of large public works and of the generalised diffidence

towards complex financial instruments. Furthermore, the liquidity crisis, persisting at the international level, limited the possibilities of active portfolio management and caused negative cyclical valuation effects, not directly related to the business, on profits on trading.
In this context, Public Finance closed the first quarter of 2008 with an operating income of 64 million euro, 3 million euro down with respect to the corresponding period of the previous year (-4.5%) due to the contraction in profits on trading and to the decline in other operating income, only partly balanced by the rise in net interest income and in net fee and commission income.
Net interest income (57 million euro) recorded an 11.8% rise with respect to the previous year, mainly due to the increase in average loans to customers (+8.2%). Net fee and commission income, equal to 18 million euro, registered an 8 million euro increase, as a result of the development of structuring activities and the rise in operations in the more traditional collection and payment services.
Operating costs amounted to 23 million euro, 2 million euro up due to the foreseen growth to support the business, also in relation to international development. The cost/income ratio equalled 35.9%, consistent overall with the mix of transactional operations, of lending/funding and structured finance activities managed by the Business Unit. Consequently, operating margin (41 million euro) registered a 5 million euro contraction compared to the first quarter of 2007. Income before tax from continuing operations amounted to 44 million euro (-6.4%).
The capital allocated amounted to 1,076 million euro, up from the first quarter of 2007. Annualised ROE before tax showed a reduction from the values of the corresponding period of the previous year due to trends described in economic results and capital.

With regard to the main balance sheet figures, loans to customers (34,287 million euro) rose 1.1% from the beginning of the year. Conversely, direct customer deposits (8,196 million euro) recorded a reduction (-1%), attributable to due to customers. However, operations in securities increased, in relation to funding activities.

In the first quarter of the year, in order to assist and promote the development of large infrastructures in the country, the advisory and consultancy activities, aimed at favouring the realisation of the Brescia-Milano, Pedemontana Lombarda, Pedemontana Veneta and Cremona-Mantova motorways, continued. BIIS was also awarded, jointly with other institutes, the tender related to the offer of account services for the management of ANAS' cash flows; disbursements in favour of the latter continued for the realisation and modernisation of some of the main Italian roads and motorways.
In support of health services, universities and scientific research, there was significant financing in favour of Università Commerciale Luigi Bocconi in Milan for the construction and restructuring of the university's teaching structures; consultancy activities, in favour of the Fondazione Parco Tecnologico Padano, for the feasibility study of the project of the new University Pole at Lodi, continued.
For the improvement of public and public utility services the Business Unit acquired the mandate, as lead arranger with another institute, and as agent bank, for the financing contract in favour of Irisacqua Srl, the company responsible for the management of the integrated water system of the province of Gorizia. The financing, which is, in fact, a project financing, will benefit from specific funds granted by the European Investment Bank.
Advisory activities in favour of GORI S.p.A., concessionary for the management of the integrated water system in the Ambito Territoriale Ottimale Sarnese Vesuviano, continued. With particular reference to the alternative energy sector with low environmental impact, the bank is taking part in various projects for the realisation of wind-power and photovoltaic plants.
As concerns the activities in support of the financial balance in the public sector, it continued stipulations and disbursements to finance long-term investments to numerous Local Entities (including the Campania and Marche Regions, the Municipalities of Torino, Brescia and Roma).
BIIS was also awarded the tender called by the Province of Roma, which led to the underwriting of an agreement to enable smaller municipalities to obtain loans at better conditions than obtainable singularly.
Among urban projects and projects for territorial development, it stipulated a syndicated loan as lead manager of the project, for the realisation of a new pavilion in the exhibition area in Bologna.
Disbursements in favour of Ente Autonomo del Porto of Trieste continued and the mandate was received for the construction and management of two tourist ports in Campania.
With regard to the small project segment, i.e. project financing activities applied to low-value but important projects for the development of local territories, two new contracts were signed for the realisation of hotel and recreation infrastructures.

Public and infrastructure finance activities abroad include: the loan to Autocesta Rijeka-Zagreb, subsidiary of the Croatian Republic and concessionary for various motorways in the country; the stipulation of the loan for the 30-year concession related to the project, realisation and management of the third tranche of the "M6" motorway in Hungary, and the participation in the financing of two motorways in Greece and Croatia. The participation in the financing of two projects for the realisation of photovoltaic plants in Spain, as well as of the project for a desalination plant in Israel should be mentioned for their environmental importance. With the role of mandated lead arranger and in a syndicate with other entities of the Intesa Sanpaolo Group, a financing contract was finalised with the Russian Railways. Lastly, the participation in a bond issue of the Republic of Latvia should be noted.

International Subsidiary Banks

(in millions of euro)

Income statement/Alternative performance indicators	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Net interest income	307	257	50	19.5
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	134	111	23	20.7
Profits (Losses) on trading	57	77	-20	-26.0
Income from insurance business	-	-	-	-
Other operating income (expenses)	-1	-2	-1	-50.0
Operating income	**497**	**443**	**54**	**12.2**
Personnel expenses	-130	-113	17	15.0
Other administrative expenses	-94	-87	7	8.0
Adjustments to property, equipment and intangible assets	-33	-29	4	13.8
Operating costs	**-257**	**-229**	**28**	**12.2**
Operating margin	**240**	**214**	**26**	**12.1**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-5	-2	3	
Net adjustments to loans	-38	-24	14	58.3
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	2	3	-1	-33.3
Income (Loss) before tax from continuing operations	**199**	**191**	**8**	**4.2**
Allocated capital	1,781	1,454	327	22.5
Profitability ratios (%)				
Cost / Income ratio	51.7	51.7	-	-
ROE before tax (annualised)	44.9	52.8	-7.9	-14.9
EVA® (in millions of euro)	94	100	-6	-6.0

(in millions of euro)

	31.03.2008	31.12.2007	Changes amount	Changes %
Loans to customers	24,409	23,215	1,194	5.1
Direct customer deposits	26,360	26,683	-323	-1.2
of which: due to customers	*24,923*	*25,497*	*-574*	*-2.3*
securities issued	*1,437*	*1,186*	*251*	*21.2*

(*) Figures restated on a consistent basis, considering 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 mainly active in retail banking. The distribution structure, including recent acquisitions, directly covers 12 countries and is made up of 1,262 branches.

Consistent with the 2007-2009 Business Plan, the integration between the banking subsidiaries operating in Serbia (Banca Intesa Beograd and Panonska Banka), in Albania (Banca Italo Albanese and American Bank of Albania), in Hungary (Central-European International Bank and Inter-Europa Bank) and in Bosnia (UPI Banka and LTG) occurred with effect as of 1 January 2008. For the purpose of guaranteeing a consistent comparison, the figures related to the first quarter of 2007 were restated, backdating the

accounting effects of the acquisition of American Bank of Albania, made at the end of June, to 1 January 2007.
In the first quarter of 2008 the Division's activities showed high growth rates in all economic margins and operating aggregates.
Operating income recorded a 12.2% increase compared to the first quarter of 2007 to 497 million euro.
Specifically, net interest income reached 307 million euro, with a 19.5% rise compared to the 257 million euro of the first three months of the previous year. The increase is attributable to the growth in intermediated volumes (+1.7%), sustained by the rise in loans to customers (+5.1%) which offset the slight decline in direct customer deposits (-1.2%). The rise in net interest income is attributable for 14 million euro to Vseobecna Uverova Banka, for 11 million euro to Banca Intesa Beograd and for 9 million euro to KMB Bank.
Net fee and commission income grew by 20.7% (134 million euro compared to 111 million euro) specifically due to Privredna Banka Zagreb (+6 million euro), Central-European International Bank (+5 million euro), Vseobecna Uverova Banka and Bank of Alexandria (+4 million euro each). This trend benefited from higher revenues connected to the positive development of loans to customers, as well as the increase in operations, especially in payment operations carried out by customers.
Profits on trading decreased to 57 million euro from 77 million euro in the first three months of 2007, mainly due to the poor performance recorded by Central-European International Bank (-13 million euro) and Privredna Banka (-11.5 million euro) linked to the financial market crisis.
Operating costs grew by 12.2% reaching 257 million euro. Personnel expenses increased by 15% following the expansion of the distribution network, the adjustment of salaries to inflation and a different incentive policy. Banca Intesa Beograd, Central-European International Bank and Vseobecna Uverova Banka are exceptions and presented a slight reduction in human resources in average terms. Administrative expenses and amortisation and depreciation respectively increased 8% and 13.8%, primarily determined by the rise in operating centres, with a consequent impact on logistic and infrastructure expenses.
Consequently, operating margin rose to 240 million euro (+12.1%). Considering net adjustments to loans at 38 million euro, up 58.3%, income before tax from continuing operations amounted to 199 million euro (+4.2%).
Allocated capital represented 7% of the Group's capital, and amounted to 1,781 million euro, up on the level recorded in the first three months of the previous year. The trends in economic results and capital determined a reduction in annualised ROE before tax to 44.9% (from 52.8% of the corresponding period of the previous year). Value creation, expressed in terms of EVA®, decreased slightly to 94 million euro.

In the first quarter of 2008, Banka Koper recorded an operating income of 22 million euro, with a 6.1% rise on the corresponding period of 2007. The higher net interest income (+7%), which benefited from a 30% increase in average volumes with customers, and greater fee and commission income (+9.1%) on custody, guarantee and payment services, more than offset the reduction in profits on trading (-46.6%). Operating costs recorded a 23% increase as a result of the rise in personnel expenses, due to an increase in the number of employees and, to a lesser extent, in amortisation and depreciation on fixed assets. Net adjustments to loans posted a 2 million euro rise compared to the first quarter of 2007. Net income equalled 6 million euro, 34.5% down compared to the first three months of 2007.

The Vseobecna Uverova Banka (VUB) group recorded an operating margin of 54 million euro, with a 20.8% increase compared to the first quarter of 2007. Operating income grew by 15.2%, partly as a result of local currency appreciation and partly due to the positive performance of net interest income, which benefited from the increase in average volumes with customers (+43% loans to customers; +19% customer deposits) and spreads, and net fee and commission income, which rose in all segments. Operating costs amounted to 50 million euro, up 9.8% (+5.9% excluding the effect of currency appreciation) due to higher personnel expenses and higher amortisation of intangibles deriving from the acquisition of a leasing company. Net income amounted to 37 million euro, up 19%.

The Central-European International Bank (CIB) group recorded an operating income of 110 million euro down 3.8% compared to the first quarter of the previous year. The drop in revenues is due to the reduction in profits on trading (-40.5%) attributable to adjustments to trading derivatives caused by the rise in interest rates and by the weakening of the local currency against the euro and the Swiss franc. By contrast, net fee and commission income increased (+14.7%), benefiting from higher operations in loans (especially project finance), and net interest income (+3.6%), thanks to the rise in average intermediated volumes with customers (+23.9% loans to customers; +3.7% customer deposits) which offset the reduction in the spread following the increase in system competitiveness. The rise in operating costs (+6.9%) was determined by personnel expenses, administrative expenses as well as higher amortisation on new investments in software. Taking account of higher net adjustments to loans, net income amounted to 23 million euro, down 42.1% compared to the first quarter of the previous year.

In the first quarter of 2008, the Privredna Banka Zagreb (PBZ) group's operating income reached 109 million euro, virtually unchanged compared to the same period of the previous year. More specifically, net interest income (+10.1%) benefited from the growth in intermediated volumes, despite the slight contraction in spreads, whereas net fee and commission income (+20.2%) was driven mainly by the development of credit cards. The rise in net interest income and net fee and commission income was absorbed by the reduction in profits on trading (-65.1%). Operating costs rose 9.9%, linked to the increase in personnel expenses due to the rise in the number of employees, amortisation and depreciation, deriving from the expansion of the distribution network, and administrative expenses, related to higher marketing and security expenses. The above-mentioned trends determined an 8.3% reduction in operating margin. Net income amounted to 38 million euro, down 19.4% due to higher net adjustments to loans (+4 million euro) and a non-recurring income generated by the sale of a real estate in the first quarter of the previous year.

Banca Intesa Beograd registered an operating margin for the first three months of 2008 of 30 million euro, more than double the figure for the same period of 2007. The increase in operating income (+50.5%) amply offset the rise in operating costs (+9.3%), determined by higher personnel expenses (+11.3%) and administrative expenses (+7.9%). Revenues were positively influenced by the favourable trend of net interest income (+47.5%) that benefited from the increase in average volumes with customers (+52.8% loans to customers; +36.9% customer deposits) following the expansion in operations and the rise in spreads. Increases were also recorded by profits on trading, thanks to higher income from foreign exchange trading and from a capital gain generated by the sale of an equity investment, and net fee and commission income, thanks to the good trend in credit cards and payment services. Net income amounted to 20 million euro against 10 million euro in the corresponding period of 2007.

UPI Banka closed the first quarter of 2008 with an operating margin of 1.8 million euro, with a 40% increase compared to the corresponding period of the previous year. The rise in revenues (+21.2%) is attributable to net interest income (+21.6%), that benefited from higher average loans to customers (+54.9%), and to net fee and commission income (+29.1%) on current accounts, guarantees and bank transfers. Operating costs, due to the expansion of the branch network according to the Business Plan, rose by 14%, attributable to personnel and administrative expenses. After higher net adjustments to loans (+40.7%), partly due to additional provisions for consumer credit, net income amounted to 0.4 million euro, against 0.2 million euro in the first three months of 2007.

American Bank of Albania recorded a 29.3% increase in operating margin. This performance was achieved through the rise in net interest income attributable the expansion in average volumes with customers (+21.7% loans to customers; +23.4% customer deposits) and in spreads. Operating costs rose 13.7% due to higher administrative expenses linked to the expansion of the branch network and to advertising costs.

In the first quarter of 2008 Intesa Sanpaolo Bank Romania registered an operating margin of 1.8 million euro, a 33.8% rise over the corresponding period of 2007. Operating income (+32.7%) benefited from the good performance of net interest income (+48%) linked to the increase in average volumes with customers (+87.4% loans to customers) which offset the reduction in spreads. Also net fee and commission income rose (+34.6%), driven by higher operations on loans and, to a lesser degree, on bank transfers and guarantees. The growth in operating costs (+32.3%) can be attributed to the rise in human resources and to the development of the distribution network. Considering, in addition to the above, lower net provisions for risks and charges and higher net write-backs, net income amounted to 0.9 million euro, against 0.4 million euro in the first three months of 2007.

KMB Bank is a leading bank in lending and leasing activities for small and medium-sized enterprises in the Russian Federation. In the first quarter of 2008 the income statement closed with a net income of 4 million euro, virtually in line with the corresponding period of the previous year. In detail, the rise in net interest income benefited from higher intermediated volumes (+56.6% average loans to customers; +70.4% direct customer deposits), which more than offset the contraction in spreads attributable to the generalised reduction in market interest rates. Operating costs rose by 50.6% due to the increase in personnel expenses determined by the rise in the number of employees and in administrative expenses, in particular real estate and advertising, following the expansion of operations. Net adjustments to loans rose by 41%.

Bank of Alexandria's net income was 36 million euro, against 17 million euro in the first quarter of 2007, thanks to the increase in operating income (+40%) and despite an 18.8% increase in operating costs. Revenues recorded a positive performance due to profits on trading (up from 11 to 18 million euro) and to net interest income (up to 21 million euro against the 18 million euro of the first quarter of 2007, thanks to a rise in loans to the banking sector). Also net fee and commission income highlighted an increase (+4 million euro) mainly due to payment systems and mutual funds. Personnel expenses increased by 24.3% following a different computation of bonuses, while administrative expenses rose 15.3% due to the expansion of the network.

Eurizon Capital

(in millions of euro)

Income statement/Alternative performance indicators	31.03.2008	31.03.2007 restated (*)	Changes amount	Changes %
Net interest income	2	3	-1	-33.3
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	92	94	-2	-2.1
Profits (Losses) on trading	2	1	1	
Income from insurance business	-	-	-	-
Other operating income (expenses)	-	1	-1	
Operating income	**96**	**99**	**-3**	**-3.0**
Personnel expenses	-16	-16	-	-
Other administrative expenses	-25	-25	-	-
Adjustments to property, equipment and intangible assets	-1	-1	-	-
Operating costs	**-42**	**-42**	**-**	**-**
Operating margin	**54**	**57**	**-3**	**-5.3**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-1	-1	-	-
Net adjustments to loans	-	-	-	-
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**53**	**56**	**-3**	**-5.4**
Allocated capital	223	217	6	2.8
Profitability ratios (%)				
Cost / Income ratio	43.8	42.4	1.4	3.3
ROE before tax (annualised)	95.6	103.8	-8.2	-7.9
EVA® (in millions of euro)	30	34	-4	-11.8

(in millions of euro)

	31.03.2008	31.12.2007	Changes amount	Changes %
Assets under management	162,745	180,693	-17,948	-9.9

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

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

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

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

Overall assets under management of Eurizon Capital (including Eurizon Investimenti) totalled 162.7 billion euro at the end of March 2008, down 9.9% from the beginning of the year, due to the outflow of mutual funds, which affected all the main players in the sector, UCITS, retail and institutional asset management activities and almost all types of funds.
Operating income for the first quarter of 2008, amounting to 96 million euro, decreased 3% compared to the corresponding period of the previous year, because of a downturn in all main components. Income before tax from continuing operations, excluding taxes and integration charges, totalled 53 million euro, down 5.4% with respect to the same period of 2007. Capital absorbed amounted to 223 million euro, up 2.8% compared to the first three months of 2007. Annualised ROE before tax reached 95.6%, in line with the high values characteristic of this Business Unit, due to limited absorption of capital compared to the considerable volumes of assets managed by the company and placed by the geographically widespread banking networks of the Group. EVA®, which measures value creation, decreased from 34 million euro to 30 million euro.

Banca Fideuram

(in millions of euro)

Income statement/Alternative performance indicators	31.03.2008	31.03.2007	Changes	
			amount	%
Net interest income	37	30	7	23.3
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	120	153	-33	-21.6
Profits (Losses) on trading	-6	4	-10	
Income from insurance business	-	-	-	-
Other operating income (expenses)	3	-	3	-
Operating income	**154**	**187**	**-33**	**-17.6**
Personnel expenses	-32	-35	-3	-8.6
Other administrative expenses	-47	-44	3	6.8
Adjustments to property, equipment and intangible assets	-4	-4	-	-
Operating costs	**-83**	**-83**	**-**	**-**
Operating margin	**71**	**104**	**-33**	**-31.7**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-1	-13	-12	-92.3
Net adjustments to loans	-	-	-	-
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**70**	**91**	**-21**	**-23.1**
Allocated capital	342	324	18	5.6
Profitability ratios (%)				
Cost / Income ratio	53.9	44.4	9.5	21.4
ROE before tax (annualised)	82.3	113.0	-30.6	-27.1
EVA® (in millions of euro)	44	63	-19	-30.2

(in millions of euro)

	31.03.2008	31.12.2007	Changes	
			amount	%
Assets under management	46,037	50,753	-4,716	-9.3

The initiatives taken by Banca Fideuram in the first quarter of 2008 were carried out in coherence with the objective of consolidating market leadership through the development of its key strengths. In particular, actions on the product range were taken to strengthen the core business, to develop highly innovative products, to identify very advanced multi-manager solutions and to provide investment services tailored for private customers. These actions led, on the one hand, to the review of existing products to adjust them to the market context (supplementary social security reform and the coming into force of the MiFID legislation) and, on the other hand, to the development of a product range dedicated to private customers, in confirmation of the strategic importance of private banking within the group. With regard to insurance products, actions were addressed to new solutions characterised by a higher consultancy content and by greater flexibility.

Within the plan for the reorganisation of the group's French activities, Banque Privée Fideuram transferred the equity investment held in the Monegasque SGR Fideuram Wargny Gestion SAM to the subsidiary Fideuram Bank (Luxembourg).

At the end of March 2008 assets under management totalled 65.5 billion euro, down 4.5% with respect to the end of December 2007 due to the negative performance of financial markets.
The net flow for the period amounted to 199 million euro compared to 175 million euro in the first quarter of 2007. This trend is attributable to assets under administration, at 2,327 million euro sharply up with respect to the first three months of 2007 (+1,474 million euro). Conversely, asset management funding was negative for 2,128 million euro, with a significant reduction compared to the first quarter of 2007 (-1,450 million euro). The number of private bankers reached 4,282 units, up 2 units from the beginning of the year.
Income before tax from continuing operations amounted to 70 million euro, with a 23.1% reduction with respect to the same period of the previous year. This result is mainly due to the decline in net fee and commission income, linked to the reduction in average assets under management and to a repositioning of the product mix towards products less profitable for the bank, which more than balanced the improvement in net interest income (attributable to the growth in intermediated volumes, the rise in market interest rates and the higher profitability of assets).
The capital absorbed in the first quarter of 2008 by Banca Fideuram amounted to 342 million euro, up 5.6% on the same period of the previous year. Economic results, coupled with the above-mentioned capital absorption, determined a reduction in annualised ROE before tax to 82.3%. High profitability is typical of the asset gathering segment which collects large saving volumes against a limited absorption of capital.

Corporate Centre

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

The Corporate Centre closed the first quarter of 2008 with an operating income of 131 million euro, a 4.4% reduction with respect to the corresponding period of the previous year, due to higher commission expense and adjustments to credit derivatives and other financial products caused by the subprime crisis, which offset the higher net interest income. This trend, coupled with lower operating income, lower net provisions for risks and charges and net write-backs, determined an income before tax from continuing operations of 8 million euro, against the loss of 128 million euro of the first three months of 2007.

The Treasury Department includes activities aimed at the integrated management of liquidity, financial risks and settlement risks; with reference to the latter, in the first quarter of 2008 Intesa Sanpaolo strengthened its leadership, at the domestic level, within the payment systems in euro, with average daily operations of 50 billion euro (in terms of settled volumes) and 25,000 operations (in terms of number of settled transactions). Market share in Italy was 20% of the volumes of the gross settlement system BIREL – TARGET and 1% at the European level (TARGET and EBA).

With regard to the money market, the first quarter of 2008 was characterised by two completely different phases: till the beginning of February the market benefited from the strong interventions made by the main central banks both in terms of traditional monetary policy measures (three cuts of policy rates by the Federal Reserve) and in terms of open market operations, with significant liquidity injections aimed at supplying supplementary resources to the financial system and/or alternatives to the traditional channels. The publication of the 2007 results of the main financial institutions - characterised by heavy provisions against devaluation of assets and, in some cases, significant losses for the period, the rescue of Bear Stearns and signs of serious difficulties from other important banks influenced the second part of the quarter: the marked rebound in money market yields is symptomatic of higher perceived liquidity risk compared to the end of 2007. In this context the Bank continued its intense borrowing activities both in the interbank market and through short-term issues which led to a considerable prolongation of the average maturity of overall funding. Specifically, higher recourse was made to issues of Commercial Papers and Certificates of Deposit, intensifying in particular the use of Commercial Papers in USD, through the New York branch, as well as the use of ECP/CD through the Irish subsidiaries.

With regard to Credit Portfolio Management and Structured Operations activities, in the first quarter Intesa Sanpaolo structured as arranger the securitisation of a portfolio made up of 91,766 performing residential mortgages. These mortgages, mainly granted in Northern Italy (60%) to producer and consumer households and guaranteed by first degree mortgages, were transferred in bulk to a vehicle company established pursuant to Law 130/99 of which Intesa Sanpaolo holds a 5% minority stake. The sale without recourse of the portfolio to the vehicle company named Adriano Finance Srl occurred on 28 March 2008 with economic effects as of 19 March, for an amount of approximately 8 billion euro. The sale price, corresponding to the book value of the loans at the date of effect, will be settled by the SPV at the date of issue of the RMBS, foreseen within the first half of 2008. The securities will be initially subscribed by the Bank and, in a first phase, could be destined to be deposited with the ECB. Later, they will be transferred to the vehicle ISP CB Ipotecario Srl as cover pool of a programme of Guaranteed Bank Bonds (GBO).

In management of treasury securities and liquidity portfolios, the adopted strategy gave priority to the research of self-financing through repo operations, as well as a gradual divestment, consistently with the liquidity situation of markets. The liquidity portfolio remained practically unchanged whereas in the remaining portfolio the positions on securities issued by financial institutions were reduced to prevent the negative effects of the widening in lending spreads that has persisted since the middle of 2007. In the quarter the Bank continued to participate in the competitive tenders periodically called by the European Central Bank both weekly and quarterly. A portion of the portfolio, even if it can be refinanced through repo operations with the central banks, is however maintained available and refinanced through funding at maturity, in order to guarantee adequate liquidity reserves for the Group.

The “funding” macro-area is responsible for medium-/long-term funding, through both domestic bond issues and recourse to international markets.

In the first quarter of 2008 the total amount of Intesa Sanpaolo's bond issues placed in the domestic market of plain vanilla type amounted to 1.5 billion euro, of which 800 million euro of subordinated Lower Tier 2 securities. Breakdown by average maturity showed a concentration on maturity of five years, with an incidence of 80.3%, whereas 17.1% was represented by two-year bonds and the remaining 2.6% by three-year bonds. With regard to medium-/long-term funding operations on the international markets, in the first quarter del 2008, funding operations were concluded for a total of around 3 billion euro, of which approximately 1.2 billion euro with one-year maturity by the New York and Hong Kong branches through the issue of certificates of deposit in local currency. Total funding abroad, consisting of private European placements, through the Medium Term Notes (MTN) programme of Intesa Sanpaolo and through securitisation and non-securitisation contracts, amounted to 1.8 billion euro. Irish subsidiaries issued 22.6% of the total (guaranteed by the Parent Company), whereas the rest was directly issued by Intesa Sanpaolo. Private placements include zero coupon securities, mainly targeted at insurance companies, for a total of approximately 322 million euro in present value. A portion of private placements is structured (18%), whereas the rest is plain vanilla funding for 57% at fixed rate (of which 14% zero coupon) and for 25% at floating rate.

Risk management

BASIC PRINCIPLES

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

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

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

BASEL 2 REGULATIONS AND THE INTERNAL PROJECT

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

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

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

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

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

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

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

In order to take advantage of these opportunities, in 2007 Intesa Sanpaolo launched the "Basel 2 Project", with the mission of preparing the Group for the adoption of advanced approaches, building on the pre-merger experiences of Intesa and SANPAOLO IMI.
With respect to credit risks, the Corporate rating model and the Group's credit process were defined in 2007, in compliance with the rules of the New Accord. The latter sets out the use of internal ratings as the essential element in credit approval and management decisions. The process started application in October 2007 and will permit to submit the request for the validation of the "Foundation" approach of the Internal Rating Based methodology in 2008. The completion of the rating models and credit processes for the Retail segments and the loss given default models on a unified basis for the entire Group is programmed for 2008, with the objective of accessing advanced models in 2009.
For operational risks, preparatory works are in their final phases and will permit the submission of the request for validation for the Advanced Method in 2008.
Furthermore, in 2008 the Group will present the first report of the prudential control process for capital adequacy as "class 1" banking group, according to Bank of Italy classification, based on the extensive use of internal methodologies for measurement of risk, internal capital and total capital available.
Before the Bank of Italy issues the authorisation for the use of internal risk measurement tools for the determination of capital requirements with advanced approaches, capital requirements are calculated through the aforesaid Standard approach which entails:

- calculation of credit risk-weighted assets calibrated on the risk profile of the counterparties, through the use of ECAI ratings for the determination of risk weights; for unrated counterparties weighting rules are similar to the current ones, applying different risk weights on the basis of the type of counterparty and a preferred treatment for retail and mortgage exposures;
- new credit risk mitigation techniques, which permit a considerable expansion in the range of eligible instruments (on- and off-balance sheet netting, financial collaterals, personal guarantees/credit derivatives, mortgages on residential, commercial, industrial and other properties), accompanied however by a more specific indication of the juridical, economic and organisational eligibility requirements for the recognition for prudential purposes and methods to calculate risk mitigation associated to their use;
- introduction of a specific capital requirement for operational risks, calculated as a percentage of gross income, which varies across the single standardised Business Lines in which the various activities of Group companies have been broken down.

The Group's capital requirements estimated as at 31 March 2008 include a limited benefit connected to the application of the new Basel 2 regulations, since the reduction in the requirement for credit risk was almost equivalent to the new estimated requirement for operational risk.

CREDIT RISKS

The long experience matured by Intesa and SANPAOLO IMI concerning risk management techniques enables the Group to have a large set of risk measurement and management techniques and instruments, capable of ensuring the analytical control over the quality of loans to customers and financial institutions, and loans subject to country risk.
With particular reference to loans to customers, risk management uses different rating models on the basis of the borrower's segment (corporate, Small Businesses, Mortgages, Personal Loans, Sovereigns, Italian public sector entities, Financial institutions), and in terms of industry and size.
Credit strategies and policies address:

- portfolio diversification, limiting the concentration of exposures on single counterparties/groups, single sectors or geographical areas;
- efficient selection of the single borrowers via an attentive creditworthiness analysis aimed at containing default risk, notwithstanding the objective of privileging commercial lending or loans to support new production capacity with respect to merely financial interventions;
- control of relationship characteristics, carried out with information technology procedures and systematic surveillance over the relationships which present irregularities, both aimed at rapidly identifying any signs of deterioration in risk exposures.

The constant monitoring of loan portfolio quality is pursued by the adoption of specific operating checks for all the phases of loan management (analysis, granting, monitoring, management of non-performing loans).

The management of credit risk profiles of the loan portfolio is assured, starting from the analysis and granting phases, by:

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

Credit quality

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

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

(in millions of euro)

	31.03.2008			31.12.2007 restated (*)			Changes
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Doubtful loans	10,983	-7,770	3,213	10,704	-7,575	3,129	84
Substandard and restructured loans	5,742	-1,574	4,168	5,468	-1,561	3,907	261
Past due loans	1,498	-152	1,346	1,356	-136	1,220	126
Non-performing loans	**18,223**	**-9,496**	**8,727**	**17,528**	**-9,272**	**8,256**	**471**
Performing loans	348,562	-2,329	346,233	342,108	-2,317	339,791	6,442
Performing loans represented by securities	6,970	-10	6,960	7,617	-8	7,609	-649
Loans to customers	**373,755**	**-11,835**	**361,920**	**367,253**	**-11,597**	**355,656**	**6,264**

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

The table confirms, also for this quarter, the high credit quality for the Group. Despite a 471 million euro increase in non-performing loans, the relative coverage totalled 52.1%. In particular, doubtful loans, notwithstanding an 84 million euro rise, represented only 0.9% of total loans to customers, with a degree of coverage of approximately 71%. Substandard and restructured loans, up 261 million euro with respect to 31 December 2007 restated, are assisted by provisions of 27.4%. Past due loans increased, with a degree of coverage exceeding 10%. Lump-sum adjustments on the banking book of performing loans correspond to 0.7% of gross exposures, unchanged with respect to the end of the previous year and congruous to cover the intrinsic risk of performing loans. Risk implicit in performing loans is calculated collectively on the basis of the risk configuration of the entire portfolio analysed via models which consider the Probability of Default (PD) and the Loss Given Default (LGD) for each loan.

MARKET RISKS

TRADING BOOK

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

- interest rates;
- equity and market indices;
- investment funds;
- foreign exchange rates;
- implied volatilities;
- spreads in credit default swaps;
- spreads in issued bonds;
- correlation instruments;
- dividend derivatives.

For certain of the abovementioned risk factors, the Supervisory authority validated the internal models for the regulatory measurement of capital absorption of both Intesa Sanpaolo (internal model extended during 2007 to the books of the former SANPAOLO IMI Finance Department) and Banca IMI concerning the portfolios of the the former Banca Caboto.

Moreover, also the model relative to credit derivatives (credit default swaps) has been validated for Intesa Sanpaolo. At the end of March such models were extended to the former Banca IMI component.

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

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

In the first quarter of 2008, the market risks originated by Intesa Sanpaolo and Banca IMI slightly increased with respect to the averages for the fourth quarter of the 2007. The operating VaR for the period totalled 32.7 million euro (average for the first quarter of 2008). The value increases to approximately 39 million euro considering estimated risk of CDOs (period-end figure of 5.7 million euro).

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

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

(in millions of euro)

	2008			2007			
	average 1st quarter	minimum 1st quarter	maximum 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Intesa Sanpaolo	23.7	20.0	32.9	23,5	20,0	18,5	16,5
Banca IMI	9,0	6,5	12,8	8,2	6,7	6,1	6,9
Group	**32.7**	**27.3**	**43.5**	**31,7**	**26,7**	**24,6**	**23,4**

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

For Intesa Sanpaolo the breakdown of risk profile in the first quarter of 2008 with regard to the various factors shows the prevalence of the risk of credit spread volatility, which represented 32% of total operating VaR; for Banca IMI interest rate risk was the most significant and represented 31% of total VaR.

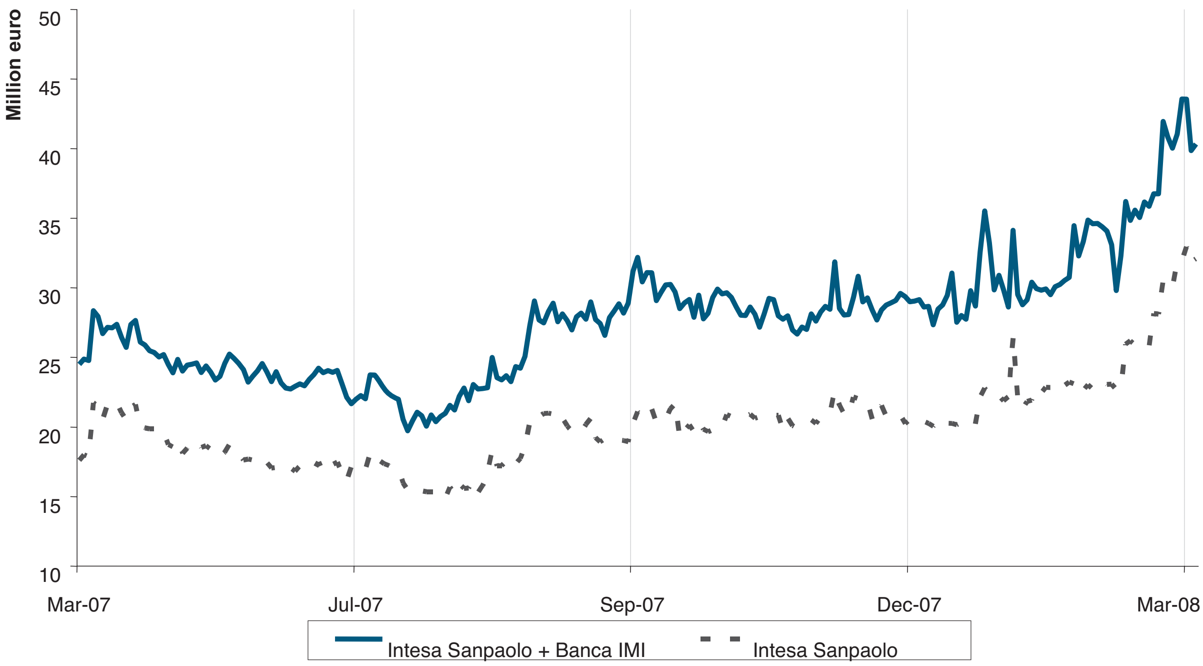
Contribution of risk factors to overall operating VaR [a]

1st quarter 2008	Shares	Rates	Credit spread	Foreign Exchange	Hedge fund	Other parameters
Intesa Sanpaolo	18%	16%	32%	7%	27%	-
Banca IMI	27%	31%	27%	2%	-	13%
Group	**21%**	**21%**	**31%**	**5%**	**17%**	**5%**

[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 first quarter 2008, broken down between Intesa Sanpaolo and Banca IMI.

Operating VaR in the last twelve months is set out below. The average level for the first three months of 2008 increased due to higher market volatility and positions taken on shares and interest rates.

Daily evolution of market risks – operating VaR



Structured credit products

Concerning the determination of the fair value of structured credit products and, in general, of all financial assets and liabilities, see the Annual Report 2007 and in particular in the Notes to the consolidated financial statements – Part A – Accounting policies and Part E – Information on risks and relative hedging policies.
The aforementioned chapters of the Annual Report 2007 provide ample information on accounting principles and valuation methods applied, also in view of the financial market crisis which characterised the second half of last year.
As indicated in 2007, as at 31 March 2008 the Intesa Sanpaolo Group held no mortgages which may be classified as subprime, nor had granted any guarantees connected to such products.
Without prejudice to the foregoing, the quantitative information provided in the Annual Report 2007 in relation to other products is updated below, on the basis of the definitions and classification criteria adopted in that report.

US subprime exposures
Instruments with collateral mostly made up of US residential mortgages which are not part of the prime segment, granted in the years 2005/06/07. As at 31 March 2008, the banking book contained ABSs, funded CDOs and unfunded super senior CDOs for a nominal value of 249 million euro (269 million euro as at 31 December 2007), which corresponded to a risk exposure of 49 million euro (ex 73 million euro). Their impact on the consolidated income statement for the first quarter totalled -18 million euro (-246 million euro in 2007).
Considering "short" positions in derivatives held for dynamic hedging, the net position as at 31 March 2008 amounted to 62 million euro in terms of nominal value (ex 49 million euro) and to -28 million euro in terms of risk exposure (ex -49 million euro) while the overall incidence on the consolidated income statement for the first quarter was positive for 1 million euro (-163 million euro in 2007).

"Contagion" area
This area included products in the banking book with underlying non-US subprime residential mortgages, invested in any case to a significant extent by the US financial market crisis (Multisector CDOs, Alt-A Alternative A Loans, Trust Preferred Securities of REITs and Prime CMOs). On this area, the Group as at 31 March 2008, held an overall "long" position of 764 million euro in terms of nominal value (847 million euro as at 31 December 2007) and of 567 million euro in terms of fair value (ex 687 million euro). Including the positive economic impact deriving from the investment in funds which had at the time taken short positions on the US residential mortgage market, net losses attributable to the year to such positions totalled -32 million euro (-131 million euro in the 2007).

Exposures for hedges acquired from monoline insurers
As in 2007, also in the first quarter of 2008 there was no significant impact on the consolidated income statement apart from that connected to the credit risk adjustment, that is to the reduction in the positive mark to market of the derivate concluded with the monoline insurer, recorded to consider the downgrading of the protection seller.
Overall, as at 31 March 2008, the positive mark to market of the derivatives under examination was 81 million euro (86 million euro as at 31 December 2007) while credit risk adjustments amounted to -33 million euro (ex -25 million euro) with a negative net impact on the consolidated income statement for the first quarter of 8 million euro.

Other structured credit products
Products in the Group's banking book, with underlying other than US subprime, whose performance, though not directly impacted by phenomena of real contagion, was at least partly affected by the events in the US financial markets.
During the first quarter, net losses on such positions - which included Packages with non-monoline insurers (with nominal value of 2,329 million euro), US and European ABS/Funded CDOs (for 2,396 million euro), unfunded super senior Multisector CDOs (for 704 million euro), unfunded super senior Corporate Risk CDOs (with nominal value of 2,390 million euro) and other marginal unfunded "short" positions (for 443 million euro) – totalled -81 million euro (-183 million euro in 2007).

The conversion into euro of values expressed in USD as at 31 December 2007 occurred at an exchange rate of 1.4721 euro per dollar and as at 31 March 2008 at an exchange rate of 1.5812 euro per dollar.

Information on activities performed through Special Purpose Entities (SPEs)
In the Annual Report 2007 (Notes to the consolidated financial statements – Part E – Information on risks and relative hedging policies) information was provided on the operations of SPEs "sponsored" by the Group. These entities operate for funding purposes and are set up to invest funds from the placement of insurance policies, established to securitise the Group's assets.
In relation to these types of vehicles, as at 31 March 2008 no significant changes occurred with respect to as at 31 December 2007, with the sole exception of a new transaction represented by a new securitisation of performing residential mortgages for approximately 8 billion euro currently being structured through the new vehicle Adriano Finance Srl.
In particular, quantitative information relative to the Romulus vehicle showed no significant changes with respect to information provided in the aforementioned Part E of the Notes to the consolidated financial statements in the Annual Report 2007.

Information on transactions in derivatives with customers

As described in the Notes to the consolidated financial statements of the Annual Report 2007 (after Table 2.2. of Part B - Assets) and in the Communication to the market of 11 April 2008 – as requested by Consob (the Italian Securities Exchange Commission) – information and figures were provided on derivatives stipulated with customers.
In particular, positive and negative fair values totalled respectively 1,339 million euro and 870 million euro, calculated considering netting agreements.
As at 31 March 2008, dealing in derivatives with retail customers, non-financial companies and public entities presented, before netting agreements, a positive fair value of 1,466 million euro and a negative fair value of 789 million euro.

BANKING BOOK

Market risk originated by the banking book arises primarily in the Parent Company and in the main subsidiaries that carry out retail and corporate banking. The banking book also includes exposure to market risks deriving from the equity investments in listed companies not fully consolidated mostly held by the Parent Company and by Equiter (former Fin.OPI), IMI Investimenti and Intesa Sanpaolo Holding International.
The following methods are used to measure financial risks of the Group's banking book:

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

Value at Risk is calculated as the maximum "unexpected" potential loss in the portfolio's market value that could be recorded over a 10-day holding period with a 99% confidence level (parametric VaR).
Shift sensitivity analysis quantifies the change in value of a financial portfolio resulting from adverse movements in the main risk factors (interest rate, foreign exchange, equity and volatility). For interest rate risk, an adverse movement is defined as a parallel and uniform shift of ±100 basis points of the interest rate curve. The measurements include the risk originated by customer sight loans and deposits.
Furthermore, sensitivity of the interest margin is measured by quantifying the impact on net interest income of a parallel and instantaneous shock in the interest rate curve of ±100 basis points, over a period of 12 months.

Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first one refers to the fair value hedge of assets and liabilities specifically identified (micro-hedging), mainly bonds issued or acquired by the bank and loans to customers. Moreover, macro-hedging is carried out on the stable portion of on demand deposits and in order to cover the risk of fair value changes intrinsic in the instalments under accrual generated by floating rate operations. The Bank is exposed to this risk in the period from the date in which the rate is set and the date of payment of the relevant interests.
Another hedging method used is the cash flow hedge which has the purpose of stabilising interest flow on variable rate funding to the extent that the latter finances fixed-rate investments (macro cash flow hedge). In other cases, cash flow hedges are applied to specific assets or liabilities.
The main types of derivative contracts used are interest rate swaps (IRS), overnight index swaps (OIS), cross-currency swaps (CCS) and options on interest rates stipulated with third parties or with other Group companies (mainly Banca IMI). The latter, in turn, replicate the transactions on the market so that the hedging deals meet the criteria to qualify as IAS-compliant for consolidated financial statements.
The Risk Management Department is in charge of measuring the effectiveness of interest rate risk hedges for the purpose of hedge accounting.

In the first quarter of 2008, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity analysis, registered an average value of 353 million euro and 410 million euro at the end of March; these figures compare with a figure of 369 million euro at the end of 2007.
Interest margin sensitivity – in the event of a 100 basis points rise in interest rates – amounted to +184 million euro (-177 million euro in case of reduction) at the end of March, slightly lower than at the end of 2007 (+204 million euro and -205 million euro, respectively in case of increase/decrease of interest rates).

Interest rate risk, measured in terms of VaR, in the first quarter of 2008 was on average 104 million euro, in line with the figure at the end of 2007, and totalled at the end of March 117 million euro which also represents the maximum value in the period (the minimum value was 95 million euro).
Price risk generated by minority stakes in listed companies, mostly held in the AFS (Available for Sale) category, measured in terms of VaR, registered an average of 124 million euro (113 million euro at the end of 2007) in the first three months of 2008 and at the end of March amounted to 150 million euro which also represents the maximum for the period (the minimum totalled 110 million euro). The rise in VaR with respect to the level at the end of the previous year is mostly attributable to increased stock price volatility.

OPERATIONAL RISKS AND LEGAL RISKS

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

The Group has a centralised function within the Risk Management Department for the management of the Group's operational risks. This function is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profile, the verification of mitigation effectiveness and reporting to Top Management. It continues the activities previously developed in the Intesa Group and the Sanpaolo IMI Group: the methodological and organisational components will be integrated in 2008. The purpose is to adopt advanced models and obtain validation by the Authority for regulatory purposes.
In compliance with current requirements, the Group's organisational units have been involved into the process and each of them was assigned the responsibility for the identification, assessment, management and mitigation of its operational risks; specific officers and departments have been identified within these organisational units to be responsible for Operational Risk Management (collection and structured census of information relative to operational events, scenario analyses and evaluation of the business environment and internal control factors).
Intesa Sanpaolo's Internal Model is designed to combine all the main quantitative (internal and external historical incurred loss data) and qualitative information sources (self-assessment: scenario analysis and operating valuation context). The quantitative component is based on the assessment of historical data on internal events and external events (including participation in consortium initiatives such as "Database Italiano Perdite Operative" – Italian Operating Loss Database – managed by the Italian Banking Association and Operational Riskdata eXchange Association).
The qualitative component focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured collection of subjective estimates with the aim of assessing relevant scenarios identified starting from the proprietary risk classification system based on the types of events provided for by the New Capital Accord (Basel 2).
Capital at Risk is therefore identified as the minimum amount at Group level, net of insurance cover, required to bear the maximum potential loss (worst loss); Capital at Risk is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-Risk of operational losses), applied on quantitative and qualitative figures with a 1-year holding period, and on a 99.96% confidence level (99.90% for the regulatory figure).
The Intesa Sanpaolo Group has activated a traditional operational risk transfer policy (insurance) with the objective of mitigating the impact of any unexpected losses, and thus contributing to the reduction of Capital at Risk.
At the end of March capital absorption for operational risks was determined with the Traditional Standardised Approach (with an approximately 2.5 billion euro incidence at Group level).

Legal risks

Concerning legal risks, there were no significant changes with respect to the Annual Report 2007.

INSURANCE RISKS

Life branch

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

Casualty branch

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

ALM and financial risks

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

Investment portfolios

The investments of the companies of the Intesa Sanpaolo Group operating in the insurance segment are made with their free capital and to cover the contractual obligations with customers. These essentially refer to traditional revaluable life insurance policies, Index- and Unit-linked policies, pension funds and casualty policies.
As at 31 March 2008, the investment portfolios of Group companies, recorded at book value, amounted to 47,850 million euro; of these, the share regarding traditional revaluable life policies and free capital (Class C portfolio or portfolio at risk) amounted to 19,465 million euro, while the other component (Class D portfolio or portfolio with total risk retained by the insured) mostly comprised investments related to pension funds, index- and unit-linked policies and totalled 28,385 million euro.
Considering the various types of risks, the analysis of investment portfolios, described below, concentrates on the assets included in the "at-risk portfolio".
In terms of breakdown by asset class, approximately 93% of assets (67% Government securities, 15% corporate securities, 11% liquidity) was made up of bonds, while assets subject to equity price risk represented approximately 7% of the total.

Fair value of derivatives amounted to -43 million euro, of which -45 million euro relative to hedging derivatives and +2 million euro relative to effective management derivatives included in those originally destined to hedge Index-Linked insurance policies and subsequently transferred to the "class C banking book" as they were no longer representative of the technical commitments with the insured. There are no positions in derivatives held for speculation since they are not authorised.
The banking book represented by bonds had an average duration of approximately 3.5 years.
Breakdown of bonds in the banking book in terms of fair value sensitivity to interest rate movements showed that a +100 bp parallel shift in the yield curve leads to an approximately 800 million euro decrease. On the basis of this hypothetical scenario, the value of hedging derivatives in the banking book undergoes a 147 million euro rise which partly offsets the corresponding loss on the bonds.
The investment portfolio presented an extremely high asset quality. AAA/AA bonds represented approximately 75% of total investments and A bonds 14%. Low investment grade securities (BBB) were 4% of the total and the portion of speculative grade or unrated was marginal.
High credit quality also emerges from the breakdown of exposure by issuer/counterparty: securities issued by Governments, Central banks represented approximately 78% of the total, while financial companies (mostly banks) contributed for approximately 15% of exposure.
At the end of first quarter 2008, the investments of the free capital of EurizonVita amounted to 1,094 million euro, at fair value, and presented a risk, in terms of VaR (99% confidence level, 10-day holding period), equal to 15.3 million euro.

The Management Board

Milan, 13 May 2008

Accounting policies

Criteria for the preparation of the Interim statement

General preparation principles

The "Interim statement as at 31 March 2008" has been prepared, in consolidated form, in compliance with art. 154-ter of Legislative Decree 58 of 24 February 1998 and with the application of the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission provided for by Community Regulation 1606 of 19 July 2002.
The accounting principles adopted in the preparation of the Interim Statement, for classification, recognition, measurement and derecognition of asset and liability captions, and the means of recognition of revenues and costs, have remained unchanged with respect to those adopted for the Intesa Sanpaolo Group's Annual report 2007, to which, therefore, reference must be made.
Please note that the consolidated Interim statement has not been audited.

The Interim statement is made up of the condensed balance sheet and income statement forms and is complemented by the report on operations. It is prepared in euro as functional currency. The amounts indicated in financial statements and in the report on operations are expressed in millions of euro, unless otherwise specified.

Financial statements are presented in a condensed/reclassified format which is better suited to the representation of captions on the basis of operational consistency. As to the income statement, the content of captions reflects the instructions supplied by the Bank of Italy with Circular 262/2005 with the following aggregations/reclassifications compared to the compulsory forms set forth by the aforesaid Circular:

- net interest income includes: interest rate differentials matured and collected on currency interest rate swaps which set out the exchange of two floating rates stipulated to hedge floating rate funding in foreign currency; fair value adjustments in hedge accounting; the reversal in time value on loans, attributable to the amortised cost criterion in the absence of changes in expected future flows; the time value of employee termination indemnities and allowances for risks and charges;
- profits (losses) on trading comprises: dividends on shares classified as assets available for sale and as assets held for trading; the implicit cost for the financing of the purchase of shares held for trading; profits and losses on disposal or repurchase of financial assets available for sale and of financial liabilities; profits (losses) on financial assets and liabilities designated at fair value;
- the contribution of insurance companies is highlighted in a specific caption, Income from insurance business, instead of being included line by line;
- administrative expenses are net of recoveries from customers;
- net adjustments to loans include profits and losses on disposal or repurchase of loans and net impairment losses on other financial activities, related to guarantees, commitments and credit derivatives;
- net impairment losses on other assets comprise - in addition to net impairment losses on financial assets available for sale, investments held to maturity and other financial activities - any net impairment of property, equipment and intangible assets;
- profits (losses) on investments held to maturity and on other investments include profits (losses) on disposal of investments in associates and companies subject to joint control and profits (losses) on disposal of investments; conversely, net income recorded by investments carried at equity is posted in a specific caption in operating income together with dividends;
- merger and restructuring related charges are recorded, net of the tax effect, in a separate caption;
- the economic effect of purchase cost allocation, net of the tax effect, is recorded in a specific caption.

For the balance sheet, with respect to the forms set forth by Circular 262/2005, certain captions have been grouped together as follows:

- the inclusion of hedging derivatives and fair value change of financial assets/liabilities in hedged portfolios in Other assets/liabilities;
- the aggregation in just one caption of property and equipment and intangible assets;

- the aggregation of due to customers and securities issued in just one caption;
- the aggregation in just one caption of allowances for specific purpose (Employee termination indemnities and Allowances for risks and charges);
- the presentation of Reserves as an aggregate and net of the treasury shares.

The condensed balance sheet as at 31 March 2008 presents under non-current assets held for sale and discontinued operations the equity investment in AGOS, sold to Crédit Agricole following the exercise of the options and to be settled, and the assets/liabilities of a business line of the subsidiary Eurizon Vita for which an offer from an Italian insurance group has been accepted.
The condensed income statement as at 31 March 2008 reports under Income (Loss) after tax from discontinued operations the economic components relative to the branches sold in the quarter, in compliance with the decisions of the Italian Competition Authority and to those referred to the business line of Eurizon Vita mentioned above.

The non-recurring operations which occurred in 2008 mean that the figures as at 31 March 2008 cannot be compared to those of the first quarter of 2007.
For the purpose of a consistent comparison, balance sheet and income statement figures referred respectively to 31 December 2007 and 31 March 2007, as well as figures referred to quarterly development, are restated to account for the acquisition of the Cassa di Risparmio di Firenze group and Eurizon Investimenti, acquired at the end of December 2007, as well as the acquisition of the bancassurance business line from Intesa Vita, connected to the decision of the Italian Competition Authority. Moreover, values referred to the previous year are adjusted in relation to the income statement and balance sheet effects of discontinued operations and also to consider the definitive effects of the allocation of the purchase cost of the Sanpaolo IMI Group.

Consolidation area and consolidation methods

Consolidation area

The consolidated statement includes Intesa Sanpaolo and the companies which it directly and indirectly controls, jointly controlled or subject to significant influence, comprising – as specifically set out by the new IAS/IFRS principles – also the companies operating in dissimilar sectors from the Parent Company as well as private equity investments. Similarly, special purpose entities (SPE/SPV) are included when the requisite of effective control recurs, even if there is no direct or indirect stake in the company.
With respect to the situation as at 31 December 2007, please note the entry into the full consolidation area of the Cassa di Risparmio di Firenze group. Moreover, Eurizon Investimenti, which in the 2007 financial statements was consolidated only referring to balance sheet figures entered in the full consolidation area also with reference to income statement figures since control was acquired at the end of the year. As described above, Eurizon Investimenti was merged into Eurizon Capital in April 2008.
Concerning the entry in the Group of the Cassa di Risparmio di Firenze group, as detailed in the Annual report 2007 and as specified in other parts of this document, within the strategic operations foreseen in the Business plan, in January 2008 Intesa Sanpaolo purchased 40.3% of Carifirenze's share capital, by means of a share swap of 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 So.Fi.Ba.R. – Società Finanziaria di banche Romagnole. The share swap ratio had been set at 1.194 Intesa Sanpaolo ordinary shares for each Carifirenze share.
The Intesa Sanpaolo Ordinary Shareholders' Meeting of 2 October 2007 authorised that own ordinary shares be acquired and made available, up to a maximum number of 800 million. This framework included the programme for the purchase of approximately 399 million own ordinary shares for the purpose of meeting the commitments of the agreement to acquire the control of Carifirenze.
The purchase programme was executed from 3 October to 7 November 2007. In that period Intesa Sanpaolo purchased 398,904,617 own ordinary shares (equal to 3.366% of the ordinary share capital), for a value of 2,158 million euro.
The transaction was completed on 29 January 2008 with the swap of 398,904,617 own ordinary shares with 334,090,969 Carifirenze ordinary shares.
Due to the stake already held (approximately 18.6%), and the aforesaid share swap, the total interest of Intesa Sanpaolo as at 31 March 2008 was 58.9% of the share capital. Moreover, please note that at the time of execution of the share swap, Intesa Sanpaolo granted Ente Cassa di Risparmio di Firenze a put option which sets forth that Ente shall have the right to sell to Intesa Sanpaolo which, conditional upon

the obtaining of the necessary authorisations of the competent Authorities, shall be obliged to buy all Syndicated Shares (currently 85,276,948 shares, that is 10.29% of share capital) held by Ente Firenze at the time of exercise of that option. The Put Option may be exercised by the Ente, at any time until expiry of the shareholders agreement signed with Intesa Sanpaolo, at the same price set for the Offer indicated below. After that the put option shall be forfeited.
In the period between 10 March and 1 April 2008, Intesa Sanpaolo launched a mandatory public offer to buy all the Carifirenze shares at the same price used to determine the exchange ratio, that is 6.735 euro per share. The Offer referred to 255,569,436 ordinary shares of Carifirenze, that is, all the issued ordinary shares of Carifirenze excluding those owned by Intesa Sanpaolo and by Ente Cassa di Risparmio di Firenze. As a result of the offer, Intesa Sanpaolo held, together with Ente Cassa di Risparmio di Firenze, 821,318,695 shares equal to 99.093% of the share capital of Cassa di Risparmio di Firenze. Therefore, Intesa Sanpaolo exercised, on 15 April 2008, the squeeze-out right provided for by art.111 of TUF on all the residual 7,517,322 Carifirenze ordinary shares subject to the Offer and not tendered at a unit price of 6.735 euro "cum dividend" (that is, inclusive of the coupon to receive any dividend related to financial year 2007), i.e. at the unit consideration of the Offer. After the completion of the transaction, Intesa Sanpaolo and Ente Cassa di Risparmio di Firenze hold all the Cassa's shares, with respective stakes of 89.71% and 10.29%.
As of 15 April 2008, Borsa Italiana set forth the delisting of the shares of the Cassa from MTA.
For a detailed description of the transaction and of the agreements between Intesa Sanpaolo and Carifirenze or shareholders or directors of the issuer, see the relevant Offer document and the communications disclosed to the market at the time of the transaction.
Concerning the financial statements as at 31 March 2008, at that date only the share swap and the put option in favour of Ente Cassa di Risparmio di Firenze had been completed.
According to IFRS 3, the cost of a business combination was determined on the basis of the fair value (4.766 euro per share), at the transaction date, of shares sold for a total value of 1,901 million euro, plus the value of the put option determined on the basis of the strike price. The cost of the acquisition was therefore provisionally determined at 2,476 million euro; the comparison of this amount with Carifirenze's pro quota consolidated net equity, (net of any goodwill previously recorded) equal to 703 million euro, determines a difference of 1,773 million euro as at 1 January 2008, to which the implicit goodwill in the portion already held before the share swap, equal to 356 million euro, must be added. The cost of the acquisition must be allocated to assets, liabilities and other intangible assets not recorded in Carifirenze's financial statements, within the limits of their fair values. IFRS 3 set forth that final allocation of cost must occur within twelve months from the date of acquisition, that is in the 2008 financial statements. In consideration of this provision and of the fact that, as illustrated, the entire acquisition was concluded last April, in this statement the purchase price is not allocated to assets, liabilities and goodwill. The entire difference between the purchase cost and the portion of Carifirenze's shareholders' equity was allocated to a specific caption in the Balance sheet called "Acquisition difference". With reference to the economic effects deriving from the amortisation of part of the difference which shall be allocated to higher value of financial instruments or new definite life intangibles, an estimated amount of 15 million euro was posted under caption "Effect of purchase cost allocation, net of tax" in the Income statement as at 31 March 2008.
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.
The equity investment in the Bank of Italy, in which the Intesa Sanpaolo Group holds a 42.3% stake, which - considering its peculiarity - is maintained at cost and is therefore not carried at equity, as well as the companies for which the shares have been received as pledges with voting rights exceeding 20%, in consideration of the substance underlying the pledge, which has the purpose of guaranteeing loans and not of exercising control and direction over financial and economic policies in order to benefit from the economic return on the shares, are not consolidated.

Consolidation methods

The methods used for the consolidation of the figures of subsidiaries *(full consolidation)* and for the consolidation of associates and of companies subject to joint control *(equity method)* have remained unchanged from those adopted for the Intesa Sanpaolo Group's Annual Report 2007 to which, therefore, reference must be made.

The financial statements of the Parent Company and of other companies used to prepare the Interim statement as at 31 March 2008 refer to the same date. In certain cases, for subsidiaries which are not material, the latest official figures are used.
Where necessary – and without prejudice to absolutely marginal cases – the financial statements of consolidated companies which are drawn up using different accounting criteria are restated to be compliant with the standards used by the Group.
The financial statements of the companies which do not operate in the eurozone are translated into euro applying to the assets and liabilities in the balance sheet the spot exchange rate at period-end and to the income statement the average exchange rate.

Declaration of the Manager responsible for preparing the Company's financial reports

The Manager responsible for preparing the Company's financial reports, Bruno Picca, declares, pursuant to art. 154 bis, par. 2 of the Consolidated Law on Finance, that the accounting figures contained in the present Interim statement as at 31 March 2008 correspond to the records, books and accounts.

13 May 2008

Bruno Picca
Manager responsible for preparing
the Company's financial reports

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Financial calendar

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Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present.
This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates.
It is for this reason that the illustrations in the Annual report and the Interim statements, which describe Intesa Sanpaolo's results, are inspired by the rich cultural heritage of our cities. They show the doors of historic buildings of great importance in each regional capital and in the cities mentioned in the names of the Group banks. It is a tribute to Italian tradition and history. But it is also emblematic of the willingness to communicate and establish relationships that typifies the people of Intesa Sanpaolo and of the banks in the group.

1. Padova
Bronze door, University of Padova

2. Roma
Detail of facade of Villa Giulia

3. Firenze
Door of the Casino Mediceo

4. Venezia
Door near Calegheri Bridge

5. Campobasso
Building in Via Sant'Antonio Abate

6. Torino
Door of Palazzo Saluzzo di Paesana

7. Genova
Door with atlas figures, Palazzo Durazzo

8. Forlì
Detail, Palazzo Paulucci

9. Rovigo
Door of the Post Office building

10. Napoli
Detail of Palazzo Carafa d'Andria

11. Bologna
Detail of the facade of Palazzo Montpensier

12. Milano
Detail of the facade of Palazzo Marino

13. Perugia
Door of Palazzo del Capitano del Popolo

14. Palermo
Door of the Archbishop's Palazzo

15. Bolzano
Building in Viale della Roggia

16. Bari
Souther gate of Castello Svevo

17. Cagliari
View of Porta Cristina

18. L'Aquila
Castle gate

19. Aosta
Door of a building in Via Saint-Bernard de Menthon

20. Trieste
Fortified entrance of Duino Castle

21. Catanzaro
Detail of Palazzo Castagna

22. Trento
Door of Palazzo del Monte or Rehr

23. Potenza
Detail of the School of Industry

24. Ancona
Gothic-Venetian door of the ex-Church of St. Agustine

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