INTESA SANPAOLO

Half-yearly report as at 30 June 2009

     

     

     

     

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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.

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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 Stefano 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	Aureliano BENEDETTI Elio CATANIA Giuseppe FONTANA Gian Luigi GARRINO Virgilio MARRONE Emilio OTTOLENGHI Giovanni PERISSINOTTO Marcello SALA

General Managers	Corrado PASSERA Francesco MICHELI
Manager responsible for preparing the Company's financial reports	Ernesto RIVA
Independent Auditors	RECONTA ERNST & YOUNG S.p.A.

Intesa Sanpaolo Group - Financial highlights and alternative performance measures

Income statement (in millions of euro)	**30.06.2009**	**30.06.2008**	**Changes amount**	**Changes %**
Net interest income	5,466	5,695	-229	-4.0
Net fee and commission income	2,595	3,185	-590	-18.5
Profits (losses) on trading	546	284	262	92.3
Income from insurance business	188	186	2	1.1
Operating income	8,867	9,580	-713	-7.4
Operating costs	-4,655	-4,839	-184	-3.8
Operating margin	4,212	4,741	-529	-11.2
Net adjustments to loans	-1,814	-713	1,101	
Income after tax from discontinued operations	50	965	-915	-94.8
Net income	1,588	3,107	-1,519	-48.9

Balance sheet (in millions of euro)	**30.06.2009**	**31.12.2008**	**Changes amount**	**Changes %**
Loans to customers	386,324	395,189	-8,865	-2.2
Direct customer deposits	442,452	430,897	11,555	2.7
Indirect customer deposits	578,996	577,144	1,852	0.3
of which: Assets under management	*214,107*	*213,786*	*321*	*0.2*
Total assets	638,442	636,133	2,309	0.4
Shareholders' equity	50,742	48,954	1,788	3.7

Operating structure	**30.06.2009**	**31.12.2008**	**Changes amount**
Number of employees	107,308	108,838	-1,530
Italy	*73,147*	*72,755*	*392*
Abroad	*34,161*	*36,083*	*-1,922*
of which: atypical labour contracts	*359*	*484*	*-125*
Number of financial advisors	4,310	4,477	-167
Number of branches [(a)]	8,119	8,432	-313
Italy	*6,175*	*6,399*	*-224*
Abroad	*1,944*	*2,033*	*-89*

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

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

	30.06.2009	30.06.2008	31.12.2008
Profitability ratios (%)			
Cost / Income	52.5	50.5	54.7
Net income / Average shareholders' equity (ROE) [(a)]	5.2	11.4	5.2
Economic Value Added (EVA)[(b)] (in millions of euro)	318	1,865	
Risk ratios (%)			
Net doubtful loans / Loans to customers	1.2	0.9	1.0
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	68.6	70.8	69.6
Capital ratios (%) [(c)]			
Tier 1 capital [(d)] net of preference shares / Risk-weighted assets (Core Tier 1)	6.9	5.7	6.3
Tier 1 capital [(d)] / Risk-weighted assets	7.7	6.6	7.1
Total capital [(e)] / Risk-weighted assets	11.0	9.5	10.2
Risk-weighted assets (in millions of euro)	369,740	389,248	383,072
Basic earnings per share (basic EPS) [(f)] – euro	0.12	0.24	0.20
Diluted earnings per share (diluted EPS) [(g)] – euro	0.12	0.24	0.20
Shares [(h)]			
Number of ordinary shares (thousands)	11,849,332	11,849,332	11,849,332
Share price at period-end - ordinary share (euro)	2.296	3.605	2.519
Average share price for the period - ordinary share (euro)	2.263	4.472	3.834
Average market capitalisation (in millions of euro)	28,343	56,874	48,639
Book value per share (euro)	4.283	4.268	4.132
Long-term rating			
Moody's	Aa2	Aa2	Aa2
Standard & Poor's	AA-	AA-	AA-
Fitch	AA-	AA-	AA-

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

[(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, has been 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 determined using the Capital Asset Pricing Model.

[(c)] As of 31 December 2008, ratios have been determined using the methodology set out in the Basel 2 Capital Accord, adopting the standardised methods for the calculation of credit risk-weigthed assets and for calculation of operational risk.

[(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 2008 not restated. Book value per share 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 and Investment Banking**		**Public Finance**		**International Subsidiary Banks**		**Eurizon Capital**		**Banca Fideuram**	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Operating income	5,332	6,063	1,902	1,337	241	143	1,090	1,093	129	189	296	341
Operating costs	-2,984	-3,185	-460	-464	-39	-42	-576	-574	-62	-79	-159	-164
Operating margin	2,348	2,878	1,442	873	202	101	514	519	67	110	137	177
Net income	779	1,078	651	529	67	51	162	357	30	32	47	65

Balance sheet (in millions of euro)	**Banca dei Territori**		**Corporate and Investment Banking**		**Public Finance**		**International Subsidiary Banks**		**Eurizon Capital**		**Banca Fideuram**	
	30.06.2009	31.12.2008	30.06.2009	31.12.2008	30.06.2009	31.12.2008	30.06.2009	31.12.2008	30.06.2009	31.12.2008	30.06.2009	31.12.2008
Loans to customers	187,878	192,950	104,403	112,837	40,183	38,830	29,978	29,847	-	-	1,872	1,802
Direct customer deposits	223,174	218,225	107,359	91,813	5,706	5,205	27,475	28,212	-	-	6,154	6,583

Profitability ratios (%)	**Banca dei Territori**		**Corporate and Investment Banking**		**Public Finance**		**International Subsidiary Banks**		**Eurizon Capital**		**Banca Fideuram**	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Cost / Income	56.0	52.5	24.2	34.7	16.2	29.4	52.8	52.5	48.1	41.8	53.7	48.1
ROE [a]	15.5	20.8	17.0	12.9	13.2	10.9	16.7	37.2	78.6	55.0	32.0	41.9
Economic Value Added (EVA) (in millions of euro)	538	1,162	276	165	18	7	28	209	44	72	73	101

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

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

The first half of 2009

The macroeconomic context and the banking system

In the second quarter of 2009 the contraction of economic activity ceased to be a global phenomenon and, where it persisted, started slowing down. The fall in manufacturing output from the previous quarter fell from -6% to -2.6% in the United States, and from -7.4% to -2.6% in the eurozone. A gradual recovery, after the deep slump of the previous six months, was seen in Japan and especially in China. However, production capacity is underutilised globally, compared both with historical averages and with other periods of recession over the past thirty years.

The United States is still in recession, showing modest signs of stabilisation in the building sector and in consumption, and a pickup in industrial orders; however, the unemployment rate also rose. The Federal Reserve carried out a government bond purchase plan, also continuing its direct purchases of commercial paper and mortgage and consumer-credit linked securities.

In the eurozone, marked signs of improvement appeared especially in confidence surveys, paralleled by the stabilisation of production during the third quarter. Thanks to the sharp decline in imports, GDP declined very slightly from the first quarter (-0.1%); nevertheless it is -4.6% year-on-year. The contraction in industrial production slowed down from -7.5% to -2.9%, owing to the improved situation of inventories, some signs of recovery in foreign demand and the effects of the car-scrapping incentives. However, new orders continued to shrink markedly: -30.1% in May year-on-year. Consensus estimates on annual GDP performance continued to decline throughout the quarter, reaching -4.4% in July. The employment situation worsened, with unemployment rising to 9.4% in June from 9.0% in March. The ECB confronted the crisis by cutting official rates and adopting new extraordinary stimulus measures. The interest rate applied by the ECB to its main refinancing operations was cut from 1.5 to 1.0%; concurrently the rate on customer deposits with ECB was cut to 0.25% and the marginal lending facility rate to 1.75%. The extraordinary measures consist of outright purchases of covered bonds (which however only started in July) and, most importantly, an auction offering 12-month loans to banks at a 1% fixed rate, which injected into the system some 442 billion euro of liquidity at the end of June.

The contraction of the Italian economy also showed signs of slowing, although it continued through the quarter. The first positive sign was the improvement in enterprise confidence, followed in April by a slight increase in industrial production after eleven months of uninterrupted decline. At the end of the quarter, production had decreased by 3.9% on the previous period, while GDP had dropped 0.5% (-6.0% compared with the second quarter of 2008). The contraction in the volume of trade with other EU countries continued, while May recorded a small increase in exports to non-EU countries (+0.5% on the previous month). In the second quarter, exports and imports fell respectively 4.1% and 7.8% on the previous period; compared to the same period in 2008, the value of quarterly import and export flows dropped respectively by 8 and 9 billion euro. Italy also shows increasing signs of strain in the labour market, with increased recourse to the Fund for Earnings Supplements and further job losses, especially among precarious workers; both trends will continue to rise in the second half of the year. Tax incentive measures with low impact on the State budget have been adopted over the past months, including car-scrapping incentives, liberalisation measures for the building sector, measures speeding up payments by the public administration, and tax relief for investment in production, which should start producing effects between the end of 2009 and the first half of 2010. In contrast to other European countries (Germany, France, Spain), in Italy the worsening public deficit is almost exclusively attributable to cyclical factors.

ECB rate cuts and abundant liquidity accentuated the decline in Euribor rates, which fell to all-time lows. Monthly maturities fell to 0.75%, 37 basis points below the March level. On the other hand, maturities beyond one year have shown uneven trends, with a more marked upturn on maturities beyond five years. The 2-year Interest rate swap closed the quarter at 1.80%, fairly stable compared with the previous quarter, whereas the 10-year IRS climbed by 24 basis points to 3.71% and in the first half of June rose again to 3.84%. The interest rate curve therefore continued to be rather steep.

The decline in risk aversion favoured a marked contraction in the BTP-Bund spread, which on 10-year maturities went from 139 to 106 basis points. With few exceptions, no country had problems covering Treasury bond auctions, despite rising concerns about fiscal stability.

The currency markets recorded significant movements. The euro/USD exchange rate resumed its upward trend in late April, closing the quarter at 1.4134 (31 March: 1.338). However, the euro lost ground vis-à-vis the GBP, whereas it remained stable against the Swiss franc and the yen.

Stock markets in the first half of 2009 were characterised by highly uneven index performance. From the beginning of the year to the trough recorded on 9 March last, the falling trend steepened further, due to the intensification of the financial crisis, the marked slowdown of the global economy, worsening of corporate results and by the expectation of a further decline in corporate profits in 2009.
On the other hand, in the second quarter markets saw a significant rebound. This trend reversal was driven, amongst other factors, by the strong monetary and tax stimulus package, the measures announced in the G-20 held in early April, by the first signs that the pace of the global economic downturn was slackening and by less risk aversion on the part of investors.
However, in the last few weeks before mid-year, renewed fears over the pace of economic recovery in 2010, and the release of the ECB's updated estimates on the potential losses faced by the financial system in Europe, generated a new drop in international stock market quotations.
The S&P 500 index closed the first half of the year with a small rise (+1.8%). The main stock exchanges in continental Europe remained largely unvaried: the DAX closed on the same levels at year-start, while CAC 40 slipped slightly (-0.72%). On the other hand, the UK stock market's performance was poorer, with the FTSE 100 down 4.2% in the first six months of the year. The DJ EuroStoxx index closed the first half of 2009 with +0.81%, after reaching a trough of -24% on 9 March.
Conversely, the Chinese stock market rebounded strongly, with the Sse Composite index closing the first six months of 2009 with a 62.5% gain. Nikkei 225 also recorded a positive performance, closing the first half of the year at +12.4%.
Against this background, the Italian stock market's performance was in line with the European average: the Ftse Italia All Shares Index lost 0.3%, while the Ftse Mib lost 2.0% (after reaching a trough of -35% from the beginning of the year to 9 March). Mid-cap stocks performed decidedly better than blue chips: indeed, in the second quarter the Mid Cap Index gained 10.4%, and Star 15.9%.

The European corporate bond market closed the first half of 2009 with an overall positive balance. In fact, the first half was marked by a general narrowing of Asset Swap spreads, both cash segments and derivatives, interrupting a phase of weakness which had lasted almost two years and had intensified especially from September 2008, after the fall of Lehman Brothers.
The strong recovery, which started after a negative phase which had marked the first two months of the year, was driven in particular by receding fears of collapse of the international financial system. The trend reversal in the corporate bond market was also fuelled by the strong rebound of international stock markets starting from early March, and accompanied by a marked reduction in volatility. Moreover, in the last months of the first half of the year the news from the macroeconomic front indicated the start of a cycle stabilisation, supporting hopes of recovery, albeit weak, in the second half of the year.
Against this background, the Investment Grade segment performed positively, driven in particular by non-financial securities but also by bank and financial bonds, whose spreads narrowed significantly in the last two months of the first half year. The flattening of yield curves thanks to credit in the Investment Grade segment in the first part of the year should also be noted: the BBB-AAA curve flattened by about 130 basis points. The easing in risk aversion was reflected even more in the speculative grade bond segment, where the best performances were recorded on the lowest rated issues (CCC and lower).

Economic indicators for emerging markets in the main areas showed their performance to be weaker than expected albeit still better than that of the main mature economies. According to the International Monetary Fund's latest estimates, whereas advanced economies are expected to contract about 4% in 2009, emerging regions should continue to expand overall (+1.5% in 2009) but much more slowly than the average growth rate (higher than 7%) recorded in the five years 2004 – 2008.
In emerging areas, the crisis is having different effects in individual regions and the countries within them. The recession is hitting the transition economies of Central and Eastern Europe especially hard. More specifically, the countries that are smaller and more reliant on foreign trade have been most heavily affected by the contraction in international trade and the negative cycle of Western European countries. In the first five months of 2009 exports fell by about 28% in Baltic countries, 27% in Slovakia, more than 20% in Romania and 15% in Croatia and Hungary, compared with the same period of 2008. Moreover, due to their substantial current account deficits and to the need to re-finance their foreign debt coming to maturity, almost all these countries are acutely affected by the international financial crisis. For the Central-Eastern European transition countries taken together, the IMF predicts a real GDP decline of 5% in 2009 (higher than 10% for Baltic countries).

The fall in commodity prices in the second half of 2008 and the credit crunch affecting households and undertakings have had a negative impact on the commodity-driven economies of the former USSR countries, including Russia and Ukraine, which in the first five months of 2009 saw their exports fall by more than 40%. For this group of countries, the IMF predicts a 5.8% decline in GDP in 2009.
Starting from the fourth quarter of 2008 and again in the first quarter of 2009, various countries in this region (in particular Poland, Russia, Serbia, Hungary and Ukraine) were hit by large depreciations of their currencies. Over the last months, the monetary policy measures adopted by the Authorities and the financial support provided by International Financial Institutions (IMF and European institutions) have fended off several potential liquidity crises (for instance in Latvia, Romania, Serbia, Ukraine, Hungary) helping to mitigate the pressure on currency and securities markets and restore operators' confidence.
Production activities are also declining in Latin American countries, albeit to a lesser extent. In the first quarter Brazil's GDP declined 1.8% year-on-year and Mexico's GDP contracted by 8.2%. The IMF expects this year's GDP in Latin American countries to contract 2.6%, mainly due to their exposure to the US economic cycle (affecting in particular Mexico, where a 7% GDP decline is predicted), and to the sensitivity of many of these countries (Argentina, Brazil, Chile and Venezuela) to commodity prices. However, compared with past recessions, the financial position of Latin American countries (with the sole exception of Argentina) appears to be stronger, thanks to the stabilisation policies adopted over the past years. To date, only Mexico has availed itself of the IMF's support.
During 2009, the slump in global trade will dampen the growth of the emerging Asian countries. However, thanks to the measures in support of domestic demand adopted by the main countries in this area, which have partly offset the adverse impact of the fall in foreign demand, overall cyclic performance remains significantly positive. In the first quarter, China and India recorded GDP growth rates of 7.9% and 6.7% respectively, even though both countries' exports fell by more than 20% year on year. According to IMF estimates, emerging Asian countries will grow by 5.5% in 2009. China, with a predicted real GDP growth of 7.5% in 2009, will probably remain the most dynamic economy in the area. India is also expected to record a robust growth rate (+5.4% in 2009).
Lastly, in Middle East countries, whose state budget balance and foreign current account balance are especially sensitive to oil price fluctuations, IMF predicts that this year's overall real growth will be less than half that of 2008 (2.0% against 5.2%). Saudi Arabia, Kuwait and the United Arab Emirates will suffer a recession. Among North African countries, Egypt will continue to grow. Despite the decrease in revenue from the Suez Canal and tourism and the decrease in money transfers from migrant workers, the country's dynamics will continue to be positive, also thanks to tax measures adopted by the government to support the economy. In the third quarter of the fiscal year that ended in June, GDP grew 4.3% (nevertheless it did slow down compared with 7.5% of the same period of the previous year).
As to the financial markets of emerging countries, although real growth indicators remain negative in many economies, encouraging signs of stabilisation have emerged in the past months. Stock prices have picked up significantly, sovereign spreads have fallen from the peaks seen in the second half of March, and the pressure on exchange rates has eased enabling monetary authorities to at least partly reduce the interest rates hikes made in the last part of 2008 to defend exchange rates.

The EMBI+ (Emerging Markets Bond Index) composite of the average spread compared to the benchmark in USD paid by emerging countries dropped 424 basis points at the end of June 2009, from 630 basis points at the end of March 2009 and 690 basis points at the end of December 2008, returning to its September 2008 levels. In relative terms, spreads narrowed more in those countries deemed by the market to be at higher risk of default, such as Argentina and Ukraine.
In the second quarter of 2009, the MSCI (Morgan Stanley Capital International) stock index performed markedly better than the stock indexes of major industrialised countries, gaining more than 23% (against 16% of the Euro Stoxx and 15% of the Dow Jones) driven by several Eastern European markets (mainly Ukraine and Russia) that recorded gains in excess of 40%, and by certain Asian markets (in particular India and Vietnam). This rebound reflects both the markedly underpriced stocks after the heavy losses of the second half of 2008, and the relaxing of fears of a financial crisis. From January to June 2009, the MSCI emerging markets index rose about 28%, compared with +0.1% of the Eurostoxx and +1.8% of the US Dow Jones.
In the second quarter of 2009, the emerging countries' currencies regained part of the ground lost in the previous nine months, also taking advantage of a bout of weakness in the USD. The most substantial gains were made by some Latin American currencies (Brazilian real +15.7%) and Eastern European currencies (Hungarian forint +16.4%, Czech koruna +10.4% and Polish złoty +9.6%). However, taken over the whole half-year, the main currencies of CEE, SEE and CIS countries depreciated against both the US dollar and the Euro. The greatest losses against the Euro were recorded by the zloty (-8.4%), rouble (-7.5%) and

Albanian lek (-6.1%). On the other hand, the Croatian kuna (+1.3%) and the Czech koruna (+3.1%) gained ground overall.
Oil prices rose sharply in the first half of 2009 (+71%), due to several factors: higher-than-expected demand from Asia, the start of the stock reconstitution process, production cuts and projections of a marked production rebound in 2010; they have thus returned to close to 70 USD per barrel for the first time since October 2008. Marked price rises were also recorded by certain metals such as copper (+80%) and lead (+66%).
After several country downgradings in early 2009, mainly concerning industrialised countries with high current account deficits (Greece, Ireland, Spain and Portugal), Central and Eastern European countries (Estonia, Lithuania, Russia, Hungary and Ukraine) and some oil-producing countries (Bahrain and Kuwait), rating agencies only made limited changes in the second quarter (downgradings or outlook changes). In Eastern European countries, these changes concerned Lithuania and Ukraine. Running counter to the general trend, Asia and Latin America saw the recent upgrade of the Philippines and the assignment of a positive outlook to Brazil.

The Italian banking system

During the first six months of the year, the interest rates applied to bank customers dropped to all-time lows, incorporating much of the fall in money market returns, and reaching levels in line with the euro-zone average. Comparison with lending interest rates shows that the reduction in interest paid on direct customer deposits has been less marked. The estimated aggregate average rate closed the half-year below last December's level, both as to deposits and as to bonds.
As to customer categories, businesses benefited from a more significant reduction in the cost of money compared to that recorded for households; however in the first five months of the year, households benefited from a further decrease in the cost of residential mortgages and consumer financing.
The higher risk arising from adverse economic developments was reflected in lending terms. In this respect, margins were recomposed to increase mark-up[1], which rose by 143 basis points from the trough recorded in October 2008, to 3.76 points; this was accompanied by a corresponding decrease in the mark-down[2] on deposits from 2.92 to 0.43 points. However, the recent dynamics of margins, with the mark-up slightly down from its peak values, points to a stabilisation of lending conditions. The trend in rates led to a narrowing of the bank spread between lending yields and funding cost, which in late June was 2.47 points, i.e. 62 basis points below the value at year-end 2008. The downward trend in bank interest rates should slow down over the summer, also since monetary rates are expected to remain largely unvaried; therefore, rates should stabilise around the minimum levels reached. The profit margin on lending activity could slowly reverse its recent trend, driven by renewed consumer confidence in the prospects of the economy. If this is the case, a moderate improvement in money management spreads might also be expected.

In the first half of the year, the slowdown in lending continued, owing to the decline in industrial production, business investments and household consumption. Credit growth, albeit slight, remained stably positive, despite a marked contraction in production.
Credit slowdown seems set to continue through most of the year, also due to a generalised drop in demand.
More specifically, the contraction of consumption and the long-lasting stagnation of the real estate market have affected the household business; however, the situation started improving in April, with growth in both the residential mortgage and the consumer credit sectors. The drop in household demand for credit has not had any significant effects on the debt-to-income ratio. Similarly, the ratio of debt servicing costs to income has remained unchanged, even though in the rest of the year the interest rate cuts should help reduce this ratio, given the high number of current floating rate loans.
The growth in lending to the production sector slowed considerably over the spring. The demand for short term-loans (up to one year) which at the beginning of the year was also driven by delays in business-to-business payments, has gradually declined, reflecting the slowdown in the economic activity. Breakdown by economic sectors shows that the growth rate of loans to the manufacturing industry turned negative starting from April, whereas it remained positive, albeit slowing down markedly, in other sectors, such as building and services; the trend in the trade sector was also negative.

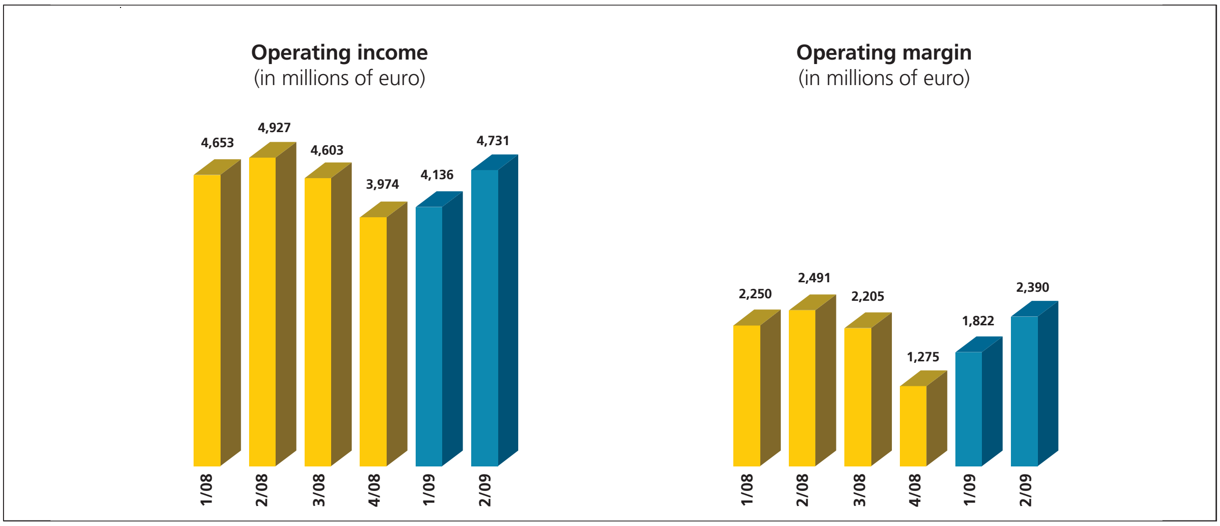
[1] Difference between the interest rates applied to households and businesses on loans with maturity under one year and the 1-month Euribor.
[2] Difference between the 1-month Euribor and the yield of household and business current accounts.

Prospects for corporate lending indicate a further decline, due to the negative impact of the economic downturn both on investments and on the demand for working capital. Nevertheless, signs of recovery are expected to emerge in the last months of the year, provided that the confidence indicators surveyed by IMP and ISAE (Institute for Studies and Economic Analysis), still very low, consolidate the upward trend recorded in the second quarter.

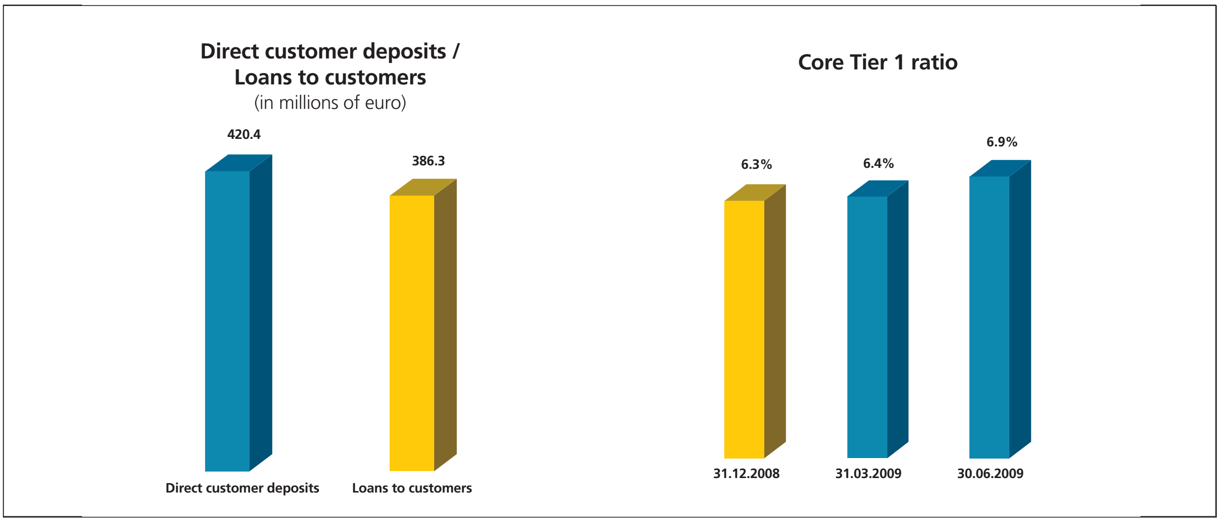
In the first half of 2009, the banks' direct funding activity continued to grow, albeit at a slower pace than in 2008. This trend was driven by current accounts and bonds, also thanks to their good yields and low risk level. The first half of the year also saw a significant increase in time deposits (which also include online accounts), also driven by above-inflation returns and low risk. The positive trend in funding reflects the market’s persistent risk aversion and its consequent preference for short-term investments, in particular liquid investments, made more attractive by their low cost-opportunity ratio generated by the slashing of monetary rates. Fund-raising from ordinary customers is also driven by the banks’ desire to strengthen their liquidity profile as a means to improve their rating on financial markets.
Preference for liquidity or low-risk investment products continued to influence the asset management market, which in the first half of the year did not show any substantial signs of recovery, even though the profile of the net funding in mutual funds improved markedly as from April, reverting to positive. In June, funding was still negative, but the assets managed by the funds returned to above 400 billion euro (after bottoming at 385 billion euro in March). The life insurance market continued its recovery in the first half of the year. The insurance companies’ activity continued to focus mainly on the sale of low-risk products, such as Class I policies (capital redemption and assurance on death), which rose significantly in the period; in contrast, unit- and index-linked policies, which have higher risk levels, decreased significantly.

Intesa Sanpaolo in the first half of 2009

The results recorded in the first six months of the year reflect the general negative situation of the economy and the financial markets. Over a first half-year marked by one of the worst recessions of recent history, which has had an inevitable impact on the cost of credit, Intesa Sanpaolo nevertheless succeeded in containing the contraction in operating income through careful management of lending and deposit collecting activities, attentive selection of opportunities in financial instruments dealing, and effective operating cost control.
The period closed with a net income of 1,588 million euro, almost 50% down compared to the same period in 2008, especially due to a marked increase in adjustments to loans and to the different effect of non-recurring components: capital gains on sales, merger and restructuring-related charges, acquisition cost amortisations and tax redemption of captions.
Operating margin, unaffected by these components, went from 4,741 to 4,212 million euro, thus limiting contraction to 11.2%.
Comparison between the first six months of 2009 and the corresponding period of the previous year must however take into account the marked difference in the macroeconomic context between the two periods. From the viewpoint of market and economic conditions, it seems more useful to compare the first two quarters of 2009. Such a comparison shows an acceleration in the second quarter of the growth trend that started in the first: second quarter operating income increased by almost 600 million euro compared to the first quarter, operating margin rose by more than 30% and net income, net of the abovementioned non-recurring components, grew slightly despite a marked increase in adjustments to loans.

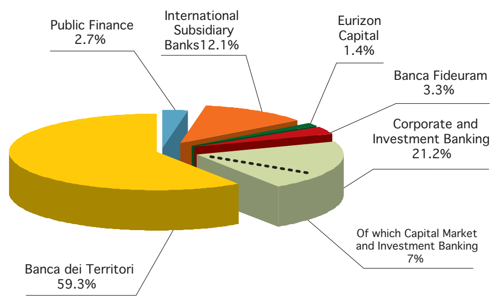


It should be considered that the results were achieved in the framework of a policy that focused on three factors considered of key importance in the current crisis: solidity, liquidity and risk profile.
With regard to solidity, the actions carried out during the first half of the year yielded marked improvements in capital ratios through the Group's operational management alone: Core Tier 1 rose from 6.3% at 31 December 2008 to 6.9% at 30 June 2009. Moreover, the Group's asset structure continues to be low-leveraged, with a ratio of shareholders' equity to total assets net of intangible items higher than 4%, the highest among the main European banks.
With regard to liquidity, direct customer deposits (70% of which from the retail segment) equal to 420 billion euro (net of the liabilities of the insurance segment) are markedly higher than the corresponding loans to customers (386 billion euro), interbank position is positive by 2.9 billion euro and eligible assets with Central Banks have almost doubled on year-end 2008.

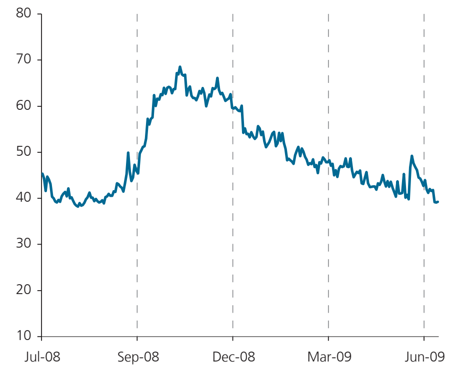


The overall risk profile continues to be low, both with regard to lending and deposit collection activities, due to the strong foothold on the domestic retail market, and to financial market activity, due to the small incidence of capital market and investment banking activities on the Group's accounts (7% of consolidated operating income) and to low operational VaR of the trading book.

Operating income:
Breakdown by business area



Market risks trend:
operational VaR (in millions of euro)



As to the breakdown of the various operational components, interest margin - amounting to 5,466 million euro - declined by 4% compared to the first six months of 2008; however, in the second quarter of 2009 it rose 3.4% over the first quarter. The decrease from the first half of 2008 is mainly attributable to the narrowing of the spreads, due to the reduction in mark-down caused by the sharp fall in market interest rates. Nevertheless, careful pricing monitoring, which made it possible to improve the mark-up, together with selective growth in volumes traded with customers and effective hedging policies has softened the impact of rate contraction, enabling this component to revert to positive in the second quarter of this year.
Net fee and commission income (2,595 million euro) fell 18.5% from the first half of 2008, but in the second quarter it recorded a promising recovery both on the first quarter (+6.8%) and on the last quarter of 2008 (+4.2%). The year-on-year contraction is mainly attributable to dealing and asset management activities which, despite showing signs of recovery, are still affected by negative market performance and by persistent strong risk aversion on the part of customers.
The trading of financial instruments, despite a still highly volatile market, generated net profits of 546 million euro in the first half of the year, an almost twofold increase on the first six months of 2008 and with a marked acceleration in the second quarter. The performance of this aggregate was driven by higher profits from capital markets, the return to profitability of proprietary trading and treasury activities and a marked decrease in the adjustments to structured credit derivatives.
Income from the insurance business (188 million euro) rose slightly (+1.1%) on the first six months of 2008 and in the second quarter increased more than twofold over the first quarter of 2009 also thanks to the greater contribution from financial management, which benefited from positive market performance in the period.
Operating costs amounted to 4,655 million euro at 30 June 2009, down by 3.8% compared to the first half of 2008, with hardly any difference between the first and second quarter of 2009. In particular, personnel charges decreased (-4.8% compared to the first half of 2008) thanks to staffing optimisation initiatives, whereas administrative expenses rose slightly, mainly as a consequence of the reintroduction of VAT on infragroup services.
Operating margin at 30 June 2009, after the recording of other operating income of 42 million euro (a marked decline from the 135 million euro posted in the first half of 2008, which had benefited from the conclusion of a transaction), closed with a profit of 4,212 million euro, down by 11.2% compared to 30 June 2008. Quarterly comparison shows that second-quarter operating margin (2,390 million euro) increased substantially compared to the first (+ 31.2%).
In the first half of 2009, provisions and value adjustments came to 2,025 million euro, with a marked increase over the 802 million euro in the first six months of the previous year.
More specifically, adjustments to loans came to 1,814 million euro, a more than twofold increase from the 713 million euro of the first six months of 2008. The 1,081 million euro of adjustments made in the second quarter of 2009 also show a marked increase compared to the 733 million euro in the first quarter.
The increase in adjustments and provisions is the expected and inevitable consequence of the global economic crisis, which has hit both businesses and households, weakening their financial position and limiting their resources.
The deterioration of debtors' financial capacity led to a marked increase in non-performing loans that rose by a gross amount of 6.6 billion euro compared to 31 December 2008, equal to 5.1 billion euro net.
Further, in the first half of 2009, provisioning for risks and charges amounted to 132 million euro, whereas impairment losses on other assets (mainly securities available for sale) were 79 million euro.

Income before tax from continuing operations at 30 June 2009 amounted to 2,202 million euro, almost halved compared to the first half of 2008. This contraction is attributable both to the increase in adjustments to loans and to the lack of income from disposal of financial assets which in 2008 had contributed 297 million euro to the aggregate.
Taxes on continuing operations (324 million euro) benefited from the positive effect (arising from the difference between the full-rate deferred taxation - recorded in the income statement - and the reduced-rate substitute tax charge) generated by the tax redemption of intangible assets already mentioned in the Interim Statement as at 31 March 2009 and of the employee termination indemnities, whose option was finalised after closure of the first quarter. Overall, these positive effects amount to 537 million euro. Net of these effects, the tax rate, significantly struck by the non-deductibility of adjustments to loans for IRAP, came to 39%.
After the recognition of merger and restructuring-related charges of 86 million euro net of the respective taxes (389 million euro in the first half of 2008), the amortisation of the purchase cost of equity investments of 197 million euro net of tax (284 million euro at 30 June 2008), income from non-current assets held for sale and discontinued operations of 50 million euro also net of tax (965 million euro in the first half of 2008) and minority interest for the period of 57 million euro (112 million euro at 30 June 2008) net income totalled 1,588 million euro, with a contraction compared to the 3,107 million euro of the first half of 2008, also due to the different contributions of the latter non-recurring components.

Breakdown by business unit shows that Banca dei Territori returned to profitability in the second quarter despite the increase in adjustments to loans. Net income came to 779 million euro (down by 27.7% from the first six months of 2008) increasing 2.2% in the second quarter of 2009 compared to the first, driven by a growth in operating income of more than 20%.
The Corporate and Investment Banking Division recorded a growth compared to the first half of 2008 (from 529 to 651 million euro), and the second quarter of 2009 (376 million euro) compared to the first quarter (275 million euro), driven especially by the increase in interest margin and a significant rise in profits on trading.
The Public Finance business unit recorded a marked year-on-year increase (+31%) in net income (67 million euro) despite the greater adjustments to loans.
The International Subsidiary Banks Division recorded net income of 162 million euro, down from the brilliant results of the first six months of 2008, due to substantial adjustments to loans, but with an encouraging recovery in operating income in the second quarter of the current financial year.
The results of Eurizon Capital and Banca Fideuram (respectively 30 and 47 million euro) fell year-on-year, mainly due to the weakness of the asset management market.

In reference to balance sheet aggregates, loans to customers at 30 June 2009 totalled 386 billion euro, down 2% from 31 December 2008 and remaining broadly unchanged from 31 March 2009.
Customer deposits under administration totalled 996 billion euro and rose 1.3% from year-end 2008, especially thanks to a 2.7% rise in direct customer deposits (442 billion euro), which benefited from the markets' positive response to the notes offers carried out by the Group during the first half of the year. The rise in indirect customer deposits was less pronounced, (+0.3%) especially due to the persisting risk aversion on the part of investors, who tend to keep a higher liquidity profile, thus limiting the growth of the asset management component.
Breakdown of lending activity by business unit shows a more marked decline in the corporate vis-à-vis the retail sector, an increase in public sector financing, and a broadly stable performance of International Subsidiary Banks. Conversely, direct customer deposits rose in all business areas, except for International Subsidiary Banks which recorded a slight contraction.

Significant events

Activity in the first half of 2009 was marked, as stated, by keen attention to the factors that the market considers significant in the current crisis: solidity, liquidity and risk profile. Moreover, in a macroeconomic environment in which the real economy, businesses and households continue to be heavily affected by the crisis, Intesa Sanpaolo has remained true to its commitment to favour the growth of the country and support the economic and social parties that are the foundations for recovery and growth.
In respect of retail customers, the Group continued to pursue simplification and innovation in the offer range, enhancing consultancy services based on the concept of sustainable debt, and various protection and flexibility mechanisms enabling customers to remodel their repayment plans in accordance with their changing financial and lifecycle needs.

Other initiatives have targeted the production sector. In early August, Intesa Sanpaolo was party to the agreement signed by ABI, the Government and trade associations for suspending repayments of SME debts to the banking system. Under the agreement, Banca dei Territori and all 23 banks of the Group shall grant debt extensions to the SMEs that are under temporary financial strain due to the crisis. Intesa Sanpaolo had already taken other debt support initiatives in favour of the production sector. In early July, it signed an agreement with Confindustria (Confederation of Italian Industries) to provide liquidity and recapitalise Italian SMEs.
At the end of the period, the Group's total lending to the Italian system came to almost 500 billion euro in terms of loans granted, equal to about one third of the country's GDP; as to composition, 67% consists of loans to businesses, especially SMEs (accounting for 50% of total loans to the Italian system).
The Intesa Sanpaolo Group managed not to reduce its lending to Italian companies over the past 12 months, despite the sharp fall in demand and the significant rise in risk; cash lending to SMEs remained around 152 billion euro and substantial amounts of medium-/long-term loans for investments were granted, equal to about 18 billion euro in the period.
Further, the availability of lending for Italian SMEs over the next 36 months has been confirmed, to the sum of 60 billion euro for already approved and currently unutilised loans and about 30 billion euro for new loans to be granted if requested. Over the same time-frame, about 50-60 billion euro of new disbursements under medium-/long-term loans are foreseen (those of the first half-year amounted to some 8 billion euro).
The access of businesses to loans, which is of course subject to assessment of their creditworthiness, will also be facilitated by the ongoing renewal of loan offer, including products for specific sectors, and by the local reach of the network, based on the Banca dei Territori model which has proved to be very effective. Loan terms will be marked by ever-increasing transparency and simplification.
The Group will also act as a bridge with all other players acting as lending facilitators (Confidi, Fondo Centrale di Garanzia (Central Guarantee Fund), SACE, Cassa Depositi e Prestiti, EIB). Direct investments in the capital of enterprises will also be made.

With regard to the highlights of the period, during the second quarter the project for rationalising the Group's bancassurance activities was approved: the project is based on a logic of specialisation by distribution network, via the creation of a single company serving the Group's banking networks and a life insurance company at the service of Banca Fideuram's financial planners. Intesa Sanpaolo currently holds stakes in the following companies operating in the bancassurance business:

- Intesa Vita (50%), a joint venture with the Generali Group serving the former Banca Intesa branches;
- EurizonVita (99.96%), a subsidiary serving the former Sanpaolo IMI branches;
- Centrovita Assicurazioni (51%), a subsidiary in joint venture with Cardif Assurance (BNP Paribas Group) serving the Carifirenze branches;
- Sud Polo Vita (99.97%), a subsidiary serving the branches of Banco di Napoli and Casse del Centro.

Following the unwinding of the joint ventures with Generali and Cardif and the exercising of the connected put option by the respective insurance partners, Intesa Sanpaolo will acquire full control of these four companies.
The implementation of the project is subject to obtaining the necessary authorisations. In particular, as the Competition (Antitrust) Authority's decision authorising the Banca Intesa and Sanpaolo IMI merger required that Sud Polo Vita be disposed of to third parties, a request has been made to the Authority that this provision be amended thus releasing Intesa Sanpaolo from its obligation to sell said company.
Implementation of this project would bring the Intesa Sanpaolo Group bancassurance business to gross premiums of some 8 billion euro and technical reserves of some 63 billion euro on a pro-forma basis at year-end 2008.
The project offers a major value-creation opportunity, as it will make it possible to:

- achieve significant efficiency, with cost synergies stemming from the unification of systems and processes;
- improve commercial effectiveness, through alignment with internal best practice and the review and unification of product range and investment policies;
- re-launch the insurance business of Banca Fideuram thanks to a dedicated structure managing specific customer needs.

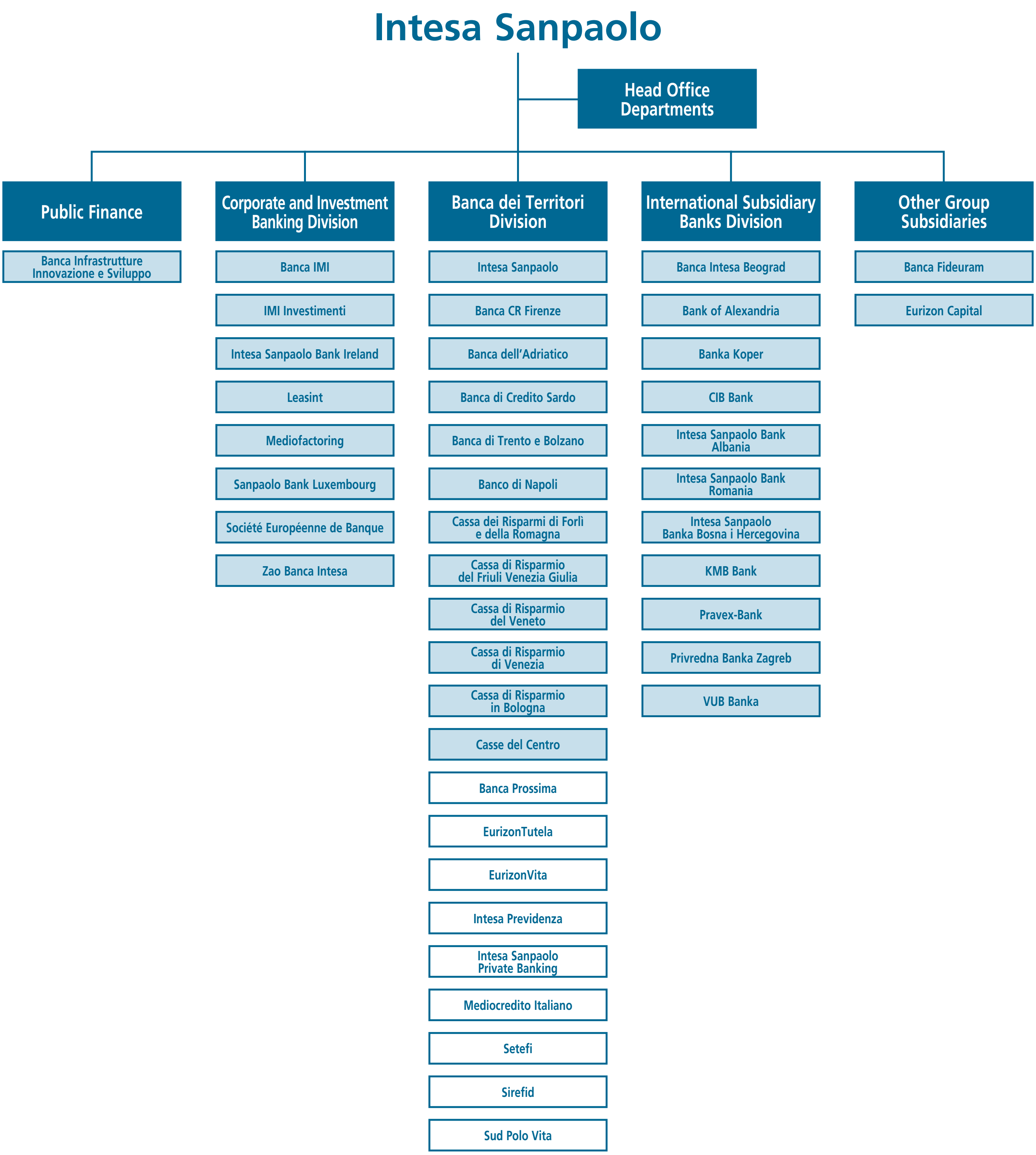
Main risks and uncertainties

As already indicated in the 2008 report, in Document 2 of 6 February 2009, the Bank of Italy, Consob and Isvap made certain considerations on the current conditions faced by the markets and businesses, asking Directors to disclose specific data deemed essential to provide a clearer picture of companies' performance and prospects.
With regard to the going concern assumption, the Directors of Intesa Sanpaolo hereby declare that the Half-yearly Report as at 30 June 2009 has been prepared based on the going concern assumption, since there are no reasons to believe that the company might not continue to be operational in the foreseeable future. Indeed, no uncertainties have been detected either in the asset and financial structure or in the performance of operations such as to cast doubt on the going concern assumption.
Detailed information of the risks and uncertainties faced by the Intesa Sanpaolo Group is provided in this Report. More specifically, the risks linked to the trends in the global economy and financial markets and to the measures taken by international organisations to fight the current crisis are described in the chapter on the macroeconomic context. Further information is contained in the chapter on the development of operations and in the subsequent notes to the income statement and balance sheet aggregates.
Financial and operational risks are detailed in the explanatory notes on risk management.
Lastly, also for the purposes of preparing the Half-yearly Report, in-depth checks were carried out to recognise any impairment losses on equity investments, securities available for sale, intangible assets and goodwill. With regard to the latter two aggregates, updates were made of the analyses of the macroeconomic environment (already incorporated with a highly cautious approach in the forecasts used for the impairment tests of the 2008 financial statements) and of the indicators used to discount cash flow and growth rate values for the purpose of establishing terminal value. This analysis, together with the results for the first six months of 2009, which are in line with the assumptions made in the projections used for the impairment tests of the 2008 financial statements, have not revealed any critical factors which might lead to permanent loss of value of the intangible assets and goodwill recorded in the financial statements.

Information on relations with related parties

Also in the first half of 2009, relations with related parties were attentively monitored and no situations emerged other than those typical of standard bank relations with individual and corporate customers. The transactions fell within the scope of the ordinary activities and were as usual entered into at market conditions, based on valuations of mutual economic convenience, in line with the internal procedures defined for this purpose.
In particular, no transactions of an "atypical or unusual nature" were carried out, the relevance/importance of which might give rise to doubts with regard to the safety of the net shareholders' equity and the protection of minority shareholders.
For further details relative to transactions with related parties, see the specific chapter in the explanatory notes.

The Intesa Sanpaolo Group



Condensed Consolidated Half-yearly Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in millions of euro)

Assets		30.06.2009	31.12.2008	Changes	
				amount	%
10.	Cash and cash equivalents	5,982	7,835	-1,853	-23.7
20.	Financial assets held for trading	74,750	61,080	13,670	22.4
30.	Financial assets designated at fair value through profit and loss	20,958	19,727	1,231	6.2
40.	Financial assets available for sale	32,802	29,083	3,719	12.8
50.	Investments held to maturity	5,241	5,572	-331	-5.9
60.	Due from banks	50,218	56,371	-6,153	-10.9
70.	Loans to customers	386,324	395,189	-8,865	-2.2
80.	Hedging derivatives	6,730	5,389	1,341	24.9
90.	Fair value change of financial assets in hedged portfolios (+/-)	66	66	-	-
100.	Investments in associates and companies subject to joint control	3,620	3,230	390	12.1
110.	Technical insurance reserves reassured with third parties	38	40	-2	-5.0
120.	Property and equipment	5,238	5,255	-17	-0.3
130.	Intangible assets	26,540	27,151	-611	-2.3
	of which				
	- goodwill	*19,368*	*19,694*	*-326*	*-1.7*
140.	Tax assets	7,239	7,495	-256	-3.4
	a) current	*1,823*	*2,752*	*-929*	*-33.8*
	b) deferred	*5,416*	*4,743*	*673*	*14.2*
150.	Non-current assets held for sale and discontinued operations	1	1,135	-1,134	-99.9
160.	Other assets	12,695	11,515	1,180	10.2
Total Assets		**638,442**	**636,133**	**2,309**	**0.4**

Consolidated balance sheet

(in millions of euro)

Liabilities and Shareholders' Equity		30.06.2009	31.12.2008	Changes	
				amount	%
10.	Due to banks	47,301	51,745	-4,444	-8.6
20.	Due to customers	222,537	217,498	5,039	2.3
30.	Securities issued	193,993	188,280	5,713	3.0
40.	Financial liabilities held for trading	41,327	45,870	-4,543	-9.9
50.	Financial liabilities designated at fair value through profit and loss	25,922	25,119	803	3.2
60.	Hedging derivatives	4,771	5,086	-315	-6.2
70.	Fair value change of financial liabilities in hedged portfolios (+/-)	1,505	1,236	269	21.8
80.	Tax liabilities	2,908	4,461	-1,553	-34.8
	a) current	*584*	*1,607*	*-1,023*	*-63.7*
	b) deferred	*2,324*	*2,854*	*-530*	*-18.6*
90.	Liabilities associated with non-current assets held for sale and discontinued operations	-	1,021	-1,021	
100.	Other liabilities	20,289	20,046	243	1.2
110.	Employee termination indemnities	1,463	1,487	-24	-1.6
120.	Allowances for risks and charges	3,779	3,982	-203	-5.1
	a) post employment benefits	*454*	*504*	*-50*	*-9.9*
	b) other allowances	*3,325*	*3,478*	*-153*	*-4.4*
130.	Technical reserves	20,803	20,248	555	2.7
140.	Valuation reserves	-1,041	-1,412	-371	-26.3
150.	Reimbursable shares	-	-	-	
160.	Equity instruments	-	-	-	
170.	Reserves	10,451	8,075	2,376	29.4
180.	Share premium reserve	33,102	33,102	-	-
190.	Share capital	6,647	6,647	-	-
200.	Treasury shares (-)	-5	-11	-6	-54.5
210.	Minority interests (+/-)	1,102	1,100	2	0.2
220.	Net income (loss)	1,588	2,553	-965	-37.8
Total Liabilities and Shareholders' Equity		**638,442**	**636,133**	**2,309**	**0.4**

Consolidated income statement

(in millions of euro)

		1st half of 2009	1st half of 2008	Changes amount	Changes %
10.	Interest and similar income	10,629	13,500	-2,871	-21.3
20.	Interest and similar expense	-4,827	-7,438	-2,611	-35.1
30.	**Interest margin**	**5,802**	**6,062**	**-260**	**-4.3**
40.	Fee and commission income	2,970	3,560	-590	-16.6
50.	Fee and commission expense	-560	-623	-63	-10.1
60.	**Net fee and commission income**	**2,410**	**2,937**	**-527**	**-17.9**
70.	Dividend and similar income	313	509	-196	-38.5
80.	Profits (Losses) on trading	482	-822	1,304	
90.	Fair value adjustments in hedge accounting	29	-11	40	
100.	Profits (Losses) on disposal or repurchase of	47	23	24	
	a) loans	*-7*	*-19*	*-12*	*-63.2*
	b) financial assets available for sale	*47*	*27*	*20*	*74.1*
	c) investments held to maturity	-	-	-	
	d) financial liabilities	*7*	*15*	*-8*	*-53.3*
110.	Profits (Losses) on financial assets and liabilities designated at fair value	-168	130	-298	
120.	**Net interest and other banking income**	**8,915**	**8,828**	**87**	**1.0**
130.	Net losses / recoveries on impairment	-1,786	-589	1,197	
	a) loans	*-1,647*	*-600*	*1,047*	
	b) financial assets available for sale	*-100*	*-28*	*72*	
	c) investments held to maturity	-	-	-	
	d) other financial activities	*-39*	*39*	*-78*	
140.	**Net income from banking activities**	**7,129**	**8,239**	**-1,110**	**-13.5**
150.	Net insurance premiums	2,538	955	1,583	
160.	Other net insurance income (expense)	-2,744	-718	2,026	
170.	**Net income from banking and insurance activities**	**6,923**	**8,476**	**-1,553**	**-18.3**
180.	Administrative expenses	-4,499	-4,998	-499	-10.0
	a) personnel expenses	*-2,845*	*-3,324*	*-479*	*-14.4*
	b) other administrative expenses	*-1,654*	*-1,674*	*-20*	*-1.2*
190.	Net provisions for risks and charges	-149	-105	44	41.9
200.	Net adjustments to / recoveries on property and equipment	-194	-202	-8	-4.0
210.	Net adjustments to / recoveries on intangible assets	-357	-473	-116	-24.5
220.	Other operating expenses (income)	45	172	-127	-73.8
230.	**Operating expenses**	**-5,154**	**-5,606**	**-452**	**-8.1**
240.	Profits (Losses) on investments in associates and companies subject to joint control	22	366	-344	-94.0
250.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	
260.	Goodwill impairment	-	-	-	
270.	Profits (Losses) on disposal of investments	-1	2	-3	
280.	**Income (Loss) before tax from continuing operations**	**1,790**	**3,238**	**-1,448**	**-44.7**
290.	Taxes on income from continuing operations	-195	-1,002	-807	-80.5
300.	**Income (Loss) after tax from continuing operations**	**1,595**	**2,236**	**-641**	**-28.7**
310.	Income (Loss) after tax from discontinued operations	50	965	-915	-94.8
320.	**Net income (loss)**	**1,645**	**3,201**	**-1,556**	**-48.6**
330.	Minority interests	-57	-94	-37	-39.4
340.	**Parent Company's net income (loss)**	**1,588**	**3,107**	**-1,519**	**-48.9**
	Basic EPS - Euro	**0.12**	**0.24**		
	Diluted EPS - Euro	**0.12**	**0.24**		

Statement of consolidated comprehensive income for the period

(in millions of euro)

	1st half of 2009	1st half of 2008	Changes amount	Changes %
NET INCOME (LOSS) (caption 320. Consolidated income statement)	**1,645**	**3,201**	**-1,556**	**-48.6**
Other comprehensive income (net of tax)				
Financial assets available for sale	523	-1,314	1,837	
Cash flow hedges	-35	192	-227	
Foreign exchange differences	-112	117	-229	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,021**	**2,196**	**-175**	**-8.0**
Total Consolidated comprehensive income pertaining to minority interests	**62**	**87**	**-25**	**-28.7**
Total Consolidated comprehensive income pertaining to the Parent Company	**1,959**	**2,109**	**-150**	**-7.1**

Changes in consolidated shareholders' equity as at 30 June 2009

(in millions of euro)

	30.06.2009												
	Share capital		Share premium reserve	Reserves		Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other	available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2009													
- Group	**6,162**	**485**	**33,102**	**7,974**	**101**	**-1,287**	**-413**	**343**	**-55**	**-**	**-11**	**2,553**	**48,954**
- minority interests	**460**	**3**	**128**	**386**	**-**	**-7**	**-3**	**10**	**-6**	**-**	**-**	**129**	**1,100**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR													
Reserves													
- Group				**2,529**								**-2,529**	**-**
- minority interests				**67**								**-67**	**-**
Dividends and other allocations [(a)]												**-86**	**-86**
CHANGES IN THE PERIOD													
Changes in reserves													
- Group				**-153**									**-153**
- minority interests	**1**		**5**	**-4**									**2**
Operations on shareholders' equity													
Issue of new shares													
- Group													
- minority interests													
Purchase of treasury shares													
- Group											6		**6**
- minority interests													
Extraordinary dividends													
Changes in equity instruments													
Derivatives on treasury shares													
Stock options													
Total comprehensive income for the period													
- Group						**516**	**-34**		**-111**			**1,588**	**1,959**
- minority interests						**7**	**-1**		**-1**			**57**	**62**
SHAREHOLDERS' EQUITY AS AT 30.06.2009	**6,623**	**488**	**33,235**	**10,799**	**101**	**-771**	**-451**	**353**	**-173**	**-**	**-5**	**1,645**	**51,844**
- Group	**6,162**	**485**	**33,102**	**10,350**	**101**	**-771**	**-447**	**343**	**-166**	**-**	**-5**	**1,588**	**50,742**
- minority interests	**461**	**3**	**133**	**449**	**-**	**-**	**-4**	**10**	**-7**	**-**	**-**	**57**	**1,102**

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

Changes in consolidated shareholders’ equity as at 30 June 2008

(in millions of euro)

	30.06.2008												
	Share capital		Share premium reserve	Reserves		Valuation reserves				Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	saving shares		retained earnings	other	available for sale	cash flow hedges	legally-required revaluations	other				
AMOUNTS AS AT 1.1.2008													
Intesa Sanpaolo Group													-
- Group	**6,162**	**485**	**33,457**	**5,624**	**88**	**150**	**133**	**342**	**74**	**-**	**-2,207**	**7,250**	**51,558**
- minority interests	**331**	**3**	**121**	**218**	**-**	**6**	**-**	**10**	**-4**	**-**	**-**	**106**	**791**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR													
Reserves													
- Group				**2,363**								**-2,363**	**-**
- minority interests				**55**								**-55**	**-**
Dividends and other allocations [(a)]												**-4,938**	**-4,938**
CHANGES IN THE PERIOD													
Changes in reserves													
- Group			**-355**	**-55**									**-410**
- minority interests	**117**		**20**	**77**									**214**
Operations on shareholders' equity													
Issue of new shares													
- Group											2,193		**2,193**
- minority interests													
Purchase of treasury shares													
- Group													
- minority interests													
Extraordinary dividends													
Changes in equity instruments													
Derivatives on treasury shares													
Stock options				1									**1**
Total comprehensive income for the period													
- Group						**-1,302**	**191**		**113**			**3,107**	**2,109**
- minority interests						**-12**	**1**		**4**			**94**	**87**
SHAREHOLDERS’ EQUITY AS AT 30.06.2008	**6,610**	**488**	**33,243**	**8,282**	**88**	**-1,158**	**325**	**352**	**187**	**-**	**-14**	**3,201**	**51,604**
- Group	**6,162**	**485**	**33,102**	**7,932**	**88**	**-1,152**	**324**	**342**	**187**	**-**	**-14**	**3,107**	**50,563**
- minority interests	**448**	**3**	**141**	**350**	**-**	**-6**	**1**	**10**	**-**	**-**	**-**	**94**	**1,041**

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

Consolidated statement of cash flows

(in millions of euro)

	30.06.2009	30.06.2008
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**3,293**	**5,388**
- net income (+/-)	1,645	3,201
- gains/losses on financial assets held for trading and on assets/liabilities designated at fair value through profit and loss (-/+)	-215	360
- gains/losses on hedging activities (-/+)	-29	11
- net losses/recoveries on impairment (+/-)	1,985	845
- adjustments to/net recoveries on property, equipment and intangible assets (+/-)	551	675
- net provisions for risks and charges and other costs/revenues (+/-)	242	573
- net insurance premiums to be collected (-)	-3	-28
- other insurance revenues/charges to be collected (-/+)	643	-1,735
- taxes and duties to be settled (+)	-1,213	1,329
- net adjustments to/recoveries on disposal groups net of tax effect (-/+)	-	-
- other adjustments (+/-)	-313	157
2. Cash flow from / used in financial assets	**-6,772**	**-24,541**
- financial assets held for trading	-14,476	-1,879
- financial assets designated at fair value through profit and loss	-1,399	680
- financial assets available for sale	-5,259	2,333
- due from banks: repayable on demand	1,094	-499
- due from banks: other	5,052	-3,793
- loans to customers	9,427	-17,535
- other assets	-1,211	-3,848
3. Cash flow from / used in financial liabilities	**1,781**	**28,885**
- due to banks: repayable on demand	-599	-1,222
- due to banks: other	-3,845	-9,477
- due to customers	5,039	15,512
- securities issued	5,720	12,030
- financial liabilities held for trading	-4,543	5,167
- financial liabilities designated at fair value through profit and loss	803	-1,647
- other liabilities	-794	8,522
Net cash flow from (used in) operating activities	**-1,698**	**9,732**
B. INVESTING ACTIVITIES		
1. Cash flow from	**537**	**1,259**
- sales of investments in associates and companies subject to joint control	-	405
- dividends collected on investments in associates and companies subject to joint control	25	24
- sales/reimbursements of investments held to maturity	331	-
- sales of property and equipment	-	-
- sales of intangible assets	-	-
- sales of subsidiaries and business branches	181	830
2. Cash flow used in	**-647**	**-6,467**
- purchases of investments in associates and companies subject to joint control	-397	-572
- purchases of investments held to maturity	-	-52
- purchases of property and equipment	-178	-691
- purchases of intangible assets	-72	-1,196
- purchases of subsidiaries and business branches	-	-3,956
Net cash flow from (used in) investing activities	**-110**	**-5,208**
C. FINANCING ACTIVITIES		
- issues/purchases of treasury shares	6	34
- share capital increases	-	-
- dividend distribution and other	-24	-4,867
Net cash flow from (used in) financing activities	**-18**	**-4,833**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-1,826**	**-309**
RECONCILIATION		
Cash and cash equivalents at beginning of period	7,835	3,463
Net increase (decrease) in cash and cash equivalents	-1,826	-309
Cash and cash equivalents: foreign exchange effect	-27	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5,982**	**3,154**

LEGEND: (+) from (–) used in

EXPLANATORY NOTES

Accounting policies

General preparation principles

The "Half-yearly Report as at 30 June 2009" has been prepared, in consolidated form, in compliance with art. 154-ter of Legislative Decree 58 of 24 February 1998 and in application of the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission in EC Regulation 1606 of 19 July 2002. In particular, this Report is drawn up in compliance with IAS 34 requirements on interim reports.

Application of the revised IAS 1 – Presentation of Financial Statements (EC Regulation 1274/2008) and IFRS 8 - Operating segments (EC Regulation 108/2006), as well as of the revised IAS 23 – Borrowing Costs (EC Regulation 1260/2008) and of certain amendments to IFRS 2 – Share-based payments (EC Regulation 1261/2008) is compulsory in financial statements as of the year commencing 1 January 2009.

In detail, the revised IAS 1 – Presentation of Financial Statements – provides for the inclusion among required financial statements of a Statement of comprehensive income, disclosing the economic effects of unrealised gains/losses recorded in shareholders' equity and not in the income statement, as required by the accounting standards. These economic effects may be gains and losses on available-for-sale financial assets, on cash flow hedges (for the effective part), gains and losses arising from translating the financial statements of a foreign operation, and the same components relating to companies consolidated by the equity method.

This supplemental information may be supplied, under IAS 1, either under the statement of income or in a separate statement of comprehensive income. The bank has chosen the second option, adding a separate statement of comprehensive income, disclosing values net of the related tax effect and inclusive of the components attributable to the companies consolidated by the equity method.

The new IFRS 8 – Operating segments, which replaces IAS 14, requires segment reporting to be based on the information about the components of the entity that management uses to make decisions about operating matters ("management approach"). The segment reporting of the Intesa Sanpaolo Group is already consistent with the new standards, therefore application of IFRS 8 will not involve changes to this disclosure in the Half-yearly report.

During the first half of 2009 the following Regulations have been endorsed, and are also applicable from the financial year starting on 1 January 2009:

- EC Regulation 53/2009 – Amendment to IAS 32 - Puttable Financial Instruments;
- EC Regulation 69/2009 – Amendments to International Financial Reporting Standard (IFRS) 1 and International Accounting Standard (IAS) 27;
- EC Regulation 70/2009 – Improvements to International Financial Reporting Standards (IFRS);

These Regulations, which introduce minor regulatory changes, have no impact on the Half-yearly Report.

For the sake of completeness, please note that in the first half of 2009 the following Regulations have been endorsed, and will be applicable from the financial years starting 1 January 2010:

- EC Regulation 254/2009 – Amendments to the International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 12;
- EC Regulation 460/2009 – IFRIC Interpretation 16 Hedges of a Net Investment in a Foreign Operation;
- EC Regulation 494/2009 – Amendments to the International Accounting Standard (IAS) 27;
- EC Regulation 495/2009 – Amendments to the International Financial Reporting Standard (IFRS) 3.

The accounting policies adopted in the preparation of the Report, 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 2008, to which, therefore, reference must be made.

The preparation of the Half-yearly report requires the use of estimates and assumptions in the determination of certain cost and income components and for the measurement of assets and liabilities. Again reference must be made to the Annual report 2008. Moreover, please note that in certain valuation processes, in particular the more complex ones, such as the asset impairment tests, these are generally performed completely at the time of preparation of the annual report, when all the necessary information

is available, with the exception of the cases in which there are significant impairment indications which require the immediate valuation of losses.
Reconta Ernst & Young reviewed the condensed consolidated half-yearly financial statements.

The Report, prepared in euro as the operating currency, is made up of the condensed consolidated financial statements, prepared in simplified form as permitted by IAS 34, and contains the Balance sheet, the Income statement, the new Statement of comprehensive income for the period, the Changes in shareholders' equity (the latter restated, with reference to 30 June 2008, as to comprehensive income), the Statement of cash flows and the Explanatory notes to the report on operations. It is also complemented by information on significant events which occurred in the period, on the main risks and uncertainties faced in the remaining six months of the year, as well as information on significant related party transactions. The Half-yearly Report is also complemented by the certification of the Manager responsible for preparing the Company's financial reports, pursuant to Art. 154 bis of TUF and the Independent Auditors' report.
The amounts indicated in the Financial statements and Explanatory notes are expressed in millions of euro, unless otherwise specified.

The Balance sheet as at 30 June 2009 presents non-significant amounts under non-current assets held for sale and discontinued operations.
The Income statement as at 30 June 2009 presents, among profits and losses of discontinued operations, net capital gains from disposals completed during the first half of the year. These relate to the disposal of branches under the Duomo and Byron projects (as required by the Antitrust Authority in connection with the acquisition of Carifirenze) and the disposal of the investment in C.R. Orvieto, sold by Cassa di Risparmio di Firenze to Banca Popolare di Bari (*Progetto Duomo*).
The comparative income statement figures for the period ended 30 June 2008 have been restated from those previously reported in compliance with IFRS 5, to account for the aforesaid transactions classified in Non-current assets held for sale and discontinued operations and for the disposal of Cassa di Risparmio di Fano and Calit, and, in compliance with IFRS 3, to take into account the effects of the final allocation of purchase prices. This last adjustment led to a positive variation in net income as at 30 June 2008 of 2 million euro.

Scope of consolidation and consolidation methods

Scope of consolidation

The Consolidated Half-yearly report includes Intesa Sanpaolo and the companies directly and indirectly controlled, jointly controlled or subject to significant influence, comprising – as specifically set out by IAS/IFRS – also the companies operating in sectors dissimilar to the Parent Company as well as private equity investments. Similarly, special purpose entities/vehicles (SPE/SPV) are included when the requisite of effective control recurs, even if there is no direct or indirect stake in the company.
No significant changes have occurred with respect to the position as at 31 December 2008.
Certain extraordinary infragroup transactions carried out in the first half of 2009, which as such had no effects on the consolidated income statement, are also reported; they consisted in transfers of businesses or shareholdings between Intesa Sanpaolo Group companies (under common control). Since the transfers were carried out for reorganisation purposes only, in accordance with the Group's accounting policy, these transactions were simply transferred line by line in the individual statements of the companies involved, without recognition of any economic effect.
The most notable transaction concerned the creation of Intesa Sanpaolo Group Services S.c.p.A. tasked with Group-wide handling of all operations regarding Organisation, Security, Property, Procurement, Operating Services, ITC systems and Contact Unit services. The Parent Company's contribution of the related business and property assets was completed in April.
In detail, this Consortium Company was established using a corporate vehicle already present in the Group, Imifin S.p.A. in liquidation. Therefore, Imifin's liquidation was revoked and the company was transformed into a Consortium Company, under the name of Intesa Sanpaolo Group Services - effective from 31 March 2009.
In order to make the new entity operational, certain activities up to that time performed by the Parent Company were contributed to it; in particular, the contributions were carried out respectively on 20 April 2009 and 22 June 2009.

The business line conferred on 20 April consisted in the set of assets, legal relationships and resources structured for procurement management, physical and IT security, back office services, IT services and infoproviders.
This operation generated a 273 million euro capital increase for Intesa Sanpaolo Group Services, including 131 million euro of capital and 142 million euro of share premium.
The business line conferred on 22 June comprised the "real estate" and "Contact unit" branches, respectively consisting of the set of assets, legal relationships and resources organised for real estate management, including real estate instrumental for the activities of Intesa Sanpaolo Group Services S.c.p.A. and managed by the structure itself, and the set of assets, legal relationships and resources organised for the operation of call centres.
These transactions generated a 199 million euro capital increase for Intesa Sanpaolo Group Services, including 120 million euro of capital and 79 million euro of share premium.
The other infragroup transactions completed during the first six months of the year concerned:
– the conferral and transfer of Intesa Sanpaolo branches to Banca di Credito Sardo (the former Banca CIS);
– the conferral of branches from Intesa Sanpaolo to Intesa Sanpaolo Private Banking;
– the spin-off of branches from Cassa di Risparmio del Friuli Venezia Giulia, Banco di Napoli, Cassa di Risparmio di Venezia, Cassa di Risparmio del Veneto, Cassa di Risparmio in Bologna and Banca dell'Adriatico to Intesa Sanpaolo Private Banking;
– the conferral of branches from Intesa Sanpaolo to Cassa di Risparmio in Bologna;
– the transfer of branches from Intesa Sanpaolo to Cassa dei Risparmi di Forlì e della Romagna;
– the conferral (and subsequent transfer of the shareholding to Banca Fideuram) of the financial planners' business from Banca CR Firenze to Sanpaolo Invest and direct transfer of the checking account and ancillary services of financial planners' clients from Banca CR Firenze to Banca Fideuram;
– the transfer of the equity stake held in Centro Vita by Banca CR Firenze (43%) and Cassa di Risparmio di Pistoia (8%) to Intesa Sanpaolo.

The equity investment in the Bank of Italy, in which the Intesa Sanpaolo Group holds 42.63%, which - considering its special nature - is maintained at cost and therefore not carried at equity, together with companies for which shares have been pledged with voting rights exceeding 20%, given that the purpose of the pledge is to guarantee loans and not to exercise control and direction of financial and economic policies in order to benefit from an economic return on the shares, are not consolidated.

Consolidation methods

The methods used for line-by-line consolidation of subsidiaries and consolidation by the equity method of associates and companies subject to joint control have remained unchanged with respect to those adopted for the Intesa Sanpaolo Group 2008 Annual Report to which reference should therefore be made.
The financial statements of the Parent Company and of other companies used to prepare the Report as at 30 June 2009 refer to the same date. In certain limited 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 non-eurozone companies are translated into euro by applying the spot exchange rate at period-end to assets and liabilities in the Balance sheet, and the average exchange rate for the period to Income statement captions.

The following table indicates the investments in subsidiaries which are included in the line-by-line scope of consolidation of the Half-yearly Report as at 30 June 2009.

Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
A, CONSOLIDATED COMPANIES					
Parent Company					
Intesa Sanpaolo S.p.A. Share capital Euro 6,646,547,922.56 in shares of Euro 0.52	Torino				
A, 1 Companies subject to full consolidation					
1 Adriano Finance S.r.l. (c) Capital Euro 15,000	Roma	4	Intesa Sanpaolo	5.00	
2 Adriano Finance 2 S.r.l. (c) Capital Euro 10,000	Milano	4	Intesa Sanpaolo	5.00	
3 Adriano Finance 3 S.r.l. (c) Capital Euro 15,000	Milano	4	Intesa Sanpaolo	5.00	
4 Arten Sicav (d)	Luxembourg	4	EurizonLife	91.00	-
5 Atlantis S.A. Capital ARP 15,989,505 in shares of ARP 1	Buenos Aires	1	Intesa Sanpaolo Holding International Sudameris	18.75 81.25 100.00	
6 B.I. Private Equity Ltd Capital Euro 100,000 in shares of Euro 1	Dublin	1	Private Equity International	100.00	
7 Banca C.R. Firenze Romania S.A. Capital RON 106,412,780	Bucharest	1	Cassa di Risparmio di Firenze	85.04	
8 Banca dell'Adriatico S.p.A. Capital Euro 232,652,000 in shares of Euro 1	Pesaro	1	Intesa Sanpaolo	100.00	
9 Banca di Credito Sardo Capital Euro 258,276,569.35 in shares of Euro 21.31	Cagliari	1	Intesa Sanpaolo Mediocredito Italiano	84.94 15.06 100.00	
10 Banca di Trento e Bolzano S.p.A. (f) Capital Euro 55,103,550.84 in shares of Euro 0.52	Trento	1	Intesa Sanpaolo Finanziaria B.T.B.	8.29 63.43 71.72	
11 Banca Fideuram S.p.A. Capital Euro 186,255,207.16 in shares of Euro 0.19	Roma	1	Intesa Sanpaolo	100.00	
12 Banca IMI S.p.A. Capital Euro 662,464,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
13 Banca Imi Securities Corp Capital Usd 44,500,000 in shares of Usd 1,000	New York	1	Imi Capital Markets USA Corp.	100.00	
14 Banca Infrastrutture Innovazione e Sviluppo S.p.A. Capital Euro 346,300,000 in shares of Euro 1	Roma	1	Intesa Sanpaolo	100.00	
15 Banca Intesa a.d., Beograd (g) Capital RSD 18,477,400,000 in shares of RSD 100,000	Novi Beograd	1	Intesa Sanpaolo Holding International Intesa Sanpaolo	77.79 15.21 93.00	
16 Banca Prossima S.p.A. Capital Euro 80,000,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
17 Banco di Napoli S.p.A. Capital Euro 1,000,000,000 in shares of Euro 10	Napoli	1	Intesa Sanpaolo	100.00	
18 Bank of Alexandria S.A.E. Capital EGP 800,000,000 in shares of EGP 2	Cairo	1	Intesa Sanpaolo	80.00	
19 Banka Koper d.d. (h) Capital Euro 22,173,218,16 in shares of Euro 41,73	Koper	1	Intesa Sanpaolo	97.28	
20 Canova Sicav (d)	Luxembourg	4	EurizonLife	100.00	-
21 Cassa dei Risparmi di Forlì e della Romagna S.p.A. Capital Euro 214,428,465 in shares of Euro 1	Forlì	1	Intesa Sanpaolo	68.43	
22 Cassa di Risparmio del Friuli Venezia Giulia S.p.A. Capital Euro 180,263,000 in shares of Euro 10	Gorizia	1	Intesa Sanpaolo	100.00	
23 Cassa di Risparmio del Veneto S.p.A. Capital Euro 778,869,000 in shares of Euro 10	Padova	1	Intesa Sanpaolo	100.00	
24 Cassa di Risparmio della Provincia di Viterbo S.p.A. Capital Euro 49,407,056.31 in shares of Euro 0.51	Viterbo	1	Casse del Centro	75.81	82.02
25 Cassa di Risparmio della Spezia S.p.A. Capital Euro 98,155,000 in shares of Euro 0.67	La Spezia	1	Cassa di Risparmio di Firenze	80.00	
26 Cassa di Risparmio di Ascoli Piceno S.p.A. Capital Euro 70,755,020 in shares of Euro 258.23	Ascoli Piceno	1	Casse del Centro	66.00	
27 Cassa di Risparmio di Città di Castello S.p.A. Capital Euro 23,750,000 in shares of Euro 0.50	Città di Castello	1	Casse del Centro	82.19	
28 Cassa di Risparmio di Civitavecchia S.p.A. Capital Euro 34,505,380 in shares of Euro 70	Civitavecchia	1	Cassa di Risparmio di Firenze	51.00	
29 Cassa di Risparmio di Firenze S.p.A. (i) Capital Euro 828,836,017 in shares of Euro 1	Firenze	1	Intesa Sanpaolo	89.71	
30 Cassa di Risparmio di Foligno S.p.A. Capital Euro 17,720,820 in shares of Euro 0.52	Foligno	1	Casse del Centro	70.47	
31 Cassa di Risparmio di Pistoia e Pescia S.p.A. (j) Capital Euro 141,987,825 in shares of Euro 0.63	Pistoia	1	Cassa di Risparmio di Firenze	58.80	60.00

Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
32 Cassa di Risparmio di Rieti S.p.A. Capital Euro 47,339,291 in shares of Euro 51.65	Rieti	1	Casse del Centro	85.00	
33 Cassa di Risparmio di Spoleto S.p.A. Capital Euro 42,489,053 in shares of Euro 1	Spoleto	1	Casse del Centro	60.13	
34 Cassa di Risparmio di Terni e Narni S.p.A. Capital Euro 21,000,000 in shares of Euro 6	Terni	1	Casse del Centro	75.00	
35 Cassa di Risparmio di Venezia S.p.A. Capital Euro 254,536,000 in shares of Euro 10	Venezia	1	Intesa Sanpaolo	100.00	
36 Cassa di Risparmio in Bologna S.p.A. Capital Euro 696,692,000 in shares of Euro 10	Bologna	1	Intesa Sanpaolo	100.00	
37 Casse del Centro S.p.A. Capital Euro 774,240,078 in shares of Euro 1	Spoleto	1	Cassa di Risparmio di Firenze	96.07	
38 Central-European International Bank Ltd. Capital HUF 62,818,570,000 in shares of HUF 1	Budapest	1	Intesa Sanpaolo Holding International	89.10	
			Intesa Sanpaolo	10.90	
				100.00	
39 Centro Factoring S.p.A. Capital Euro 25,200,000 in shares of Euro 4	Firenze	1	Cassa di Risparmio di Firenze	41.77	
			Centro Leasing Banca	14.95	
			Intesa Sanpaolo	10.81	
			Cassa di Risparmio di Pistoia e Pescia	5.73	
			Cassa di Risparmio della Spezia	0.16	
			Cassa dei Risparmi di Forlì e della Romagna	0.11	
				73.53	
40 Centro Leasing Banca S.p.A. Capital Euro 155,020,051.5 in shares of Euro 3.54	Firenze	1	Cassa di Risparmio di Firenze	77.49	
			Cassa di Risparmio di Pistoia e Pescia	7.09	
			Cassa di Risparmio della Spezia	0.79	
			Cassa di Risparmio di Civitavecchia	0.56	
			Cassa dei Risparmi di Forlì e della Romagna	0.04	
				85.97	
41 Centro Leasing Rete S.p.A. Capital Euro 1,500,000 in shares of Euro 1	Firenze	1	Centro Leasing Banca	100.00	
42 Centrovita Assicurazioni S.p.A. Capital Euro 52,000,000 in shares of Euro 1	Firenze	1	Cassa di Risparmio di Firenze	43.00	
			Cassa di Risparmio di Pistoia e Pescia	8.00	
				51.00	
43 Centurion Financial Services Ltd Capital BAM 560,169	Sarajevo	1	PBZ Card	100.00	
44 CIB Car Trading Limited Liability Company Capital HUF 10,000,000	Budapest	1	CIB Credit	100.00	
45 CIB Credit Ltd Capital HUF 50,000,000	Budapest	1	CIB Leasing	98.00	
			CIB Real Estate	2.00	
				100.00	
46 CIB Expert Ltd. Capital HUF 3,000,000	Budapest	1	CIB Real Estate	100.00	
47 CIB Factor Financial Service Ltd. Capital HUF 103,500,000	Budapest	1	CIB Real Property Utilisation and Services	50.00	
			CIB Service Property Utilisation and Services	50.00	
				100.00	
48 CIB Insurance Broker Ltd. Capital HUF 10,000,000	Budapest	1	CIB Leasing	100.00	
49 CIB Inventory Management Limited Liability Company Capital HUF 100,000,000	Budapest	1	Central-European International Bank	100.00	
50 CIB Investment Fund Management Ltd. Capital HUF 600,000,000	Budapest	1	Central-European International Bank	94.98	
			CIB REAL Property Utilisation and Services	5.02	
				100.00	
51 CIB Leasing Ltd. Capital HUF 1,520,000,000	Budapest	1	CIB Rent Operative Leasing	100.00	
52 CIB New York Broker Zrt. Capital HUF 20,025,000 in shares of HUF 75,000	Budapest	1	Central-European International Bank	100.00	
53 CIB Property Ltd. Capital HUF 50,000,000	Budapest	1	CIB Leasing	100.00	
54 CIB Real Estate Ltd. Capital HUF 50,000,000	Budapest	1	CIB Leasing	100.00	
55 CIB REAL Property Utilisation and Services Ltd. Capital HUF 6,000,000,000	Budapest	1	Central-European International Bank	45.73	14.64
			CIB Service Property Utilisation and Services	54.27	85.36
				100.00	100.00
56 CIB Rent Operative Leasing Ltd. Capital HUF 800,000,000	Budapest	1	Central-European International Bank	100.00	
57 CIB Residential Property Leasing Ltd. Capital HUF 50,010,000	Budapest	1	CIB Credit	100.00	
58 CIB Service Property Utilisation and Services Ltd. Capital HUF 15,300,000,000	Budapest	1	Central-European International Bank	100.00	

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
59	CIL Bajor Co. Ltd. Capital HUF 20,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00 100.00	
60	CIL Buda Square Ltd. Capital HUF 500,000	Budapest	1	CIB Leasing CIB Real Estate	50.00 50.00 100.00	
61	CIL Danubius Co. Ltd Capital HUF 20,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00 100.00	
62	CIL Nagyteteny Ltd. Capital HUF 3,000,000	Budapest	1	CIB Real Estate CIB Leasing	50.00 50.00 100.00	
63	CIL Vaci ut Property Utilisation Limited Liability Company Capital HUF 3,000,000	Budapest	1	CIB Insurance Broker CIB Real Estate	50.00 50.00 100.00	
64	CIL - FOOD 2006 Ltd Capital HUF 3,000,000	Budapest	1	CIB Leasing CIB Real Estate	50.00 50.00 100.00	
65	Cimabue Sicav (d)	Luxembourg	4	EurizonLife	100.00	
66	Consumer Finance Holding a.s. Capital Euro 53,110,277	Kezmarok	1	Vseobecna Uverova Banka	100.00	
67	Delta Diversified (d)	Milano	4	Eurizon Capital SGR	100.00	
68	Duomo Funding Plc (k)	Dublin	4	Intesa Sanpaolo		
69	Epsilon Associati SGR S.p.A. Capital Euro 5,200,000 in shares of Euro 0.52	Milano	1	Eurizon Capital SGR	93.75	
70	Equiter S.p.A. Capital Euro 150,000,000 in shares of Euro 5	Torino	1	Intesa Sanpaolo	100.00	
71	ERFI 2000 Ingatlan kft Share capital Huf 2,247,600,000 in shares of Huf 1	Budapest	1	Cib Service Property Utilisation and Services	100.00	
72	Eurizon A.I. SGR S.p.A. Capital Euro 4,420,000 in shares of Euro 130	Milano	1	Eurizon Capital SGR Intesa Sanpaolo	90.00 10.00 100.00	
73	Eurizon Alternative Investments S.G.R. S.p.A. Capital Euro 1,000,000 in shares of Euro 100	Milano	1	Eurizon Capital SGR	100.00	
74	Eurizon Capital S.A. Capital Euro 7,557,200	Luxembourg	1	Eurizon Capital SGR	100.00	
75	Eurizon Capital S.G.R. S.p.A. Capital Euro 42,900,000 in shares of Euro 1	Torino	1	Intesa Sanpaolo	100.00	
76	Eurizon Vita S.p.A. Capital Euro 295,322,508 in shares of Euro 1	Torino	1	Intesa Sanpaolo	99.96	
77	EurizonLife Ltd Capital Euro 625,000	Dublin	1	Eurizon Vita	100.00	
78	EurizonTutela S.p.A. Capital Euro 27,912,258 in shares of Euro 1	Torino	1	Eurizon Vita	100.00	
79	Euro-Tresorerie S.A. Capital Euro 250,038,322.20	Paris	1	Financiere Fideuram	100.00	
80	Fideuram Asset Management (Ireland) Ltd Capital Euro 1,000,000	Dublin	1	Banca Fideuram	100.00	
81	Fideuram Bank (Monaco) S.A.M. Capital Euro 5,000,000 in shares of Euro 200	Monaco	1	Fideuram Bank Luxembourg	99.96	
82	Fideuram Bank (Suisse) S.A. Capital CHF 15,000,000	Lugano	1	Fideuram Bank Luxembourg	99.97	
83	Fideuram Bank Luxembourg S.A. Capital Euro 30,000,000	Luxembourg	1	Banca Fideuram	100.00	
84	Fideuram Fiduciaria S.p.A. Capital Euro 1,551,000 in shares of Euro 517	Roma	1	Banca Fideuram	100.00	
85	Fideuram France S.A. Capital Euro 132,530,240	Paris	1	Financiere Fideuram	99.95	
86	Fideuram Fund Bond Global Emerging Markets (d)	Luxembourg	4	Eurizon Vita	64.34	-
87	Fideuram Fund Bond Global High Yield (d)	Luxembourg	4	Eurizon Vita	74.34	-
88	Fideuram Fund Bond Usd (d)	Luxembourg	4	Eurizon Vita	61.24	-
89	Fideuram Fund Equity Europe (d)	Luxembourg	4	Eurizon Vita	74.78	-
90	Fideuram Fund Equity Europe Growth (d)	Luxembourg	4	Eurizon Vita	99.88	-
91	Fideuram Fund Equity Europe Value (d)	Luxembourg	4	Eurizon Vita	99.89	-
92	Fideuram Fund Equity Global Emerging Markets (d)	Luxembourg	4	Eurizon Vita	83.66	-
93	Fideuram Fund Equity Italy (d)	Luxembourg	4	Eurizon Vita	87.33	-

	Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
94	Fideuram Fund Equity Japan (d)	Luxembourg	4	Eurizon Vita	78.17	-
95	Fideuram Fund Equity Pacific Ex Japan (d)	Luxembourg	4	Eurizon Vita	80.00	-
96	Fideuram Fund Equity Usa (d)	Luxembourg	4	Eurizon Vita	76.86	-
97	Fideuram Fund Equity Usa Growth (d)	Luxembourg	4	Eurizon Vita	99.73	-
98	Fideuram Fund Equity Usa Value (d)	Luxembourg	4	Eurizon Vita	99.90	-
99	Fideuram Fund Euro Bond Long Risk (d)	Luxembourg	4	Eurizon Vita	91.22	-
100	Fideuram Fund Euro Bond Low Risk (d)	Luxembourg	4	Eurizon Vita	52.76	-
101	Fideuram Fund Euro Bond Medium Risk (d)	Luxembourg	4	Eurizon Vita	70.99	-
102	Fideuram Fund Euro Defensive Bond (d)	Luxembourg	4	Eurizon Vita	57.88	-
103	Fideuram Fund Zero Coupon 2009 (d)	Luxembourg	4	Eurizon Vita	99.30	-
104	Fideuram Fund Zero Coupon 2010 (d)	Luxembourg	4	Eurizon Vita	99.86	-
105	Fideuram Fund Zero Coupon 2011 (d)	Luxembourg	4	Eurizon Vita	100.00	-
106	Fideuram Fund Zero Coupon 2012 (d)	Luxembourg	4	Eurizon Vita	100.00	-
107	Fideuram Fund Zero Coupon 2013 (d)	Luxembourg	4	Eurizon Vita	100.00	-
108	Fideuram Fund Zero Coupon 2014 (d)	Luxembourg	4	Eurizon Vita	100.00	-
109	Fideuram Fund Zero Coupon 2015 (d)	Luxembourg	4	Eurizon Vita	100.00	-
110	Fideuram Fund Zero Coupon 2016 (d)	Luxembourg	4	Eurizon Vita	100.00	-
111	Fideuram Fund Zero Coupon 2017 (d)	Luxembourg	4	Eurizon Vita	100.00	-
112	Fideuram Fund Zero Coupon 2018 (d)	Luxembourg	4	Eurizon Vita	100.00	-
113	Fideuram Fund Zero Coupon 2019 (d)	Luxembourg	4	Eurizon Vita	100.00	-
114	Fideuram Fund Zero Coupon 2020 (d)	Luxembourg	4	Eurizon Vita	100.00	-
115	Fideuram Fund Zero Coupon 2021 (d)	Luxembourg	4	Eurizon Vita	100.00	-
116	Fideuram Fund Zero Coupon 2022 (d)	Luxembourg	4	Eurizon Vita	100.00	-
117	Fideuram Fund Zero Coupon 2023 (d)	Luxembourg	4	Eurizon Vita	100.00	-
118	Fideuram Fund Zero Coupon 2024 (d)	Luxembourg	4	Eurizon Vita	100.00	-
119	Fideuram Fund Zero Coupon 2025 (d)	Luxembourg	4	Eurizon Vita	100.00	-
120	Fideuram Fund Zero Coupon 2026 (d)	Luxembourg	4	Eurizon Vita	100.00	-
121	Fideuram Fund Zero Coupon 2027 (d)	Luxembourg	4	Eurizon Vita	100.00	-
122	Fideuram Fund Zero Coupon 2028 (d)	Luxembourg	4	Eurizon Vita	100.00	-
123	Fideuram Fund Zero Coupon 2029 (d)	Luxembourg	4	Eurizon Vita	100.00	-
124	Fideuram Fund Zero Coupon 2030 (d)	Luxembourg	4	Eurizon Vita	100.00	-
125	Fideuram Fund Zero Coupon 2031 (d)	Luxembourg	4	Eurizon Vita	100.00	-
126	Fideuram Fund Zero Coupon 2032 (d)	Luxembourg	4	Eurizon Vita	100.00	-
127	Fideuram Fund Zero Coupon 2033 (d)	Luxembourg	4	Eurizon Vita	100.00	-
128	Fideuram Fund Zero Coupon 2034 (d)	Luxembourg	4	Eurizon Vita	100.00	-
129	Fideuram Fund Zero Coupon 2035 (d)	Luxembourg	4	Eurizon Vita	100.00	-
130	Fideuram Fund Zero Coupon 2036 (d)	Luxembourg	4	Eurizon Vita	100.00	-
131	Fideuram Fund Zero Coupon 2037 (d)	Luxembourg	4	Eurizon Vita	100.00	-
132	Fideuram Fund Zero Coupon 2038 (d)	Luxembourg	4	Eurizon Vita	100.00	-
133	Fideuram Fund Zero Coupon 2039 (d)	Luxembourg	4	Eurizon Vita	100.00	-
134	Fideuram Gestions S.A. Capital Euro 10,000,000	Luxembourg	1	Banca Fideuram Eurizon Vita	99.94 0.06 100.00	
135	Fideuram Investimenti S.G.R. S.p.A. Capital Euro 25,850,000 in shares of Euro 517	Roma	1	Banca Fideuram	99.50	
136	Financière Fideuram S.A. Capital Euro 346,761,600	Paris	1	Banca Fideuram	100.00	
137	Finanziaria B.T.B. S.p.A. Capital Euro 56,832,921.60 in shares of Euro 0.52	Trento	1	Intesa Sanpaolo	99.29	
138	Finor Leasing d.o.o. Capital Euro 2,044,700	Koper	1	Banka Koper	100.00	
139	Focus Rendimento Assoluto 5 Anni (d)	Milano	4	Eurizon Capital SGR	100.00	
140	Fondo Caravaggio Sicav (d)	Luxembourg	4	EurizonLife	100.00	-
141	IE-Services Szolgaltato es Kereskedelmi Kft Capital HUF 1,050,000 in shares of HUF 1,000	Budapest	1	Central-European International Bank	100.00	
142	IMI Capital Markets USA Corp. Capital USD 5,000 in shares of USD 1	New York	1	IMI Investments	100.00	
143	IMI Finance Luxembourg S.A. Capital Euro 100,000	Luxembourg	1	IMI Investments	100.00	

Companies		Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
144	IMI Investimenti S.p.A. Capital Euro 579,184,200 in shares of Euro 5	Bologna	1	Intesa Sanpaolo	100.00	
145	IMI Investments S.A. Capital USD 30,000,000	Luxembourg	1	Banca IMI	100.00	
146	IMMIT - Immobili Italiani S.p.A. Capital Euro 290,972,537 in shares of Euro 1	Torino	1	Intesa Sanpaolo	100.00	
147	Immobiliare Nuova Sede S.r.L. Capital Euro 51,480	Firenze	1	Cassa di Risparmio di Firenze	100.00	
148	Infogroup S.p.A. Capital Euro 3,000,000 in shares of Euro 1	Firenze	1	Cassa di Risparmio di Firenze Cassa di Risparmio di Pistoia e Pescia Cassa di Risparmio di Civitavecchia	95.00 4.00 1.00 100.00	
149	Inter-Europa Beruhazo Kft Capital HUF 7,078,700,000 in shares of HUF 1	Budapest	1	Central-European International Bank	100.00	
150	Inter Europa Ertekesitesi Kft. Capital HUF 30,000,000 in shares of HUF 1	Budapest	1	Central-European International Bank	100.00	
151	Intesa Funding LLC Capital USD 10,000 in shares of USD 1	Wilmington	1	Intesa Sanpaolo	100.00	
152	Intesa Global Finance Company Ltd Capital Euro 100,000	Dublin	1	Intesa Sanpaolo Holding International	100.00	
153	Intesa Investimenti S.p.A. Capital Euro 1,000,000,000 in shares of Euro 1,000	Milano	1	Intesa Sanpaolo	100.00	
154	Intesa Lease Sec S.r.l. Capital Euro 60,000	Milano	1	Intesa Sanpaolo	60.00	
155	Intesa Leasing d.o.o. Beograd Capital RSD 960,374,301	Beograd	1	Banca Intesa a.d., Beograd CIB Leasing	98.70 1.30 100.00	
156	Intesa Preferred Capital Company L.L.C. (l) Capital Euro 46,000,000	Wilmington	1	Intesa Sanpaolo	100.00	
157	Intesa Previdenza - Società di Intermediazione Mobiliare S.p.A. Capital 15,300,000 in shares of Euro 500	Milano	1	Intesa Sanpaolo	78.53	
158	Intesa Real Estate S.r.l. Capital Euro 4,625,000	Milano	1	Intesa Sanpaolo	100.00	
159	Intesa Sanpaolo Bank Albania Sh.A. (m) Capital ALL 5,562,517,674 in shares of ALL 357	Tirana	1	Intesa Sanpaolo	80.98	88.76
160	Intesa Sanpaolo Bank Ireland Plc Capital Euro 400,500,000 in shares of Euro 1	Dublin	1	Intesa Sanpaolo	100.00	
161	Intesa Sanpaolo Banka d.d. Bosna I Hercegovina Capital BAM 45,296,000 in shares of BAM 100	Sarajevo	1	Intesa Sanpaolo Holding International	86.48	
162	Intesa Sanpaolo Card d.o.o-Ljubljana (former Centurion Financne Storitve) Capital Euro 1,648,305.79	Ljubljana	1	Banka Koper Intesa Sanpaolo Card	75.00 25.00 100.00	
163	Intesa Sanpaolo Group Services S.c.p.A. Capital Euro 272,057,000	Torino	1	Intesa Sanpaolo Banca Fideuram Cassa di Risparmio del Veneto Banco di Napoli Banca Imi altre quote minori	99.87 0.01 0.01 0.01 0.01 0.09 100.00	
164	Intesa Sanpaolo Holding International S.A. Capital Euro 4,052,848,126	Luxembourg	1	Intesa Sanpaolo	100.00	
165	Intesa Sanpaolo Private Bank (Suisse) S.A. Capital CHF 20,000,000	Lugano	1	Société Européenne de Banque	99.98	
166	Intesa Sanpaolo Private Banking S.p.A. Capital Euro 104,000,000 in shares of Euro 4	Milano	1	Intesa Sanpaolo	100.00	
167	Intesa Sanpaolo Romania S.A. Commercial Bank (n) Capital Ron 251,111,110 in shares of Ron 10	Arad	1	Intesa Sanpaolo	99.25	
168	Intesa Sanpaolo Servizi Transazionali S.p.A. Capital Euro 120,000,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
169	Intesa Sanpaolo Trust Company S.p.A. Capital Euro 1,032,000 in shares of Euro 5.16	Milano	1	Intesa Sanpaolo	100.00	
170	Intesa Sec. 2 S.r.l. Capital Euro 15,000	Milano	1	Intesa Sanpaolo	60.00	
171	Intesa Sec. 3 S.r.l. Capital Euro 70,000	Milano	1	Intesa Sanpaolo	60.00	
172	Intesa Sec. Npl S.p.A. Capital Euro 129,000 in shares of Euro 1	Milano	1	Intesa Sanpaolo	60.00	
173	Intesa Sec. S.p.A. Capital Euro 100,000 in shares of Euro 100	Milano	1	Intesa Sanpaolo	60.00	
174	IntesaBci Preferred Capital Company L.L.C. III (o) Capital Euro 11,000,000	Wilmington	1	Intesa Sanpaolo	100.00	

	Companies	Registered office	Type of relationship (a)	Investment direct ownership	% held	Votes available % (b)
175	IntesaBci Preferred Securities Investor Trust Capital Euro 1,000 in shares of Euro 1,000	Newark	1	IntesaBci Preferred Capital Company III	100.00	
176	IntesaTrade Sim S.p.A. Capital Euro 30,000,000 in shares of Euro 16	Milano	1	Intesa Sanpaolo	100.00	
177	Inversiones Mobiliarias S.A.- IMSA Capital PEN 7,941,112.83	Lima	1	Intesa Sanpaolo	99.40	
178	KMB Bank (Closed Joint-Stock Company) Capital RUB 5,737,167,800 in shares of RUB 12,350	Moscow	1	Intesa Sanpaolo Holding International	75.00	
179	KMB - Leasing (Closed Joint-Stock Company) Capital RUB 3,000,000 in shares of RUB 100	Moscow	1	KMB Bank	100.00	
180	Leasint S.p.A. Capital Euro 172,043,500 in shares of Euro 1.24	Milano	1	Mediocredito Italiano	100.00	
181	Lelle SPC - Real Estate investment and trading co. Capital HUF 270,000,000 in shares of HUF 100,000	Budapest	1	CIB Real Estate CIB Insurance Broker	99.96 0.04 100.00	
182	Levanna Sicav (d)	Luxembourg	4	EurizonLife	100.00	-
183	Lima Sudameris Holding S.A. in liquidation Capital PEN 168,190,806.15	Lima	1	Intesa Sanpaolo IMSA	52.87 47.13 100.00	
184	Lunar Funding V Plc (k)	Dublin	4	Banca Infrastrutture Innovazione e Sviluppo		-
185	Lux Gest Asset Management S.A. Capital Euro 200,000	Luxembourg	1	Société Européenne de Banque	100.00	
186	Margit Business Center Limited Liability Company Capital HUF 221,000,000	Budapest	1	Central-European International Bank	100.00	
187	Medimurska Banka d.d. Capital HRK 127,900,000 in shares of HRK 400	Čakovec	1	Privredna Banka Zagreb	100.00	
188	Mediocredito Italiano S.p.A. Capital Euro 572,043,495 in shares of Euro 1	Milano	1	Intesa Sanpaolo	100.00	
189	Mediofactoring S.p.A. Capital Euro 220,000,000 in shares of Euro 100	Milano	1	Intesa Sanpaolo	100.00	
190	Moneta S.p.A. Capital Euro 109,830,000 in shares of Euro 10	Bologna	1	Intesa Sanpaolo	100.00	
191	Neos Banca S.p.A. Capital Euro 89,818,181.70 in shares of Euro 0.26	Bologna	1	Intesa Sanpaolo	100.00	
192	Neos Finance S.p.A. Capital Euro 102,018,306 in shares of Euro 6	Bologna	1	Neos Banca	100.00	
193	NHS Investments S.A. Capital Euro 50,400,000	Luxembourg	1	IMI Investimenti	100.00	
194	Obudai Dunapart Office Building Center Ltd Capital HUF 2,330,000,000	Budapest	1	Cil Buda Square Ltd	100.00	
195	PBZ Card d.o.o. Capital HRK 50,000,000	Zagabria	1	Privredna Banka Zagreb	100.00	
196	PBZ Invest d.o.o. Capital HRK 5,000,000	Zagabria	1	Privredna Banka Zagreb	100.00	
197	PBZ Leasing d.o.o. za poslove leasinga Capital HRK 15,000,000	Zagabria	1	Privredna Banka Zagreb	100.00	
198	PBZ Nekretnine d.o.o. Capital HRK 3,000,000	Zagabria	1	Privredna Banka Zagreb	100.00	
199	PBZ Stambena Stedionica d.d. Capital HRK 115,000,000 in shares of HRK 100	Zagabria	1	Privredna Banka Zagreb	100.00	
200	Pravex Bank Joint-Stock Commercial Bank Capital UAH 991,499,139 in shares of UAH 1	Kiev	1	Intesa Sanpaolo	100.00	
201	Private Equity International S.A. Capital Euro 252,999,968	Luxembourg	1	Intesa Sanpaolo	100.00	
202	Privredna Banka Zagreb d.d. Capital HRK 1,907,476,900 in shares of HRK 100	Zagreb	1	Intesa Sanpaolo Holding International	76.59	
203	Recovery a.s. Capital Euro 33,200	Bratislava	1	Vseobecna Uverova Banka	100.00	
204	Romulus Funding Corporation (k)	Delaware	4	Intesa Sanpaolo	-	
205	Sanpaolo Bank S.A. Capital Euro 140,000,000	Luxembourg	1	Intesa Sanpaolo	100.00	
206	Sanpaolo IMI Bank (International) S.A. Capital Euro 172,238,000	Funchal	1	Intesa Sanpaolo	100.00	
207	Sanpaolo IMI Capital Company I L.l.c. (p) Capital Euro 45,001,000	Wilmington	1	Intesa Sanpaolo	100.00	
208	Sanpaolo IMI Fondi Chiusi S.G.R. S.p.A. Capital Euro 2,000,000 in shares of Euro 1,000	Bologna	1	IMI Investimenti	100.00	
209	Sanpaolo IMI Investimenti per lo Sviluppo SGR S.p.A. Capital Euro 2,000,000 in shares of Euro 1,000	Napoli	1	IMI Investimenti	100.00	

	Companies	Registered office	Type of relationship (a)	Investment direct ownership	Investment % held	Votes available % (b)
210	Sanpaolo IMI US Financial Co. Capital USD 1,000 in shares of Euro 1	Wilmington	1	Intesa Sanpaolo	100.00	
211	Sanpaolo Immobiliere S.A. Capital Euro 250,000	Luxembourg	1	Sanpaolo Bank Eurizon Capital	99.99 0.01 100.00	
212	Sanpaolo International Formulas Fund (d)	Luxembourg	4	EurizonLife	100.00	-
213	Sanpaolo Invest Ireland Ltd Capital Euro 500,000	Dublin	1	Banca Fideuram	100.00	
214	Sanpaolo Invest SIM S.p.A. Capital Euro 15,264,760 in shares of Euro 140	Roma	1	Banca Fideuram	100.00	
215	Sanpaolo Real Estate S.A. Capital Euro 3,000,000	Luxembourg	1	Sanpaolo Bank	100.00	
216	SEB Trust Limited Capital Euro 410,000	St Helier Jersey	1	Société Européenne de Banque	100.00	
217	SEP-Servizi e Progetti S.p.A. Capital Euro 1,560,000 in shares of Euro 0.52	Torino	1	Intesa Sanpaolo	100.00	
218	Servitia S.A. Capital Euro 1,500,000	Luxembourg	1	Intesa Sanpaolo Holding International	100.00	
219	Setefi S.p.A. Capital Euro 8,450,000 in shares of Euro 52	Milano	1	Moneta	100.00	
220	Società Italiana di Revisione e Fiduciaria – S.I.RE.F. S.p.A. Capital 2,600,000 in shares of Euro 0.52	Milano	1	Intesa Sanpaolo	100.00	
221	Société Européenne de Banque S.A. Capital Euro 45,000,000	Luxembourg	1	Intesa Sanpaolo Holding International	100.00	
222	SP Lux Sicav II (d)	Luxembourg	4	EurizonLife	100.00	-
223	Split 2 S.r.l. (q)	Treviso	4	Leasint	-	-
224	SPQR II S.r.l. (k)	Roma	4	Banca Infrastrutture Innovazione e Sviluppo		
225	Sud Polo Vita S.p.A. Capital Euro 84,464,122.20 in shares of Euro 0.20	Torino	1	Intesa Sanpaolo Eurizon Vita	98.80 1.18 99.98	
226	Sudameris S.A. Capital Euro 49,671,600	Paris	1	Intesa Sanpaolo Holding International	99.87	
227	Tiepolo Sicav (d)	Luxembourg	4	EurizonLife	100.00	-
228	Vseobecna Uverova Banka a.s. Capital Euro 430,819,064	Bratislava	1	Intesa Sanpaolo Holding International	96.76	
229	VUB Asset Management Sprav. Spol a.s. Capital Euro 1,660,000	Bratislava	1	Vseobecna Uverova Banka	100.00	
230	VUB Factoring a.s. Capital Euro 2,232,334	Bratislava	1	Vseobecna Uverova Banka	100.00	
231	VUB Leasing A.S. (r) Capital Euro 16,600,000	Bratislava	1	Vseobecna Uverova Banka	70.00	
232	VUB Poistovaci Makler s.r.o. Capital Euro 16,597	Bratislava	1	VUB Leasing	100.00	
233	ZAO Banca Intesa Closed Joint-stock Company Capital RUB 3,600,000,000 in shares of RUB 1,000	Moscow	1	Intesa Sanpaolo	100.00	

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

(b) Available voting rights at Ordinary Shareholders' Meeting. Voting rights are presented only if different from the equity stake held in the company's capital.

(c) Company in which the Group holds the majority of risks and benefits (sic12).

(d) Collective investment undertaking in which the Group holds the majority of risks and benefits (SIC 12).

(e) Please note that there is a put option sold/call option purchased from minority shareholders on 10.43% of share capital.

(f) Please note that there is a put option sold/call option purchased from minority shareholders on 7% of share capital.

(g) The disposal of a 9.75% stake in favour of IFC, finalised in March 2009, did not lead to the derecognition of the related shareholding in light of the contractual clauses which characterise the transaction.

(h) Please note that there is a put option sold/call option purchased from minority shareholders on 2.78% of the share capital.

(i) Please note that there is a put option sold/call option purchased from minority shareholders on 10.29% of the share capital.

(j) Please note that there is a put option sold/call option purchased from minority shareholders on 40% of the share capital.

(k) Company for which the Group holds the majority of risks and benefits (sic12); the group does not hold any equity stake in the share capital.

(l) Considering the "preferred shares" issued for a total of 200,000,000 euro the equity stake equals 18.70%.

(m) Please note that there is a put option sold/call option purchased from minority shareholder on 19.02% of share capital. The disposal of a 1.39% stake in favour of Società Italiana per le Imprese all'Estero (the Italian company for businesses abroad - SIMEST) finalised in July 2006, did not lead to the derecognition of the related shareholding in light of the contractual clauses which characterise the transaction.

(n) The Parent Company holds options for the acquisition of the remaining 0.75% of the stake.

(o) Considering the "preferred shares" issued for a total of 500,001,000 euro the equity stake equals 2.15%.

(p) Considering the "preferred shares" issued for a total of 1,000,000,000 euro the equity stake equals 4.31%.

(q) SDS - Società a Destinazione Specifica (special purpose entity) for the securitisation of leasing loans (pursuant to Law 130 of 30 April 1999) (SIC 12); the group does not hold any equity stake in the share capital.

(r) Please note that there is a put option sold/call option purchased from minority shareholders on 30% of share capital.

Other information

Non-EU subsidiaries

As already mentioned in the 2008 Annual Report, in accordance with Law 262/2005 governing protection of savings and the regulation of financial markets, Consob established some conditions for the listing of companies with control over non-EU companies (art. 36, Market Regulation). Pursuant to Art. 2.6.2, paragraph 12 of the Regulation of Markets managed and organised by Borsa Italiana S.p.A., Borsa Italiana has also required that at the time of approval of the Parent company financial statements, the Management Board of a company controlling non-EU companies declares in its Report on operations whether or not the conditions set out in Art. 36, letters a), b) and c) of the Market Regulation are met. Intesa Sanpaolo's declaration to this effect can be found in the 2008 Annual Report.
In this respect, no acquisitions were completed in the first half of 2009 concerning companies registered in non-EU countries which, considered independently, are of material significance to the regulations in question.

Criteria for the preparation of segment reporting

The attribution of economic and balance sheet results to the various sectors is based on the accounting principles used in the preparation and presentation of the Consolidated financial statements. Use of the same accounting standards allowed segment data and consolidated data to be effectively reconciled.
The Intesa Sanpaolo Group's organisational model is structured into six business areas, each with specific operating responsibilities: Banca dei Territori, Corporate and Investment Banking, Public Finance, International Subsidiary Banks, Eurizon Capital and Banca Fideuram. In addition to these operating areas there are two support structures: Group Treasury and the Head office departments concentrated in the Corporate Centre.
To represent results more effectively and give a better understanding of the components that generated them, the reclassified income statement for each reporting segment is presented with values that express the contribution made by each segment to the Group's results.
With regard to the measurement of revenues and costs deriving from intra-segment transactions, the application of a contribution model at multiple Internal Transfer Rates for the various maturities permits the correct attribution of net interest income to the divisions of the Parent Company.
Specific agreements with Group companies regulate the application of transfer pricing for economic components relative to transactions which set out the distribution of results between product factories/service units and relationship entities/customer units. Each segment has been charged direct costs and, for the part pertaining to it, the operating costs of central structures other than those typical of holding structures. Therefore, for services carried out by central structures for operating business units, charges have been calculated on the basis of services actually rendered, while the costs of guidance and control activities have remained allocated to the Corporate Centre.
Business areas are disclosed net of infragroup relations within each area and gross of infragroup relations between different business areas.
Each business area is also assigned the allocated capital, represented by the capital absorption on the basis of the Risk Weighted Assets (RWAs) determined by applying the instructions issued by the Bank of Italy in accordance with the Basel 2 regulations. For asset management, business risk was also taken into consideration, and for the insurance segment reference was made to the capital absorbed by insurance risk.
To complete segment reporting, the main balance sheet and income statement indicators referred to the geographical areas in which the Group operates are also given. Geographical areas are defined on the basis of the territorial breakdown of Group activities and take into account the economic and strategic importance and the potential of the reference markets. Three main geographical areas have been identified, based on the residence of the legal entities making up the Group: Italy, Europe and Rest of the World.

Subsequent events

On 20 July, Intesa Sanpaolo finalised a securitisation of a portfolio of performing residential mortgages for 5,860 million euro through the vehicle Adriano Finance, aimed at prudently increasing the already broad availability of eligible assets with Central Banks.
The transaction was structured by Intesa Sanpaolo and Banca IMI as Arrangers. Banca IMI is responsible for the offer of the securities, as Lead Manager and Book Runner.
The transaction consisted of one single senior tranche (class A) of 5,297 million euro, with an expected average lifetime of about 5 years, quoted on the Luxembourg Stock Exchange and rated AAA by Fitch, and one junior tranche (class B) of 563 million euro.
The Notes were issued at a price corresponding to 100% of their nominal amount and they will have a floating rate coupon based on the 6 month Euribor rate.
Both classes of notes have been fully underwritten by Intesa Sanpaolo.

Moreover, at the end of July, a programme for the issue of 10 billion euro Covered Bonds was finalised. The guarantor of the Covered Bonds is the ISP CB Pubblico vehicle, to which a loans portfolio of 3.5 billion euro was transferred, consisting of performing loans to the public sector originated by Banca Infrastrutture Innovazione e Sviluppo (BIIS). This is the first programme of covered bonds backed by public sector loans launched in Italy.
Moreover, an inaugural issue of 3 billion euro has been made under the programme, at a price equal to 100% of their nominal amount, with maturity 6 October 2011, listed on the Luxembourg Stock Exchange and rated Aaa by Moody's. This issue will pay a floating rate coupon on the 6 month Euribor rate and has been fully underwritten by BIIS.

At the beginning of August, Intesa Sanpaolo and BNP Paribas reached an agreement on Findomestic, the consumer credit company 50% owned by each Group. BNP Paribas will take control of Findomestic through its wholly-owned subsidiary BNP Paribas Personal Finance. The transaction is subject to regulatory approval.
Intesa Sanpaolo will sell its stake in Findomestic - held via its subsidiaries CR Firenze and CR Pistoia - in the framework of its capital management activities on non-core assets, leading to significant improvement in its Core Tier 1 ratio.
Under the agreement, the Intesa Sanpaolo Group will sell its 50% stake in two stages:
- a first 25% stake will be sold to BNP Paribas Group within 2009;
- the remaining 25% stake will be sold between 2011 and 2013, in one of the following ways to be chosen by the BNP Paribas Group: purchase by BNP Paribas Group, IPO or sale to third parties.

Leaving aside the recently approved capital increase (which will be treated on a euro by euro basis), the value of the first 25% stake is 500 million euro, while the value of the remaining stake is to be determined, within a range of 350 and 650 million euro, by applying to Findomestic a shareholders' equity multiple reckoned for a group of comparable companies.
The Intesa Sanpaolo Group net income and its Core Tier 1 ratio will record a positive impact in the current year from the sale of the first 25% stake of approximately 260 million euro and 13 basis points respectively. Future additional benefits are expected for the consolidated net income and the Core Tier 1 ratio approximately in the range of 130 to 390 million euro and of 7 to 14 basis points respectively depending on the value determined for the sale of the remaining stake.

Economic results

General aspects

As usual, a condensed reclassified income statement has been prepared to give a more immediate understanding of results for the period. To enable consistent comparison between the two periods, 2009 interim income statement figures and the figures for the respective quarters of 2008 have been restated to reflect – in addition to the components classified under non-current assets held for sale and discontinued operations and to the final allocation of purchase costs – also any changes in the scope of consolidation. The restated financial statements were obtained by making appropriate adjustments to historical data to retroactively reflect the significant effects of such changes. Any differences due to the possibility of choosing between different options provided for by IAS/IFRS or arising from the use of different methods or parameters for measurement of assets and liabilities have not been considered, as they were deemed irrelevant. Lastly, please note that no current infragroup relations have been netted since their amount was not significant.

Breakdowns of restatements and reclassifications performed are provided in separate tables included in the attachments to the Consolidated Financial Statements, as also required by Consob in its Communication 6064293 of 28 July 2006.

Reclassifications and aggregations are as follows:

- dividends on shares classified as assets available for sale and as assets held for trading have been reallocated to Profits (Losses) on trading;
- the portions of Net interest income, Dividend and similar income, Net fee and commission income and Profits (Losses) on trading related to the insurance business are recorded under a specific caption;
- Fair value adjustments in hedge accounting (caption 90) have been reallocated to Profits (Losses) on trading, as already done in the 2008 financial statements, to reflect the close correlation generated by the market situation;
- Profits and losses on disposal or repurchase of financial assets available for sale and of financial liabilities are included in profits (losses) on trading;
- Profits (losses) on financial assets and liabilities designated at fair value are reallocated to Profits (Losses) on trading;
- administrative expenses are net of recoveries from customers;
- Profits and losses on disposal or repurchase of loans are posted in Net adjustments to loans;
- Net impairment losses on other financial activities (caption 130d), related to guarantees, commitments and credit derivatives, have been recognised under Net adjustments to loans;
- the reversal in time value on loans is recorded in Net interest income instead of being allocated to Net adjustments to loans, since the phenomenon derives directly from the application of the amortised cost criterion in the absence of changes in expected future flows. A consistent approach is used for the time value of Employee termination indemnities and Allowances for risks and charges;
- net impairments of property, equipment and intangible assets have been reclassified from Net adjustments to property, equipment and intangible assets – which therefore solely express depreciation and amortisation – to Net impairment losses on other assets, which includes Net impairment losses on financial assets available for sale, investments held to maturity and other financial activities;
- Profits (Losses) on disposal of investments in associates and companies subject to joint control and Profits (Losses) on disposal of investments are recorded in Profits (losses) on investments held to maturity and on other investments, after the deduction of net income from investments carried at equity which is posted in a specific caption in Operating income;
- merger and restructuring-related charges are reclassified, net of the tax effect, from Personnel expenses, Administrative expenses and, to a lesser extent, from other captions of the income statement to a separate caption;
- the economic effect of purchase cost allocation, net of the tax effect, is indicated in a specific caption. It represents the adjustments to financial assets and liabilities and property, equipment and intangible assets which were measured at fair value as provided for by IFRS 3.

Reclassified income statement

(in millions of euro)

	30.06.2009	30.06.2008	Changes	
			amount	%
Net interest income	5,466	5,695	-229	-4.0
Dividends and profits (losses) on investments carried at equity	30	95	-65	-68.4
Net fee and commission income	2,595	3,185	-590	-18.5
Profits (Losses) on trading	546	284	262	92.3
Income from insurance business	188	186	2	1.1
Other operating income (expenses)	42	135	-93	-68.9
Operating income	**8,867**	**9,580**	**-713**	**-7.4**
Personnel expenses	-2,759	-2,899	-140	-4.8
Other administrative expenses	-1,582	-1,554	28	1.8
Adjustments to property, equipment and intangible assets	-314	-386	-72	-18.7
Operating costs	**-4,655**	**-4,839**	**-184**	**-3.8**
Operating margin	**4,212**	**4,741**	**-529**	**-11.2**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-132	-78	54	69.2
Net adjustments to loans	-1,814	-713	1,101	
Net impairment losses on other assets	-79	-11	68	
Profits (Losses) on investments held to maturity and on other investments	15	297	-282	-94.9
Income (Loss) before tax from continuing operations	**2,202**	**4,236**	**-2,034**	**-48.0**
Taxes on income from continuing operations	-324	-1,309	-985	-75.2
Merger and restructuring-related charges (net of tax)	-86	-389	-303	-77.9
Effect of purchase cost allocation (net of tax)	-197	-284	-87	-30.6
Income (Loss) after tax from discontinued operations	50	965	-915	-94.8
Minority interests	-57	-112	-55	-49.1
Net income	**1,588**	**3,107**	**-1,519**	**-48.9**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

Quarterly development of the reclassified income statement

(in millions of euro)

	2009		2008				
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Average of the quarters
Net interest income	2,779	2,687	2,890	3,045	2,897	2,798	2,908
Dividends and profits (losses) on investments carried at equity	36	-6	30	13	29	66	35
Net fee and commission income	1,340	1,255	1,286	1,401	1,558	1,627	1,468
Profits (Losses) on trading	439	107	-354	17	244	40	-13
Income from insurance business	124	64	171	43	107	79	100
Other operating income (expenses)	13	29	-49	84	92	43	43
Operating income	**4,731**	**4,136**	**3,974**	**4,603**	**4,927**	**4,653**	**4,539**
Personnel expenses	-1,360	-1,399	-1,442	-1,405	-1,441	-1,458	-1,437
Other administrative expenses	-824	-758	-1,031	-793	-801	-753	-845
Adjustments to property, equipment and intangible assets	-157	-157	-226	-200	-194	-192	-203
Operating costs	**-2,341**	**-2,314**	**-2,699**	**-2,398**	**-2,436**	**-2,403**	**-2,484**
Operating margin	**2,390**	**1,822**	**1,275**	**2,205**	**2,491**	**2,250**	**2,055**
Goodwill impairment	-	-	-1,065	-	-	-	-266
Net provisions for risks and charges	-63	-69	-164	-76	-45	-33	-80
Net adjustments to loans	-1,081	-733	-999	-854	-401	-312	-642
Net impairment losses on other assets	-72	-7	-898	-40	-3	-8	-237
Profits (Losses) on investments held to maturity and on other investments	15	-	-208	177	284	13	67
Income (Loss) before tax from continuing operations	**1,189**	**1,013**	**-2,059**	**1,412**	**2,326**	**1,910**	**897**
Taxes on income from continuing operations	-489	165	1,617	-488	-701	-608	-45
Merger and restructuring-related charges (net of tax)	-38	-48	-182	-86	-68	-321	-164
Effect of purchase cost allocation (net of tax)	-102	-95	-656	-148	-153	-131	-272
Income (Loss) after tax from discontinued operations	-15	65	60	11	-5	970	259
Minority interests	-32	-25	-8	-27	-41	-71	-37
Net income	**513**	**1,075**	**-1,228**	**674**	**1,358**	**1,749**	**638**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

Despite the unfavourable economic climate, the economic results of the first half of 2009 show solid and sustainable performance, as well as significant acceleration in the second quarter of the year.

Operating income

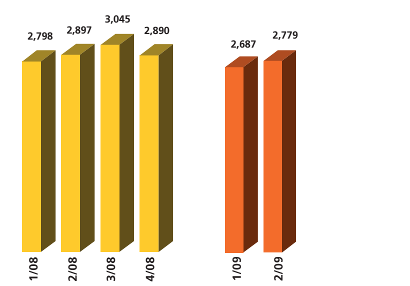
In the first half of 2009, operating income of the Intesa Sanpaolo Group was 8,867 million euro, 7.4% down on the same period in the previous year, but improving on the first quarter of 2009.
The trend shown by comparison between the two years' interim results was largely driven by the decline in fee and commission income (-18.5%), mainly reflecting negative asset management results and the fall in net interest (-4%) caused by the contraction of the mark-down on deposits. By contrast, profits on trading improved, almost doubling on the first half of 2008. In particular, the second quarter of 2009 recorded growing income compared both with the first quarter of the same year, with an increase of 595 million euro, and with the average of the quarters of 2008.

Net interest income

(in millions of euro)

	30.06.2009	30.06.2008	Changes amount	Changes %
Relations with customers	7,042	7,817	-775	-9.9
Relations with banks	14	51	-37	-72.5
Securities issued	-3,174	-3,196	-22	-0.7
Differentials on hedging derivatives	459	-262	721	
Financial assets held for trading	460	507	-47	-9.3
Investments held to maturity	98	135	-37	-27.4
Financial assets available for sale	269	407	-138	-33.9
Non-performing assets	348	284	64	22.5
Other net interest income	-50	-48	2	4.2
Net interest income	**5,466**	**5,695**	**-229**	**-4.0**

Quarterly development of net interest income



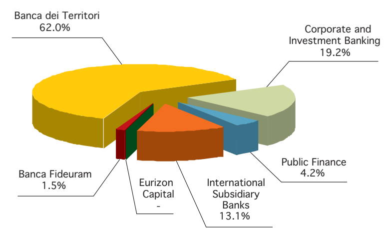
Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

Net interest income for the first six months of 2009 totalled 5,466 million euro, down 4% on the corresponding period of 2008.
Margins from operations with customers, including interest on securities issued and differentials on hedging derivatives, amounted to 4,327 million euro, slightly down (-0.7%) on the first half of 2008. Their performance was mostly affected by the narrowing of spreads on deposits due to rate decreases, which was not completely offset by the increase in mark-up on loans and by the positive impact of greater traded volumes. The result was also influenced by funding policies geared towards liquidity objectives, focusing on stable and well-diversified forms of funding; in parallel, the amount of assets eligible with Central Banks increased. Net interest income from financial investments fell by 21.2%, from 1,049 million euro to 827 million euro, also due to the decline in operations triggered by the financial market crisis.
However, the second quarter shows a 3.4% rise on the first quarter in net interest income from operations with customers (+8.6%), mostly driven by differentials on hedging derivatives.

(in millions of euro)

	30.06.2009	30.06.2008	Changes amount	Changes %
Banca dei Territori	3,369	3,754	-385	-10.3
Corporate and Investment Banking	1,043	746	297	39.8
Public Finance	227	129	98	76.0
International Subsidiary Banks	710	671	39	5.8
Eurizon Capital	1	5	-4	-80.0
Banca Fideuram	85	79	6	7.6
Total business areas	**5,435**	**5,384**	**51**	**0.9**
Corporate Centre	31	311	-280	-90.0
Intesa Sanpaolo Group	**5,466**	**5,695**	**-229**	**-4.0**

Business areas



Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents.

Banca dei Territori, which makes up 62% of business area results, recorded a 10.3% decrease in net interest income, mainly due to the reduced mark-down on deposits. By contrast, the other business areas posted increases, especially thanks to the growth of average loan volumes and to the increase in mark-up due to repricing policies. In particular, they recorded the following net interest income increases: Corporate and Investment Banking +39.8%, Public Finance +76%, International Subsidiary Banks +5.8% and Banca Fideuram +7.6%.

Dividends and profits on investments carried at equity

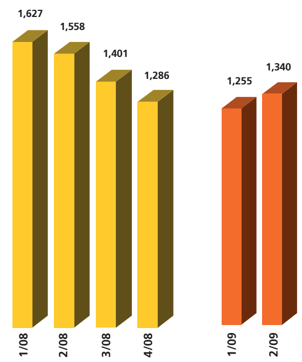
Dividends and profits on investments carried at equity totalled 30 million euro, of which 24 million euro from the stake in the capital of the Bank of Italy. The caption registered a decrease from the 95 million euro of profits recorded in the corresponding period of the previous year, due to the exclusion of contributions from investments disposed of (Agos and Centrale dei Bilanci) and to the generalised worsening of the results recorded by subsidiaries carried at equity, in particular those most exposed to the negative economic cycle. Please note that the dividends relate to non-consolidated companies, excluding those on shares held for trading and AFS securities recorded under profit (loss) on trading.

Net fee and commission income

(in millions of euro)

	30.06.2009	30.06.2008	Changes	
			amount	%
Guarantees given	147	127	20	15.7
Collection and payment services	169	208	-39	-18.8
Current accounts	408	459	-51	-11.1
Credit and debit cards	200	230	-30	-13.0
Commercial banking activities	**924**	**1,024**	**-100**	**-9.8**
Dealing and placement of securities	208	335	-127	-37.9
Currency dealing	27	32	-5	-15.6
Portfolio management	499	783	-284	-36.3
Distribution of insurance products	331	416	-85	-20.4
Other	117	123	-6	-4.9
Management, dealing and consultancy activities	**1,182**	**1,689**	**-507**	**-30.0**
Other net fee and commission income	**489**	**472**	**17**	**3.6**
Net fee and commission income	**2,595**	**3,185**	**-590**	**-18.5**

Quarterly development of net fee and commission income



Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

Net fee and commission income for the period came to 2,595 million euro, down 18.5% compared to the first half of 2008. Investors' preference for liquid, low-risk investments led to a significant drop in fee and commission income, intensified by the decline in recurring commissions, which was due to the reduction in assets under management, in fund and financial policy placements, and lastly to the loss of up-front commissions on third-party bonds' placements, which was also due to the policy choice of focusing on the Group's own liquidity. On this point, please note that in the current financial year, the focus has been on placing own bonds, which lack up-front income components.

Commercial banking activities generated net fee and commission income of 924 million euro (-9.8% compared to the first half of 2008). This decrease was driven by the contraction in commissions on current accounts (-51 million euro), attributable to the increasing popularity of low-cost current accounts, and by the fall in commissions on collection and payment services (-39 million euro) and on credit and debit cards (-30 million euro) also owing to the unfavourable economic climate and the consequent contraction of consumption; conversely, commissions on guarantees given recorded a positive trend (+15.7%).

Management, dealing and consultancy overall generated net fee and commission income of 1,182 million euro, 30% down with respect to the first half of 2008. The decrease is attributable to the negative performance of assets under management, influenced by financial market volatility. In fact, the greatest decline took place in portfolio management, more specifically collective and individual asset management, down by 284 million euro (-36.3%), followed by the financial product placement, which fell by 127 million euro (-37.9%). Commissions on distribution of insurance products fell by 85 million euro. Smaller decreases were recorded in Fee and commission income from currency dealing (-5 million euro) and in subcaption Other (- 6 million euro).

In contrast, Other net fee and commission income recorded an increase (+3.6%), thanks to the growth in structured financing activity.

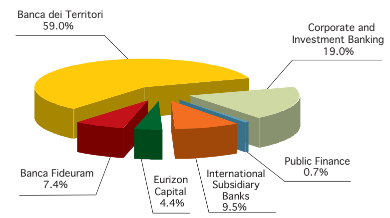
In the second quarter of 2009, fee and commission income rose 6.8% on the first quarter, halting the negative trend that had continued since 2008. The reversal was mainly driven by the growth in commissions from management, dealing and consultancy services (+13%), by the significant increase in income from the placement of financial products, and, to a lesser extent, by the growth in commercial banking activities (+1.7%).

(in millions of euro)

	30.06.2009	30.06.2008	Changes	
			amount	%
Banca dei Territori	1,585	2,005	-420	-20.9
Corporate and Investment Banking	511	448	63	14.1
Public Finance	18	24	-6	-25.0
International Subsidiary Banks	255	297	-42	-14.1
Eurizon Capital	118	180	-62	-34.4
Banca Fideuram	200	258	-58	-22.5
Total business areas	**2,687**	**3,212**	**-525**	**-16.3**
Corporate Centre	-92	-27	65	
Intesa Sanpaolo Group	**2,595**	**3,185**	**-590**	**-18.5**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents.

Business areas



Breakdown by business areas shows that the decrease in net fees and commissions from the first half of 2008 is mainly attributable to Banca dei Territori (-20.9%), which accounts for 59% of total fee and commission income from the business units; this decline was mainly driven by the contraction in financial product placement. Reductions were also recorded by Eurizon Capital (-34.4%), due to the outflows of mutual funds, by Banca Fideuram (-22.5%), owing to portfolio reorganisation favouring less profitable components and by International Subsidiary Banks (-14.1%) affected by the decline in indirect customer deposits. Public Finance also posted a decline, albeit of a lesser amount (- 6 million euro), mainly due to the lower income from structuring activities on behalf of customers. An opposite trend was recorded by Corporate and Investment Banking, with an increase in net fees and commissions (+14.1%) attributable to the investment banking segment and especially to the primary market (equity and debt capital markets) and to M&A advisory activity.

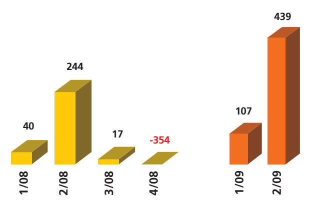
Profits (Losses) on trading

(in millions of euro)

	30.06.2009	30.06.2008	Changes	
			amount	%
Interest rates	299	167	132	79.0
Capital instruments	199	-141	340	
Currencies	124	238	-114	-47.9
Structured credit products	-75	-203	-128	-63.1
Credit derivatives	-2	43	-45	
Commodity derivatives	6	-7	13	
Trading result	**551**	**97**	**454**	
Trading on AFS securities and financial liabilities	**-5**	**187**	**-192**	
Profits (Losses) on trading	**546**	**284**	**262**	**92.3**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

Quarterly development of profits (losses) on trading



The first half of 2009 saw a recovery in profits on trading, which became more marked in the second quarter. Profits came to 546 million euro, almost double the figure from the first six months of 2008; the main contributing factors were greater market profits, and the return to profitability of proprietary trading and treasury activities and of structured credit products.

In particular, interest rate activities (i.e. transactions in debt securities and in exchange rate derivatives) produced profits of 299 million euro, up 8.3% on an annual basis, while equity instrument transactions (on stocks, stock or index derivatives, hedge funds) generated 199 million euro of profits, also thanks to the contribution of dividend payments, concentrated in the second quarter of the year. The substantial change with respect to the first half of 2008 is attributable to the reversal of sign in the results of hedge fund investments (+53 million euro in 2009 against -42 million euro in 2008) and to improved stock market climate, especially in the second quarter of 2009.

Currency trading (foreign exchange and foreign exchange derivatives) recorded profits of 124 million euro, against 238 million euro in 2008, due to the decline in foreign currency transactions caused by the narrowing of the USD/Euro spread, and to the lower contribution from foreign subsidiaries.

Structured credit products recorded a loss of 75 million euro, which however was markedly lower than the 203 million euro loss of the first half of 2008 and also pertain entirely to the first quarter of 2009.

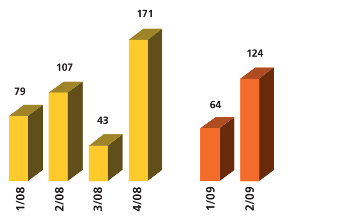
Lastly, this caption also includes the profits from the management of securities classified as financial assets available for sale (which decreased markedly, since last year they included the profit from the sale of a large investment which was no longer strategic) and the effects of the fair value recording of financial liabilities issued, through exercise of the "fair value option", as to the component linked to creditworthiness assessment, which is clearly not subject to dynamic management hence has no correlation with the other trading profit components.
In the second quarter, the improved market climate, as already mentioned, led to profits of 439 million euro, a marked increase on the first quarter, mainly driven by the equity market and by the fact that no further adjustments to structured credit derivatives were needed.

Income from insurance business

(in millions of euro)

	30.06.2009			30.06.2008			Changes	
	Life	Non-life	**Total**	Life	Non-life	**Total**	**amount**	**%**
Premiums and payments [(a)]	-168	54	-114	118	61	179	-293	
net premiums	*2,465*	*72*	*2,537*	*875*	*80*	*955*	*1,582*	
net charges for claims and surrendering of policies	*-1,966*	*-18*	*-1,984*	*-2,477*	*-19*	*-2,496*	*-512*	*-20.5*
net charges for changes in technical reserves	*-667*	*-*	*-667*	*1,720*	*-*	*1,720*	*-2,387*	
Net income from financial instruments designated at fair value through profit and loss [(b)]	280	-	280	-103	-	-103	383	
Net income from securities (including UCI) classified as Financial assets available for sale and Financial assets held for trading [(c)]	307	5	312	354	5	359	-47	-13.1
Other income/charges from insurance business [(d)]	-249	-41	-290	-218	-31	-249	41	16.5
Income from insurance business	**170**	**18**	**188**	**151**	**35**	**186**	**2**	**1.1**

Quarterly development of income from insurance business



Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

[(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 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.

In the first half of 2009, income from the insurance business, which includes the revenue items of the Group's life and non-life companies, was 188 million euro, up 1.1% compared to the same period in the previous year.
This performance was driven by the increase in the fair value of the assets underlying index-linked policies, which enabled the release of part of the provisions made at the end of 2008 to increase reserves. Financial management dynamics remains highly volatile and with modest short-term interest rates. It is also influenced by the decrease in amounts under management.
The casualty branch recorded a decline in income due to a worse claim/premium ratio and to the increase in commissions paid.
The improvement in income from the insurance business in the second quarter is attributable to the increased contribution from financial management, also thanks to the collection of 24 million euro dividends, and to the already mentioned release of supplementary reserves made possible by the easing of financial market tension which favoured the insurance business; this offset the rise in commissions associated with the increase in production and the decrease in income from the casualty branch.

Other operating income (expenses)

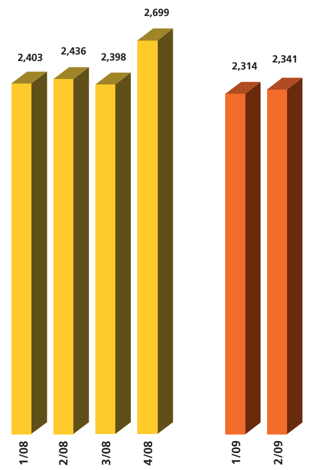
Other operating income (expenses) is a residual caption comprising various types of income and expenses that cannot be recognised in other operating income captions, except expense and tax recoveries that have led to a reduction in administrative expenses. This caption recorded a positive balance of 42 million euro for the period compared with 135 million euro in the first half of 2008, which however included the first payment received under the settlement of the IMI-SIR dispute.

Operating costs

(in millions of euro)

	30.06.2009	30.06.2008	Changes	
			amount	%
Wages and salaries	1,979	2,054	-75	-3.7
Social security charges	509	522	-13	-2.5
Other	271	323	-52	-16.1
Personnel expenses	**2,759**	**2,899**	**-140**	**-4.8**
Information technology expenses	367	367	-	-
Management of real estate assets	379	360	19	5.3
General structure costs	238	259	-21	-8.1
Professional and legal expenses	237	227	10	4.4
Advertising and promotional expenses	76	89	-13	-14.6
Indirect personnel costs	62	75	-13	-17.3
Other costs	178	151	27	17.9
Indirect taxes and duties	329	318	11	3.5
Recovery of expenses and charges	-284	-292	-8	-2.7
Administrative expenses	**1,582**	**1,554**	**28**	**1.8**
Property and equipment	196	218	-22	-10.1
Intangible assets	118	168	-50	-29.8
Adjustments	**314**	**386**	**-72**	**-18.7**
Operating costs	**4,655**	**4,839**	**-184**	**-3.8**

Quarterly development of operating costs



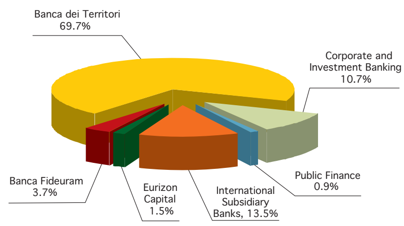
Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

Operating costs for the first half of 2009 amounted to 4,655 million euro, down 3.8% from the first half of 2008, confirming the structural cost reduction launched last year.
In detail: Personnel expenses fell by 4.8% to 2,759 million euro, in line with the human resource optimisation policies adopted, leading to staff downsizing in both period-end and average figures.
Administrative expenses totalled 1,582 million euro, up 1.8% also due to higher taxes, namely non-deductible Infragroup VAT, introduced on 1 January 2009.
Amortisations and depreciations totalled 314 million euro, down 18.7% on the first half of 2008.
In the second quarter of 2009 operating costs grew slightly (+1.2%) compared to the first quarter. This is attributable to the seasonal trend in other administrative expenses, infragroup VAT and to increased advertising expenses. Administrative expenses, on the other hand dropped 2.8% compared with the first quarter of the year.
The cost/income ratio for the period was 52.5%, up from 50.5% in the first half of 2008, mainly due to the fact that the fall in revenues was greater than the reduction in costs. However, this efficiency indicator improved by more than 6 percentage points in the second quarter compared to the first.

(in millions of euro)

	30.06.2009	30.06.2008	Changes	
			amount	%
Banca dei Territori	2,984	3,185	-201	-6.3
Corporate and Investment Banking	460	464	-4	-0.9
Public Finance	39	42	-3	-7.1
International Subsidiary Banks	576	574	2	0.3
Eurizon Capital	62	79	-17	-21.5
Banca Fideuram	159	164	-5	-3.0
Total business areas	**4,280**	**4,508**	**-228**	**-5.1**
Corporate Centre	375	331	44	13.3
Intesa Sanpaolo Group	**4,655**	**4,839**	**-184**	**-3.8**

Business areas



Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents.

The reduction in Group operating costs (-3.8%) was driven by all business units with the sole exception of International Subsidiary Banks. The greatest cost reductions were made by Banca dei Territori (-201 million euro), which accounts for 69.7% of business area costs, followed by Eurizon Capital (-17 million euro). More limited cost savings in absolute terms were recorded by Corporate and Investment Banking (-0.9%), Banca Fideuram (-3%) and Public Finance(-7.1%). The costs of International Subsidiary Banks remained largely stable (+0.3%); conversely, Corporate Centre costs increased (+13.3%).

Operating margin

Operating margin in the first half of 2009 was 4,212 million euro, down 11.2% on the corresponding period of the previous year. This change was generated by the significant contraction of the main income items, which was only partly offset by the reduction in operating costs. Operating margin in the second quarter was higher by 568 million euro (+31.2%) than in the first.

Adjustments to/write-backs on assets

Net provisions for risks and charges

Net provisions for risks and charges totalled 132 million euro, 54 million higher than the first six months of 2008, due to the higher level of provisioning for litigation and revocatory actions and for risks and charges. Net provisions in the second quarter were slightly lower than in the first.

Net adjustments to loans

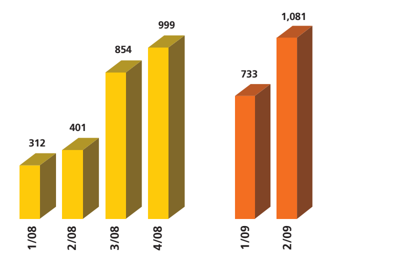
Net adjustments to loans for the first half of 2009 totalled 1,814 million, a sharp increase compared to the same period last year (713 million).
Since autumn 2008, the persistent deterioration of the economic situation has led to a marked increase in non-performing loans, which was paralleled by a corresponding increase in net adjustments to doubtful loans and substandard loans. Adjustments to guarantees given show a negative balance of 25 million euro.
An especially sharp increase was recorded in the gross amount of substandard loans (+3,784 million euro compared to the figure for 2008), requiring overall net adjustments of 942 million euro in the first half of 2009.
Consequently, the already predicted growth of these charges for the year 2009 is confirmed by interim results. Quarterly analysis shows that adjustments to doubtful loans and other non-performing loans increased in the second quarter compared to the first.

(in millions of euro)

	30.06.2009	30.06.2008	Changes	
			amount	%
Doubtful loans	-712	-376	336	89.4
Other non-performing loans	-1,048	-268	780	
Performing loans	-29	-92	-63	-68.5
Net impairment losses on loans	**-1,789**	**-736**	**1,053**	
Net adjustments to guarantees and commitments	**-25**	**23**	**-48**	
Net adjustments to loans	**-1,814**	**-713**	**1,101**	

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation.

Quarterly development of net adjustments to loans



Net impairment losses on other assets

Net impairment losses on assets other than loans in the first half of 2009 totalled 79 million euro, with a sharp increase over the 11 million euro recorded in the first half of 2008; they mainly consist of impairments recorded by Group insurance companies on financial assets available for sale.

Profits (Losses) on investments held to maturity and on other investments

In the first six months of 2009, profits (losses) on investments held to maturity or on other investments amounted to 15 million euro, compared to 297 million euro for the same period of the previous year, which had benefited from the capital gains from the disposal of Agos (268 million euro). The interim amount for 2009 is mainly attributable to the capital gains from the disposal of SI Holding (13 million euro).

Income before tax from continuing operations

Income before tax from continuing operations totalled 2,202 million euro, down 48% from the first six months of 2008. The decrease was driven not only by the fall in fee and commission income and, to a lesser extent, in interest margin, but also by net adjustments to loans, which registered a more than twofold increase due to the deterioration of loan portfolio quality. Despite the greater impairment losses on loans, the second quarter recorded a 17.4% growth compared to the first quarter of 2009, with income before tax from continuing operations rising from 1,013 to 1,189 million euro.

Other income and expense captions

Taxes on income from continuing operations

Income tax for the period, both current and deferred, registered provisions of 324 million euro, against 1,309 million euro in the first half of 2008. The decrease is attributable to the positive effect (arising from the difference between the full-rate deferred taxation - recorded in the income statement - and the reduced-rate substitute tax charge) generated by the redemption of intangible assets already mentioned in the Interim Statement as at 31 March 2009 and of the employee termination indemnities, carried out after the first quarter. Overall, these positive effects amount to 537 million euro. Net of these effects, the tax rate, significantly affected by the non-deductibility of adjustments to loans for IRAP, came to 39%.

Merger and restructuring-related charges (net of tax)

Net of tax effects, merger and restructuring-related charges amounted to 86 million euro, significantly lower than the 389 million euro of the first half of 2008, thanks to the end of charges for employees' access to the Solidarity Allowance, pursuant to Ministerial Decree 158/2000, and thanks to the decrease in merger and restructuring-related IT and consulting costs.

Effect of purchase cost allocation (net of tax)

This caption comprises charges attributable to the revaluation of loans, debts, real estate and the recognition of new intangible assets, in application of IFRS 3, upon recognition of acquisition transactions. The decrease is due to the distribution of amortisations along a steep downward curve.

Income (Loss) from discontinued operations (net of tax)

Income (loss) after tax from discontinued operations, amounting to 50 million euro, was mainly the result of capital gains from the sale of Cassa di Risparmio di Orvieto and some Group branches operating in the provinces of Pistoia and La Spezia, completed in March 2009.
The result compares to the 965 million euro income for the first half of 2008, which included capital gains from the sale of 198 branches to Veneto Banca, Credito Valtellinese, Banca Popolare di Bari, Banca Popolare Alto Adige and Banca Carige, and the income they generated before disposal.

Net income

The Group closed the first half of 2009 with a net income of 1,588 million euro, against 3,107 million euro for the same period of the previous year.
The different macroeconomic context in the two half-years and the different structure of their income statements make their respective results non-comparable.
The Group's performance is more effectively illustrated by comparison between the first two quarters of 2009. In fact, the second quarter of the year recorded a net income of 513 million euro, down 562 million euro (-52.3%) from the first quarter due to the non-recurring impact of deferred taxation. Excluding this and the other non-recurring components, net income for the second quarter was slightly higher than the first quarter.

Balance sheet aggregates

General aspects

A condensed balance sheet has been prepared to permit a more immediate understanding of results for the period. The comparative figures did not need to be restated since the non-current assets held for sale and the discontinued operations at mid-year and the changes in the scope of consolidation in the first half of the year were of negligible amounts. With respect to the model provided in Bank of Italy Circular 262/05, as usual some captions have been aggregated, and their related breakdowns are provided in separate tables as attachments to the financial statements, also in accordance with Consob instructions (Communication 6064293 of 28 July 2006).

Aggregations of captions referred to:

– the inclusion of Cash and cash equivalents in the residual caption Other assets;
– the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios in Other assets/liabilities;
– the inclusion of technical insurance reserves reassured with third parties in other assets;
– 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 into 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 any treasury shares.

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

Reclassified balance sheet

(in millions of euro)

Assets	30.06.2009	31.12.2008	Changes	
			amount	%
Financial assets held for trading	74,750	61,080	13,670	22.4
Financial assets designated at fair value through profit and loss	20,958	19,727	1,231	6.2
Financial assets available for sale	32,802	29,083	3,719	12.8
Investments held to maturity	5,241	5,572	-331	-5.9
Due from banks	50,218	56,371	-6,153	-10.9
Loans to customers	386,324	395,189	-8,865	-2.2
Investments in associates and companies subject to joint control	3,620	3,230	390	12.1
Property, equipment and intangible assets	31,778	32,406	-628	-1.9
Tax assets	7,239	7,495	-256	-3.4
Non-current assets held for sale and discontinued operations	1	1,135	-1,134	
Other assets	25,511	24,845	666	2.7
Total Assets	**638,442**	**636,133**	**2,309**	**0.4**

Liabilities and Shareholders' Equity	30.06.2009	31.12.2008	Changes	
			amount	%
Due to banks	47,301	51,745	-4,444	-8.6
Due to customers and securities issued	416,530	405,778	10,752	2.6
Financial liabilities held for trading	41,327	45,870	-4,543	-9.9
Financial liabilities designated at fair value through profit and loss	25,922	25,119	803	3.2
Tax liabilities	2,908	4,461	-1,553	-34.8
Liabilities associated with non-current assets held for sale and discontinued operations	-	1,021	-1,021	
Other liabilities	26,565	26,368	197	0.7
Technical reserves	20,803	20,248	555	2.7
Allowances for specific purpose	5,242	5,469	-227	-4.2
Share capital	6,647	6,647	-	-
Reserves	43,548	41,166	2,382	5.8
Valuation reserves	-1,041	-1,412	-371	-26.3
Minority interests	1,102	1,100	2	0.2
Net income	1,588	2,553	-965	-37.8
Total Liabilities and Shareholders' Equity	**638,442**	**636,133**	**2,309**	**0.4**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

Quarterly development of the reclassified balance sheet

(in millions of euro)

Assets	2009		2008			
	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	74,750	78,862	61,080	49,560	54,853	53,273
Financial assets designated at fair value through profit and loss	20,958	20,218	19,727	20,479	20,915	20,499
Financial assets available for sale	32,802	32,493	29,083	30,687	36,906	38,763
Investments held to maturity	5,241	5,461	5,572	5,763	5,976	5,709
Due from banks	50,218	47,672	56,371	75,160	71,077	69,881
Loans to customers	386,324	387,486	395,189	383,664	370,907	359,434
Investments in associates and companies subject to joint control	3,620	3,340	3,230	3,295	3,186	3,239
Property, equipment and intangible assets	31,778	32,126	32,406	34,947	34,844	33,103
Tax assets	7,239	7,439	7,495	4,159	4,158	3,766
Non-current assets held for sale and discontinued operations	1	69	1,135	3,973	4,327	4,186
Other assets	25,511	24,138	24,845	22,428	20,823	17,198
Total Assets	**638,442**	**639,304**	**636,133**	**634,115**	**627,972**	**609,051**

Liabilities and Shareholders' Equity	2009		2008			
	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	47,301	48,049	51,745	64,135	62,786	71,223
Due to customers and securities issued	416,530	411,113	405,778	406,647	392,328	366,401
Financial liabilities held for trading	41,327	48,749	45,870	27,946	29,831	29,988
Financial liabilities designated at fair value through profit and loss	25,922	25,151	25,119	25,837	26,512	26,905
Tax liabilities	2,908	4,568	4,461	3,998	4,040	4,929
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	1,021	2,408	2,735	2,480
Other liabilities	26,565	25,845	26,368	24,054	29,821	27,023
Technical reserves	20,803	19,799	20,248	21,151	21,783	22,540
Allowances for specific purpose	5,242	5,452	5,469	6,064	6,531	6,601
Share capital	6,647	6,647	6,647	6,647	6,647	6,647
Reserves	43,548	43,697	41,166	41,098	41,109	41,154
Valuation reserves	-1,041	-1,905	-1,412	-714	-299	-49
Minority interests	1,102	1,064	1,100	1,063	1,041	1,460
Net income	1,588	1,075	2,553	3,781	3,107	1,749
Total Liabilities and Shareholders' Equity	**638,442**	**639,304**	**636,133**	**634,115**	**627,972**	**609,051**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

Loans to customers

(in millions of euro)

	30.06.2009	% breakdown	31.12.2008	% breakdown	Changes amount	Changes %
Current accounts	35,126	9.1	37,942	9.6	-2,816	-7.4
Mortgages	167,574	43.4	168,876	42.7	-1,302	-0.8
Advances and other loans	138,781	35.9	153,174	38.8	-14,393	-9.4
Repurchase agreements	9,651	2.5	8,177	2.1	1,474	18.0
Loans represented by securities	18,547	4.8	15,496	3.9	3,051	19.7
Non-performing loans	16,645	4.3	11,524	2.9	5,121	44.4
Loans to customers	**386,324**	**100.0**	**395,189**	**100.0**	**-8,865**	**-2.2**

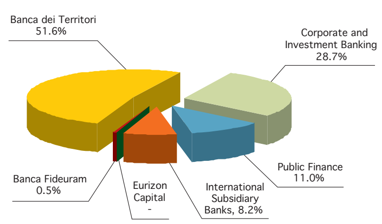
Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

At 30 June 2009, Intesa Sanpaolo recorded a 2.2% decrease in loans to customers compared to the previous year-end figure. This result was affected by a difficult market reflecting the ongoing financial and economic crisis.
The evolution of loans was mainly penalised by the reduction in loans and advances (-9.4%) and current accounts (-7.4%), technical forms used especially by companies, and which are affected by the current market sluggishness. The continuing weak demand for funds by households had a lesser impact on mortgages, which only decreased by 0.8%. On the other hand, loans represented by securities increased (+19.7%), intensifying the trend already recorded in the first quarter, and mainly driven by the transformation of some unfunded structured credit products (derivatives) into funded products (securities) and their subsequent classification under loans, and repurchase agreements (+18%). With regard to portfolio risk, non-performing loans saw a 44.4% increase in the period, and their ratio to total loans rose to 4.3%.
In the domestic medium-/long-term loan market, disbursements to households totalled 8 billion euro and those to businesses exceeded 4 billion euro.
As at 30 June 2009, the Group's share of the domestic market (calculated on the harmonised time-series defined for eurozone countries) was 16.8% for total loans, down 0.6% from December 2008. The decrease is mainly attributable to loans to the Public Administration and, to a lesser extent, to short-term loans to household and businesses. In contrast, the Group performed better than the overall banking system with regard to doubtful loans, decreasing its market share by more than 2% in the period.

(in millions of euro)

	30.06.2009	31.12.2008	Changes amount	Changes %
Banca dei Territori	187,878	192,950	-5,072	-2.6
Corporate and Investment Banking	104,403	112,837	-8,434	-7.5
Public Finance	40,183	38,830	1,353	3.5
International Subsidiary Banks	29,978	29,847	131	0.4
Eurizon Capital	-	-	-	-
Banca Fideuram	1,872	1,802	70	3.9
Total business areas	**364,314**	**376,266**	**-11,952**	**-3.2**
Corporate Centre	22,010	18,923	3,087	16.3
Intesa Sanpaolo Group	**386,324**	**395,189**	**-8,865**	**-2.2**

Business areas



Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

Breakdown of loans by business area shows a 2.6% decrease for Banca dei Territori, which accounts for over half the aggregate of the Group's business areas; the decrease was driven by a reduction in short-term loans whereas medium-/long term loans remained broadly stable. The Corporate and Investment Banking Division also recorded a decrease (-7.5%) reflecting both a temporary decline in disbursements to large corporate customers and a reduction in Banca IMI's reverse repo transactions with institutional operators and financial intermediaries. On the other hand, loans to the public work and infrastructure sector, handled by BIIS increased (+ 3.5%), due to the new transactions completed during the half-year.

The rise in Corporate Centre loans was mostly driven by reverse repurchase agreements with the Cassa di Compensazione e Garanzia.

Loans to customers: loan portfolio quality

(in millions of euro)

	30.06.2009		31.12.2008		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Doubtful loans	4,542	1.2	3,968	1.0	574
Substandard	8,409	2.2	5,291	1.3	3,118
Restructured loans	1,868	0.5	399	0.1	1,469
Past due loans	1,826	0.4	1,866	0.5	-40
Non-performing loans	**16,645**	**4.3**	**11,524**	**2.9**	**5,121**
Performing loans	351,132	90.9	368,169	93.2	-17,037
Performing loans represented by securities	18,547	4.8	15,496	3.9	3,051
Loans to customers	**386,324**	**100.0**	**395,189**	**100.0**	**-8,865**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

At the end of the first half of 2009, the Group recorded an increase in non-performing loans in both gross terms (+29.3%) and net of adjustments (+44.4%). This trend led to a higher incidence of non-performing loans on total loans to customers, increasing from 2.9% to 4.3%. As at 30 June 2009, the coverage of non-performing loans, pursued through prudent provisioning policies extended to all commercial banks, totalled 43.1%, compared to 49% recorded at the end of 2008. The decrease is mainly due to the inclusion of a position of a significant amount under restructured loans, deemed fully recoverable following the restructuring transaction performed. With respect to doubtful loans, the coverage ratio decreased slightly from 69.6% to 68.6%.
In particular, in the first half of 2009, doubtful loans totalled 4,542 million euro, with a 574 million euro rise from the beginning of the year; the incidence on total loans to customers was 1.2%, with a coverage ratio of 69%.
Substandard loans, 8,409 million euro, recorded a 58.9% rise with respect to 31 December 2008. This is due to new positions of a significant amount, which however have high guarantee coverage, and thus only required limited provisioning; their incidence on total loans increased to 2.2% with a coverage ratio of 22%.
Restructured loans, totalling 1,868 million euro, showed an increase over the 399 million euro at 31 December 2008 mainly due to the abovementioned new position; their coverage ratio is 5%.
Past due loans amounted to 1,826 million euro, with a 40 million euro decrease and a 9% coverage ratio.
Cumulated collective adjustments on performing loans came to 0.7% of gross exposure relating to loans to customers, stable with respect to the figure recorded at the end of the previous year. The risk associated with the performing loan portfolio is calculated collectively on the basis of the risk configuration of the entire portfolio analysed by means of models that consider the Probability of Default (PD) and Loss Given Default (LGD) for each loan.

Customer financial assets

(in millions of euro)

	30.06.2009		31.12.2008		Changes	
		% breakdown		% breakdown	amount	%
Direct customer deposits	442,452	44.4	430,897	43.8	11,555	2.7
Indirect customer deposits	578,996	58.2	577,144	58.7	1,852	0.3
Netting [a]	-25,683	-2.6	-24,888	-2.5	795	3.2
Customer financial assets	**995,765**	**100.0**	**983,153**	**100.0**	**12,612**	**1.3**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

[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).

As at 30 June 2009 customer financial assets amounted to 996 billion euro, up 1.3% on the beginning of the year, due to the increase in direct customer deposits and to the positive performance of indirect customer deposits, both under administration and under management.
As to asset management, the evolution of the aggregate (+0.2%) benefited from an improvement in financial market performance in the second quarter, which offset the negative net inflows. In fact mutual funds redemption transactions on the part of investors continued, especially as to the types with higher equity component, leading to significant outflows of funds from the Group and the banking system.

Direct customer deposits

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

(in millions of euro)

	30.06.2009		31.12.2008		Changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	207,116	46.8	202,559	47.0	4,557	2.2
Repurchase agreements and securities lending	9,522	2.2	8,528	2.0	994	11.7
Bonds	122,768	27.7	119,752	27.8	3,016	2.5
of which designated at fair value [*]	*3,871*	*0.9*	*3,878*	*0.9*	*-7*	*-0.2*
Certificates of deposit	31,716	7.2	30,899	7.2	817	2.6
Subordinated liabilities	20,790	4.7	20,031	4.6	759	3.8
Financial liabilities of the insurance business designated at fair value [*]	22,051	5.0	21,241	4.9	810	3.8
Other deposits	28,489	6.4	27,887	6.5	602	2.2
of which designated at fair value [*]	-	-	-	-	-	-
Direct customer deposits	**442,452**	**100.0**	**430,897**	**100.0**	**11,555**	**2.7**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

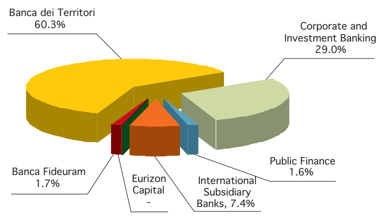
[*] Figures included in the Balance sheet under Financial liabilities designated at fair value through profit and loss.

Direct customer deposits amounted to 442 billion euro, increasing by over 11 billion euro (+2.7%) compared to the 2008 year-end figure. The lower propensity for risk of households and the persistent cuts in interest rates encouraged investors to favour investments in high-rated bank securities. The itemised analysis shows that all types of facilities contributed to the increase, in particular current accounts and deposits (+2.2%) and bonds (+2.5%), which overall contributed over 7 billion euro to growth. Positive performances were also recorded in repurchase agreements and securities lending (+11.7%), financial liabilities in the insurance segment (+3.8%), certificates of deposit (+2.6%), subordinated liabilities (+3.8%) and other deposits (+2.2%).
At the end of the first half of 2009 the Group's domestic market share (according to the ECB's harmonised definition) totalled 18.1%, in line with the figure recorded at the end of the previous year.

(in millions of euro)

	30.06.2009	31.12.2008	Changes	
			amount	%
Banca dei Territori	223,174	218,225	4,949	2.3
Corporate and Investment Banking	107,359	91,813	15,546	16.9
Public Finance	5,706	5,205	501	9.6
International Subsidiary Banks	27,475	28,212	-737	-2.6
Eurizon Capital	-	-	-	-
Banca Fideuram	6,154	6,583	-429	-6.5
Total business areas	**369,868**	**350,038**	**19,830**	**5.7**
Corporate Centre	72,584	80,859	-8,275	-10.2
Intesa Sanpaolo Group	**442,452**	**430,897**	**11,555**	**2.7**

Business areas



Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

The breakdown by Group business areas shows that Banca dei Territori, which made up 60% of the total aggregate attributable to the business areas, recorded a 2.3% increase, benefiting from the increase in funding through securities. The Corporate and Investment Banking Division (+16.9%) also benefited from expansion in deposits through securities, driven by the placement of Banca IMI bonds. Public Finance deposits also rose (+9.6%), driven by the increase in overdraft liquidity by counterparties. On the other hand, deposits by International Subsidiary Banks (-2.6%) and Banca Fideuram (-6.5%) decreased.

Indirect customer deposits

(in millions of euro)

	30.06.2009		31.12.2008		Changes	
		% breakdown		% breakdown	amount	%
Mutual funds	78,789	13.6	81,975	14.2	-3,186	-3.9
Open-ended pension funds and individual pension plans	3,183	0.6	3,014	0.5	169	5.6
Portfolio management	60,236	10.4	59,254	10.3	982	1.7
Life technical reserves and financial liabilities	61,793	10.7	59,785	10.3	2,008	3.4
Relations with institutional customers	10,106	1.7	9,758	1.7	348	3.6
Assets under management	**214,107**	**37.0**	**213,786**	**37.0**	**321**	**0.2**
Assets under administration and in custody	**364,889**	**63.0**	**363,358**	**63.0**	**1,531**	**0.4**
Indirect customer deposits	**578,996**	**100.0**	**577,144**	**100.0**	**1,852**	**0.3**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

Indirect customer deposits came to 579 billion euro, up 1.9 billion euro from 31 December 2008 (+0.3%), thus reversing the negative trend recorded up to the first quarter of 2009.
Asset management, accounting for 37% of the aggregate, reached 214 billion euro (+0.2%). Positive contributors were the insurance policies (+3.4%) and portfolio management (+1.7%) which offset the decline of mutual funds (-3.9%). In the insurance segment, new EurizonVita, Intesa Vita, Sud Polo Vita and Centro Vita Assicurazioni business totalled 5.2 billion euro in the first half of the year, up from the same period of 2008.
Assets under administration posted a modest increase (+0.4%), attributable to the positive performance of positions in securities of institutional customers (+26%) which offset the decrease of securities and of third-party products deposited under administration by ordinary customers (-10%).

Financial assets and liabilities

(in millions of euro)

	30.06.2009	31.12.2008	Changes	
			amount	%
Financial assets held for trading	74,750	61,080	13,670	22.4
of which derivatives at fair value	*38,934*	*42,302*	*-3,368*	*-8.0*
Financial assets designated at fair value through profit and loss	20,958	19,727	1,231	6.2
Financial assets available for sale	32,802	29,083	3,719	12.8
Investments held to maturity	5,241	5,572	-331	-5.9
Total financial assets	**133,751**	**115,462**	**18,289**	**15.8**
Financial liabilities held for trading	**41,327**	**45,870**	**-4,543**	**-9.9**
of which derivatives at fair value	*39,773*	*44,110*	*-4,337*	*-9.8*

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

The table above illustrates the breakdown of financial assets and the total financial liabilities held for trading. Financial liabilities designated at fair value, referring to insurance business and certain bond loan issues designated at fair value, are not represented as these are included in the direct deposits aggregate.
In detail, financial assets held for trading increased from 61 to 75 billion euro, due to Banca IMI's increased investment in government securities and temporary liquidity investments in BOT (Treasury Bonds) by the Parent Company in place of the lower-yield interbank loans.
Financial assets available for sale relate as to about half to the Group's insurance companies; their increase since the beginning of the year is largely attributable to Banca IMI, which purchased securities to build a portfolio of medium-/long-term bonds, with a view to exploiting the bank's capital soundness to enhance profitability and its proven funding capacity, while also limiting income statement volatility from short-term price fluctuations.
There were no significant changes in financial assets designated at fair value through profit and loss and investments held to maturity.

The amounts indicated in the table reflect the reclassifications performed in October 2008 as permitted under the IAS 39 amendment. As specified in the 2008 Annual Report, in "Reclassification of financial assets" issued last October, the IASB made changes to IAS 39 in relation to the reclassification of financial instruments, and to IFRS 7 with regard to related disclosures. These amendments were endorsed by the European Commission on 15 October 2008 with immediate effect.
The Intesa Sanpaolo Group identified certain securities - mainly consisting of bonds not quoted on active markets and certain loans originally classified under trading assets or under assets available for sale not subject to impairment risk - which due to present and prospective market conditions, could not longer be managed actively and which it deemed preferable to keep in portfolio. These assets have therefore been reclassified to the loans category and are measured at amortised cost from the time of their reclassification. Furthermore, certain structured credit products held by Intesa Sanpaolo and Banca IMI, and some securities in the portfolio of Banca Infrastrutture Innovazione e Sviluppo issued by local authorities or arising from securitisations were reclassified, also to align the accounting system of the two banks (BIIS and OPI) operating in public finance and merged as of 1 January 2008. As to the loan portfolio, certain syndicated loans originally intended for placement with other financial institutions were also reclassified.
Lastly, in 2009, consistent with the fall-off in trading and the liquidity crisis slowdown, a process was started to transform unfunded structured credit products (derivatives) into funded products (securities), followed by their classification under the loans portfolio.
In accordance with the provisions established by the aforementioned accounting document, reclassifications were carried out for a total of 11,555 million euro in terms of nominal value at 30 June 2009. Of these:
– 8,809 million euro by 1 November 2008 and therefore taking as reference the value of these assets as at 1 July 2008 if already present as at that date in the portfolio, or with reference to the purchase price, if this took place after 1 July 2008, or at nominal value for loans issued after that date;
– 2,746 million euro were reclassified after 1 November 2008 and therefore on the basis of fair value as at the date of reclassification; the latter figure largely refers to reclassifications carried out in the first half of 2009 concerning, as described in greater detail in the chapter on structured credit products, unfunded trading instruments (derivatives) transformed into funded instruments (securities), and subsequently reclassified to loans.

The table below illustrates the stock of securities subject to reclassification included in the portfolio as at 30 June 2009, with related effects on the income statement and shareholders' equity reserves deriving from the transfer from designation at fair value to measurement at amortised cost.

(in millions of euro)

Type of instrument	Previous classification	New classification	Nominal value	Book value after reclassification	Fair value as at 30.06.2009	Impact on the income statement for 2008 (before tax)	Impact on shareholders' equity reserves as at 31.12.2008 (before tax)	Impact on the income statement for the 1st half of 2009 (before tax)	Impact on shareholders' equity reserves as at 30.06.2009 (before tax)
Debt securities	Financial assets held for trading	Loans	4,937	4,580	4,076	432	-	72	-
Debt securities	Financial assets held for trading	Financial assets available for sale	130	121	121	16	-16	1	-17
Funds/Stocks	Financial assets held for trading	Financial assets available for sale	111 (*)	105	105	11	-11	-5	-6
Debt securities	Financial assets available for sale	Loans	5,961	5,855	5,140	-	838	-	715
Loans	Financial assets available for sale	Loans	416	417	399	-	51	-	18
Total reclassification			**11,555**	**11,078**	**9,841**	**459**	**862**	**68**	**710**

(*) Book value as at the date of reclassification

If the Group had not taken up the option to reclassify the abovementioned financial assets, additional negative amounts totalling 459 million euro would have been recognised in the income statement in the last financial year, and 68 million in the current year; with regard to valuation reserves under shareholders' equity, partial fair value recoveries decreased the total benefit from the reclassification at the end of the half year, with a total decreasing from 862 million euro at 31 December 2008 to 710 million euro at 30 June 2009.
The internal rate of return of the reclassified portfolio was 3.5% (5.4% as at 31 December 2008).
Lastly, as a result of the abovementioned reclassifications, additional interest income of 16 million euro was recorded as the recovery on an accrual basis of the loss recognised upon reclassification, and net losses of 18 million euro were recorded in relation to repayments, disposals or write-downs that took place after the reclassification.

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

(in millions of euro)

	30.06.2009		31.12.2008		Changes	
		% breakdown		% breakdown	amount	%
Bonds and other debt securities held for trading and designated at fair value through profit and loss	45,888	84.4	28,660	81.9	17,228	60.1
of which designated at fair value	*11,977*	*22.0*	*12,112*	*34.7*	*-135*	*-1.1*
Equities and quotas of UCI held for trading and designated at fair value through profit and loss	10,865	20.0	9,816	28.1	1,049	10.7
of which designated at fair value	*8,960*	*16.5*	*7,586*	*21.7*	*1,374*	*18.1*
Other assets designated at fair value through profit and loss	21	-	29	0.1	-8	-27.6
Securities, assets held for trading and financial assets designated at fair value through profit and loss	**56,774**	**104.4**	**38,505**	**110.1**	**18,269**	**47.4**
Financial liabilities held for trading	**-1,554**	**-2.9**	**-1,760**	**-5.0**	**-206**	**-11.7**
Net value of financial derivatives	-340	-0.6	-1,204	-3.4	-864	-71.8
Net value of credit derivatives	-499	-0.9	-604	-1.7	-105	-17.4
Net value of trading derivatives	**-839**	**-1.5**	**-1,808**	**-5.1**	**-969**	**-53.6**
Financial assets / liabilities, net	**54,381**	**100.0**	**34,937**	**100.0**	**19,444**	**55.7**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

Financial assets held for trading, net of the related liabilities, and financial assets designated at fair value through profit and loss amounted to 54 billion euro, up 55.7% compared to the end of 2008. Their value, as we have pointed out, was affected by the previously mentioned reclassification, for an amount close to 5 billion euro, of debt securities reclassified to Loans to customers. For the sake of completeness, please note that liabilities designated at fair value have been included in the aggregate of direct customer deposits.
In detail, the growth was driven by the increase in liquidity and is mainly attributable to debt securities and to the net value of financial derivatives. Conversely, financial liabilities held for trading, including short selling, decreased.

Financial assets available for sale

(in millions of euro)

	30.06.2009		31.12.2008		Changes	
		% breakdown		% breakdown	amount	%
Bonds and other debt securities	29,257	89.2	25,413	87.4	3,844	15.1
Equities and quotas of UCI	3,449	10.5	3,452	11.9	-3	-0.1
Securities available for sale	**32,706**	**99.7**	**28,865**	**99.3**	**3,841**	**13.3**
Loans available for sale	**96**	**0.3**	**218**	**0.7**	**-122**	**-56.0**
Financial assets available for sale	**32,802**	**100.0**	**29,083**	**100.0**	**3,719**	**12.8**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

Financial assets available for sale come to 33 billion euro, increasing 12.8% from 31 December 2008. Similarly to the previous caption, the decline is mostly attributable to the reclassification of about 6 billion euro of assets from the “available for sale” to the “loans” category.
This caption mainly comprises securities available for sale, which increased from year-end 2008, due to the rise in debt securities not held for trading, which came to 29,257 million euro (+15.1%).
Financial assets available for sale are measured at fair value with balancing entry in the specific shareholders' equity reserve.

Net interbank position

At the end of the first half of 2009, net interbank position reverted to positive (+2.9 billion euro) after the slight negative imbalance of 0.4 billion euro recorded at the end of March; at the end of 2008, loans to banks exceeded amounts due to banks by 4.6 billion euro. The trend in the interbank position reflects the favourable liquidity position in relations with customers, and the need to maintain a balance between adequate liquidity and profitability objectives.

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

(in millions of euro)

	30.06.2009	31.12.2008	Changes	
			amount	%
Investments in associates and companies subject to joint control	-	77	-77	
Property and equipment	1	3	-2	-66.7
Other	-	-	-	-
Individual assets	**1**	**80**	**-79**	**-98.8**
Discontinued operations	**-**	**1,055**	**-1,055**	
of which: loans to customers	*-*	*890*	*-890*	
Liabilities associated with non-current assets held for sale and discontinued operations	**-**	**-1,021**	**-1,021**	
Non-current assets held for sale and discontinued operations and related liabilities	**1**	**114**	**-113**	**-99.1**

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

This caption contains assets and related liabilities which no longer refer to continuing operations as they are being disposed of. As at 30 June 2009 the caption had significantly decreased with respect to December 2008, due to the completion, in March 2009, of the disposal of the assets relating to Cassa di Risparmio di Orvieto and of certain Intesa Sanpaolo Group branches in the provinces of Pistoia and La Spezia.

Shareholders' equity

As at 30 June 2009 the Group's shareholders' equity, including net income for the period, totalled 50,742 million euro compared to 48,954 million euro as at 31 December 2008. The change in shareholders' equity is mainly attributable to the trend in reserves, which is linked to the decision to use net income to strengthen the Group's shareholders' equity rather than for the distribution of cash dividends, except for distribution to savings shares – pursuant to the Articles of Association – of dividends equal to 5% of their nominal value, for a total of 24 million euro. No changes in share capital occurred in the first half of the year.

Valuation reserves

(in millions of euro)

	Valuation reserves as at 31.12.2008	Change in the period	Valuation reserves as at 30.06.2009	
				% breakdown
Financial assets available for sale	-1,287	516	-771	74.1
Property and equipment	-	-	-	-
Cash flow hedges	-413	-34	-447	42.9
Legally-required revaluations	343	-	343	-32.9
Other	-55	-111	-166	15.9
Valuation reserves	**-1,412**	**371**	**-1,041**	**100.0**

As at 30 June 2009, valuation reserves recorded a negative balance of 1,041 million euro. The change in the period, up 371 million euro from the beginning of the year, is attributable to the rise in the value of financial assets available for sale, in particular debt securities. Conversely, decreases were recorded by other reserves (-111 million euro) and cash flow hedges (-34 million euro), while legally-required revaluations remained unchanged.

Regulatory capital

(in millions of euro)

Regulatory capital and capital ratios	30.06.2009	31.12.2008
Regulatory capital		
Tier 1 capital	28,442	27,074
of which: preferred shares	*3,000*	*2,998*
Tier 2 capital	14,843	14,748
Minus items to be deducted	-2,827	-2,774
REGULATORY CAPITAL	**40,458**	**39,048**
Tier 3 subordinated loans	30	30
TOTAL REGULATORY CAPITAL	**40,488**	**39,078**
Risk-weighted assets		
Credit and counterparty risks	325,395	335,556
Market risks	14,702	18,046
Operational risks	29,243	29,080
Other risks	400	390
RISK-WEIGHTED ASSETS	**369,740**	**383,072**
Capital ratios %		
Core Tier 1 ratio	6.9	6.3
Tier 1 ratio	7.7	7.1
Total capital ratio	11.0	10.2

In compliance with the provisions of the Bank of Italy Circular 263/2006, in the calculation of capital ratios, elements to be deducted from total regulatory capital 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 contracts which arose prior to 20 July 2006, and as such continue to be deducted from total capital.

As at 30 June 2009, regulatory capital amounted to 40,458 million euro and total capital, including Tier 3 subordinated loans, to 40,488 million euro, against risk-weighted assets of 369,740 million euro, mostly deriving from credit and counterparty risks and, to a lesser extent, from market and operational risks.
Please note that regulatory capital includes 100% of the net income for the period, amounting to 1,588 million euro, since – given the persisting volatility of the economy - it seems premature to envisage a potential allocation of net income for the period, though the intention to resume distribution of cash dividends also on ordinary shares already from year-end 2009, is confirmed.
The Total capital ratio therefore stood at 11.0%, while the Group’s Tier 1 ratio was 7.7%. The ratio of Tier 1 capital net of preferred shares to risk-weighted assets (Core Tier 1) was 6.9%.

Breakdown of consolidated results by business area and geographical area

The organisational model of the Intesa Sanpaolo Group is based on six Business Units: Banca dei Territori, Corporate and Investment Banking, Public Finance, International Subsidiary Banks, Eurizon Capital and Banca Fideuram. In addition there is the Corporate Centre, which includes the Group Treasury Department, for guidance, coordination and control of the whole Group.
Reporting based on segmentation into business areas was adopted in compliance with the management approach principle, in that it reflects operational responsibilities introduced as part of the Group 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.
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 customers (households, personal, small businesses), small and medium-sized enterprises and private customers, creating value through widespread coverage of the country, attention to local market needs and maximising the brands of banks and the companies specialised in medium-/long-term credit and consumer credit under the supervision of this Business Unit. Furthermore, the Division includes the insurance companies that provide services for pension plans and coverage for persons and assets.
The ***Corporate and Investment Banking Division***, dedicated to corporate customers and financial institutions in Italy and abroad, has the task of creating value through the distribution of corporate banking products and services for its customers and through investment banking, capital markets, merchant banking, leasing 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, general contractors and public and private healthcare structures 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 and 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 half of 2009.
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 half of the year; it also illustrates income statement figures, the main balance sheet figures as well as the most significant profitability ratios.
Allocated capital and, consequently, EVA® (Economic Value Added) were determined following the instructions issued by the Bank of Italy in accordance with the Basel 2 regulatory provisions.

(in millions of euro)

	Banca dei Territori	Corporate and Investment Banking	Public Finance	International Subsidiary Banks	Eurizon Capital	Banca Fideuram	Corporate Centre	Total
Operating income								
30.06.2009	5,332	1,902	241	1,090	129	296	-123	8,867
30.06.2008	6,063	1,337	143	1,093	189	341	414	9,580
% change [(a)]	-12.1	42.3	68.5	-0.3	-31.7	-13.2		-7.4
Operating costs								
30.06.2009	-2,984	-460	-39	-576	-62	-159	-375	-4,655
30.06.2008	-3,185	-464	-42	-574	-79	-164	-331	-4,839
% change [(a)]	-6.3	-0.9	-7.1	0.3	-21.5	-3.0	13.3	-3.8
Operating margin								
30.06.2009	2,348	1,442	202	514	67	137	-498	4,212
30.06.2008	2,878	873	101	519	110	177	83	4,741
% change [(a)]	-18.4	65.2		-1.0	-39.1	-22.6		-11.2
Net income								
30.06.2009	779	651	67	162	30	47	-148	1,588
31.03.2008	1,078	529	51	357	32	65	995	3,107
% change [(a)]	-27.7	23.1	31.4	-54.6	-6.3	-27.7		-48.9
Loans to customers								
30.06.2009	187,878	104,403	40,183	29,978	-	1,872	22,010	386,324
31.12.2008	192,950	112,837	38,830	29,847	-	1,802	18,923	395,189
% change [(b)]	-2.6	-7.5	3.5	0.4	-	3.9	16.3	-2.2
Direct customer deposits								
30.06.2009	223,174	107,359	5,706	27,475	-	6,154	72,584	442,452
31.12.2008	218,225	91,813	5,205	28,212	-	6,583	80,859	430,897
% change [(b)]	2.3	16.9	9.6	-2.6	-	-6.5	-10.2	2.7

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

[(a)] The change expresses the ratio between 30.06.2009 and 30.06.2008.

[(b)] The change expresses the ratio between 30.06.2009 and 31.12.2008.

BUSINESS AREAS

Banca dei Territori

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2009	30.06.2008	Changes	
			amount	%
Net interest income	3,369	3,754	-385	-10.3
Dividends and profits (losses) on investments carried at equity	82	29	53	
Net fee and commission income	1,585	2,005	-420	-20.9
Profits (Losses) on trading	83	57	26	45.6
Income from insurance business	190	187	3	1.6
Other operating income (expenses)	23	31	-8	-25.8
Operating income	**5,332**	**6,063**	**-731**	**-12.1**
Personnel expenses	-1,729	-1,832	-103	-5.6
Other administrative expenses	-1,228	-1,322	-94	-7.1
Adjustments to property, equipment and intangible assets	-27	-31	-4	-12.9
Operating costs	**-2,984**	**-3,185**	**-201**	**-6.3**
Operating margin	**2,348**	**2,878**	**-530**	**-18.4**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-43	-40	3	7.5
Net adjustments to loans	-876	-520	356	68.5
Net impairment losses on other assets	-58	16	-74	
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**1,371**	**2,334**	**-963**	**-41.3**
Taxes on income from continuing operations	-421	-757	-336	-44.4
Merger and restructuring-related charges (net of tax)	-59	-286	-227	-79.4
Effect of purchase cost allocation (net of tax)	-133	-194	-61	-31.4
Income (Loss) after tax from discontinued operations	54	12	42	
Minority interests	-33	-31	2	6.5
Net income	**779**	**1,078**	**-299**	**-27.7**
Allocated capital	10,152	10,425	-273	-2.6
Profitability ratios (%)				
Cost / Income ratio	56.0	52.5	3.5	6.7
ROE	15.5	20.8	-5.3	-25.6
EVA® (in millions of euro)	538	1,162	-624	-53.7

	30.06.2009	31.12.2008	Changes	
			amount	%
Loans to customers	187,878	192,950	-5,072	-2.6
Direct customer deposits	223,174	218,225	4,949	2.3
of which: due to customers	*138,541*	*140,068*	*-1,527*	*-1.1*
securities issued	*62,582*	*56,916*	*5,666*	*10.0*
financial liabilities designated at fair value through profit and loss	*22,051*	*21,241*	*810*	*3.8*

Figures restated on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents.

Following approval in December 2008 of the reinforcement project for the Banca dei Territori Division, which aims to improve commercial efficiency in the areas covered and to relaunch marketing for the development of new products and services, at the same time maintaining adequate cost control, the territorial structure is divided into 8 Regional Governance Centres to coordinate 22 Areas/Network Banks, designed to guarantee optimum territorial coverage and standardised sizing in terms of numbers of branches and resources assigned.
In the Division, the Retail Marketing Department handles the Households (individual customers with financial assets under 100,000 euro), Personal (individual customers with financial assets of 100,000 euro - 1 million euro) and Small Businesses segments (family businesses and small enterprises with a turnover under 2.5 million euro and loan facilities under 1 million euro). The SME Marketing Department is responsible for managing companies with business volumes of 2.5 - 150 million euro.

The new element covered by Banca dei Territori in the first half of 2009 was the launch of Banca di Credito Sardo, as the new development engine for Sardegna, through integration of the Banca CIS and Intesa Sanpaolo branches operating in Sardegna. This operation is part of the Banca dei Territori model of Intesa Sanpaolo, which aims to consolidate the Group in all Italian regions, promoting the local bank trademarks.
Furthermore, as part of the reorganisation of leasing segment activities, Leasint left the Banca dei Territori Division to become part of the Corporate and Investment Banking Division.

During the first half of 2009, Banca dei Territori's operating income was 5,332 million euro, representing 60% of the Group's consolidated revenue, down (-12.1%) compared to the corresponding period in 2008. There was a fall in net interest income (-10.3%), mainly deriving from the decrease in revenues from customer deposits following the drop in market rates, which was reflected in a lower mark-down. Net fee and commission income (-20.9%) was impacted by the negative performance of asset management, due to the outflow from mutual funds and individual portfolio management schemes, and by reduced placement of products with up-front fees. As far as other income components are concerned, positive changes were recorded in trading (+45.6%) and in income from insurance business (+1.6%). Operating costs decreased 6.3%, largely attributable to savings in terms of personnel expenses and other administrative expenses. The operating margin amounted to 2,348 million euro, down on the first six months of 2008 (-18.4%). Income before tax from continuing operations totalled 1,371 million euro, down 41.3%. This result was mainly due to net adjustments to loans, increasing considerably (+68.5%) due to the effects of the gradual deterioration of the economic situation at the end of 2008, which continued into the first half of 2009. Lastly, after allocation of merger and restructuring-related charges to the Division of 59 million euro and the economic effects of purchase price allocation for 133 million euro, net income was 779 million euro, down 27.7%.
It should be noted, however, that the second quarter showed a good recovery in the main revenue items compared to the first quarter, and a further decline in operating costs. In particular, operating income increased 6.9%, benefiting from the greater contribution of fee and commission income, mainly from insurance products, and income from insurance business. Income before tax from continuing operations grew 7.1%, despite higher adjustments to loans, still penalised by the difficult market context, and impairment on securities held by insurance companies.
The Division absorbed 44% of Group capital, slightly higher than the level recorded in the corresponding period of the previous year. In absolute terms, capital decreased, totalling 10,152 million euro, mainly attributable to the retail and corporate segments after containment of assets at risk. As a result of the trend described for allocated capital and net income, annualised ROE fell to 15.5% from the 20.8% recorded for the first six months of 2008. Value creation came to 538 million euro, down on the same period in 2008.
Balance sheet figures at the end of June 2009 showed loans to customers of 187,878 million euro (-2.6% since the end of December 2008) due to a decrease in short-term loans with stability in medium-/long-term loans. Direct customer deposits, on the other hand, totalled 223,174 million euro, increasing (+2.3%) since 31 December 2008, benefiting from the growth in funding through securities.

The following were launched during the first half of 2009 by the Retail Marketing Department: the "Fondo Formula Azioni", for customers wishing to have capital protection on maturity but still benefiting from the growth opportunities offered by the European stock market and reducing market timing risk through gradual access to the market; the "Eurizon Meta Giovani" investment plan, aimed at young people between the ages of 18 and 35, designed to satisfy long-term savings requirements by optimising on investment in the financial markets according to the duration of the plan (between 5 and 30 years); the new range of "GP Misurata" asset management, dedicated to customers with liquidity/monetary

investments who wish to exploit the opportunity of achieving higher yields than those expected on the reference market, with limited increase in the risk level-time horizon ratio; the new first class policy "Valore Garanzia", which allows portfolio diversification while protecting capital from fluctuations in the financial markets and benefiting from an annual, minimum guaranteed revaluation.
In order to stengthen the asset management service offered to customers, Banca dei Territori and Eurizon Capital have launched a new team of asset management specialists serving the branches, to improve consulting and assistance in all phases of capital management, from allocation to the subsequent monitoring of investments.
Regarding credit and debit cards, the first half of 2009 saw the introduction of SuperFlash, the new prepaid, personal and rechargeable card dedicated to young people with basic requirements approaching the banking world for the first time. SuperFlash combines the specific functions of credit and debit cards with typical current account services and can be used without having a current account or visiting the branch, through the internet, ATMs or latest generation cell phones. As official partner of the World Swimming Championships held in Rome in the summer of 2009, Intesa Sanpaolo issued "Flash Mondiali di Nuoto", a limited-edition, prepaid, rechargeable card aimed mainly at young people even under 18 years. Sale of the prepaid telephone card Sim Telefonica Noverca, the new mobile telephony operator of Acotel and Intesa Sanpaolo, also began at the Group's branches and through the website.
In the loans segment, in order to offer a material support to households in financial difficulty due to the delayed payment of salary integrations (CIGS or exceptional CIGS), the "Anticipazione Sociale" service was launched, envisaging a credit line with gradual release and with highly preferential economic conditions, usable up to the moment that the salary integration is credited to the account by the social security authority, and a zero-cost current account linked to the credit line. In June, two important initiatives were launched to support households in terms of mortgages and personal loans: Domus Fisso and Prestito Multiplo.
Intesa Sanpaolo also implemented initiatives to support people hit by the recent earthquake in the Abruzzo region. These include the possibility for resident customers or those with business activities in the areas struck by the earthquake to request suspension, for up to 12 months, of the instalments of medium-/long-term loans, which will be extended without any additional borrowing costs or fees, in addition to "Prestito Abruzzo", aimed at satisfying investment requirements such as the purchase of a prefabricated home, replacement of damaged vehicles and/or small restructuring works.
The "Per Fiducia Small Business" initiative was introduced for Small Business customers, offering a loan to satisfy liquidity requirements for a fixed term of less than 18 months. Through the "Riequilibrio Business" loan, this initiative was extended to customers wishing to improve their financial and capital structure to combat potential financial stress which, unless managed promptly, could generate further imbalances. This loan privileges the option of backing by Confidi guarantees, consistent with credit policies and in the light of recent regulatory provisions attributing a key role to the syndicates in mitigating risk.
With a view to expanding the product mix offered to Business and Small Business customers two products were also launched: the "Restart Mutuo", transforming loans into revolving credit to restore business credit based on investment needs and to accompany customers in long-term development, and "Extendi Mutuo", which envisages extension of the original duration of the loan in support of businesses that perform continuous investments.
Initiatives aimed at the main business categories (merchants, farmers, tradesmen, small enterprises, tourism, construction, professionals) also continued, with the launch of "Conto Commercio" and the initiative "POS Week".
During the first six months of 2009, Intesa Sanpaolo also signed commercial agreements with Banca ITB, the new online bank dedicated to the owners of tobacconist shops, for the supply of tailored banking and financial instruments and services, and with the trade associations of Dottori Commercialisti ed Esperti Contabili (the Italian Accounting Profession), to supply services and loans at special rates for professional and personal needs.
Lastly, the bank has implemented an important initiative supporting the tourism industry, which involves Small Business customers as well as SMEs, providing a credit line of 600 million euro in order to facilitate access to credit. This initiative is part of the "Italia & Turismo" project envisaged by the agreement signed in June by the Ministry of Tourism with national trade associations of the sector and with the banks. The funds provided will finance investments to upgrade and develop enterprises in the tourism sector, with a specific focus on business combinations, commercial enhancement, generational turnover and energy savings. The financing will cover up to 80% of the investment, without any amount limits and with a term of between 2 and 20 years.

In the first half of 2009, the Business Marketing Department continued the remodelling and promotion of activities performed jointly with Confidi and defined local agreements with business associations across the country. Among these is the commercial proposal targeting businesses associated with Eurofidi, interested in obtaining flexible, secured loans, for which specific lending limits with repayment periods of up to 84 months have been made available. In collaboration with Confidi and with the regional branches of Confindustria, Intesa Sanpaolo launched "Capitale Circolante", an additional credit line at least 50% of which is backed by a consortium guarantee. In terms of capital strengthening for companies, the bank has designed "Ricap Pmi", a line dedicated to medium-/long-term lending and that comprises "Ricap Moltiplica", which can be granted in an amount of up to four times the capital increase carried out by the company and with a maximum term of 10 years, and "Ricap Crescita Programmata", which can be disbursed in advance of the company's capital strengthening plan in an amount equal to one to two times the extent of the strengthening, with a term of between 3 and 5 years. A cooperation agreement was also signed with Fiera di Milano, aimed at facilitating access to credit by the companies participating in fairs and conferences within the Milanese exhibition facilities.
Lastly, SMEs were given the opportunity to postpone repayment of the principal amount of mortgages and financial lease instalments for one year, with a corresponding increase in the term of the loan.
During the first six months of the year, 'Agriventure' was created, the Group's new centre of excellence for the development of products and financial services for the agriculture and food sector and the promotion of more innovative enterprise projects in the supply chain. Agriventure develops its activities mainly along three lines: research, analysis and processing of innovative technical solutions in support of business development projects in the sector; specialist support to the branch network and all departments of the Intesa Sanpaolo Group; coordination between businesses and institutions, providing support in identifying the most appropriate legal, corporate and financial instruments. Agriventure intends to extend the range of financial services, in particular through product innovation by sector/segment/chain and providing support to Group branches in structuring tailor-made initiatives for the more innovative businesses.

In the first six months of the year, activities continued to concentrate the Group's private networks into Intesa Sanpaolo Private Banking. Specifically, in March 2009 the branches and detached private offices of Intesa Sanpaolo, Banco di Napoli and Cassa di Risparmio del Friuli Venezia Giulia were conferred to Intesa Sanpaolo Private Banking. The private branches of Banca dell'Adriatico and Carive were transferred in April, and those of CR Veneto and Carisbo in May. The distribution network rationalisation programme also continued, particularly with regard to local branch mergers downstream of corporate operations.

In the first half of the year, the commercial activities of the Private Banking Department were characterised by extensive placement of bonds of the Parent Company and of international entities. In addition, Banca IMI certificates were offered with different types of underlying asset class and with secured or protected capital on maturity. Special attention was paid to protecting assets under management and to resuming a development path. The introduction of new asset managers in third-party UCI, differentiated by customer groups, is underway, in addition to new product lines in portfolio management. Lastly, Intesa Sanpaolo Private Banking launched the "scudo fiscale" (tax shield) project aimed at defining the products and services offered to customers and the operating structure to support the repatriation of capital from abroad. The offer will include tax consulting, fiduciary services and consulting services for the investment of repatriated liquidity.

Banks of the Banca CR Firenze group, including Casse del Centro, are not divisionalised but are represented in their legal nature within the scope of Banca dei Territori.
During the first half of the year, banks of the Banca CR Firenze group were involved in the migration of processes, products and procedures to the target platform, completed in mid-July. The IT integration project involving Casse del Centro was also launched, to be completed during the fourth quarter of 2009.
Results for the first half of the year for the Banca CR Firenze group, including those of the Casse del Centro following the acquisition of control at the end of December 2008, recorded income before tax from continuing operations of 148 million euro, down 45.6% on the same period last year due to the weak performance of revenues, particularly net interest income which was penalised by the decline in mark-down, as well as the significant increase in net adjustments to loans, related to the economic situation.

During the first half of 2009, Mediocredito Italiano disbursed 1,072 million euro in financing, up 4% compared to the same period in 2008. In terms of distribution channels, 87% of the total amount was disbursed through the Intesa Sanpaolo networks. Mediocredito Italiano recorded an operating margin of

146 million euro during the first six months of 2009, of which 57 million in dividends received from Leasint. Net of this contribution, the operating margin increased 18.5% compared to the same period of last year, due to higher operating income attributable mainly to the interest margin.

Consumer credit activities are performed through Moneta (formerly CFS). In the first half of 2009, some 904 million euro in loans were disbursed, up 6.2% on the corresponding period of 2008. All segments recorded increasing volumes: Credit Cards and Assignment of One-Fifth of Pension/Salary, with variations of 41.2% and 12.8%, respectively, and Personal Loans with an increase of 3.4%. The operating margin for Moneta during the first half of 2009 amounted to 81 million euro, of which approximately 54 million euro in dividends received from Setefi; net of this component, which was not present in 2008, the operating margin amounted to 27 million euro, compared to 11 million euro for the first half of the prior year.
Setefi, the company specialised in the management of electronic payment systems and wholly owned by Moneta, recorded a 33.8% increase in the operating margin net of non-recurring components, linked to the increase in operations in terms of credit card issues, transaction volumes and POS installed.

In the first half of 2009, Banca Prossima, which operates in the non-profit sector with 52 local branches and nearly 90 specialists distributed across the country, continued to acquire new customers for the Group within the non-profit world. As at 30 June 2009, financial assets amounted to 405 million euro, of which 252 million euro in direct customer deposits. New products and services were created during the first half of 2009 in order to strengthen Banca Prossima's role as reference bank for the third sector. In particular, attention was focused on new forms of advances to facilitate non-profit organisations suffering from liquidity problems due to longer invoice and contribution payment times, on new services to support organisations that utilise the "5 per mille" (five per thousand) income tax allocations, on products and services targeting individuals working in the third sector and on the acquisition of new customers, both religious and non-religious, from outside of the Group.

Banca dei Territori also includes the Group's insurance/pension companies.
At the end of the first half of the year, Intesa Sanpaolo's Management Board and Supervisory Board approved a project for the rationalisation of the Group's bancassurance activities, based on specialisation by distribution network, which will lead to a single company serving the banking networks of the Group and a life insurance company serving the financial planners of Banca Fideuram. This project is an important opportunity for value creation that will significantly increase efficiency, combining systems and processes to achieve cost synergies, greatly improve commercial efficiency, with alignment to internal best practices and unification of the product range and investment policies, and allow for an overhaul of the insurance business of Banca Fideuram, benefiting from a dedicated structure. Following the unwinding of the joint ventures with Generali and Cardif, Intesa Sanpaolo will have full control of the four current insurance companies (Intesa Vita, EurizonVita, Centrovita Assicurazioni and Sud Polo Vita).
With regard to EurizonVita, the internal projects aimed at improving the level of service provided to customers and to the networks and at the organisational and operational implementation of regulatory developments were supervised throughout the first six months of the year. This includes the outsourcing of portfolio management activities for the pension products to Intesa Previdenza; migration of the individual pensions and pension funds (FIP/PIP) was completed in February. Actions aimed at defining the new service model for auxiliary support activities provided by the Parent Company were also carried out during the first half of the year. In the first six months of 2009, EurizonVita recorded income before tax from continuing operations of 43 million euro, down compared to the same period of the previous year, due to higher adjustments to financial assets available for sale and, to a lesser extent, to the weak performance of financial management of traditional products and capital.
The income before tax from continuing operations of Sud Polo Vita, equal to 3.5 million euro, also decreased compared to the corresponding period of the previous year, penalised by impairment losses on other assets, which more than offset the improvement in income from insurance business.
Centrovita Assicurazioni recorded 23 million euro in income before tax from continuing operations, showing significant growth compared to the same period in 2008, due to the good performance of insurance business combined with a slight reduction in operating costs.
Intesa Vita (consolidated by the equity method) made a higher contribution to the consolidated income statement as a result of greater financial revenues linked to the increase in new production.
At the end of the first half of 2009, the value of assets under management by Intesa Previdenza totalled 1,650 million euro, down 3.8% on the start of the year, also in relation to the exit of the Cariparma and FriulAdria closed-ended pension fund, but up 3% compared to the figure at the end of March. Net funding for the first six months of the year, however, recorded positive values overall, due to the

contribution of open-ended funds. At the end of June 2009 the company administered approximately 204,000 positions, 54% of which attributable to its own open-ended pension funds and the remainder under administration mandates for closed-ended pension funds and third parties.

Corporate and Investment Banking

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2009	30.06.2008	Changes	
			amount	%
Net interest income	1,043	746	297	39.8
Dividends and profits (losses) on investments carried at equity	4	11	-7	-63.6
Net fee and commission income	511	448	63	14.1
Profits (Losses) on trading	318	96	222	
Income from insurance business	-	-	-	-
Other operating income (expenses)	26	36	-10	-27.8
Operating income	**1,902**	**1,337**	**565**	**42.3**
Personnel expenses	-183	-180	3	1.7
Other administrative expenses	-273	-277	-4	-1.4
Adjustments to property, equipment and intangible assets	-4	-7	-3	-42.9
Operating costs	**-460**	**-464**	**-4**	**-0.9**
Operating margin	**1,442**	**873**	**569**	**65.2**
Goodwill impairment	-1	-1	-	-
Net provisions for risks and charges	-4	-1	3	
Net adjustments to loans	-538	-88	450	
Net impairment losses on other assets	-11	-18	-7	-38.9
Profits (Losses) on investments held to maturity and on other investments	-	4	-4	
Income (Loss) before tax from continuing operations	**888**	**769**	**119**	**15.5**
Taxes on income from continuing operations	-232	-226	6	2.7
Merger and restructuring-related charges (net of tax)	-5	-20	-15	-75.0
Effect of purchase cost allocation (net of tax)	-	6	-6	
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**651**	**529**	**122**	**23.1**
Allocated capital	7,745	8,224	-479	-5.8
Profitability ratios (%)				
Cost / Income ratio	24.2	34.7	-10.5	-30.3
ROE	17.0	12.9	4.0	31.0
EVA® (in millions of euro)	276	165	111	67.3

	30.06.2009	31.12.2008	Changes	
			amount	%
Loans to customers	104,403	112,837	-8,434	-7.5
Direct customer deposits	107,359	91,813	15,546	16.9
of which: due to customers	*39,536*	*37,787*	*1,749*	*4.6*
securities issued	*63,952*	*50,148*	*13,804*	*27.5*
financial liabilities designated at fair value through profit and loss	*3,871*	*3,878*	*-7*	*-0.2*

Figures restated on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents.

The Corporate and Investment Banking Division changed its organisational structure during the first half of 2009, integrating the changes already implemented in 2008 with respect to the customer service models, aimed at consolidating its presence in increasingly complex and competitive markets.

The current structure comprises:

- Corporate Relationship Management, which includes the Large & International Corporate Department, responsible for handling relations with Large domestic and international customers, the Mid Corporate Italia Department, responsible for the mid corporate segment (companies with turnover exceeding 150 million euro) and the Global Services Department, which is responsible for branches abroad, representative offices and international subsidiaries (Société Européenne de Banque, Intesa Sanpaolo Bank Ireland, Zao Banca Intesa and Intesa Sanpaolo Bank Suisse), in addition to providing specialised assistance and support to Italian corporate internationalisation and for the development of exports, management and relationships with financial institutions in emerging markets, and promotion and development of cash management instruments and trade services, with a view to maximising synergies between the international network and the product lines for access to the international commercial banking channels and instruments;
- the Financial Institutions Department, which is responsible for relations with Italian and foreign financial institutions, management of transactional services related to payment systems, custody and settlement of securities as custodian and correspondent bank, as well as overseeing the management of the subsidiaries Intesa Sanpaolo Servizi Transazionali and Sanpaolo Bank Luxembourg;
- the Structured Finance Department, which develops structured financial products, provides M&A consultancy services to the Group's clients and originates new bond issues and IPOs of the Parent Company, while awaiting the transfer by conferral to Banca IMI;
- the Merchant Banking Department, which operates in the private equity area also through Private Equity International (PEI) and IMI Investimenti;
- the Proprietary Trading Service, responsible for management of the proprietary portfolio and/or risk through direct access to markets or indirect access, via relevant internal functions, in order to carry out trading, arbitrage and long/short positions on capital markets products, cash and derivatives.

  This Division also includes the M&A, capital markets and primary market (equity and debt capital market) activities carried out by Banca IMI, as well as the operations of Mediofactoring and, starting from the beginning of the year, Leasint.

The Corporate and Investment Banking Division began the first half of 2009 with increased competencies and a broad diversification of business portfolio and activities.
In the first six months of 2009, the Division recorded operating income of 1,902 million euro (representing 21.5% of the consolidated total for the Group), up 42.3% on the same period in 2008.
Net interest income reached 1,043 million euro, demonstrating significant growth (+39.8%) in a difficult market characterised by high-level competition on the reference markets. The positive performance was particularly driven by the increase in average loan volumes (+13.2%), added to which was an increased mark-up, mainly due to the effects of repricing policies on loans in relation to higher risk generated since the end of 2008. Net fee and commission income totalling 511 million euro increased by 14.1%, mainly attributable to the investment banking segment and, in particular, to the primary market (equity and debt capital market) and to M&A advisory activities. Profits on trading, amounting to 318 million euro, recorded a 222 million euro increase on the first half of 2008, due to significant contributions from capital market trading and corporate finance activities which exploited market opportunities with good results, despite the context characterised by strong volatility. The contribution from proprietary portfolio management was also positive, characterised by a risk containment policy. Operating costs amounted to 460 million euro, stable compared to the corresponding period in 2008. As a result of the trend in revenues and costs described above, the operating margin, equal to 1,442 million euro, recorded a 65.2% increase. Net adjustments to loans increased compared to the first six months of 2008 (+450 million euro), penalised by the difficult market. Income before tax from continuing operations amounted to 888 million euro, up 15.5% compared to the first half of 2008. Lastly, net income recorded a similar result, equal to 651 million euro, up 23.1%.
The second quarter showed a strong increase in revenues (31.5%), sustained by growth in net interest income, driven in particular by the increase in mark-up and, to a lesser extent, the increase in average intermediated volumes, net fee and commission income, due to growth in the commercial and investment banking segments, and profits on trading. The operating margin showed a similar trend, up 43.8%, also as a result of stable operating costs. Despite higher adjustments to loans, in line with forecasts, net income grew by 36.8%.
The Division absorbed 34% of Group capital, essentially in line with the level recorded during the first six months of 2008. In absolute terms, capital decreased mainly as a result of a reduction in credit risk, due to better rebalancing of the loan portfolio and reduction of the cash loans and endorsement loans of international corporate counterparties; the component related to market risks, on the other hand, is stable.

The sector performance is reflected in the growth in annualised ROE from 12.9% to 17%. EVA® reached 276 million euro, up on the same period last year.
The cost/income ratio was 24.2%, compared to 34.7% in the first half of 2008, recording an improvement of over 10 percentage points.
Volumes intermediated by the Division were up on the opening figure for the year (+3.5%). This development should be viewed in relation to a significant increase in funding (+16.9%), which especially benefited from the increase in securities transactions, particularly as a result of the placement of Banca IMI bonds. Loans to customers were down from the beginning of the year (-7.5%), due to a temporary decline attributable to disbursements to large corporate customers, as well as to a reduction in Banca IMI's reverse repurchase agreements with institutional operators and financial intermediaries.
The composition of the portfolio in Corporate Relationship Management remained essentially unchanged during the first half of 2009, despite a slowdown in growth of loans to higher-rated customers due to the progressive increase in the risk profile of counterparties as a result of the economic and financial crisis. In particular, numerous initiatives were implemented to monitor counterparties with the highest credit risk, through a risk-based pricing model. Constant assessment of risk, as well as a balanced policy of development in loans to customers, resulted in a significant increase in the share of wallet. Growth in structured finance and investment banking transactions was affected by the current economic situation: 28 transactions were concluded during the first six months of 2009, mainly involving debt restructuring and consolidation. With regard to the service model, in order to facilitate a stronger focus by large corporate managers on commercial and lending aspects, a project is currently being implemented to provide the large hubs with dedicated back office support, replacing the retail branches in terms of managing administrative operations. The project underwent a pilot phase during the first half of 2009 and, given the positive results, will be applied to mid corporate segment as well.
The Global Services Department directly covers 34 countries through 16 wholesale branches, 22 representative offices, three subsidiary banks and one advisory firm. The application of a new coverage model to manage customers of the international network is under examination, aiming to further improve international presence and expand cross-selling opportunities. Moreover, a pilot project to extend the client-driven relationship model to the International Subsidiary Banks Division was launched with Intesa Sanpaolo Bank Romania during the first half of the year.
The Department is responsible for:
- Société Européenne de Banque, which recorded a net income of 38 million euro during the first six months of 2009, down 10.4% due to higher net adjustments to loans;
- Intesa Sanpaolo Bank Ireland, which closed the first half of the year with net income up by 31.3% as a result of the increase in operating income (+45.8%), driven by net interest income;
- Zao Banca Intesa, which recorded a net income of 9 million euro, compared to 2 million euro for the same period of 2008, due to increased revenues generated mainly by positive development of profits on trading.

The policy of the Financial Institutions Department in the first half of 2009 focused on maximum selectivity, confirming the prudent approach to merchant banking and establishing a gradual reduction of insurance business exposure, especially where risks linked to United States banking activities are prevalent. In particular, in addition to the renewal of numerous existing credit lines with wider spreads than those expiring, the rationalisation policy on loans continued, privileging loans with well-known counterparties with good standing, on short positions and in support of cross-selling activities, such as capital markets, debt capital markets and equity capital markets. With regard to international payments, the consolidation process for existing customers and the acquisition of new customers continued. In relation to fund services, the negative trend of 2008 declined considerably in the first half of 2009; intermediated volumes at the end of June were aligned to the 2008 average, and asset manager activities concentrated on the search for simpler products with capital guarantees. Pension and real estate funds continued to grow, while the negative performance of speculative funds came to an end. Lastly, with regard to custody services, volumes remained at a good level due to the acquisition of new market flows from foreign operators and increased transactions on Italian government securities. During the first half of the year, the need, as yet rather undeveloped, for foreign-to-foreign services emerged from a number of key customers. This area of activity is covered by the Mediobanca mandate for the management of foreign securities.

In the first six months of 2009, the Structured Finance Department completed the structuring and granting of credit facilities in support of the CEBI/Cerved group takeover by private equity funds Bain and Clessidra, in favour of Buongiorno and S.G.M. Regarding project & industry specialised lending activities, commitment documents were signed, together with a pool of 11 banks, to refinance a leading Italian gas distribution company; the financial advisory activities to refinance the construction of a CCGT (Combined Cycle Gas Turbine) plant in Sicily continued; restructuring of the Tiscali debt was completed; a loan for the construction of a desalination plant in Melbourne (Australia) was granted. In the real estate sector, the Department maintained its leadership in the structuring of loans and covered all market segments through credit lines supporting residential and commercial real estate developments, leverage of income-producing real estate funds, financing of units of funds and leveraged buyout of real estate companies. Origination activities remained intense, due to effective integration of the advisory/debt capital markets activities and to continuous cooperation with the relations units of the Corporate and Investment Banking Division. Among the transactions completed, the loans to MSREF Turque, to the Loano tourist port and to the ETA fund managed by Fimit SGR should be mentioned. Lastly, mandates as agent bank for the loans to Campari, Bulgari, Enel Rete Gas, Sorgenia, Buongiorno, Saras, Hill (Lauro 3), Edison, Business Integration Partners, SGM Distribuzione and Salmoiraghi were acquired.

Although Italian M&A in the first half of 2009 declined by approximately 60% compared to the same period in 2008, investment banking activity, through Banca IMI, achieved good results on the domestic market. The bank is in the top position in terms of number of transactions completed. In the energy and utilities sector, the merger by incorporation of AGAM Monza into ACSM Como was completed, along with the disposal by A2A of the remaining 20% of Endesa Italia to E.ON AG. Moreover, the Bank provided support to ENI in the disposal of 100% of Italgas Più and Stoccaggi Gas Italia to Snam Rete Gas, to Enel Distribuzione in the disposal of Enel Linee Alta Tensione to Terna, to Iride for the planned merger with Enia, and to Enel with regard to the 80% disposal of Enel Rete Gas. In the general industry sector, the department followed the acquisition of Jolly Motor International, provided support to Avitour in the sale of certain assets and to the Franza Group in the disposal of a minority interest. In the food & beverage segment, it assisted Davide Campari in the acquisition of Wild Turkey and Pan d'Este in the disposal of a majority stake to Morato Pane. In the TMT sector, it oversaw disposal of the British assets of Tiscali to Talk Talk Telecom and acquisition by Weather Investments of the remaining 50% of the Greek company Tellas. In the equity sector, activities focused on option-based capital increases, in relation to the recapitalisation requirements of numerous companies. The main ones include the capital increase of Enel, the largest ever carried out in Italy, and those of Pirelli Real Estate, HSBC, SEB, Banco Espirito Santo, Nordea and Rio Tinto. In the United States, Banca IMI also acted as co-manager in the placement of equity units issued by Johnson Controls Inc. With regard to debt capital markets, the Bank was active in the organisation and placement of bond issues aimed at institutional customers, acting as joint lead manager and bookrunner in the bond issue of Banco Espirito Santo and Ubi Banca, as well as retail customers, placing 2-year and 6-year issues distributed within the Group's networks, and ENI's public offer. Furthermore, in the corporate issues, it acted as joint bookrunner for reopening the Finmeccanica issue and for the issues by Atlantia, E.on, Daimler, Volkswagen and CEZ, the electricity company of the Czech Republic. In the Local Authorities segment, it took on the role of joint lead manager and bookrunner for the two foreign issues Ile de France and Ville de Paris. For issuers of the sovereign, supranational & agencies segment, it acted as joint lead manager in three 5-year government issues by the Greek Government and organised the issue of two FRN 5-year securities by the European Investment Bank, placed with customers of Intesa Sanpaolo Private Banking.

With regard to risk trading in capital markets for the first half of 2009, the fixed income segment confirmed the general market trends, with a return to plain vanilla for investment and hedging products, a sharp decline in transactions with non-linear risk and growing attention to transactions impacting liquidity positions. In terms of derivatives, given the difficult market context, profitability was generated by issues on networks of the Banca dei Territori Division, as well as by the management of risk for more complex portfolios. ETF business was intense, with Banca IMI continuing to occupy a leading position in Italy, Germany and France. With regard to forex, spot and forward activity produced good results in terms of profits, similar to the commodity segment, where the size of portfolios and the value of flows during the first half of the year reached higher levels than in previous years. In terms of equity, the placement of products with Group and third-party networks developed further, particularly for issues of equity protection certificates on stock indexes and formula funds with an equity component linked to a basket of stock indexes. The loans segment saw a return to more traditional investments and products and a gradual improvement in spreads compared to end of 2008 levels. The retail hub segment showed considerable activity on primary and secondary markets, and a significant level of interest was recorded for the ENI issue. The financial segment proved favourable, particularly regarding Italian "senior" issuers. The primary market of government bonds recorded strong auction demand. Demand on the networks of third-party banks focused on placement of Banca IMI bonds, with approximately 2 billion euro of issues. A large part of deposits in the insurance segment focused on first class policies, while private banking operations concentrated on investment certificates, with issues of covered warrants and certificates quoted on the Sedex market. Bonds dedicated to the retail segment totalled nearly 18 billion euro, recording an increase of 60% compared to the first half of 2008. The search for simplified products steered demand towards structures linked to interest rate performance and of shorter duration. In June, two Investment Certificates Equity Protection issues were launched, with underlying index DJ Eurostoxx Oil&Gas. In the first half of 2009, Banca IMI was also involved in hedging of the Formula Funds of Eurizon Capital SGR.

Among the initiatives concluded in the first half of 2009 by the Merchant Banking Department, either directly or through related Group companies, was the participation in the first stage of the Alis-Aerolinee Italiane S.p.A. share capital increase for a stake of 33.3%, amounting to 5 million euro. With regard to venture capital initiatives, the subscription period ended and operations were launched for the closed-ended fund Atlante Ventures Mezzogiorno, for a total of 25 million euro, in addition to the other private equity funds sponsored and managed by the Group for a total commitment of 330 million euro. In particular, the aim of the fund is to invest primarily in companies with registered offices and/or production activities in Southern Italy, as early stage financing or expansion capital for investment projects in these areas to introduce process or product innovation using digital technology. As at 30 June 2009, the portfolio held directly and through subsidiaries amounted to 2.5 billion euro, of which 2.3 billion euro invested in companies and 0.2 billion euro in private equity funds.

The Corporate and Investment Banking Division is also responsible for the operations carried out by Mediofactoring which, as at 30 June 2009, recorded a turnover of 12.6 billion euro, up approximately 2% compared to June 2008. Conversely, both current receivables and loans have decreased since the beginning of the year; in particular, the former, equal to 7.4 billion euro, declined by 5.1%, while loans decreased by 8%. Operating income, at 79 million euro, rose by 21.2% due to the increase in net interest income (+29.1%), which benefited from the growth in average loans (+21.5%). Income before tax from continuing operations amounted to 40 million euro, stable compared to the corresponding period in 2008, despite higher net adjustments to loans. At 25 million euro, net income recorded a decrease of 3.7%.

Lastly, included among the Division’s activities is Leasint, the second most important operator in the domestic leasing market with a market share of 10%. During the first half of 2009, Leasint stipulated approximately 5,200 new contracts for a total value of 1,313 million euro, down 60% compared to the same period in 2008. With regard to portfolio composition, 44.3% of the contracts signed referred to securities, 47.5% to property and 8.2% to vehicle leases. Net income, penalised by the negative market context, amounted to 20 million euro, down 54.8% compared to the first half of 2008, due to lower revenues (-4.2%) and higher net adjustments to loans (+30 million euro).

Public Finance

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2009	30.06.2008	Changes	
			amount	%
Net interest income	227	129	98	76.0
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	18	24	-6	-25.0
Profits (Losses) on trading	-6	-10	-4	-40.0
Income from insurance business	-	-	-	-
Other operating income (expenses)	2	-	2	-
Operating income	**241**	**143**	**98**	**68.5**
Personnel expenses	-18	-17	1	5.9
Other administrative expenses	-21	-25	-4	-16.0
Adjustments to property, equipment and intangible assets	-	-	-	-
Operating costs	**-39**	**-42**	**-3**	**-7.1**
Operating margin	**202**	**101**	**101**	
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	1	1	-	-
Net adjustments to loans	-81	-12	69	
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**122**	**90**	**32**	**35.6**
Taxes on income from continuing operations	-53	-35	18	51.4
Merger and restructuring-related charges (net of tax)	-	-2	-2	
Effect of purchase cost allocation (net of tax)	-2	-2	-	-
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**67**	**51**	**16**	**31.4**
Allocated capital	1,024	941	83	8.8
Profitability ratios (%)				
Cost / Income ratio	16.2	29.4	-13.2	-44.9
ROE	13.2	10.9	2.3	21.1
EVA® (in millions of euro)	18	7	11	

	30.06.2009	31.12.2008	Changes	
			amount	%
Loans to customers	40,183	38,830	1,353	3.5
Direct customer deposits	5,706	5,205	501	9.6
of which: due to customers	*3,852*	*3,301*	*551*	*16.7*
securities issued	*1,854*	*1,904*	*-50*	*-2.6*

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

In the first half of 2009, Public Finance provided services to government, public entities, local entities, public utility companies, general contractors and public and private health customers through Banca Infrastrutture Innovazione e Sviluppo (BIIS), the first Italian public finance bank and one of the first in Europe.

The results for the first six months of 2009 showed a significant increase in revenues and net income, despite the difficult market situation. Operating income amounted to 241 million euro, up 68.5% compared to the first half of 2008. Specifically, net interest amounted to 227 million euro which was an improvement (+76%) also with respect to new loan disbursements (which amounted to approximately 2 billion euro during the first six months of 2009), steady average loans to customers (-0.5%, including bonds subscribed by public entities) and extended spreads, resulting from the rapid decrease in market rates in the initial months of 2009 and enhancement of the liquidity of the asset portfolio. Net fee and commission income, amounting to 18 million euro, mainly derived from structuring performed on behalf of customers during the first half of the year and was 25% lower than the figure for the first half of 2008. Losses on trading, however, were lower compared to the first six months of the previous year, despite the unfavourable market situation.
Operating costs amounted to 39 million euro, down 7.1% as a result of a decrease in administrative expenses, also in relation to merger synergies. The cost/income ratio was 16.2% (down by over 13 percentage points on the first six months of 2008). As a consequence of the results, the operating margin totalled 202 million euro, double the figure of the corresponding period of 2008. Following higher net adjustments to loans, equal to 81 million euro compared to 12 million euro for the first half of the previous year, income before tax from continuing operations amounted to 122 million euro, up compared to the 90 million euro in the first six months of 2008. Lastly, net income amounted to 67 million euro, up 31.4%.
In terms of quarterly development of the main income statement aggregates, the operating margin for the second quarter of 2009 was up 13.6% compared to the first quarter of the year, benefiting from growth in revenues (+10.1%), due to the recovery in profits on trading, as well as from the reduction in operating costs (-6.3%). In terms of net income, however, the second quarter made a lower contribution to the results for the first half of the year than the first quarter, due to higher adjustments to loans involving a single name.
Capital allocated amounted to 1,024 million euro, up from the first half of 2008, due to the increase in credit risk. Annualised ROE, which benefited from the increase in profits, grew from 10.9% to 13.2%. EVA® reached 18 million euro, up on the corresponding period of the previous year.

With regard to the main balance sheet figures, loans to customers, totalling 40,183 million euro, were up 3.5% on the start of the year, due to the effect of new business developed during the period, in continuing partial stagnation of infrastructural projects and a higher degree of caution adopted abroad. Direct customer deposits, amounting to 5,706 million euro, increased by 9.6%, due to the growth in overdraft liquidity by counterparties, offset by a slight decline in securities issued.

In the first half of 2009, to support and promote the development of large national infrastructures, activity continued on large motorway projects, including advisory services for the BreBeMi project (Brescia-Bergamo-Milano motorway), for which works were launched in July, and the Milan East outer ringroad. With regard to the Pedemontana Lombarda, a portion of the share capital of the concessionary was acquired, together with another entity of the Group. Moreover, a short-term loan was granted to Società Autostrada Brescia - Verona in order to complete a section of the A31 Valdastico motorway, and disbursements to ANAS for the modernisation of national roads and motorways continued.
Numerous important projects were implemented in support of health services, universities and scientific research: the loan granted to Pavia’s CNAO - Centro Nazionale di Adroterapia Oncologica (National Centre of Oncological Hadrontherapy) to build the largest centre in Italy and the world’s third-largest able to provide treatment based on cutting edge technology, mortgages for refurbishment of the Modena General Hospital, the project financing for construction and management of a home for senior citizens accommodating 100 people in the town of Novara and the loan in favour of Azienda Ospedaliera Universitaria Senese (Siena teaching hospital) in order to renovate the hospital. Finally, mandates were acquired for the financing of restructuring and completion works for hospitals and health districts in Sardegna, and funding continued to Milano University for the construction of the veterinary hospital in Lodi.
To improve public services and utilities, a syndicated loan was granted to Multiservizi, manager of the integrated water services for the Ancona ATO, to fund investments envisaged in the Environmental Plan. Previously, the division acted as advisor for the operation. In relation to alternative low environmental-impact energies, the division is involved in several projects, including financing to Enia Energia and Alerion for the construction of photovoltaic plants in the Puglia region, and the granting of a bridge loan to Sistema Solare to construct three fully-integrated photovoltaic plants in the regions of Basilicata and Puglia.
In terms of support for the public sector financial balance, the allocation of loans continued to cover multi-year investment costs of various local entities (including the Milano provincial government and the city

councils of Torino, Roma, Venezia, Monza and Novara), and a Cassa del Trentino bond issue was subscribed. In order to improve operational management of the foreign Chambers of Commerce, a credit line was granted to advance government funds allocated but not yet disbursed. This transaction is part of a cooperation agreement between the Parent Company Intesa Sanpaolo and the Chambers of Commerce belonging to Assocamerestero, aimed at improving the support services provided to companies in their internationalisation processes.
As part of the priority investment programmes for defence, which benefit from state subsidies, disbursements continued in favour of defence system suppliers (Agusta, Thales Alenia Space Italia).
Among the urban and territorial development projects, advisory activities continued for the construction and management of the Montello Bergamo Interport, for the construction of approximately 42 car parks in Roma for a total of some 6,600 parking spaces and for the car park at the new hospital in Bergamo. The completion of a lease transaction for the construction of a school centre in the province of Bologna, a property lease for renovation of the Sassari municipal offices and, finally, the loan to ACER Bologna and Casa, which manage the public housing portfolio in Emilia Romagna and Toscana, for the implementation of social housing projects, should also be mentioned.
With regard to public & infrastructure finance activities abroad, disbursements continued for road and motorway projects in several European countries, whilst a new syndicated loan agreement was signed with other banks and with the role of joint mandated lead arranger for the modernisation of a station on the Madrid underground railway.
In the urban waste management sector, the participation in financing to Riverside Resource Recovery Ltd., for the construction in London of the UK’s largest waste-to-energy plant should be noted. The division acted as mandated lead arranger for this operation, which was completed on a project financing basis.
In the energy sector, a bond issue was subscribed in favour of Redes Energéticas Nacionais, the Portuguese high-voltage electricity distributor and natural gas carrier and storage operator. Acting as mandated lead arranger, a bridge loan was granted to Ruwais Suez Tractebel Power Company for the construction and management of a desalination and power plant in Abu Dhabi. In addition, financing was also provided to companies operating in the distribution and sale of electricity, gas, district heating and water in Germany, Austria and Norway, as well as to Fraport AG, a company in the transport sector that manages the airport of Frankfurt am Main and, with the role of joint lead arranger, the loan to DSB Danske Statsbaner, a public concessionary company for passenger railway transport in Denmark. Lastly, bond issues were subscribed in favour of SNCF and RFF, public French concessionaries of the country’s railway transport service and network, respectively. With regard to low environmental impact energies, disbursements continued for the construction of wind farms in Spain.

International Subsidiary Banks

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2009	30.06.2008	Changes	
			amount	%
Net interest income	710	671	39	5.8
Dividends and profits (losses) on investments carried at equity	1	1	-	-
Net fee and commission income	255	297	-42	-14.1
Profits (Losses) on trading	129	129	-	-
Income from insurance business	-	-	-	-
Other operating income (expenses)	-5	-5	-	-
Operating income	**1,090**	**1,093**	**-3**	**-0.3**
Personnel expenses	-297	-296	1	0.3
Other administrative expenses	-209	-209	-	-
Adjustments to property, equipment and intangible assets	-70	-69	1	1.4
Operating costs	**-576**	**-574**	**2**	**0.3**
Operating margin	**514**	**519**	**-5**	**-1.0**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	8	-1	9	
Net adjustments to loans	-316	-74	242	
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-1	3	-4	
Income (Loss) before tax from continuing operations	**205**	**447**	**-242**	**-54.1**
Taxes on income from continuing operations	-43	-87	-44	-50.6
Merger and restructuring-related charges (net of tax)	-	-4	-4	
Effect of purchase cost allocation (net of tax)	-	1	-1	
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**162**	**357**	**-195**	**-54.6**
Allocated capital	1,951	1,932	19	1.0
Profitability ratios (%)				
Cost / Income ratio	52.8	52.5	0.3	0.6
ROE	16.7	37.2	-20.4	-54.9
EVA® (in millions of euro)	28	209	-181	-86.6

	30.06.2009	31.12.2008	Changes	
			amount	%
Loans to customers	29,978	29,847	131	0.4
Direct customer deposits	27,475	28,212	-737	-2.6
of which: due to customers	*25,669*	*26,285*	*-616*	*-2.3*
securities issued	*1,806*	*1,927*	*-121*	*-6.3*

Figures restated on a consistent basis, considering the changes in the scope of consolidation and in business unit constituents.

The International Subsidiary Banks Division is responsible for the Group’s activities in foreign markets through commercial banking subsidiaries and associates, mainly active in retail banking. With effect from 1 January 2009, three new subsidiaries were acquired: Centurion, a credit card company, acquired by Banka Koper and PBZ; Finor Leasing by Banka Koper and Intesa Leasing Beograd by Banca Intesa Beograd.

The distribution structure, including recent acquisitions, directly covers 13 countries and is made up of 1,895 branches.

In the first half of 2009, the operating income of the Division was essentially in line with the same period in 2008, amounting to 1,090 million euro. However, this result was penalised by the depreciation of local currencies: excluding this effect, revenues grew by 6.2%.
Specifically, net interest income reached 710 million euro, with a 5.8% increase compared to the 671 million euro in the first half of the previous year. The increase is attributable to the growth in average volumes (+5.8%), sustained by the rise in loans to customers (+18.4%), with a reduction in direct customer deposits (-2.4%). The increase in the interest margin is attributable to VUB Banka for 30 million euro and to Bank of Alexandria for 27 million euro.
Net fee and commission income fell by 14.1% (255 million euro against 297 million euro), particularly attributable to Pravex Bank (-12 million euro), CIB Bank (-12 million euro), Privredna Banka Zagreb (-6 million euro) and Bank of Alexandria (-4 million euro). This performance was affected by the decreased revenues linked to indirect deposits.
Profits on trading amounted to 129 million euro, in line with the first six months of 2008, mainly due to the positive contribution of Privredna Banka Zagreb (+16 million euro), which offset the negative result of VUB Banka (-13 million euro).
Operating costs, equal to 576 million euro, reached similar levels to those of the first half of the previous year (+0.3%), despite expansion of the commercial network. As a consequence of the trends described above, the operating margin amounted to 514 million euro, slightly down compared to the first half of 2008 (-1%). Income before tax from continuing operations of 205 million euro was down 54.1%, due to higher net adjustments to loans, increasing from 74 million euro to 316 million euro. The Division closed the first half of 2009 with a net income of 162 million euro (-54.6% compared to the same period in 2008).
The second quarter of 2009 recorded 6.9% higher revenues than the first quarter, due to the expansion of all components and specifically of net interest income, which benefited from the improvement in mark-up, and of profits on trading. The operating margin increased by 12.2%, while income before tax from continuing operations rose by 8.6%, with net value adjustments to loans in line with the first quarter.
Allocated capital represented 8.5% of the Group’s capital and amounted to 1,951 million euro, up slightly on the level recorded for the corresponding period of the previous year. The weak performance in economic results, together with the increase in capital, led to a decrease in annualised ROE to 16.7% (from 37.2% in the first half of 2008). Value creation, expressed in terms of EVA®, fell to 28 million euro.

Banka Koper recorded an operating income of 51 million euro, 5.9% higher than in the first half of 2008. This rise was due to higher net interest income (+5.4%), which benefited from a 16% increase in average volumes with customers, and profits on trading, which doubled compared to the corresponding period in 2008 due to the sale of AFS assets, more than offsetting the decline in fee and commission income (-1.5%). Operating costs increased by 5% due to the expansion of all components. Net adjustments to loans increased by 64.4% compared to the first half of 2008, due to deterioration of the macroeconomic situation. Net income amounted to 12 million euro, compared to 13 million euro for the same period in 2008.

The VUB Banka group recorded an operating margin of 126 million euro, with a 8.9% increase on the corresponding period of 2008. Operating income grew by 7.6%, mainly as a result of the positive performance of net interest income, which benefited from the increase in average volumes with customers (+30% loans to customers; +13.7% customer deposits) and in total spread. However, net fee and commission income decreased (-6.7%) as a result of lower income from insurance products and asset management. Profits on trading fell (-78.2%) due to lower profits from foreign exchange transactions following the introduction of the euro in Slovakia at the beginning of the year. Operating costs amounted to 109 million euro, up 6.1% as a result of the increase in all components. The increase in net adjustments to loans (from 18 million euro to 58 million euro) is attributable to the deteriorating quality of credit as a result of the economic crisis. Taking into account the positive effect of the release of the provisions for risks and charges (8 million euro) following success in a legal dispute, net income totalled 61.5 million euro, down 21.4%.
The CIB Bank group’s operating margin was 249 million euro, down 6.4% on the corresponding period in 2008. The decrease in revenues is mainly attributable to the reduction in net fee and commission income (-16.2%) in current accounts and loans. Net interest income and profits on trading fell (-1.3% and -2.6%,

respectively), due to the weakening of the local currency (excluding this effect, the two items increased by nearly 10%). Operating costs decreased by 9.8%, mainly due to lower personnel and administrative expenses. Following increased net adjustments to loans of 123 million euro compared to 29 million euro for the first half of 2008, attributable mainly to the real estate sector of the corporate segment, net income amounted to 2 million euro, compared to 78 million euro in the same period of 2008.

In the first half of 2009, the Privredna Banka Zagreb group's operating income reached 232 million euro (+3.2% compared to the same period of the previous year). This performance benefited from the increased net profits on trading which offset the drop in net interest income (-2.9%) and net fee and commission income (-7.7%). Operating costs decreased 2%, amounting to 111 million euro, as a result of the reduction in administrative expenses. The above-mentioned trends brought operating margin to 122 million euro (+8.5%). Net adjustments to loans increased by 31 million euro due to the high provisions established in relation to deteriorating market conditions. Net income amounted to 68 million euro, down 18.8% on the first half of 2008.

Banca Intesa Beograd recorded an operating margin of 67 million euro for the first half of 2009, slightly down compared to the corresponding period of 2008 (-0.5%). With operating income essentially stable (+0.6%), an increase was recorded in operating costs (+2.3%), mainly due to administrative expenses (+11.7%). In terms of revenues, net fee and commission income declined (-7%), while net interest income grew (+3%), having benefited from the increase in average volumes with customers (+38.3% loans to customers, +1.5% customer deposits) driven by development of operations. Taking into account the high adjustments to loans, net income totalled 30 million euro compared to 47 million euro for the first six months of last year.

Intesa Sanpaolo Banka Bosna i Hercegovina closed the first half of 2009 with an operating margin of 3.5 million euro, up 15.3% compared to the corresponding period of 2008. This trend is due to the increase in revenues (+7.7%), mainly attributable to the contribution of net interest income, which offset the reduction in profits on trading and other operating income, and to the increase in operating costs (+4.8%) incurred for expansion of the distribution network. Net adjustments to loans fell by 7.9%, due to lower specific provisions. Net income amounted to 0.9 million euro, compared to 0.6 million euro for the same period in 2008.

Intesa Sanpaolo Bank Albania posted an operating margin of 10 million euro, down 3.5% on the corresponding period in 2008. This result was due to the 4.8% increase in almost all operating cost components. However, revenues remained essentially stable: net interest income increased mainly as a result of the increase in average loans to customers (+1.8%) and total spread, and depreciation of the local currency. Net fee and commission income decreased (-12.6%), especially from collections and payments, and profits on trading fell (-15%) following negative results in Foreign Exchange activities. After net adjustments to loans of 3 million euro, net income was a positive 6 million euro, down 45.1% compared to the first half of 2008.

Intesa Sanpaolo Bank Romania recorded an operating margin of 4 million euro, down 35.6% over the corresponding period of 2008. Operating income (+20.7%) benefited from the good performance of net interest income, which nearly doubled, linked to the increase in average volumes with customers (+28.2% loans to customers) and in the spread. Net fee and commission income decreased (-64.7%) as a result of reduced commercial activities with customers. The growth in operating costs (+51.5%) was driven by the rise in human resources and the development of the distribution network. Net adjustments to loans amounted to 3 million, up on the same period in 2008 due to impairment of the loans portfolio. Net income amounted to 0.5 million euro, compared to 4 million in the first six months of 2008.

KMB Bank's income statement for the first half of the year closed with a loss of 28 million euro, compared to the 8 million euro profit for the same period in 2008. In detail, net interest income fell due to a reduction in intermediated volumes and a contraction in the spread resulting from the general decrease in market rates. Trading recorded losses due to the substantial write-downs on securities. Conversely, net fee and commission income increased as a result of generalised growth of all components. Operating costs decreased by 4.5% compared to the first six months of the previous year, due to depreciation of the exchange rate (+15% variation in local currency). Net of this effect, there was an increase in all cost components, due to growth in commercial activities and expansion of the network. Net adjustments to loans rose significantly to reach 28 million euro, due to an increase in the non-performing loans portfolio linked to the Russian market crisis.

The operating margin for Pravex Bank totalled 5 million euro (-34.7% compared to the same period last year). Operating income fell by 32.8%, affected by exchange rate depreciation (change in local currency -6.4%). In detail, the decline was generalised across all components: net fee and commission income (-57.3%) attributable to reduced lending activities, net interest income (-12.8%) and losses on trading (-7.9%). Operating costs fell by 32.4%, mainly due to reduced personnel expenses as a result of the downsizing of the workforce. Net adjustments to loans, which totalled 31 million euro, felt the impact of the deteriorating quality of credit caused by the macroeconomic situation. Pravex Bank recorded a loss of 20 million euro during the period, compared to the 1 million euro profit for the first half of 2008.

Bank of Alexandria's net income was 39 million euro, against 44 million euro in the first half of 2008. Operating income increased by 36.8%, benefiting from net interest income (+65.5%), due to a rise in average volumes with customers (+57.6% loans to customers) and profits on trading (+30.5%). Operating costs increased by 48.5%: in particular, increases were recorded for personnel expenses, administrative expenses in relation to the network expansion process and adjustments.

Eurizon Capital

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2009	30.06.2008	Changes	
			amount	%
Net interest income	1	5	-4	-80.0
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	118	180	-62	-34.4
Profits (Losses) on trading	3	4	-1	-25.0
Income from insurance business	-	-	-	-
Other operating income (expenses)	7	-	7	-
Operating income	**129**	**189**	**-60**	**-31.7**
Personnel expenses	-25	-30	-5	-16.7
Other administrative expenses	-37	-48	-11	-22.9
Adjustments to property, equipment and intangible assets	-	-1	-1	
Operating costs	**-62**	**-79**	**-17**	**-21.5**
Operating margin	**67**	**110**	**-43**	**-39.1**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	1	-1	2	
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	**68**	**109**	**-41**	**-37.6**
Taxes on income from continuing operations	-19	-31	-12	-38.7
Merger and restructuring-related charges (net of tax)	-	-7	-7	
Effect of purchase cost allocation (net of tax)	-19	-39	-20	-51.3
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**30**	**32**	**-2**	**-6.3**
Allocated capital	77	117	-40	-34.2
Profitability ratios (%)				
Cost / Income ratio	48.1	41.8	6.3	15.1
ROE	78.6	55.0	23.6	42.8
EVA® (in millions of euro)	44	72	-28	-38.9

	30.06.2009	31.12.2008	Changes	
			amount	%
Assets under management	128,324	129,161	-837	-0.6

Figures restated on a consistent basis, considering the changes in the scope of consolidation .

Eurizon Capital SGR controls the subsidiaries Eurizon Capital SA (Luxembourg), Eurizon A.I. SGR and Epsilon Associati SGR, specialised in the management, respectively, of mutual funds with low tracking error, funds of hedge funds and mutual funds using quantitative methods.
With regard to initiatives to streamline activities in Luxembourg and achieve synergies, the merger by incorporation of Intesa Distribution Services and CR Firenze Gestion Internationale into Eurizon Capital SA became effective in the first half of 2009.
Regarding the product range, the "Eurizon Meta Giovani" investment plan was activated in terms of mutual funds, and a new range of formula products aimed at retail customers was created, with the

launch of "Eurizon Focus Formula Azioni 2015", established by Eurizon Capital SA. Among the products established in Luxembourg, two additional segments were launched within the umbrella fund "Eurizon Stars Fund" (Total Return forex and Total Return Government bond). The merger of speculative funds launched and managed by Eurizon A.I. was also carried out, with a view to simplifying the range.
In terms of individual asset management schemes, the range of products offered by Banca dei Territori was enhanced with the "Linea Misurata" asset management, while the "Investimento Private Bond" asset management was launched in the private segment. During the first half of the year, 19 new institutional customers were acquired.
Finally, the "Specialisti Eurizon Capital" initiative was launched, in collaboration with Banca dei Territori. This involves over 40 resources assigned to provide network support, with a view to relaunching asset management. An "Investment Centre" has been specifically set up for this activity, providing specialised consulting on markets, performance and, in the future, consulting on asset allocation as well.

The total assets managed by Eurizon Capital as at the end of June 2009 amounted to 128 billion euro, slightly down (-0.6%) from the start of the year due to the outflow from mutual funds that mainly involved UCI and, to a lesser extent, retail management, only partly offset by positive market performance. At the end of June, Eurizon Capital improved its market share in terms of mutual funds, equal to 19.3%, compared to the beginning of the year.
Operating income for the first half of 2009 was 129 million euro, down 31.7% compared to the same period of the previous year, due to the less favourable product mix and the predominance of surrenders, leading to a slight reduction in assets under management. This result is reflected in the income before tax from continuing operations (-37.6%) and net income (-6.3%).
Capital absorbed amounted to 77 million euro, down 40 million euro compared to the first six months of 2008. Annualised ROE reached 78.6%, in line with 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 72 million euro to 44 million euro.

Banca Fideuram

(in millions of euro)

Income statement/Alternative performance indicators	30.06.2009	30.06.2008	Changes	
			amount	%
Net interest income	85	79	6	7.6
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	200	258	-58	-22.5
Profits (Losses) on trading	10	2	8	
Income from insurance business	-	-	-	-
Other operating income (expenses)	1	2	-1	-50.0
Operating income	**296**	**341**	**-45**	**-13.2**
Personnel expenses	-61	-62	-1	-1.6
Other administrative expenses	-89	-94	-5	-5.3
Adjustments to property, equipment and intangible assets	-9	-8	1	12.5
Operating costs	**-159**	**-164**	**-5**	**-3.0**
Operating margin	**137**	**177**	**-40**	**-22.6**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-20	-18	2	11.1
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	**117**	**159**	**-42**	**-26.4**
Taxes on income from continuing operations	-26	-37	-11	-29.7
Merger and restructuring-related charges (net of tax)	-1	-2	-1	-50.0
Effect of purchase cost allocation (net of tax)	-43	-55	-12	-21.8
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**47**	**65**	**-18**	**-27.7**
Allocated capital	296	312	-16	-5.1
Profitability ratios (%)				
Cost / Income ratio	53.7	48.1	5.6	11.6
ROE	32.0	41.9		
EVA® (in millions of euro)	73	101	-28	-27.7

	30.06.2009	31.12.2008	Changes	
			amount	%
Assets under management	42,302	40,293	2,009	5.0

The initiatives taken by Banca Fideuram in the first half of 2009 were carried out in coherence with the objective of consolidating market leadership through the development of its key strengths. The guidelines of the product development plan in the first half of 2009 were aimed at increasing customer deposits, with a gradual repositioning of deposits into the asset management segment, through UCI-based initiatives. Development of the products and services dedicated to the private customers segment also continued.

Integration of the network of private bankers of Banca CR Firenze into Sanpaolo Invest SIM was completed during the first half of the year, involving, in addition to migration of the private bankers, customers and products included within the business division being transferred, adaptation of the IT systems of the Fideuram and Sanpaolo Invest networks for the placement of eight new third-party products previously included in Banca CR Firenze's product range.

Assets under management at the end of June 2009 amounted to 63 billion euro, up 3.4% from the beginning of the year, due to the good performance of the financial markets and, to a lesser extent, net deposits of 611 million (383 million during the first six months of 2008), over 70% of which acquired as a result of integration of the network of Banca CR Firenze private bankers into Sanpaolo Invest SIM. Net deposits in assets under management was positive for 573 million euro, compared to a negative balance of 3.3 billion euro during the first six months of 2008, benefiting from favourable performance of mutual funds. The assets under administration component represented only 38 million euro, compared to 3.7 billion euro placed during the same period of the previous year. Although at a modest level, the trend for the first half of the year indicates the beginning of a repositioning of customer portfolios towards asset management products, in order to promptly take advantage of the opportunities offered by the normalisation of financial markets.
Following the integration of the Banca CR Firenze network, the number of private bankers increased from 4,209 units at the end of 2008 to 4,310 units as at 30 June 2009.
The operating margin for the first half of 2009 was 137 million euro, down 22.6% on the same period in 2008. This result is largely attributable to the decrease in net fee and commission income, linked to the reduced average AUM volumes and, in part, to the repositioning of the product mix in favour of bond and cash products less profitable for the bank, which more than offset the growth in net interest income and profits on trading. However, the decline in recurring net fee and commission income ended during the second quarter of 2009, and total fee and commission income recorded 5.5% growth compared to the first quarter of the year. The increase in interest margin (+7.6% on the first six months of 2008) is attributable to the improvement of spreads, following the decision to increase the fixed-rate exposure of assets by closing several securities hedging derivatives, benefiting from the reduction in market rates. Conversely, profits on trading, equal to 10 million euro, benefited from the income achieved through advance termination of several derivative contracts stipulated at the end of 2008. Income before tax from continuing operations amounted to 117 million euro (-26.4% on the first six months of the previous year). Lastly, Banca Fideuram closed the first half of 2009 with a net income of 47 million euro, down 27.7% compared to the same period in 2008.
The capital absorbed by Banca Fideuram in the first six months of 2009 was 296 million euro, a decrease compared to the corresponding period of last year. The performance in economic results penalised annualised ROE, which amounted to 32% from 41.9% for the first half of 2008. The EVA® indicator, which measures value creation, dropped to 73 million euro.

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 half of 2009 with a negative operating income of 123 million euro, compared to 414 million euro in revenues in the corresponding period of 2008. This performance was the result of lower net interest income, due to the higher cost of medium-/long-term funding and the effects of reduced interest rates on the imbalance between non-interest bearing liabilities and non-interest bearing assets, as well as the generalised lower profitability of subsidiaries carried at equity, especially those with the greatest exposure to the cycle, and higher fee and commission expense. Operating costs were up 13.3% compared to the same period in 2008. Overall, net income recorded a loss of 148 million euro, compared to a positive result for the first six months of 2008, which benefited from gains on the sale of Agos, in addition to the sale of 198 branches.

The Treasury Department includes services in euro and in foreign currencies, and the integrated management of liquidity requirements/surpluses, financial risks and settlement risks. In the first half of 2009, Intesa Sanpaolo continued to play a key role on the domestic market in settlement systems, as a direct member and provider of settlement services to Group and third party banks. In particular, the activities necessary for the settlement of the CR Firenze group, which began operations in July, were completed during the period in question. Treasury settlement activities in euro centralised in the Parent Company recorded on average approximately 27,000 daily transactions, for an exchange value of about 49 billion euro between Target2 and EBA. The Treasury Department continued to play an active role in Italian and European working parties on development projects for new settlement systems. In particular, the department contributed to the project to extend SEPA (Single European Payment Area) settlement services, due to become operative in autumn 2009, whilst development continued regarding security transaction procedures (Target2 Securities), collateral management (Correspondent Central Banking Model 2) and settlement of foreign exchange transactions through CLS.

With reference to the money market, the trend of interest rate cuts by the certain monetary authorities continued in the second quarter, although within a general context of increased optimism regarding the possibility for recovery of the global markets, taking into consideration the long-term horizon in which concrete signs of improvement are expected. In particular, the European Central Bank made several rate cuts during the first half of the year, bringing them to 1% in May, the lowest figure in the history of the single currency. At the same time, the European Central Bank, in line with market expectations, carried out some non-conventional interventions, such as the purchase of covered bonds, the inclusion of the European Investment Bank among the counterparties that can participate in transactions on the open market and auctions with a one-year maturity. The Federal Reserve, which in previous months had reached the desired rate level under monetary policy, continued to support markets with a Fed Funds target nearing zero and announced that it would move forward with the programme to support the real estate market by purchasing agency mortgage-backed securities and agency debt in the current year; this measure will also be accompanied by the purchase of Treasury Securities. The Central Banks have remained alert, also to system liquidity, which remained high throughout the period. In particular, there was excess liquidity in Europe, with an expected lengthy reabsorption time, following the extraordinary fixed-rate auction held in June, with full allotment and one-year maturity, with a record 1,121 banks participating for a total of 442 billion euro. This had significant repercussions on European rates, and the very short-term portion of the curve reached levels that were much lower than the official refinancing rate. Intesa Sanpaolo's liquidity position continued to be positive, with the contribution of the "Certificats de Dépôt" issue programme, launched at the end of the first quarter, which was successful with investors, enabling greater diversification of short-term deposits at very favourable conditions.

With regard to the trading portfolio, the first half of 2009 was characterised by an initial deterioration in financial market liquidity which had an impact on credit spreads of certain sovereign issuers in the eurozone, financials issuers and the covered bonds market in general. This deterioration receded at the end of March, together with a recovery in share prices, bringing the values of several financial assets back to the levels recorded prior to the crisis that took place last autumn. In this context, the management policy for liquidity portfolios held by the Head Office and the main international subsidiaries abroad focused on eligible assets characterised by top ratings, high liquidity and low volatility. In particular, the issues of Financial Government Guaranteed Bonds, issued by governments mainly in the eurozone and with a maturity of no more than three years, BOT and CTZ issues with more attractive spreads closer to the Eonia curve were preferred. In the Financials segment, downsizing of the portfolio continued, only partly replacing matured positions with issues by eurozone banks considered to be among the soundest. Several positions were reduced during the latter part of the half year, particularly among Government Guaranteed Financials and Senior Financials, which benefited from improved market confidence and simultaneously enjoyed a significant contraction of credit spreads. A significant contraction of the BOT and CTZ spreads closer to the Eonia curve took place starting from mid-June, facilitating a disposal of positions. As mentioned earlier, these liquidity portfolios are funded mainly through the issue of short-term financial instruments but with maturity extended over several months and therefore constitute liquidity buffers for use in stress scenarios over and beyond the facilities made available by the Central Banks. In particular, on the domestic screen-based repo market, with underlying Government securities in euro, the Bank continued to play a primary role in supporting operations.

With regard to Asset & Liability Management, operational management of the interest rate risks of the Group's banking book – in the segment over 18 months – is handled by the ALM structure under the supervision of the Risk Management Department. Interest rate risk is monitored and managed mainly by examining the sensitivity of the market value of the various positions in the banking book to parallel shifts in the interest rate curve at the various maturities; moreover specific scenario analysis techniques on rate developments are used, as well as performance scenarios for specific positions. The strategic choices on interest rate risk are made by the Group's Financial Risks Committee, within limits established by the Management Board. ALM actively supports the Committee's decision-making activity by formulating analyses and proposals. Despite the sharp drop in short-term interest rates over the last few months, the reduction in mark-down on demand deposits was significantly offset by the decisions made to protect the interest margin. The structural component of liquidity risk is managed by identifying expected liquidity mismatches by maturity bands, on the basis of liquidity policies defined internally at the Group level. Mismatch analysis on medium-long term maturities provides input for planning bond funding, in order to anticipate possible pressures on short-term funding.

During the first half of 2009, international funding transactions with maturity of 12 months or more for a total of approximately 2.6 billion euro were completed, of which 1.8 billion euro through the issue of 1-year certificates of deposit (both fixed and floating rate), 719 million euro through private placements and approximately 74 million euro through Group branches and subsidiaries abroad. This limited international activity was due to the Group's strong liquidity and to the significant bond placement flows to retail customers.
In the first six months of the year the total issues of Group securities placed on the domestic market through its own and third-party networks was 23 billion euro, 800 million euro of which in subordinated floating-rate Lower Tier 2 securities with an average 5-year maturity. Among placed securities, there was a prevalence for structured bonds (predominantly simple structures pegged to the level of interest rates, such as floating-rate bonds with minimum guaranteed coupon), with an incidence of 60.2%, whereas the weight of plain vanilla securities was 39.8%. A breakdown by average maturity shows a concentration of 2-year maturities with a weight of 58.4%, whilst 19.8% is represented by 6-year securities and 10.6% by 4-year securities. The remaining 11.2% relates to 3/5-year bonds.

With regard to structured finance, in the light of the persistent difficulties that characterised the capital market in 2008 and the beginning of 2009, the "Progetto Stanziabilità" (eligibility project) launched last year and aimed at stabilising significant portions of Group assets has continued, to be activated as needed to obtain liquidity from the Eurosystem. In this context, the structuring of a new securitisation was launched, backed by performing mortgages of Intesa Sanpaolo, whose disposal to the vehicle Adriano Finance was completed on 25 May 2009, while the issue of 5,860 million euro in securities took place in July. Even in the light of the improvement in capital market conditions, with particular reference to the covered bonds segment, which was revitalised by the ECB's purchase programme for approximately 60 billion euro, structuring of the Bank's covered bonds programme backed by loans of subsidiary BIIS resumed during the first half of the year. On 20 May 2009, BIIS sold to the vehicle company ISB CB Pubblico Srl its relative portfolio (approximately 3.8 billion euro), and a 3 billion euro covered bond issue was carried out in July, fully subscribed by BIIS and held as a liquidity reserve. A second programme of covered bonds, backed by the class A RMBSs issued by Adriano Finance in August 2008, will be launched in September. The objective is to complete the work in time to debut on the market within the current year with an issue that is part of this new programme.

GEOGRAPHICAL AREAS

(in millions of euro)

	Italy	Europe	Rest of the World	Total
Operating income				
30.06.2009	7,185	1,583	99	8,867
30.06.2008	7,920	1,624	36	9,580
% change [(a)]	-9.3	-2.5		-7.4
Loans to customers				
30.06.2009	330,241	44,724	11,359	386,324
31.12.2008	337,249	46,343	11,597	395,189
% change [(b)]	-2.1	-3.5	-2.1	-2.2
Direct customer deposits				
30.06.2009	328,680	81,414	32,358	442,452
31.12.2008	315,333	76,481	39,083	430,897
% change [(b)]	4.2	6.4	-17.2	2.7

Figures restated, where necessary, on a consistent basis, considering the changes in the scope of consolidation and discontinued operations.

[(a)] The change expresses the ratio between 30.06.2009 and 30.06.2008.

[(b)] The change expresses the ratio between 30.06.2009 and 31.12.2008.

With regard to subdivision by geographical areas, the activities of the Intesa Sanpaolo Group are mostly concentrated in the domestic market: 81% of revenues, 85% of loans to customers and 74% of direct customer deposits were realised in Italy. Abroad, the Group has a significant presence in Central and South-Eastern Europe (Croatia, Slovenia, Slovakia, Serbia, Hungary, Bosnia and Herzegovina, Albania, Romania and Ukraine), in the Russian Federation and in the Mediterranean area (Egypt).
In terms of operating performance for the first six months of 2009, Italy and Europe recorded substantial growth in deposit volumes.

Risk management

BASIC PRINCIPLES

The policies relating to risk acceptance are defined by the Parent Company's Management 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. For the main Group subsidiaries these functions are performed, on the basis of an outsourcing contract, by the Parent Company's risk control functions, which periodically report to the Board of Directors and the Audit Committee of the subsidiary.
The risk measurement and management tools together define a risk-monitoring framework at Group level, capable of assessing risks assumed from a regulatory and economic point of view. The level of absorption of economic capital, defined as the maximum "unexpected" loss that could be borne by the Group over a period of one year, is a key measure for determining the Group's financial structure and for guiding operations, ensuring a balance between risks assumed and shareholder returns. It is estimated on the basis of the current situation and also as a forecast, based on the Budget assumptions and projected economic scenario under normal and stress conditions. The capital position forms the basis for business reporting and is submitted quarterly to the Group Risk Governance Committee, the Management Board and the Control Committee, as part of the Group's Risks Tableau de Bord.
Risk hedging, given the nature, frequency and potential impact of the risk, is based on a constant balance between mitigation/hedging action, control procedures/processes and capital protection measures.

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 Capital Adequacy Directive and in Italy by Law Decree no. 297 of 27 December 2006.
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 experience of Intesa and Sanpaolo IMI. In 2008, it began the approval process for their adoption.
With regard to credit risks, a "first scope" of Group entities that use approaches based on internal models was identified. For this scope of entities, the Group obtained authorisation to use the IRB Foundation approach for the Corporate segment, starting from the report as at 31 December 2008. The rating models and credit processes for the SME Retail and Retail (Residential mortgages) segments were also implemented in 2008. With the release of the Loss Given Default (LGD) model, now being completed, in the first half of 2010 it will be possible to adopt the Advanced IRB approach.
Rating model development for other segments and extension of the business application scope is in progress, in line with a gradual programme for the adoption of advanced approaches submitted to the Supervisory Authority.
With regard to operational risks, implementation of the AMA approach for some Group Companies (which includes Banks and Companies of the Banca dei Territori Division, Leasint, Eurizon Capital and VUB Banka) was completed. Moreover, authorisation to use the internal Advanced Measurement Approach (AMA) for the purposes of the calculation of the capital requirements has been requested to the Bank of Italy.
With respect to the Internal capital adequacy assessment process (i.e., ICAAP of the second Pillar of the Basel II Accord), the Group presented the interim and final reports for 2008, as a "class 1" banking group, according to Bank of Italy classification, based on the extensive use of internal methodologies for the measurement of risk, internal capital and total capital available. The reports show satisfactory capital adequacy under both ordinary and stress conditions.
As part of the adoption of "Basel 2" by the Italian banking system, Bank of Italy Circular 263 of 27 December 2006 "New regulations for the prudential supervision of banks" sets out the procedures that must be adopted by Italian banks and banking groups in public disclosures on capital adequacy, risk exposure and the general features of the risk identification, measurement and management systems (Basel 2 - Pillar 3).
In brief, the new instructions envisage the drawing up of a separate report on banking group risk in

addition to that already included in the financial statements. This disclosure, drawn up in accordance with the provisions of the aforementioned circular, which incorporates the provisions of Annex XII to EU Directive 2006/48, is published in accordance with the rules laid down by the Bank of Italy with the following frequency:

– figures as at 31 December: full qualitative and quantitative disclosure;
– figures as at 30 June: update of the quantitative disclosure (as Intesa Sanpaolo is among the groups that have adopted IRB and/or AMA approaches for credit and operational risk);
– figures as at 31 March/30 September: update of the information relating to capital and capital adequacy (as Intesa Sanpaolo is among the groups that have adopted IRB and/or AMA approaches for credit and operational risk).

The Intesa Sanpaolo Group publishes the Basel 2 Pillar 3 disclosure and subsequent updates on its website at the address: group.intesasanpaolo.com.

CREDIT RISKS

The Intesa Sanpaolo Group has developed a set of techniques and tools for credit risk measurement and management which ensures analytical control over the quality of loans to customers and financial institutions, and loans subject to country risk.
In particular, with respect to loans to customers, risk is measured using rating models which change according to the segment to which the counterparty belongs.
The policies applied by the Group in financing the economy are aimed at:
- coordination of actions to achieve a sustainable objective, consistent with the Group's risk appetite and value creation;
- 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.

The management of credit risk profiles of the loan portfolio is assured, starting from the analysis and granting phases, by:
- checking the existence of the necessary conditions for creditworthiness, with particular focus on the customer's current and prospective capacity to produce satisfactory income and congruous cash flows, considering the course of the relationship already in progress;
- applying the regulations on Credit policies;
- assessing 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, the presence of any relationship between the client and other borrowers and the Credit Policies defined;
- controlling the relationships, by means of information technology procedures and systematic surveillance of the relationships which present irregularities, both aimed at rapidly identifying any signs of deterioration in risk exposures.

Constant monitoring of the quality of the loan portfolio is also ensured by specific operating checks for all the phases of loan management: these actions are aimed at monitoring the transition of exposures from performing to non-performing status and vice-versa, including through the deterioration of the rating, following the calculation/confirmation of the group administrative position.

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 allow the production of synthetic risk indicators. They allow timely assessments to be formulated when any anomalies arise or persist and interact with processes and procedures for loan management and for credit risk control.
Positions to which the synthetic risk indicator attributes a persistent high-risk rating are intercepted (manually or automatically) and included in an operational category based on their risk profile. They are classified in the following categories: doubtful loans, i.e. exposures to borrowers in default or in similar situations; substandard loans, i.e. exposures to borrowers in temporary difficulty, deemed likely to be settled in a reasonable period of time; restructured loans, i.e. positions for which, due to the deterioration of the economic and financial position of the borrower, the bank (or group of banks) agrees to modify the original contractual terms giving rise to a loss. Lastly, non-performing loans include loans past due by over 90 or 180 days which exceeded the warning threshold, as set out by the Bank of Italy.

(in millions of euro)

	30.06.2009			31.12.2008			Changes
	Gross exposure	**Total adjustments**	**Net exposure**	**Gross exposure**	**Total adjustments**	**Net exposure**	**Net exposure**
Doubtful loans	14,476	-9,934	4,542	13,047	-9,079	3,968	574
Substandard loans	10,795	-2,386	8,409	7,011	-1,720	5,291	3,118
Restructured loans	1,956	-88	1,868	534	-135	399	1,469
Past due loans	2,012	-186	1,826	2,022	-156	1,866	-40
Non-performing loans	**29,239**	**-12,594**	**16,645**	**22,614**	**-11,090**	**11,524**	**5,121**
Performing loans	353,573	-2,441	351,132	370,611	-2,442	368,169	-17,037
Performing loans represented by securities	19,186	-639	18,547	15,863	-367	15,496	3,051
Loans to customers	**401,998**	**-15,674**	**386,324**	**409,088**	**-13,899**	**395,189**	**-8,865**

Figures restated on a consistent basis, considering the changes in the scope of consolidation.

At the end of the first half of 2009 the Group recorded an increase in non-performing loans in both gross terms (+29.3%) and net of adjustments (+44.4%). This trend led to a higher incidence of net non-performing loans on total loans to customers, increasing from 2.9% to 4.3%. As at 30 June 2009, the coverage of non-performing loans, pursued through prudent provisioning policies extended to all commercial banks, came to approximately 43%, compared to the 49% recorded at the end of 2008. The decrease is mainly due to the inclusion of a position of a significant amount under restructured loans, deemed fully recoverable following the restructuring transaction performed. The coverage ratio for doubtful loans decreased slightly from 69.6% to 68.6%.

In particular, doubtful loans net of adjustments totalled 4,542 million euro, with a 574 million euro rise from the beginning of the year; the incidence on total loans was 1.2%, with a coverage ratio of 69%.

Substandard loans, 8,409 million euro, net of adjustments, recorded a 59% rise with respect to 31 December 2008. This is due to new positions of a significant amount, assisted by guarantees, which required limited provisions; the incidence on total loans increased to 2.2%, with a coverage ratio of 22%.

Restructured loans, amounting to 1,868 million euro, showed an increase over the 399 million euro at 31 December 2008, mainly due to the above-mentioned restructuring transaction. The related coverage ratio is 5%.

Past due loans amounted to 1,826 million euro, with a 40 million euro decrease and a 9% coverage ratio.

Cumulated collective adjustments on performing loans came to 0.7% of gross exposure relating to loans to customers, stable with respect to the figure at the end of the previous year. The risk associated with the performing loan portfolio is calculated collectively on the basis of the risk configuration of the entire portfolio analysed by means of models that consider the Probability of Default (PD) and Loss Given Default (LGD) for each loan.

MARKET RISKS

INFORMATION ON FINANCIAL PRODUCTS

The following information on credit and market risk exposure, in various forms, directly or through vehicles, is provided in line with the requests for utmost transparency made by supranational and national Supervisory authorities. As for the previous reports, reference is made to the requirements of the Bank of Italy (communication of 18 June 2008), and Consob (letter of 23 July 2008), also considering the recommendations contained in the Report of the Financial Stability Forum of April 2008, referred to by both Supervisory Authorities.

DETERMINATION OF THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

General Principles

IAS/IFRS state that financial products in the trading portfolio must be measured at fair value through profit and loss. The existence of official prices in an active market[1] represents the best evidence of fair value and these prices must be used with priority (effective market quotes) for the registration of financial assets and liabilities in the trading portfolio.

If there is no active market, fair value is determined using valuation techniques aimed at ultimately establishing what the transaction price would have been on the measurement date, in an arm-length exchange, motivated by normal business considerations. Such techniques include:

– reference to market values indirectly connected to the instrument to be valued and presumed from products with the same risk profile (comparable approach);
– valuations performed using – even partly – inputs not identified from parameters observed on the market, which are estimated also by way of assumptions made by the person making the assessment (Mark-to-Model).

The choice between the aforesaid methodologies is not optional, since they must be applied according to a hierarchy: if a published price quotation in an active market is available then the other valuation approaches may not be used.

Hierarchy of fair value

As described above, the hierarchy of measurement models, i.e. of the approaches adopted for fair value measurement, attributes absolute priority to effective market quotes for valuation of assets and liabilities or for similar assets and liabilities (comparable approach) and a lower priority to non-observable and, therefore, more discretional inputs (Mark-to-Model Approach).

1. *Effective market quotes*

In this case the valuation is the price of the same financial instrument to be measured on the basis of prices quoted on an active market.

The percentage (determined in relation to fair value in case of derivatives) of instruments valued with this methodology on the total of instruments measured at fair value is set out below:

Financial assets:	
- cash	80.0%
- derivatives	1.9%
Financial liabilities:	
- cash	27.8%
- derivatives	2.0%

2. *Valuation Techniques: Comparable Approach*

In this case the valuation is not based on the price of the same financial instrument to be measured, but on prices or credit spreads presumed from official quotes of instruments which are similar in terms of risk factors, using a given calculation methodology (pricing model).

The use of this approach requires the search for transactions on active markets in relation to

[1] A financial instrument is considered as quoted on an active market if the quotations, reflecting normal market transactions, are promptly and regularly available through organised markets (exchanges), brokers, intermediaries, companies operating in the sector, quotation services or authorised bodies, and such prices represent effective and regular market transactions taking place over a normal period of reference.

instruments that, in terms of risk factors, are comparable with the instrument to be measured.
The calculation methodologies (pricing models) used in the comparable approach reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretional parameters – parameters for which values may not be inferred from quotes of financial instruments present on active markets or fixed at levels capable of reproducing quotes on active markets – that significantly influence the final valuation.
The percentage of the instruments valued with this method (determined in relation to fair value in the case of derivatives) in the total of the instruments measured at fair value is as follows:

Financial assets:	
- cash	16.6%
- derivatives	97.6%
Financial liabilities:	
- cash	72.2%
- derivatives	96.2%

3. Valuation Techniques: Mark-to-Model Approach

In this case valuations are based on various inputs, which are not presumed directly from parameters which may be observed on the market and therefore imply estimates and assumptions on the part of the valuator.
In particular, with this approach the valuation of the financial instrument uses a calculation method (pricing model) based on specific assumptions of:
– the development of future cash-flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
– the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where these are not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The percentage of the instruments valued with this method (determined in relation to fair value in the case of derivatives) in the total of the instruments measured at fair value is as follows:

Financial assets:	
- cash	3.4%
- derivatives	0.5%
Financial liabilities:	
- cash	-
- derivatives	1.8%

The cash financial assets include investments in equities of 1.4 billion euro, classified as securities available for sale.

The valuation process of financial instruments

The valuation process of financial instruments is substantially unchanged with respect to that published in the financial statements as at 31 December 2008, to which reference should be made.

Information on valuation models which are concretely used for measurement of financial instruments

With respect to the valuation models concretely used by the Intesa Sanpaolo Group for measurement of non-contributed securities, pricing of interest rate, foreign exchange, equity and inflation derivatives, and pricing of structured credit products, no significant changes took place with respect to that stated in the financial statements as at 31 December 2008, to which reference should be made.

As at 30 June 2009, hedge funds are still measured using the operating NAV (Net Asset Value)[2] provided by the Fund Administrator, prudentially reduced by an adjustment percentage arising from a valuation process that is both statistical and analytical, based on the main drivers of counterparty risk (being the risk the assets of the fund are exposed to when a single service provider is entrusted with prime brokerage or custodian activities, which is a potential source of concern in the case of default) and the illiquidity risk (being the risk intrinsic to the pricing of the fund assets due to the poor availability of prices or certain weaknesses in the pricing policies applied).

Adjustments adopted to reflect Model Risk and other uncertainties related to the valuation

No significant changes occurred with respect to the financial statements as at 31 December 2008, to which reference should be made, concerning adjustments, which are adopted to reflect the Model Risk and other uncertainties relating to the valuation when determining fair value.

QUANTITATIVE INFORMATION ON THE FINANCIAL ASSETS AND LIABILITIES

The tables below detail the book values of the:

a) financial assets represented by securities measured at amortised cost and fair value; the latter have been broken down into quoted and unquoted instruments with an indication of the level of hierarchy for the determination of fair value applied;
b) financial liabilities represented by securities and subject to measurement at fair value, broken down into quoted and unquoted instruments and with an indication of the level of hierarchy of fair value applied;
c) financial and credit derivative instruments, broken down into quoted and unquoted instruments and with an indication of the level of hierarchy of fair value applied.

(in millions of euro)

Financial assets represented by securities/ Derivatives	Quoted	Unquoted	*of which level 2*	*of which level 3*	30.06.2009	31.12.2008
Securities held to maturity	5,196	-	*X*	*X*	5,196	4,975
Securities classified under loans to customers	-	15,915	*X*	*X*	15,915	13,138
Securities classified under loans to banks	-	3,150	*X*	*X*	3,150	1,459
Securities held for trading	21,682	4,967	*3,727*	*1,240*	26,649	15,736
Securities on which the fair value option has been exercised	13,693	7,244	*7,244*	-	20,937	19,688
Securities available for sale	26,394	3,273	*1,849*	*1,424*	29,667	25,503
Total Financial assets represented by securities	**66,965**	**34,549**	***12,820***	***2,664***	**101,514**	**80,499**
Derivatives held for trading	722	38,212	*38,027*	*185*	38,934	42,302
TOTAL	**67,687**	**72,761**	***50,847***	***2,849***	**140,448**	**122,801**

(in millions of euro)

Financial liabilities represented by securities and designated at fair value / Derivatives	Unquoted	unquoted	*of which level 2*	*of which level 3*	30.06.2009	31.12.2008
Short positions on securities designated at fair value	1,509	45	*45*	-	1,554	1,760
Issued securities on which the fair value option has been exercised	-	3,871	*3,871*	-	3,871	3,878
Total Financial liabilities represented by securities and designated at fair value	**1,509**	**3,916**	***3,916***	**-**	**5,425**	**5,638**
Derivatives held for trading	776	38,997	*38,261*	*736*	39,773	44,110
Total	**2,285**	**42,913**	***42,177***	***736***	**45,198**	**49,748**

The tables below provide an overview of the financial instruments represented by securities and derivatives that are subject to measurement at fair value and that contribute to different items in the financial statements, with a separate indication of the values associated with certain areas (structured credit products, hedge funds, and merchant banking investments). For the sake of completeness, tables have also been included with a breakdown of the securities valued at amortised cost, with a separated indication of the abovementioned areas.

[2] Main parameter used for the valuation of hedge funds. The operating NAV does not always coincide with the NAV used for accounting purposes (so-called accounting NAV) as the former can be prudentially adjusted by the Risk Management Department, during the valuation of inventories for accounting purposes, on the basis of certain indicators, circumstances or events.

(in millions of euro)

Financial assets: securities classified under loans to customers	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Structured credit products	-	2,835	*X*	*X*	2,835	2,102
Other debt securities	-	13,080	*X*	*X*	13,080	11,036
TOTAL	**-**	**15,915**	**-**	**-**	**15,915**	**13,138**

(in millions of euro)

Financial assets: securities classified under loans to banks	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Structured credit products	-	13	*X*	*X*	13	15
Other debt securities	-	3,137	*X*	*X*	3,137	1,444
TOTAL	**-**	**3,150**	**-**	**-**	**3,150**	**1,459**

(in millions of euro)

Financial assets: securities held for trading	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Debt securities	**20,556**	**4,188**	***3,548***	***640***	**24,744**	**13,506**
Structured credit products	-	769	*224*	*545*	769	921
Other securitisations	-	309	*214*	*95*	309	383
Other debt securities	20,556	3,110	*3,110*	-	23,666	12,202
Equities	**309**	**47**	***47***	**-**	**356**	**276**
Quotas of UCI	**817**	**732**	***132***	***600***	**1,549**	**1,954**
Hedge Funds	58	600	-	*600*	658	852
Other quotas of UCI	759	132	*132*	-	891	1,102
TOTAL	**21,682**	**4,967**	***3,727***	***1,240***	**26,649**	**15,736**

(in millions of euro)

Financial assets: securities on which the fair value option has been exercised	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Debt securities	11,732	244	*244*	-	11,976	12,102
Equities	1,840	-	-	-	1,840	1,688
Quotas of UCI	121	7,000	*7,000*	-	7,121	5,898
TOTAL	**13,693**	**7,244**	***7,244***	**-**	**20,937**	**19,688**

(in millions of euro)

Financial assets: securities available for sale	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Debt securities	**24,814**	**1,404**	***1,404***	**-**	**26,218**	**22,050**
Equities	**1,526**	**1,424**	**-**	***1,424***	**2,950**	**2,930**
Merchant banking investments	416	706	-	706	1,122	1,136
Other investments	1,110	718	-	718	1,828	1,794
Quotas of UCI	**54**	**445**	***445***	**-**	**499**	**523**
TOTAL	**26,394**	**3,273**	***1,849***	***1,424***	**29,667**	**25,503**

(in millions of euro)

Financial assets: derivatives	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Financial derivatives	**722**	**35,710**	***35,710***	**-**	**36,432**	**37,805**
Credit derivatives	**-**	**2,502**	***2,317***	***185***	**2,502**	**4,497**
Structured credit products	-	591	*406*	*185*	591	533
Other credit derivatives	-	1,911	*1,911*	-	1,911	3,964
TOTAL	**722**	**38,212**	***38,027***	***185***	**38,934**	**42,302**

(in millions of euro)

Financial liabilities: short positions on securities designated at fair value	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Due to banks	1,411	10	*10*	-	1,421	1,754
Due to customers	98	35	*35*	-	133	6
TOTAL	**1,509**	**45**	**45**	**-**	**1,554**	**1,760**

(in millions of euro)

Financial liabilities: issued securities - Fair value option	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Structured securities	-	3,871	*3,871*	-	3,871	3,878
Other securities	-	-	-	-	-	-
TOTAL	**-**	**3,871**	***3,871***	**-**	3,871	**3,878**

(in millions of euro)

Financial liabilities: derivatives	**Quoted**	**Unquoted**	***of which level 2***	***of which level 3***	**30.06.2009**	**31.12.2008**
Financial derivatives	**776**	**35,622**	***35,622***	**-**	**36,398**	**39,010**
Credit derivatives	**-**	**3,375**	***2,639***	***736***	**3,375**	**5,100**
Structured credit products	-	1,138	*402*	*736*	1,138	1,100
Other credit derivatives	-	2,237	*2,237*	-	2,237	4,000
TOTAL	**776**	**38,997**	***38,261***	***736***	**39,773**	**44,110**

STRUCTURED CREDIT PRODUCTS

The business model: objectives, strategies and relevance

The strategy involving the downsizing of the existing portfolio was strengthened in the second quarter of 2009. In tandem with the general improvement of the market, marked by a contraction of spreads and the slowdown of default/downgrade rates, the Structured Credit Product portfolio was reduced through unwinding and closing of unfunded positions, while reclassifying the underlying securities under the Loan portfolio.
The latter strategy is strengthened by the further reduction in the cost of funding.
During the second quarter of the year, the portfolio was further reduced following the natural expiry of certain operations and the advanced reimbursement of existing ones.
The reference market is still substantially inactive, where only the most senior positions with the best rating have regenerated interest, particularly in relation to public programmes to support the market for some asset classes.
Given the lack of clear recovery indicators, these programmes continue to play a fundamental role in revitalising the market, bringing spreads to levels which are more in line with fundamentals.
Therefore, the Bank's strategy to progressively reduce exposure could also be affected by the extension/renewal of the above-mentioned public programmes and their effects on the market.

Highlights

Before describing the results as at 30 June 2009, please note that the qualitative and quantitative composition of the investments in structured credit products, penalised to various extents by the events that affected financial markets from the second half of 2007, has changed little with respect to the information disclosed as at the end of last year and the last quarter. Compared to 31 December 2008, despite the downgrade of a growing portion of these investments (approximately 23%), the good quality of the portfolio is confirmed, as shown by the following indicators:

– 88% of exposure is Investment Grade;
– 50% of this exposure had a Super senior (11%) or AAA (39%) rating; these percentages decreased considerably with respect to 31 December 2008;
– 12% has a rating of BBB or lower;
– 37% of the exposure has a pre-2005 vintage[3];
– 31% has a 2005 vintage;
– only 11% of exposure refers to the US Residential segment, and 30% to the US non-residential segment;
– the remaining exposure (59% of the total) is almost entirely (51%) European.

Considering underlying contract types, approximately two thirds of the exposure is represented by CLOs (33%) and CDOs (30%); the rest is almost entirely made up of ABSs (16%) and RMBSs (16%); CMBS represent 5% of the total.

[3] Date of generation of the collateral underlying the securitisation. It is an important factor in the assessment of the risk of the mortgages underlying securitisations since, especially in the US, the phenomenon of mortgages granted to entities with inadequate income and with low prior assessment of documentation became significant as of 2005.

As concerns valuation methods, unfunded positions are measured using the Mark-to-Model Approach with the sole exception of positions on CMBX indexes, which have been measured on the basis of effective market quotes. For funded products, the use of valuation methods involved the Comparable Approach in 55% of cases and the Mark-to-Model Approach (45% of cases). For further details on adopted valuation methods see details on the determination of the fair value of financial assets and liabilities provided in the 2008 Annual Report.

The structured credit products affected by the financial crisis are indicated by segregating the part classified under Financial assets held for trading and available for sale from those classified as Loans[4]. In the summary tables are reported the profit and loss effects of both aggregates.

The information set out below refers to the entire Group; where present, any effects and positions, which are in any case immaterial, ascribable to entities other than the Parent Company, are specifically highlighted in the comments and/or in the detailed tables.

In the summary tables provided below, table (a) sets out risk exposure as at 30 June 2009 and income statement captions (sum of realised charges and profits, write-downs and write-backs) of the year, compared with the corresponding values recorded as at 31 December 2008.

Table (b) sets out figures related to structured packages, normally made up of an asset (security) whose credit risk is entirely hedged by a specific credit default swap. Risk exposure in the table refers to the protection seller and not to the issuer of the asset hedged. For a more complete description of exposures of this type see the specific paragraphs (Monoline risk and Non monoline packages) and the relative tables.

The translation to euro of values expressed in USD as at 31 December 2008 occurred at an exchange rate of 1.3917 euro per dollar, and as at 30 June 2009 at an exchange rate of 1.4134 euro per dollar.

[4] This segregation is the result of the reclassification completed in 2008 after the IAS 39 amendments in October 2008. Added to these are the reclassifications of securities completed after the restructuring of unfunded positions in the first half of 2009.

Structured credit products: summary tables
a) Exposure in funded and unfunded ABS/CDOs

(in millions of euro)

Financial assets held for trading	30.06.2009		31.12.2008	
	Risk exposure (*) (including write-downs and write-backs)	**Income Statement Profits (Losses) on trading**	**Risk exposure** (*) (including write-downs and write-backs)	**Income Statement Profits (Losses) on trading**
US subprime exposure	**9**	**-3**	**23**	**-4**
Contagion area	**266**	**-38**	**207**	**-166**
- Multisector CDOs	194	-32	125	-103
- Alt-A	-	-	-	-
- TruPS	72	-6	82	-63
- Prime CMOs	-	-	-	-
Other structured credit products	**1,602**	**-61**	**3,056**	**-327**
- Funded European/US ABS/CDOs	297	25	430	-53
- Unfunded super senior CDOs	1,367	-73	3,043	-249
- Other unfunded positions	-62	-13	-417	-25
Total	**1,877**	**-102**	**3,286**	**-497**
in addition to:				
Positions of funds	-	8	-	41
Total Financial assets held for trading	**1,877**	**-94**	**3,286**	**-456**

Loans	30.06.2009		31.12.2008	
	Risk exposure (**) (including write-downs and write-backs)	**Income Statement**	**Risk exposure** (*) (including write-downs and write-backs)	**Income Statement**
US subprime exposure	**9**	**-1**	**6**	**-**
Contagion area	**125**	**-**	**138**	**-5**
- Multisector CDOs	16	-	12	-
- Alt-A	69	-	78	-2
- TruPS	-	-	-	-
- Prime CMOs	40	-	48	-3
Other structured credit products	**2,714**	**-1**	**1,973**	**-57**
- Funded European/US ABS/CDOs	1,494	-4	1,729	-57
- Funded super senior CDOs	1,026	3	-	-
- Funded ABS/CDOs ascribable to the Romulus vehicle	194	-	244	-
Total	**2,848**	**-2**	**2,117**	**-62**
in addition to:				
Positions of funds	-	-	-	-
Total Loans	**2,848**	**-2**	**2,117**	**-62**
Total	**4,725**	**-96**	**5,403**	**-518**

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at reference date. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

(**) For assets reclassified to loans, exposure to risk is provided by the carrying value of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the actual interest rate net of net value adjustments to the portfolio.

b) Exposure in packages

(in millions of euro)

Detailed table	30.06.2009		31.12.2008	
	Credit exposure to protection seller (CDS fair value) post write-down	**Income Statement Profits (Losses) on trading**	**Credit exposure to protection seller** (CDS fair value) post write-down	**Income Statement Profits (Losses) on trading**
Monoline risk	12	17	-	-94
Non monoline packages	127	2	154	-
Total	**139**	**19**	**154**	**-94**

Referring to the following summary for a more detailed illustration of the various product performances, it should be noted that the "long" position for US Subprimes dropped compared to the previous quarter and to the end of 2008.. The reduction is due to the additional write-downs of the unfunded positions included in the segment. Moreover, restructuring of unfunded positions which had begun in the first quarter of 2009, continued in the second quarter of year, reducing the weight of these positions on funded positions, as part of "Other structured credit products", later classified under Loans, less exposed to income statement volatility but with no effect on the Intesa Sanpaolo Group risk profile. Furthermore, one position included in the first reporting boundary was moved from "Other structured credit products" to the "Contagion area" in the first quarter of the year. This proved necessary due to the increased weight of the US RMBS component on the collateral portfolio.

From an economic point of view, in the reporting period the incidence of losses, particularly attributable to US subprime exposures, was almost unchanged compared to the previous quarter in both absolute and relative terms.

More specifically, the negative result of the structured credit products in the period (-75 million euro) is mostly attributable to unfunded structured credit products (-116 million euro net of hedges). In particular, the negative contribution of the unfunded positions included in the Multisector CDOs should be noted (-32 million euro; see point i., section "Contagion" area). The improvement in the valuation of these positions in the second quarter (+8 million euro) was fully offset by the worsening of the valuations of positions on CMBX indexes and derivatives on single names (-8 million euro). The good performance of funds hedging these positions (+8 million euro, of which 7 million euro in the second quarter) reduced the negative contribution of the segment to -24 million euro at 30 June 2009. The greater contribution to the negative result is due to the "Other structured credit products" areas (-86 million euro as at 30 June 2009). The reduction is mainly due to the downgrade and default of the assets included in the collateral of positions. As at 30 June 2009, it included:

– unfunded multisector CDOs (see point iii., section "Other structured credit products") which contributed a negative result of -41 million euro;
– unfunded Super Senior Corporate Risk CDOs (see point iv., section "Other structured credit products") which contributed a negative result of -32 million euro;
– Other unfunded positions (point v., section "Other structured credit products") which contributed a negative result of -13 million euro.

Contribution to "Profits (Losses) on trading – caption 80" improved thanks to funded structured credit products which recorded a positive result of 22 million euro as at 30 June 2009, thanks to the good performance of the portfolio of the subsidiary Banca IMI (+10 million euro) and the profits arising from the sale on the market of certain positions (+9 million euro). Securities reclassified under the loan portfolio include profits on disposal of 5 million euro (caption "Profits (Losses) on disposal or repurchase of loans") and losses for impairment of securities of 7 million euro (caption "Net impairment losses on loans").

The contribution of the "Monoline risk" and "Non-monoline packages" was also good with a total positive result of 19 million euro as at 30 June 2009, thanks to the progressive reduction of the exposure to counterparties and a slight improvement in their creditworthiness.

As at 30 June 2009, this aggregate included bonds classified as loans for a total nominal value of 3,177 million euro and risk exposure of 2,848 million euro. Of this amount, 235 million euro referred to securities reclassified from available for sale to the loans portfolio. As at 30 June 2009 their fair value was 188 million euro. The positive impact of this transaction on the Valuation reserve under Shareholders' Equity was 47 million euro. The remaining 2,613 million was reclassified from the trading book to the loans portfolio. The fair value of this aggregate as at 30 June 2009 was 2,203 million euro, with a positive effect on the income statement of 410 million euro, 299 million euro of which referring to 31 December 2008. Had the loans portfolio not been reclassified, the negative result for structured products would have increased to 186 million euro in the first half of 2009.

US subprime exposure

Please note that there is no unequivocal definition of subprime mortgages. In general, this expression indicates mortgaged lending which is riskier since it is granted to borrowers that have previously defaulted or because the debt-to-income or loan-to-value ratio is high.

As at 30 June 2009, the Intesa Sanpaolo Group:

– did not have mortgages definable as subprime in its portfolio, since the Group's policy does not envisage granting of this kind;
– did not issue guarantees connected to the aforementioned products.

That said, for US subprime exposure, Intesa Sanpaolo intends the products - cash investments (securities and funded CDOs) and derivative positions (unfunded CDOs) with collateral mainly made up of US residential mortgages other than in the "prime" sector (i.e. Home Equity Loans, residential mortgages with B&C ratings and similar) granted in the years 2005/06/07, irrespective of the FICO score [5]and the Loan-to-Value[6] (LTV) as well as those with collateral made up of US residential mortgages granted before 2005, with FICO score under 629 and Loan-to-Value exceeding 90% (the weight of this second class of products in the Intesa Sanpaolo Group's portfolio as at 30 June 2009 was again not significant, as had occurred as at 31 December 2008).

During the first half of the year, the total exposure in US Subprimes decreased, following the change in the composition of the collateral of an unfunded CDOs, which entailed the reduction of the portion of subprime mortgages included therein.

US subprime exposure

(in millions of euro)

Financial assets held for trading	Position as at 30.06.2009		Income statement as at 30.06.2009 Profits (Losses) on trading			
	Nominal value	Risk exposure (*) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Funded ABS	13	1	-	-1	-1	*-1*
Funded CDOs	26	2	-	-1	-1	*-1*
Unfunded super senior CDOs (1)	190	6	-	-1	-1	*-*
Position on ABX indexes	-	-	-13	13	-	*-*
"Long" positions	**229**	**9**	**-13**	**10**	**-3**	***-2***
Net position	**"long" 229**	**"long" 9**	**-13**	**10**	**-3**	***-2***

(in millions of euro)

Loans	Position as at 30.06.2009		Income statement as at 30.06.2009			
	Nominal value	Risk exposure (**) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Funded ABS	-	-	-	-	-	*-*
Funded CDOs	8	5	-	-1	-1	*-1*
Romulus-funded ABS/CDOs	4	4	-	-	-	*-*
"Long" positions	**12**	**9**	**-**	**-1**	**-1**	***-1***
Total	**241**	**18**	**-13**	**9**	**-4**	***-3***

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at period end. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

(**) For assets reclassified to loans, exposure to risk is provided by the carrying value of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the actual interest rate net of net value adjustments to the portfolio.

(1) With Mezzanine collateral. Including a position with underlying made up for approximately one third of subprime mortgages. This table includes the sole portion represented by subprime mortgages, whereas the residual exposure is reported in the "contagion" area.

[5] Indicator of the borrower's credit quality (usually between 300 and 850) used in the United States to classify credit, based on the statistical analysis of credit archives referred to individuals.

[6] The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.

The net nominal "long" position of 241 million euro as at 30 June 2009 compares with 269 million euro as at 31 December 2008. Moreover, positions on ABX indexes included in the segment were also closed. In terms of risk exposure, a "long" position of 18 million euro (29 million euro as at 31 December 2008) which also included securities reclassified under the loan portfolio for 9 million euro (12 million euro in terms of nominal value) existed as at 30 June 2009. The securities reclassified had a fair value, as at 30 June 2009, of 4 million euro[7]. The positive impact on the Valuation reserve under Shareholders' Equity of the reclassification, therefore, amounted to 5 million euro[8].
During the first half of the year, the overall impact of these positions on the income statement totalled -3 million euro (-4 million euro as at 31 December 2008), of which -2 million euro in the second quarter. Moreover, a 1 million euro impairment loss was recognised under "Net losses/recoveries on impairment – caption 130a".
With regard to the Funded ABS component, please note that 38% has a AAA rating, 53% a B and the remaining 9% a CC rating. The original LTV equalled 91%, while average delinquency[9] at 30, 60 and 90 days was respectively equal to 5%, 2% and 4%. The cumulated loss[10] equalled 28%.
These are positions not quoted on active markets (funded and unfunded super senior ABS/CDOs) which were measured using the Comparable Approach or the Mark-to-Model Approach.

"Contagion" area

The qualitative breakdown of this portfolio recorded no significant changes in the first half of 2009. In quantitative terms, one position already included in the segment was moved to this area and one CDOs, classified to the Romulus vehicle loans portfolio at the end of 2008, was transferred to the Parent Company loans portfolio. The segment results subject to "contagion effect", i.e. affected by the subprime mortgage crisis, can be summarised as follows:

i. ***Multisector CDOs***: such products are almost entirely represented by unfunded super senior CDOs, with collateral represented by US RMBS (42%), CMBS (4%), CDOs (11%), HY CBOs (6%), Consumer ABS (2%), European ABS (25%).
   Over 66% of the US RMBS component had a vintage prior to 2005 and an immaterial exposure to subprime risk (on average 4%).
   These were transactions with a BB- average rating and an average protection (attachment point[11]) of 12%.

[7] Of which 2 million euro refers to securities in the portfolio of the Romulus vehicle.

[8] Of which one million refers to securities included in the portfolio of the Romulus vehicle.

[9] Current state of irregular payments at 30, 60 and 90 days.

[10] Cumulated loss realised on the collateral of the instrument at a certain date.

[11] Level over which a protection seller covers the losses of the protection buyer.

"Contagion" area: Multisector CDOs

(in millions of euro)

Financial assets held for trading	Position as at 30.06.2009		Income statement as at 30.06.2009 Profits (Losses) on trading			
	Nominal value	Risk exposure (*) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Unfunded super senior CDOs	505	243	-	-32	-32	*8*
"Long" positions	**505**	**243**	**-**	**-32**	**-32**	***8***
CMBX hedges and derivatives	73	49	-9	9	-	*-8*
Positions of funds	**-**	**57**	**3**	**5**	**8**	**7**
Net position (1)	**"long" 432**	**"long" 194**	**-6**	**-18**	**-24**	**7**

(in millions of euro)

Loans	Position as at 30.06.2009		Income statement as at 30.06.2009			
	Nominal value	Risk exposure (**) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Funded CDOs	7	5	-	-	-	-
Romulus-funded ABS/CDOs	14	11	-	-	-	-
"Long" positions	**21**	**16**	**-**	**-**	**-**	**-**
Total	**453**	**210**	**-6**	**-18**	**-24**	**7**

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at reference date. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

(**) For assets reclassified to loans, exposure to risk is provided by the carrying value of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the actual interest rate net of net value adjustments to the portfolio.

(1) The figures relating to the nominal value and exposure to risk do not include the positions of funds.

Taking into account write-downs, write-backs, CMBX index hedges and a number of single-name credit default swap positions on associated names [12], the net risk exposure was 210 million euro as at 30 June 2009 (137 million euro as at 31 December 2008). The increase on the previous year end is due to the above-mentioned transfer of an unfunded position included in the aggregate "Other structured credit products" in prior periods. The exposure also included securities of 16 million euro (21 million euro in nominal value), partly in the portfolio of the Romulus vehicle and partly in the portfolio of the Parent Company, which were reclassified to the loans category. As at 30 June 2009, the latter had a fair value of 11 million euro[13], with a positive impact on the Valuation reserve under Shareholders' Equity of the reclassification, amounting to 5 million euro[14].

During the first six months of the year, the overall impact on the income statement ascribable to these positions (including those on CMBX indexes and other derivatives) was -32 million euro. In the second quarter, the positive effect of the "long" positions in CDOs, arising from the slow recovery of the Commercial Real Estate market, was fully offset by the negative results of CMBXs and existing hedging derivatives. Considering, for the sake of completeness, the Group's investment in funds, which had a positive impact on the income statement of 8 million euro, the impact on the income statement for the first six months of the year amounted to -24 million euro, up 7 million euro in the second quarter. These figures compare with the 62 million euro loss recorded as at 31 December 2008.

With the exception of the funded positions relating to the vehicle Romulus and the "short" hedging positions, this area included unfunded instruments, 52% of which is valued using the Mark-to-Model Approach. These positions are valued entirely using the Mark-to-Model approach.

12 But not in positions of Funds.

13 Of which 8 million euro refers to securities in the portfolio of the Romulus vehicle.

14 Of which 3 million euro refers to securities in the portfolio of the Romulus vehicle.

ii. ***Alt-A - Alternative A Loans***: ABS (securities) with underlying US residential mortgages normally of high quality, characterised however by penalising factors, mostly for incomplete documentation, which do not permit their classification in standard prime contracts.
The positions in the Group portfolio had a 2005 vintage and ratings of AAA (55%), AA (12%), A (25%), BBB (7%) and BB (1%).

"Contagion" area: Alt-A - Alternative A Loans

(in millions of euro)

Financial assets held for trading	Position as at 30.06.2009		Income statement as at 30.06.2009 Profits (Losses) on trading			
	Nominal value	Risk exposure (*) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Other securities available for sale(1)	9	-	-	-	-	-
"Long" positions	**9**	**-**	**-**	**-**	**-**	**-**

(in millions of euro)

Loans	Position as at 30.06.2009		Income statement as at 30.06.2009			
	Nominal value	Risk exposure (**) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Alt-A Agency	38	38	-	-	-	-
Alt-A No Agency	38	31	-	-	-	-
"Long" positions	**76**	**69**	**-**	**-**	**-**	**-**
Total	**85**	**69**	**-**	**-**	**-**	**-**

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at reference date. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

(**) For assets reclassified to loans, exposure to risk is provided by the carrying value of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the actual interest rate net of net value adjustments to the portfolio.

(1) Risk position classified among securities available for sale, attributed to the Parent Company and originating from the Romulus vehicle, transferred at fair value in 2008.

The risk exposure as at 30 June 2009 was 69 million euro, compared to 78 million euro as at 31 December 2008. The bonds included in this category were reclassified to the loans caption. The nominal value of the securities reclassified was 76 million euro and the risk exposure corresponded to 69 million euro. The securities had a fair value of 57 million euro and the positive impact of the reclassification as at 30 June 2009, therefore, amounted to 12 million euro.
The economic result for the segment as at 30 June 2009 was zero (-2 million as at 31 December 2008).
The Alt-A No Agency component presents an original average LTV of 70% and average delinquency at 30, 60 and 90 days equal respectively to 4.7%, 2.5% and 4.4%. Cumulated loss equalled 5%.
Valuation is carried out on the basis of the comparable approach.

iii. ***TruPS – Trust Preferred Securities of REITs (Real Estate Investment Trust):*** financial instruments similar to preferred shares issued by US real estate trustees to finance residential or commercial initiatives.
The positions in the Group's portfolio had a B+ and CCC+ rating (unfunded CDOs) and a BBB rating (funded CDOs) and an average attachment point of 41%.

"Contagion" area: TruPS – Trust Preferred Securities of REITs

(in millions of euro)

Financial assets held for trading	Position as at 30.06.2009		Income statement as at 30.06.2009 Profits (Losses) on trading			
	Nominal value	Risk exposure (*) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Funded CDOs	4	1	-	-1	-1	-
Unfunded super senior CDOs	225	71	-	-5	-5	*-2*
"Long" positions	**229**	**72**	**-**	**-6**	**-6**	***-2***

(in millions of euro)

Loans	Position as at 30.06.2009		Income statement as at 30.06.2009			
	Nominal value	Risk exposure (**) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
Funded CDOs	-	-	-	-	-	-
"Long" positions	**-**	**-**	**-**	**-**	**-**	**-**
Total	**229**	**72**	**-**	**-6**	**-6**	***-2***

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at reference date. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

(**) For assets reclassified to loans, exposure to risk is provided by the carrying value of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the actual interest rate net of net value adjustments to the portfolio.

Taking into account the write-downs and write-backs, the risk exposure as at 30 June 2009 was 72 million euro, compared to 82 million euro at 31 December 2008.
During the period, the overall impact on the income statement ascribable to these positions was -6 million euro, of which -2 million euro in the second quarter. These figures compare to a loss of 63 million euro recognised as at 31 December 2008. Since these were mainly unfunded positions, no financial instruments included within this category were reclassified.
These products are almost entirely represented by unfunded super senior CDOs; 68% of their nominal value is measured using the so-called Mark-to-Model Approach.

iv. ***Prime CMOs***: securities issued with guarantee mostly represented by loans assisted by mortgages on US residential buildings.
They have a 2005 vintage and AAA (44%), AA (26%) and A (30%) rating.

"Contagion" area: Prime CMOs

(in millions of euro)

Financial assets held for trading	Position as at 30.06.2009		Income statement as at 30.06.2009 Profits (Losses) on trading			
	Nominal value	Risk exposure (*) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
CMOs (Prime)	-	-	-	-	-	-
"Long" positions	**-**	**-**	**-**	**-**	**-**	**-**

(in millions of euro)

Loans	Position as at 30.06.2009		Income statement as at 30.06.2009			
	Nominal value	Risk exposure (**) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total	
					1st Half 2009	*of which 2Q*
CMOs (Prime)	43	40	-	-	-	-
"Long" positions	**43**	**40**	**-**	**-**	**-**	**-**
Total	**43**	**40**	**-**	**-**	**-**	**-**

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at reference date. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

(**) For assets reclassified to loans, exposure to risk is provided by the carrying value of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the actual interest rate net of net value adjustments to the portfolio.

The risk exposure as at 30 June 2009 was 40 million euro, slightly lower than at 31 December 2008.
The bonds included in the aggregate have been fully reclassified to the loans category. As at 30 June 2009, the fair value of these securities was 29 million euro, with a positive impact from the reclassification of 11 million euro.
The economic result for the segment as at 30 June 2009 was zero (-3 million as at 31 December 2008).
The Prime CMOs component presents an original average LTV of 65% and average delinquency at 30, 60 and 90 days equal respectively to 1%, 0.3% and 0.7%. Cumulated loss equalled 0.7%.
Valuation is carried out on the basis of the comparable approach.

Monoline risk

Intesa Sanpaolo presents no direct exposure to monoline insurers (insurance companies specialised in hedging the default risk of bonds issued by both public entities and the corporate sector), but only indirect positions connected to hedging derivatives purchased from monoline insurers to buy protection on the default risk of assets held by the Group, which therefore only generate counterparty risk. Such hedging derivatives are part of two types of activities performed by Intesa Sanpaolo: packages and fully hedged credit derivatives transactions.
Intesa Sanpaolo's activities in packages are made up of the purchase of assets (typically bonds), whose credit risk is entirely hedged by a specific credit default swap (CDS). Therefore, these products only present counterparty risk referred to the entity which provided the hedge and their rationale lies in the possible existence of asymmetries between the cash and derivatives market, of the same underlying asset, which it is possible to use without direct exposure to market risks.
Both the security and the connected derivative have been valued with the Mark-to-Model methodologies also considering any available prices, if lower; such valuations did not have any impact on Profits (Losses) on trading – caption 80, with the exception of those referred to the counterparty risk component, mostly due to transactions in which the hedge was stipulated with monoline insurers for which a credit risk adjustment has been calculated, determined on the basis of the cost of a protection CDS on the default of the monoline insurer, with nominal value equal to the current and potential future exposure (so-called add-on) and expiry equal to the average residual life of the underlying assets.
The overall nominal value of the assets underlying these transactions decreased from 165 million euro to 149 million euro during the first half of 2009. Although the packages, as already mentioned above, do not entail a market risk associated with the nature of the underlying asset, for the sake of completeness please

note that the assets making up the packages include, for a nominal value of 104 million euro as at 30 June 2009, securities with US RMBS collateral with a significant subprime content[15].
As at 30 June 2009, credit risk exposure on the aforesaid protection purchases from monoline insurers amounted to 76 million euro, compared to 84 million euro as at 31 December 2008. The positive impact on the income statement for the period was 14 million euro (of which 12 million euro in the second quarter), compared to a negative impact of 74 million euro as at 31 December 2008. The dramatic turnabout which marked the first half of the year is attributable to the good improvement in the credit rating of the counterparties which, in turn, led to the reduction in the corresponding write-down percentage applied.
Intesa Sanpaolo's activities in fully hedged derivatives are made up of the simultaneous purchase and sale of protection on the same reference entity (underlying asset) with two different counterparties. Also in this case, market risk generated by the underlying asset does not affect the bank which solely bears counterparty risk generated by the "short" position in the protection purchase. The rationale for these transactions lies in the possibility of exploiting certain segmentations in the international market, without incurring in directional risks. The overall exposure to monoline counterparties in this category was also reduced during the year.
As at 30 June 2009, credit risk exposure on the aforesaid protection purchases from monoline insurers amounted to 28 million euro, substantially unchanged with respect to 31 December 2008. The positive impact on the income statement was 3 million euro (of which 2 million euro in the second quarter), compared to a negative impact of 20 million euro in the previous year.
In conclusion, as at 30 June 2009, the credit risk exposure with monoline insurers due to counterparty risk amounted to 104 million euro, compared to 111 million euro as at 31 December 2008. The positive impact on the income statement for the period was 17 million euro (of which 14 million euro in the second quarter), compared to write-downs of 94 million euro as at 31 December 2008.
Please note that protection single name CDS amounting to approximately 18 million euro (32 million euro as at 31 December 2008) have also been purchased and that 69% of exposure to monoline insurers referred to MBIA, while the remaining 31% referred to other monoline insurers with ratings from BBB to AA-.

Monoline risk

(in millions of euro)

Product	**Position as at 30.06.2009**				**Income statement as at 30.6.2009 Profits (Losses) on trading**	
					Fair value of the hedge with monoline insurers	
	Nominal value of the underlying asset	**Fair value of the underlying asset** (net of accruals)	**Credit risk exposure to monoline insurers** (fair value of the CDS) pre write-down	**Credit risk exposure to monoline insurers** (fair value of the CDS) post write-down	**1st Half 2009**	*of which 2Q*
Positions in packages:						
Subprime	149	73	76	7	14	*12*
Other underlying assets (1)	-	-	-	-	-	-
Sub-total	**149**	**73**	**76**	**7**	**14**	***12***
Positions in other derivatives:						
Other underlying assets	137	109	28	5	3	*2*
Total	**286**	**182**	**104**	**12**	**17**	***14***

(1) Underlying other than US RMBS, both European and US.

Lastly, for the sake of completeness, please note that there is another form of exposure to monoline insurers, which, however, does not generate particular risk situations. It stems from the investment in

15 The percentage in US subprime was 33.5%.

securities for which the monoline insurer provides a credit enhancement[16] to the issuing vehicle, for the purpose of making the issue "eligible" for certain types of investors through the achievement of a certain rating (normally AAA). The securities in question[17], with a nominal value as at 30 June 2009 of 538 million euro (529 million euro as at 31 December 2008), consisted of 56.4% of ABSs with underlying Italian health receivables and the remainder of financings of infrastructures. They were all recorded in the banking book, almost entirely in the Loans & Receivables (L&R) portfolio. The positions were granted primarily on the basis of the creditworthiness of the underlying borrower and therefore, irrespective of the credit enhancement offered by the monoline insurer. Please note that, to date, there are no creditworthiness deteriorations in single issuers/borrowers which might suggest the application of particular measures such as prudential provisions. Indeed, the positions were granted primarily on the basis of the creditworthiness of the underlying borrower. For this purpose, it must be noted that all such issues have an Investment Grade rating and that ABSs with underlying Italian health receivables are also all assisted by delegated regional payment.

Non-monoline packages

This category includes packages with assets with specific hedges stipulated with primary international banks generally with AA and A ratings (in one case B rating). Underlying assets are mostly made up of CLOs and ABS CDOs with a limited portion of US Subprime (equal to approximately 16%).

Non-monoline packages

(in millions of euro)

Product	Position as at 30.06.2009				Income statement as at 30.06.2009 Profits (Losses) on trading	
	Nominal value of the underlying asset	Fair value of the underlying asset (net of accruals)	Credit risk exposure to protection sellers (fair value of the CDS) pre write-down	Credit risk exposure to protection sellers (fair value of the CDS) post write-down	Fair value write-down of the hedge	
					1st Half 2009	*of which 2Q*
Positions in packages:						
Subprime	519	388	131	127	2	*4*
Total	**519**	**388**	**131**	**127**	**2**	***4***

As at 30 June 2009, these positions amounted to 519 million euro in terms of nominal value, compared to 558 million euro as at 31 December 2008. At the same date, the credit risk exposure to counterparties of the transactions included in the aggregate amounted to 131 million euro (160 million euro as at 31 December 2008) and were written down by 4 million euro (6 million euro as at 31 December 2008) in application of systematic adjustments made on the entire universe of derivatives to incorporate the credit risk adjustment in fair value which, in this particular case, reflects a minimum counterparty risk [18](so-called credit risk adjustment). The positive impact on the income statement for the period was 2 million euro, of which 4 million euro in the second quarter (compared to nil as at 31 December 2008). The improvement recorded in the period is due to the reduction in credit risk exposure to counterparties and the decrease in provision percentage applied.
These positions are valued using the mark-to-model approach.

Other structured credit products

Starting from the end of 2008, the structured credit products segment, including underlying instruments not originating in the USA, were subject to the strongest write-downs due to expansion of the crisis. To reduce income statement volatility in connection with this segment, from the first quarter of 2009 Intesa Sanpaolo adopted a restructuring policy for unfunded positions included in the aggregate and their replacement with funded positions. These transactions resulted in no change in Intesa Sanpaolo's exposure

[16] Techniques or instruments used by an issuer to improve the rating of its issues (establishment of deposits for guarantee, granting of liquidity lines, etc.).

[17] Wholly held by Banca Infrastrutture Innovazione e Sviluppo.

[18] Also due to the presence of many transactions which have a specific collateral agreement.

to risk. The funded nature of the new risk positions, also given the "rare circumstances", allowed their reclassification to the loans portfolio, at the fair value of the security as at the time of category transfer.
The various types of product attributable to this last segment are described below. In the first half they negatively affected the income statement for 61 million euro, with a -17 million euro contribution in the second quarter, compared to a 384 million euro loss recorded as at 31 December 2008.

i ***ABSs/funded CDOs:*** The European ABS/CDOs portfolio consists of 16% of ABSs of receivables (Credit Card, Leasing, Personal Loans, etc.), 37% RMBSs (of which around half, 40%, are Italian), 12% CMBSs, 14% CDOs and 21% CLOs (mainly of small and medium enterprises). It is a portfolio characterised by high credit quality (AAA 57%, AA/A 36%, BBB/BB 7%). The collateral of the CMBS portfolio is mostly made up of Offices (52%), Retail/Shopping Centres (21%), Mixed Use (12%), Health Care (9%), Hospitality/Multifamily (4%), Industrial (2%). The measurement of the European ABS/CDOs portfolio is based on the comparable approach in 85% of cases, and on Mark-to-Model for the remaining 15%. As for the US ABS/CDOs portfolio, on the other hand, these are securities with US underlying, with collateral represented by Credit Cards (1%), CMBSs (2%) and High Yield CLOs (97%). It is made up of 76% of AAA positions, 23% AA/A and 1% BBB/BB. The measurement of the US ABS/CDOs portfolio is based on the comparable approach in 3% of cases, and on Mark-to-Model for the remaining 97%.

- Funded European ABS/CDOs classified to the trading book.
  As at 30 June 2009 the portfolio had a total nominal value of 336 million euro[19] (477 million euro as at 31 December 2008), with risk exposure of 288 million euro[20] (424 million euro as at 31 December 2008). As at the same date, the related impact on the income statement was a positive 12 million euro, of which 7 million euro refers to realised income and 5 million euro to write-backs. This figure compares with the -35 million euro as at 31 December 2008. The positive effect is related to strategy to reduce the exposure in structured credit products by selling certain assets included in the segment and to the improvement of spreads on the market.
- Funded European ABS/CDOs classified to the loans portfolio.
  As at 30 June 2009 the portfolio had a total nominal value of 1,586 million euro[21] (1,840 million euro as at 31 December 2008), with risk exposure of 1,463 million euro (1,686 million euro as at 31 December 2008). As at 30 June 2009, the securities in this portfolio had a fair value of 1,064 million euro. The positive effect of reclassification in the loans portfolio was 394 million euro as at the end of the period[22]. During the first half of the year, part of the portfolio was disposed of. These transactions generated profits of approximately 2 million euro recognised under "Profits (Losses) on disposal or repurchase of loans – caption 100a". Moreover, impairment losses were recognised on certain securities included in the segment. The negative impact on the income statement (6 million euro as at 30 June 2009) was recognised under "Net losses/write-backs on impairment – caption 130a".
  The overall impact of this aggregate on the income statement was negative by 4 million euro as at 30 June 2009. However, it did not affect "Profits (Losses) on trading – caption 80". The figure should be compared with write-downs of -57 million euro recognised at the end of 2008.
- Funded US ABS/CDOs classified to the trading book.
  These are securities with US underlying assets for a total nominal value of 18 million euro (same amount as at 31 December 2008). At the same date the risk exposure totalled 9 million euro (6 million euro as at 31 December 2008). The impact on the income statement was positive by 13 million euro (-18 million euro for 2008), with a +16 million euro contribution in the second quarter. Of these, 9 million euro refer to the disposal of a security following the restructuring of an unfunded position.
- Funded US ABS/CDOs classified to the loans portfolio.
  This aggregate includes securities with a total nominal value of 35 million euro (48 million euro as at 31 December 2008), with risk exposure of 31 million euro (43 million euro as at 31 December 2008). At the end of the first half of 2009 the fair value of these securities was 22

[19] Of which 330 million euro pertaining to Banca IMI and 1 million euro pertaining to Carifirenze (classified under securities available for sale)

[20] Entirely attributable to Banca IMI.

[21] Of which 228 million euro pertaining to Banca IMI, 8 million euro to Carifirenze (benefit of 5 million euro for the Valuation reserve under Shareholders' Equity as a result of the reclassification) and 10 million euro to Banca Fideuram (no benefit for the Valuation reserve under Shareholders' Equity as a result of the reclassification).

[22] In addition to a benefit of 5 million euro for the Valuation reserve under shareholders' equity as a result of the reclassification of the financial assets available for sale to the loan portfolio.

million euro. The positive impact of their classification to the loans portfolio on the income statement was 9 million euro as at 30 June 2009.

– Funded super senior corporate risk CDOs

These are funded positions classified to the loans portfolio that derive from the restructuring of unfunded positions as at 31 December 2008. The securities with a nominal value as at 30 June 2009 of 1,178 million euro had a risk exposure of 1,026 million euro. The overall impact on the income statement was nil with respect to "Profits (Losses) on trading – caption 80". However, the disposal of a security following the restructuring of an unfunded position, generating a profit of 3 million euro recognised under "Profits (Losses) on disposal or repurchase of loans – caption 100a" should be noted.

As at the same date, the securities in portfolio had a fair value of 1,042 million euro. The negative impact of their classification in the loan portfolio was 16 million euro.

ii. Funded ABS/CDOs ascribable to the Romulus vehicle.

These securities were classified as loans. The underlying is mainly US: Credit Card, Leveraged Loan, Student Loan and Corporate Risk. As at 30 June 2009, they had a nominal value of 226 million euro (282 million euro as at 31 December 2008), with risk exposure of 194 million euro (244 million euro as at 31 December 2008). The securities included in this aggregate had a fair value of 162 million euro as at 30 June 2009 and the positive impact on Shareholders' Equity solely associated with the change in fair value amounted to 32 million euro. The portfolio consists of exposures with AAA (40%), AA/A(10%), BBB(30%) and BB (20%) rating.

The securities are valued on the basis of the comparable approach in 43% of cases, and on Mark-to-Model for the remaining 57%.

iii. Unfunded super senior multisector CDOs.

This component, 601 million euro of nominal value as at 30 June 2009 (790 million euro as at 31 December 2008), comprised super senior positions with High Grade, widely diversified collateral or characterised by high credit quality RMBS and therefore not included, as such, in the "contagion" area. The collateral is invested in: CMBS (39%), Consumer ABS (20%), corporate loans (25%), US RMBS (16%) and subprime (4.1%). These structures had an average attachment point of 14%, and all had a AA rating, while 71% of the vintage was prior to 2005. During the period, the related impact on the income statement amounted to -41 million euro (+1 million euro from realised net income and -42 million euro from write-downs), with a contribution of -9 million euro in the second half, compared to a loss of 65 million euro recognised as at 31 December 2008.

The deterioration seen in this category was mainly due to the downgrade and the defaults of the assets present in the collateral of a particular position. Such positions are valued on a Mark-to-Model basis.

iv. Unfunded super senior Corporate Risk CDOs.

Super senior in this residual category were mostly characterised by collateral subject to corporate risk and amounted to 936 million euro of nominal value as at 30 June 2009 (2,596 million euro as at 31 December 2008). The decrease in the exposure is due to the progressive restructuring of the unfunded positions included in the segment, turning them into funded positions, classified as loans. More in detail, the US collateral component was 25% (mainly represented by CDOs, 46%), the European component was 60% (of which 73% referred to Italian consumer credit and 27% to CDOs) and the emerging markets' component was 15% (project finance). These structures had an average attachment point of 31%. During the period, the related impact on the income statement amounted to -32 million euro (+13 million euro from realised income and -45 million euro from valuations), with a contribution of -25 million euro in the second quarter. The loss compares with the negative figure recorded as at 31 December 2008, equal to -187 million euro.

Such positions are valued on a Mark-to-Model basis.

The deterioration was due marginally to the widening in the spreads and mainly to the forecast for the performance of the US and European leveraged loan market.

v. Other unfunded positions.

These comprise net "short" positions almost entirely on mezzanine tranches of unfunded CDOs with mainly European underlying, for a total of 47 million euro of nominal value as at 30 June 2009. Exposure is considerably lower compared to 396 million euro as at 31 December 2008 following the early termination or natural expiry of the positions included in the segment. In the first six months of

the year, the relative impact on the income statement was -13 million euro (-12 million euro from net realised charges, -1 million euro from valuations), with a -4 million euro negative contribution in the second quarter. This figure compares with 25 million euro loss as at 31 December 2008.
Such positions are valued on a Mark-to-Model basis.

Other structured credit products

(in millions of euro)

Financial assets held for trading	Position as at 30.06.2009		Income statement as at 30.06.2009 Profits (Losses) on trading			
	Nominal value	Risk exposure (*) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total 1st Half 2009	Total *of which 2Q*
Funded European ABS/CDOs	336	288	7	5	12	*5*
Funded US ABS/CDOs	18	9	9	4	13	*16*
Unfunded super senior multisector CDOs	601	535	1	-42	-41	*-9*
Unfunded super senior corporate risk CDOs	936	832	13	-45	-32	*-25*
Other unfunded "short" positions	-47	-62	-12	-1	-13	*-4*
"Long" positions	**1,844**	**1,602**	**18**	**-79**	**-61**	**-17**

(in millions of euro)

Loans	Position as at 30.06.2009		Income statement as at 30.06.2009			
	Nominal value	Risk exposure (**) (including write-downs and write-backs)	Realised gains/losses	Write-downs and write-backs	Total 1st Half 2009	Total *of which 2Q*
Funded European ABS/CDOs	1,586	1,463	2	-6	-4	*-4*
Funded US ABS/CDOs	35	31	-	-	-	-
Funded Romulus vehicle ABS/CDOs	226	194	-	-	-	-
Funded super senior corporate risk CDOs	1,178	1,026	3	-	3	*3*
"Long" positions	**3,025**	**2,714**	**5**	**-6**	**-1**	**-1**
Total	**4,869**	**4,316**	**23**	**-85**	**-62**	**-18**

(*) The column "Risk exposure" sets out: for securities, fair value; for derivatives, the nominal value of the contract, net of write-downs and write-backs recorded at reference date. Such amounts correspond, for "long" positions, to the maximum potential loss (in the event of a 100% default and a recovery rate of 0). For "short" positions, vice versa, they indicate the maximum potential gain (in the same scenario in terms of default and recovery levels).

(**) For assets reclassified to loans, exposure to risk is provided by the carrying value of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the actual interest rate net of net value adjustments to the portfolio.

INFORMATION ON ACTIVITIES PERFORMED THROUGH SPECIAL PURPOSE ENTITIES (SPEs)

For the purpose of this analysis, legal entities established to pursue a specific, clearly defined and limited objective are considered Special Purpose Entities:

- to raise finance on the market by issuing specific financial instruments;
- to acquire, sell, manage specific assets, separating them from the financial statements of the Originator;
- to develop and/or finance a specific business initiative, capable of generating, through an economic activity, cash flows which permit the complete reimbursement of the debt;
- to finance the acquisition of a target company which, through its economic activity, will be capable of generating cash flows for the SPEs which permit the complete reimbursement of the debt;
- to manage the credit risk connected to their portfolio of financial assets through both protection purchases and sales with counterparties represented by SPEs (used by both the American market and the European market for synthetic portfolio securitisations). In such transactions the Bank accepts credit risk or counterparty risk with the SPEs, depending on the nature of the transaction.

The sponsor of the transaction is normally an entity which requests the structuring of a transaction in a SPE for the purpose of reaching certain objectives. In some cases the Bank is the sponsor and establishes a SPE with the objective of raising finance, securitising its assets, offering customers a financial service.
There are no changes in the scope of consolidation with respect to those adopted in the previous year.

The types of transactions in SPEs related to Intesa Sanpaolo's current operations are set out below.

Funding SPEs

Entities established abroad to raise finance on particular markets. The SPEs issue financial instruments, normally guaranteed by Intesa Sanpaolo, and reverse funding to the Parent Company.
These SPEs, which are controlled by Intesa Sanpaolo and are part of the Group's scope of consolidation as per IAS 27, are: Intesa Funding LLC, San Paolo IMI Financial Co., IntesaBCI Preferred Capital Company LLC III and SanPaolo IMI Capital Company LLC 1. All these SPEs are based in the USA.
The table below sets out the information requested by Consob, with reference as at 30 June 2009.

(in millions of euro)

FUNDING SPEs		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
INTESA FUNDING LLC	Funding	5,335	-	-	-	(1)	5,339	5,339	-		
SANPAOLO IMI US FINANCIAL CO	Funding	5,572	-	-	-	(1)	5,576	5,576	-		
INTESABCI PREFERRED CAPITAL COMPANY LLC III	Funding	546	-	-	-	(1)	500	500	-		
SANPAOLO IMI CAPITAL COMPANY LLC1	Funding	1,100	-	-	-	(1)	1,000	1,000	-		

(1) Subordinated guarantee given by Intesa Sanpaolo.

The total assets of these vehicles are almost entirely made up of loans to the Parent Company Intesa Sanpaolo.
Total funding of SPEs above had an incidence of approximately 3% on total direct customer deposits in consolidated financial statements.

SPEs for insurance products

These are entities (UCITS) established for the purpose of investing internal funds of unit-linked and index-linked products of Eurizon Vita and Eurizon Life who retain the majority of the risks and rewards; SPEs for insurance products are consolidated pursuant to IAS 27 / SIC 12.
In the Group there are 56 entities of this type with total assets of approximately 10 billion euro (of which 9 billion euro relative to funds which report to Fideuram Gestions).
With respect to the breakdown of assets, no significant changes should be noted compared with the figure recorded in the financial statements as at 31 December 2008. In any case, these funds do not hold securities with underlying subprime mortgages or any other structured credit products affected by the financial crisis.
The total assets of these SPEs represented around 1.51% of the Group's total consolidated assets.

Securitisation SPEs

These are funding SPEs that permit an entity to raise resources through the securitisation of part of its assets. In particular, this involves the spin-off of a package of balance sheet assets (generally loans) and its subsequent transfer to a vehicle which, to finance the purchase, issues securities later placed on the market or through a private placement. Resources raised in this way are returned to the seller, whereas the commitments to the subscribers are met using the cash flows generated by the loans sold.
SPEs of this type, which are part of the scope of consolidation as at 30 June 2009 pursuant to IAS 27 or SIC 12, are: Sec S.p.A., Intesa Sec 2 S.r.l., Intesa Sec 3 S.r.l., Intesa Sec NPL S.p.A., Intesa Lease Sec S.r.l., Split 2 S.r.l., ISP CB Pubblico S.r.l., Adriano Finance S.r.l. – Series 1 and 2 – and Adriano Finance 2 S.r.l.. Moreover, ISP CB Ipotecario S.r.l. and ISP Sec 4 S.r.l., which were not operational as at 30 June 2009, are included in this category. In addition, the securitisation of Adriano Finance 3 S.r.l. is currently being set up.
These companies, incorporated under Italian law, have been used to securitise the performing assets (mortgage loans, leasing contracts) or non-performing assets (mortgage loans) of Intesa Sanpaolo or Group companies.
Augusto, Colombo and Diocleziano are securitisation vehicles of assets (residential mortgages), mostly to finance long-term mortgages and public works, of companies subject to joint control and later sold.
The securities held have been measured at fair value, as in previous years, except for the securities issued by the vehicles Adriano Finance S.r.l. and Adriano Finance 2 S.r.l. that are classified under the loan portfolio and have therefore been valued at amortised cost.
The table below sets out the information requested by Consob, with reference to 30 June 2009.

(in millions of euro)

SECURITISATION SPEs		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
	Type of asset	Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
INTESA SEC SPA (1)	performing mortgages	21	-	-	-	Guarantee agreement (11)	13	17	7	AFS	Fair value
INTESA SEC 2 SRL (2)	residential mortgages	477	1	-	-	-	-	420	41	HFT - Loans	Fair value/ amortised cost
INTESA SEC 3 SRL (3)	residential mortgages	2,348	-	-	-	-	-	2,258	188	HFT - Loans	Fair value/ amortised cost
INTESA SEC NPL SPA (4)	non-performing loans	101	-	-	-	-	-	158	53	AFS	Fair value
INTESA LEASE SEC SRL (5)	leasing contracts	218	4	-	-	-	-	198	13	HFT	Fair value
SPLIT 2 SRL	performing leasing contracts	578	-	-	-	-	-	556	35	Loans - HFT - HTM	Fair value/ amortised cost
ISP CB IPOTECARIO SRL (6)	mortgage loans	(10)									
ISP CB PUBBLICO SRL (6)	public entities financing	3,807	-	-	-	-	-	-	-		
ISP SEC 4 SRL	performing residential mortgages	(10)									
ADRIANO FINANCE SRL - Series 1 (7)	performing residential mortgages	8,348	-	-	-	-	-	7,998	7,998	Loans	Amortised cost
ADRIANO FINANCE SRL - Series 2 (8)	performing residential mortgages	6,112	1	-	-	-	-	5,679	5,679	Loans	Amortised cost
ADRIANO FINANCE 2 SRL (9)	performing residential mortgages	13,848	3	-	-	-	-	13,050	13,050	Loans	Amortised cost
CR Firenze Mutui S.r.l.	performing residential mortgages	210	-	-	-	-	-	198	8	AFS - Loans	Fair value/Amortised cost
AUGUSTO SRL (12)	land financing (100%)	38	10	-	-	-	-	46	13	AFS	Fair value
COLOMBO SRL	public works financing	104	7	-	-	-	-	104			
DIOCLEZIANO SRL	Land financing (82%) Public works (12%) Indus. (6%)	134	28	-	-	-	-	147	34	AFS	Fair value

(1) ISP made the commitment to support the vehicle, through limited recourse subordinated financing, in relation to any higher charge or liability of a fiscal, legal, regulatory or supervisory nature. The indemnity does not cover security-related costs and securitisation operating costs. A swap contract exists as an interest rate risk hedge.

(2) ISP made the commitment to support the vehicle, through limited recourse subordinated financing, in relation to any higher charge or liability of a fiscal, legal, regulatory or supervisory nature. The indemnity does not cover security-related costs and securitisation operating costs. ISP also granted a subordinated loan of 19 million euro used by the vehicle to set up the cash reserve for credit enhancement of the operation as required by the rating agencies. A swap contract exists as an interest rate risk hedge.

(3) ISP granted limited recourse subordinated financing of 23 million euro used by Intesa SEC3 to set up the cash reserve for credit enhancement of the operation as required by the rating agencies. A swap contract signed with ISP exists as an interest rate risk hedge.

(4) ISP granted a guarantee and indemnity contract of 0.5 million euro, in case of declarations or guarantees which lead to a reduction in loan value. The bank is also committed to supporting the vehicle, through limited recourse subordinated financing, in relation to any higher charge or liability of a fiscal, legal, regulatory or supervisory nature. The indemnity does not cover security-related costs and securitisation operating costs. Subordinated financing was granted for approximately 2 million euro. Cumulated losses will be absorbed by tranche E (equity) held by ISP, the value of which was adjusted in the current and previous years. An Interest Rate Cap and Interest Rate Floor also exist as interest rate risk hedges.

(5) The company has an existing swap contract as interest rate risk hedge..

(6) These vehicles were set up pursuant to art. 7-bis of Italian Law 130/99. Therefore they are not issuers of securities, but issuers of guarantees to holders of bonds (Covered Bank Bonds) issued by third parties.

(7) ISP granted limited recourse subordinated financing of 51 million euro, used by the vehicle to set up the cash reserve required by the Rating Agencies in support of vehicle liquidity. Credit enhancement is instead made up of Class B securities (440 million euro), fully subscribed by ISP. A swap contract exists as an interest rate risk hedge.

(8) ISP granted limited recourse subordinated financing of 50 million euro, used by the vehicle to set up the cash reserve required by the Rating Agencies in support of vehicle liquidity. Credit enhancement is instead made up of Class B securities (398 million euro), fully subscribed by ISP. A swap contract exists as an interest rate risk hedge.

(9) ISP granted limited recourse subordinated financing of 150 million euro, used by the vehicle to set up the cash reserve required by the Rating Agencies in support of vehicle liquidity. Credit enhancement is instead made up of Class B securities (876 million euro), fully subscribed by ISP. A swap contract exists as an interest rate risk hedge.

(10) Established companies not yet operative as at 30 June 2009.

(11) Stand-by letter of credit/surety given by ISP to Calyon Milano as guarantee of a liquidity line granted in favour of the vehicle by Calyon Milano.

(12) The company issued two series of bonds with different portfolios as underlying assets. The figures indicated represent the sum of the issues.

For the securitisations prior to 1 January 2004 (Intesa Sec, Intesa Sec 2, Intesa Sec Npl and Intesa Lease Sec.), the Group availed itself of the exemption from compliance to IAS/IFRS permitted on first-time adoption by IFRS 1 and, thus, assets or liabilities sold and derecognised, based on previous accounting principles and deriving from securitisations, have not been recorded in the financial statements. For transactions stipulated after that date, the provisions of IAS 39 on derecognition of financial assets and liabilities are applied.

The securitised assets of the vehicles in this category consist of performing mortgages for Intesa Sec Spa, of performing residential mortgages for Intesa Sec 2, Intesa Sec 3, Adriano Finance and Adriano Finance 2, of doubtful mortgages for Intesa Sec NPL, of performing leasing contracts for Intesa Lease Sec and Split 2, and of uses of liquidity. Total assets of Augusto, Colombo and Diocleziano are instead almost entirely made up of land financing.
The total assets of the consolidated SPEs not derecognised (Intesa SEC 3 Srl, Split 2 Srl., Adriano Finance, Adriano Finance 2) represented around 5% of the Group's total consolidated assets.

Furthermore, pursuant to the above-mentioned SIC 12, Intesa Sanpaolo controls:

i. Romulus Funding Corporation, a company based in the USA that acquires financial assets, represented by loans or securities, with eligibility criteria originated by Bank customers, financing the purchase via the issue of Asset Backed Commercial Papers;
ii. Duomo Funding PLC, an entity which performs an activity similar to that of Romulus Funding Plc. but is limited to the European market and is financed through funding contracts with Romulus.

The table below sets out the required information, with reference as at 30 June 2009.

(in millions of euro)

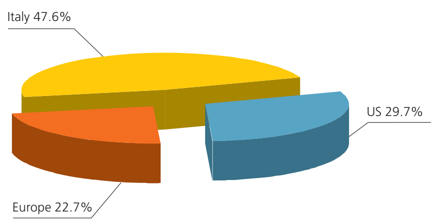
ROMULUS AND DUOMO		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
ROMULUS FUNDING CORP.	Asset back commercial paper conduit	1,964 (1)		-	-	Letter of credit	124	1,937	-		
DUOMO FUNDING CORP.	purchase of assets and Romulus financing	1,245		-	-		-	-	-		

(1) of which 1,232 million euro for loans disbursed to Duomo, for transactions reported in the latter's financial statements.

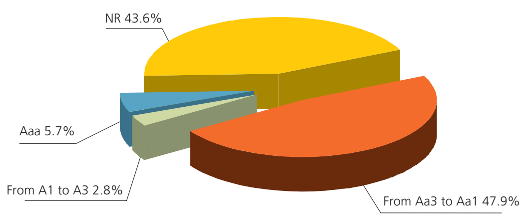
The total assets of the vehicle Romulus include loans to Duomo of 1,232 million euro. The vehicle's securities portfolio is classified entirely under the loans category. As at 30 June 2009, they had a nominal value of 244 million euro, valued at amortised cost. Their carrying amount as at the same date was 209 million euro. The vehicle's assets also include liquidity and other assets amounting to 3 million euro.
Duomo's total assets are made up of loans to Intesa Sanpaolo for 498 million euro, as collateral for an intragroup protection sale on the risk of a primary insurance company, of loans to the subsidiary Intesa Sanpaolo Bank Ireland for 156 million euro, of debt securities classified under the loan portfolio for 590 million euro (fair value of the same amount as at 30 June 2009), and of loans to customers for one million euro.
The total assets of the above SPEs represented 0.5% of the Group's total consolidated assets.

The following additional information is provided concerning the portfolios of assets held by the two vehicles:

Breakdown by geographical area



Breakdown of assets by rating



Please note that the eligible assets in the portfolios of the Romulus and Duomo vehicles, even though in part (approximately 44%) not supported by an external rating, were in any case of sufficient quality to allow the commercial paper issued by Romulus to maintain the A-1+/P-1 ratings. More specifically, the percentage of assets with rating between Aaa and Aa decreased slightly from around 55% as at 31 December 2008 to around 54% as at 30 June 2009. Even though the rating of some of the securities was downgraded, the average quality of the portfolio was maintained through the acquisition of assets with high credit quality.
The securities classified in the loan portfolio under discussion are made up as follows: 54% of 2002 vintage, 9% of 2003 vintage, and the remaining 37% of 2007 vintage.

Intesa Sanpaolo does not hold any stake in SPQR II S.r.l. but the company is consolidated since the Group has retained the majority of costs and benefits (SIC 12).
The table below sets out the information requested by Consob, with reference to 30 June 2009.

(in millions of euro)

SPQR 2		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
SPQR II SRL (CBO 1)	Performing Loans & Rece	1,984	-	50	-	-	-	1,917	1,917	Loans (1)	Amortised cost
SPQR II SRL (CBO 2)	Performing Loans & Rece	1,376	-	100	-	-	-	1,330	1,330	Loans (1)	Amortised cost

(1) BIIS has reclassified these securities, originally classified as AFS, to the loans portfolio pursuant to paragraph 50E of the revised IAS 39. This reclassification was recorded in the Interim Statement as at 30 September 2008.

The assets of the vehicles are almost entirely made up of a portfolio of bonds issued by Italian public entities, with a nominal value of around 3 billion euro, sold to the vehicles by Banca OPI (now Banca

Infrastrutture, Innovazione e Sviluppo). The vehicles, in turn, issued senior and junior bonds; both types of securities were repurchased by BIIS, which designated the senior classes as collateral to its funding with the European Central Bank, via transactions conducted through the Parent Company Intesa Sanpaolo.
The incidence of total assets of securitisation SPEs with respect to the Group's total consolidated assets was approximately 0.5%.
Lastly, Intesa Sanpaolo acquired protection on its credit risk exposure from the synthetic securitisation vehicle "Da Vinci" (to hedge and actively manage risk exposure in the aircraft and aeronautic sector).
As at 30 June 2009 the Intesa Sanpaolo Group's exposure to the vehicle Da Vinci amounted to 20 million euro (of which 2 million euro relating to debt securities and 18 million euro to guarantees issued).

Financial Engineering SPEs

These SPEs make investments and funding which allow better risk/return combinations than those generated by standard transactions, due to their particular structure aimed at optimising accounting, tax and/or regulatory issues. These structures have been established to respond to the needs of primary customers and to provide solutions that offer financing at competitive interest rates and investments with higher returns.
Intesa Sanpaolo controls and consolidates Intesa Investimenti S.p.A., a company established to invest in quotas of Italian and international UCITS, in quotas and shares of other Italian and international entities and in Government securities of G7 countries, with the simultaneous subscription of a commitment to resell at a future date and at a predetermined price; all assisted by swaps aimed at assuring an adequate profitability of the investment. Intesa Sanpaolo replicates every transaction, again with a repurchase agreement with Intesa Investimenti, whose shares are in turn the object of an analogous contract with investing customers. Currently the shareholders' equity of the company is entirely deposited with Intesa Sanpaolo.
The table below sets out the required information, with reference to 30 June 2009.

(in millions of euro)

FINANCIAL ENGINEERING		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
INTESA INVESTIMENTI SPA	Financial Engineering	1,041	-	-	-	-	-	-	-		

The assets of the vehicle are almost entirely made up of term deposits with the Parent Company Intesa Sanpaolo.
Among SPEs of this type, Lunar Funding Plc, a vehicle set up in Ireland and used for repackaging operations by a leading bank, entered the scope of consolidation.

Project Financing SPEs

These are financing instruments for capital intensive projects, which are based on the economic or financial validity of the industrial or infrastructural project, and are independent from the standing/creditworthiness of the sponsors who developed the "entrepreneurial" idea. The financing of the initiative is based on the project's capacity to generate positive cash flows, sufficient to reimburse loans received and guarantee an adequate risk-adjusted return on invested capital.
Such vehicles are established by sponsor "entrepreneurs", mostly abroad to benefit from operating and legal/bureaucratic efficiency.
Intesa Sanpaolo has financed entities of this type, as normal borrowers, without acting as sponsor.
None of these SPEs is consolidated, since the Bank does not hold any stake or interest in the share capital of these companies and no presumed control assumptions apply. Where there are guarantees represented by pledges of shares of the SPE, contractual terms exclude the possibility of exercise of voting rights by the Bank.

Asset Backed SPEs

These are transactions aimed at acquisition / construction / management of physical assets by SPEs financed by one or more entities. Their recovery prospects mostly depend upon the cash flows generated by the assets. The assets generate cash flows in their recurring operations (e.g. rentals, goods transportation contracts, etc.) or in their non-recurring operations (e.g. a real estate disposal plan). Generally the assets are also the real guarantee for the financing obtained from the vehicle.
Intesa Sanpaolo has financed entities of this type, as normal borrowers, without any direct equity

investments or any other interests which might lead to presume the role of sponsor. The risk accepted is always a normal credit risk and the benefits are represented by the return on the financing granted.
The Group consolidates only those entities in which it holds the majority of voting rights. The SPEs of this type are held solely by an international subsidiary (the volume of this type of assets amounted to approximately 112 million euro as at 30 June 2009).

Leveraged & Acquisition Finance SPEs
For the description of the transactions which involve these vehicles see the specific section dedicated to Leveraged Finance transactions.

Credit Derivatives SPEs
Credit derivatives are contracts which permit the synthetic transfer of credit risk of a specific borrower from the protection buyer to the protection seller. Especially in structures connected to synthetic securitisations, it is possible to achieve the transfer of credit risk of a portfolio of assets from a SPE to the Bank, both by the simple sale of protection derivatives or by the purchase of securities with embedded credit derivatives. In certain cases (e.g. monoline) the SPE is protection seller and offers the Bank the possibility of hedging risk on portfolios of assets.
There are never equity investments or other interests which might lead to the role of sponsor.
None of these SPEs is consolidated, since there are never any equity investments or forms of indirect control by the Bank. The relations with the parties are fundamentally based on the stipulation of derivative contracts or the acquisition of securities with embedded credit derivatives. This never leads to the transfer to the Bank of most of the risks and benefits deriving from the activities of the vehicle.

From the above, it is clear that the use of Special Purpose Entities is part of the ordinary operations of the Intesa Sanpaolo Group, for both funding and lending activities.
Such activities, performed both via consolidated SPEs, and with unconsolidated SPEs are qualitatively and quantitatively significant.
However, it must be underlined that this does not lead to risks which are appreciably higher than activities performed without the use of SPEs.

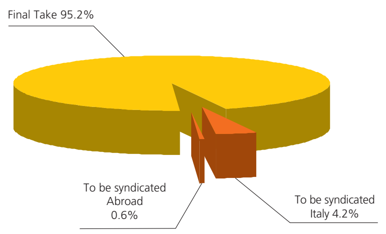
DISCLOSURE ON INVESTMENTS IN HEDGE FUNDS
As at 30 June 2009, the Hedge Funds portfolio totalled 658 million euro, compared to the 852 million euro recorded at year-end 2008. The decrease is due to disposals totalling 243 million euro.
As at the same date, the contribution of these investments to Profits (Losses) on trading was extremely positive: as at 30 June 2009, it was 61 million euro (including 8 million euro in the structured credit products disclosure). Of these net profits:
- 19 million euro refers to profits on trading of funds for the period (including 3 million euro in the structured credit products disclosure);
- 48 million euro arises from net valuation of positions remaining at the end of the quarter (including 5 million euro in the structured credit products disclosure);
- 6 million euro from other net charges.

Taking into account the net capital gains on the final residual amount (48 million euro), these are spread across 42 positions, 7 of which recording capital losses (-27 million euro) and 35 capital gains (75 million euro).

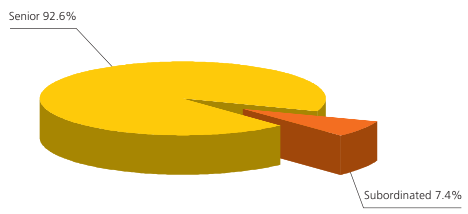
LEVERAGED FINANCE TRANSACTIONS
Since there is no univocal and universally agreed-upon definition of leveraged finance transactions, Intesa Sanpaolo decided to include in this category the exposures (loans granted and disbursed in relation to structured financing, normally medium/long term) to legal entities in which the majority of share capital is held by private equity funds.
These are mainly positions in support of Leveraged Buy Out projects (therefore with high financial leverage), i.e. linked to the full or part acquisition of companies through recourse to SPEs created for this purpose. After acquisition of the target company's securities package, these SPEs are normally merged into the target. The target companies generally have good economic prospects, stable cash flows in the medium term and low original leverage levels. Intesa Sanpaolo has financed entities of this type, as normal borrowers, without acting as sponsor.

None of these SPEs is consolidated, since the guarantees to support the transaction are solely instrumental for the granting of the financing and are never directed to the acquisition of direct or indirect control over the vehicle.
As at 30 June 2009, around 100 transactions, for a total amount granted of 5,042 million euro, met the above definition.
Such exposures are mostly classified in the loan portfolio. These also include the portions of syndicated loans underwritten or under syndication destined from the outset to be sold. In line with disclosure requirements, breakdown of exposures by geographical area, economic sector and by level of subordination is set out below.

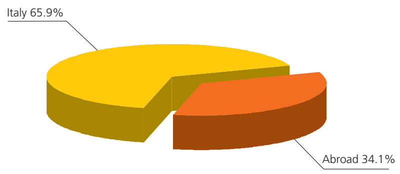
Breakdown by type of risk



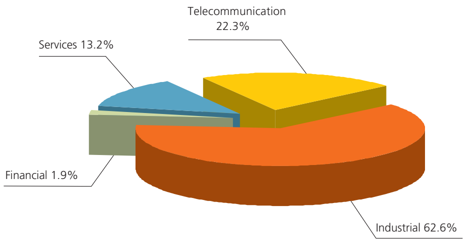
Breakdown by subordination level



Breakdown by geographical area



Breakdown by economic sector



INFORMATION ON TRADING TRANSACTIONS IN DERIVATIVES WITH CUSTOMERS

Considering only relations with customers, as at 30 June 2009, the Intesa Sanpaolo Group presented, in relation to derivatives trading with retail customers, non-financial companies and public entities (therefore excluding banks, financial and insurance companies), a positive fair value, considering netting agreements, of 3,077 million euro (2,524 million euro as at 31 December 2008). The notional value of such derivatives totalled 49,007 million euro (47,076 million euro as at 31 December 2008). Of these, notional value of plain vanilla contracts was 35,762 million euro (32,590 million euro as at 31 December 2008), and of structured contracts was 13,245 million euro (14,486 million euro as at 31 December 2008).
Please note that the fair value of structured contracts outstanding with the 10 customers with the highest exposures was 201 million euro (221 million euro as at 31 December 2008). The same indicator, referred to the total contracts with a positive fair value, was 982 million euro.
Conversely, negative fair value determined with the same criteria, for the same types of contracts, with the same counterparties, totalled 425 million euro as at 30 June 2009 (443 million as at 31 December 2008). The notional value of such derivatives totalled 8,333 million euro (11,759 million euro as at 31 December 2008). Of these, notional value of plain vanilla contracts was 7,353 million euro (10,365 million euro as at 31 December 2008), and of structured contracts was 980 million euro (1,394 million euro as at 31 December 2008).
The fair value of derivative financial instruments stipulated with customers was determined considering, as for all other OTC derivatives, the creditworthiness of the single counterparty (s.c. Credit Risk Adjustment). With regard to the contracts outstanding as at 30 June 2009, this implied the registration in the income statement, under profits (losses) on trading, of adjustments of 60 million euro, compared to the 65 million euro as at 31 December 2008, with a positive impact, during the period, of 5 million euro. Adjustments are recorded, for every single contract, on the market value determined using the risk free curves.
For the means used to calculate the aforesaid Credit Risk Adjustment and, in general, the various methodologies used in the determination of the fair value of financial instruments, see the specific paragraphs in the 2008 Annual Report.
Please note that contracts made up of combinations of more elementary derivative instruments have been considered "structured" and that the aforesaid figures do not include fair value of derivatives embedded in structured bond issues as well as the relative hedges agreed by the Group.

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 indexes;
- investment funds;
- foreign exchange rates;
- implied volatilities;
- spreads in credit default swaps (CDSs);
- spreads in issued bonds;
- correlation instruments;
- dividend derivatives;
- asset backed securities (ABSs);
- commodities.

Other Group subsidiaries hold smaller trading portfolios with a marginal risk (around 3% of the Group's overall risk). In particular, the risk factors of the international subsidiaries' trading portfolios were interest rates and foreign exchange rates, both relating to linear pay-offs.

For some 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 (the internal model, previously validated for the former Banca Caboto component, was extended, in the first quarter of 2008, to the former Banca IMI portfolios).
In particular, the validated risk profiles for market risks are: (i) generic on debt securities and generic/specific on equities for Intesa Sanpaolo and Banca IMI, (ii) position risk on quotas of UCITS solely with reference to the quotas in CPPI (Constant Proportion Portfolio Insurance) for Banca IMI, and (iii) optional risk and specific risk for the CDS portfolio for Intesa Sanpaolo.

The analysis of market risk profiles relative to the trading book uses various quantitative indicators, VaR being the most important one. 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, ABS, hedge funds). VaR estimates are calculated daily based on simulations of historical time-series, a 99% confidence level and 1-day holding period.
The following paragraphs provide the estimates and evolution of VaR, defined as the sum of VaR and of simulation of illiquid parameters.

In the second quarter of 2009, market risks generated by Intesa Sanpaolo and Banca IMI decreased with respect to the averages for the first quarter of 2009. The average VaR for the period totalled 43.6 million euro.

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

(in millions of euro)

	2009				2008			
	average 2nd quarter	**minimum 2nd quarter**	**maximum 2nd quarter**	**average 1st quarter**	**average 4th quarter**	**average 3rd quarter**	**average 2nd quarter**	**average 1st quarter**
Intesa Sanpaolo	27,9	25,5	29,5	32,3	42,1	31,5	37,9	29,4
Banca IMI	15,7	11,6	20,2	18,0	18,3	10,1	12,9	9,0
Total	**43,6**	**39,1**	**49,2**	**50,3**	**60,4**	**41,6**	**50,8**	**38,4**

(a) Each line in the table sets out past estimates of daily operational 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.

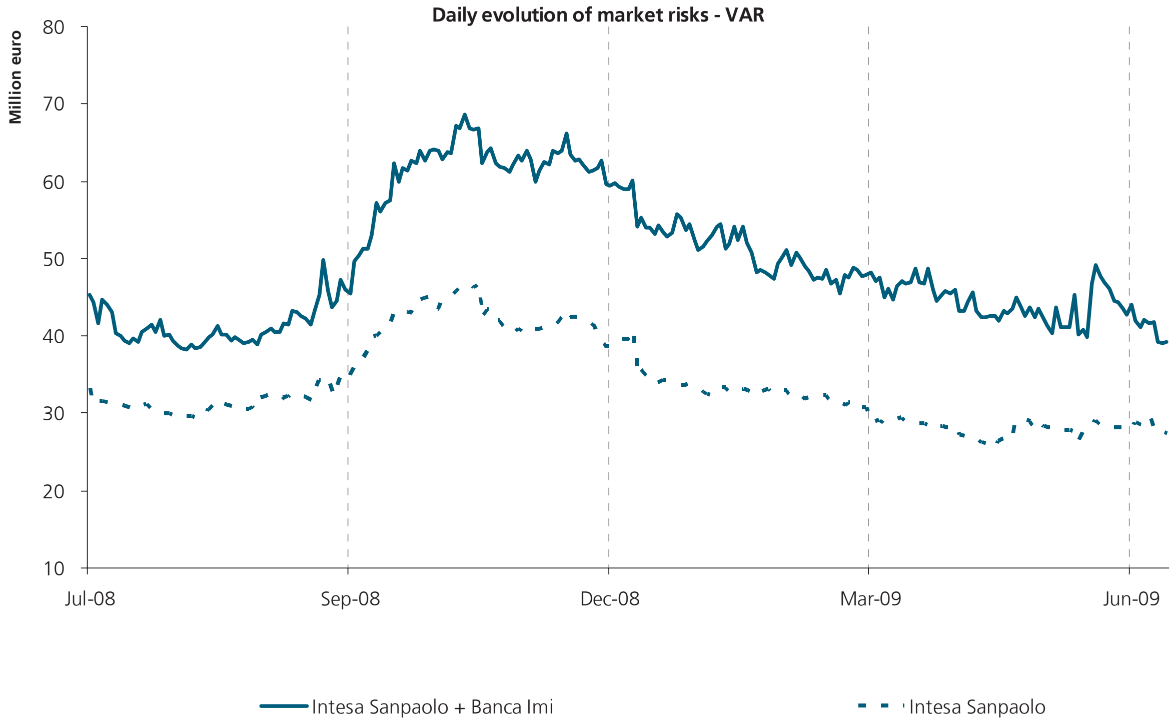
For Intesa Sanpaolo and Banca IMI the breakdown of risk profile in the second quarter of 2009 with regard to the various factors shows the prevalence of the hedge fund risk, which accounted for 43% of total VaR; for Banca IMI interest rate risk was the most significant representing 37% of total VaR.

Contribution of risk factors to operational VaR [(a)]

2nd quarter 2009	**Shares**	**Rates**	**Credit spread**	**Foreign Exchange**	**Hedge fund**	**Other parameters**
Intesa Sanpaolo	7%	12%	11%	2%	43%	25%
Banca IMI	27%	37%	25%	3%	-	8%
Total	**16%**	**23%**	**18%**	**2%**	**24%**	**17%**

(a) Each line in the table sets out the contribution of risk factors considering the overall VaR 100%, calculated as the average of daily estimates in the second quarter of 2009, broken down between Intesa Sanpaolo and Banca IMI and indicating the distribution of overall VaR.

Operational VaR in the last twelve months is set out below. The second quarter of 2009 recorded a drop in VaR, primarily from operations (a decrease in certain exposures and greater hedge effectiveness) and a different impact of volatilities on historic simulation scenarios. VaR rose at the beginning of June, specifically for Banca IMI, following the increased volatility of the interest rate market. The subsequent reduction of the risk during the month is attributable to the closing of some exposures.
As indicated in the chapter on balance sheet aggregates, a reclassification to LR (Loans & Receivables) was performed in October 2008, as permitted by IAS, on certain highly illiquid securities (mainly ABS). The average VaR in the second quarter of 2009 for this portfolio, not included in the VaR limit monitoring and the above statistics, was approximately 10.7 million euro.



Risk control with regard to the trading activities of Intesa Sanpaolo and Banca IMI also uses scenario analyses and stress tests. The impact on the income statement of selected scenarios relating to the evolution of stock prices, interest rates, credit spreads, foreign exchange rates and commodity prices are summarised in the following table.

In particular:
– on stock market positions, a bearish scenario, that is a 5% decrease in stock prices with a simultaneous 10% increase in volatility would have led to a 3 million euro gain; a bullish scenario, that is a 5% rise in stock prices with a simultaneous 10% decrease in volatility would have led to a 5 million euro loss;
– on interest rate exposures, a parallel +25 basis point shift in the yield curve would have led to a 10 million euro loss; whereas a parallel -25 basis point shift would have led to a 12 million euro gain;
– on exposures sensitive to credit spread fluctuations, a 25 basis point widening in spreads would have led to a 32 million euro loss, 12 million euro of which attributable to structured credit products; whereas a 25 basis point contraction of the spreads would have led to a 32 million euro gain, 12 million euro of which attributable to SCP;
– with regard to foreign exchange exposures, the portfolio would have recorded an 8 million euro gain in the event of exchange depreciation (-10%). The positive effect in case of foreign exchange appreciation (+10%) would be equal to 3 million euro;
– lastly, on commodity exposures a 2 million euro loss would have been recorded had there been a 50% increase in prices.

(in millions of euro)

	Equity		Interest rates		Credit spreads		Foreign Exchange rates		Commodities	
	volatility +10% and prices -5%	volatility -10% and prices +5%	-25bp	+25bp	-25bp	+25bp	-10%	+10%	-50%	+50%
Total	3	-5	12	-10	32	-32	8	3	5	-2
of which SCP					*12*	*-12*				

In addition to ordinary stress tests, over the past few months, a series of stress tests were carried out on certain specific risk factors in order to identify potential risks in the trading portfolios which the VaR would be unable to fully identify. The results of these tests did not show any risks that may affect the Bank's capital.

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, IMI Investimenti, Intesa Sanpaolo Holding International and Private Equity 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 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). 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 an estimate of the prepayment effect and of 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. This measure highlights the effect of variations in interest rates on the portfolio being measured, excluding assumptions on future changes in the mix of assets and liabilities and, therefore, it cannot be considered a predictor of the future levels of the interest margin.

Hedging of interest rate risk is aimed (i) at protecting the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve or (ii) at reducing the volatility of future cash flows related to a particular asset/liability. The main types of derivative contracts used are interest rate swaps (IRS), overnight index swaps (OIS), cross-currency swaps (CCS) and options on interest rates stipulated with third parties or with other Group companies. The latter, in turn, cover the risk in the market so that the hedging transactions meet the criteria to qualify as IAS-compliant for consolidated financial statements.

Hedging activities performed by the Intesa Sanpaolo Group are recorded using various hedge accounting methods. A first one refers to the fair value hedge of assets and liabilities specifically identified (micro-hedging), mainly bonds issued or acquired by the bank and loans to customers. In addition, macro-hedging is carried out on the stable portion of on demand deposits and in order to hedge against fair value changes intrinsic to the instalments under accrual generated by floating rate operations. The Bank is exposed to this risk in the period from the date on which the rate is set and the interest payment date.

Another hedging method used is the cash flow hedge which has the purpose of stabilising interest flow on floating 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 Risk Management Department is in charge of measuring the effectiveness of interest rate risk hedges for the purpose of hedge accounting.

In the first half of 2009, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity analysis, registered an average value of 470 million euro and 562 million euro at the end of June, almost entirely concentrated on the euro currency; these figures compare with 484 million euro at the end of 2008.

Sensitivity of the interest margin – in the event of a 100 basis point rise in interest rates – amounted to +120 million euro (–113 million euro in the event of reduction) at the end of June 2009; these values are in line with the 2008 year-end figures of +102 million euro and -92 million euro, respectively, in the event of an increase/decrease in interest rates.

Interest rate risk, measured in terms of VaR, averaged 155 million euro in the first half of 2009 (177 million euro at the end of 2008) and reached a value of 178 million euro at the end of June, which also was the peak value for the period (the minimum value was 86 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 135 million euro (120 million euro at the end of 2008) in the first six months of 2009, with minimum and maximum value of respectively 87 million euro and 180 million euro. VaR at the end of June amounted to 157 million euro.

Lastly, a sensitivity analysis of the banking book to the price risk, measuring the impact on Shareholders' Equity of a price shock on the above quoted assets recorded in the AFS category shows a sensitivity, for a negative shock of 10%, equal to -80 million euro at the end of June 2009.

OPERATIONAL RISK

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, 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.
In compliance with current regulations, the Group's individual business units are involved, each assigned responsibilities for the identification, assessment, management and mitigation of its operational risks. Specific officers and departments have been identified within these business 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).

The Group's Internal Model is designed to combine all the main quantitative (internal and external historical loss data) and qualitative information sources (Self-assessment: scenario analysis and operational environment assessment). The quantitative component is based on the assessment of historical data on internal and external events (including participation in consortium initiatives such as "Database Italiano Perdite Operative" – Italian Operational 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 Supervisory Regulations.
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 effect of any unexpected losses, and thus contributing to the reduction of the Capital at Risk.
At the end of June the capital absorption for operational risks was determined with the Traditional Standardised Approach, with an approximate 2.3 billion euro incidence at Group level.

Legal risks

There were no significant changes in legal risks in the first half of 2009 compared to the Intesa Sanpaolo Group Annual Report 2008, to which reference should be made for the main disputes currently in place.
As described therein, Banca Intesa Infrastrutture e Sviluppo, as the successor to Banca OPI, was involved in a case pending before the Court of Taranto brought by the Municipality of Taranto in relation to the subscription in May 2004 by Banca OPI for a 250,000,000 euro bond issued by this Municipality.
In its judgement of 27 April 2009, the Court declared the invalidity of the operation, ordering the Bank to reimburse, with interest, the partial repayments of the loan made by the Municipality of Taranto. The latter was ordered to reimburse, with interest, the loan granted. Lastly, the Court ordered compensation in favour of the Municipality, to be calculated by separate proceedings. Both parties appealed against the judgement. Moreover, the Bank requested the stay of enforcement of the judgement and brought a case for negative clearance.
According to the legal firms assisting BIIS, there are valid grounds to believe that the first level judgement will be modified.

INSURANCE RISKS

Life business

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 managed 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 portfolio level, including liabilities).
Actuarial and demographic risks are guarded against by a regular statistical analysis of the evolution of liabilities, divided by type of risks and through simulations of expected profitability on the assets which cover technical reserves.
Reserve risk is managed 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.

Non-life business

The risks of non-life insurance portfolio are essentially premium risk and reserve risk.
Premium risks are managed 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 portfolio level, including liabilities).
Reserve risk is guarded against through the exact calculation of technical 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 has been launched with the objective of both strengthening risk governance and managing and controlling risk-based capital.
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 Financial Analysis Program (FAP), is also used with the aim 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, it fully recognises the sensitivity of liabilities to changes in market risk factors and permits an effective management of hedging assets.

Investment portfolios

The investments of the Intesa Sanpaolo Group companies 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 non-life policies.
At 30 June 2009 the investment portfolios of Group companies, recorded at book value, amounted to 44,834 million euro; of these, the share regarding traditional revaluable life policies, non-life policies and free capital (Class C portfolio or portfolio at risk) amounted to 17,281 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 27,553 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, net of derivative positions, 95% of assets, i.e. approximately 16,485 million euro, were bonds, while assets subject to equity risk represented 4.5% of the total and amounted to 783 million euro. The remaining part (119 million euro) consisted of investments relating to UCI, Private Equity and Hedge Funds (0.5%).

The fair value of derivatives was -106 million euro, of which -95 million euro in hedging derivatives and -11 million euro in other derivatives.
At the end of the first half of 2009, investments of EurizonVita and SudPoloVita free capital amounted to approximately 1,037 million euro at market value, and presented a risk in terms of VaR (99% confidence level, 10-day holding period) equal to 19.2 million euro.
The Modified duration of the bond portfolio, calculated by means of the sensitivity to uniform and parallel variations of the interest rate curve of ±25 basis points, is 4.2 years. The reserves relating to the revaluable contracts under Separate Management have an average modified duration of 4 years. The related portfolios of assets have a modified duration of around 3.6 years.
The breakdown of the bond portfolio in terms of fair value sensitivity to interest rate changes showed that a +100 bp parallel shift in the curve leads to a decrease of approximately 734 million euro. On the basis of this hypothetical scenario, the value of hedging derivatives in the portfolio undergoes an approximate 117 million euro rise which partly offsets the corresponding loss on the bonds.
The investment portfolio had a high credit rating. AAA/AA bonds represented approximately 79.5% of total investments and A bonds approximately 12.5%. Low investment grade securities (BBB) accounted for approximately 2.5% of the total and the portion of speculative grade or unrated securities was minimum (approximately 0.5%).
The analysis of the exposure in terms of the issuers/counterparties produced the following results: securities issued by Governments and Central banks represented approximately 75% of the total investments, while financial companies (mostly banks) contributed almost 15% of exposure and industrial securities made up approximately 5%.
At the end of the first half of 2009, the fair value sensitivity of bonds to a change in issuer credit rating, intended as a market credit spread shock of +100 basis points, was -940 million euro and was due to government issuers (-676 million euro) and corporate issuers, being financial institutions and industrial companies (-264 million euro).

Shareholder base, transactions with related parties and other information

Shareholder base

As at 30 June 2009, according to records in the Shareholders' Register, shareholders of Intesa Sanpaolo with stakes exceeding 2% - threshold that, if exceeded, requires communication to both the company and Consob, pursuant to Italian legislation (art. 120 of the Consolidated Law on Finance "TUF") – were as follows.

Shareholder	Ordinary shares (*)	% held on ordinary share capital
Compagnia di San Paolo	1,171,622,725	9.888%
Crédit Agricole S.A.	708,822,880	5.982%
Assicurazioni Generali	601,586,930	5.077%
Fondazione C.R. di Padova e Rovigo	583,404,899	4.924%
Fondazione Cariplo	554,578,319	4.680%
Ente C.R. Firenze	400,287,395	3.378%
Fondazione C.R. in Bologna (**)	323,955,012	2.734%
Carlo Tassara S.p.A.	296,764,457	2.504%
Barclays Global Investors UK Holdings (***)	239,017,266	2.017%

(*) Held directly or indirectly.

(**) of which 50,000,000 shares under securities lending arrangements in favour of Mediobanca, with voting right held by the lender.

(***) Held as assets under management

Transactions with related parties

Procedural features

The Management Board has adopted the Intesa Sanpaolo "Regulations on the management of transactions with related parties" approved by the Supervisory Board and intended for all companies within the Group. The Regulations set out the criteria and principles for identifying related parties, assessing and approving transactions, and subsequently providing information to Corporate bodies and to the market.
In accordance with the criteria set out in IAS 24, the Regulations define the rules for identifying in concrete terms the various entities belonging to the categories defined by this accounting principle (companies related through controlling or joint stakes, joint ventures, pension funds, Key Managers, close family members of Key Managers and related significant shareholding positions).
In this regard, it has been decided that the category of Key Managers will include not only Management and Supervisory Board Members but also General Managers, the Manager responsible for preparing the Company's financial reports, the Heads of business units, the Heads of governance areas, the Heads of head office departments that report directly to the CEO and to the Chairman of the Management Board, the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Operations and Special Projects.
Although no Bank shareholder, alone or jointly with others, is able to exercise control or significant influence on management as per IAS 24, the Management and Supervisory Boards have decided it is best to extend, as a form of self-regulation, the application of the rules regarding transactions with related parties to a broader circle than the one foreseen by the reference standards, in order to include those Shareholders and their corporate groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the bank's voting share capital greater than 2% (calculated considering only shares owned).

This approach allows closer monitoring of transactions with the main shareholders, by subjecting them to the same assessment and approval procedure as for transactions with related parties.
The Regulations set forth the assessment procedures that must be followed by the Parent Company and subsidiary companies when carrying out transactions with related parties, to ensure appropriateness of the transactions. The Regulations also require detailed examination of the reasons for the transaction and its potential effects on the Bank's financials.
With regard to approval, the transactions falling under the sole responsibility of the Management Board are "significant" transactions between the Parent Company and its related parties. "Significant" transactions are those with a major economic, capital and financial impact, as defined on the basis of specific qualitative and/or quantitative criteria applying to each type of transaction. In particular, they include:

1) transactions for an amount in excess of 3 million euro (or in excess of 20 million euro if the transactions are with companies belonging to the banking or corporate Group, reduced to half for companies that are not wholly owned):
   a) the purchase and sale of real estate;
   b) the underwriting, purchase or sale of stakes in the company, even if they do not lead to change in the Banking Group;
   c) the purchase and sale of companies, business lines or entire business portfolios;
   d) framework agreements governing the provision of services or the placement or distribution of products/services with annual duration and automatic renewal, or multi-year;
2) transactions for an amount in excess of 25% of each company's Tier 1 capital/shareholders' equity or, in any case, higher than 25 million euro, investments in companies of the banking or corporate Group through capital interventions, hybrid capital instruments, eligible subordinated liabilities in the subsidiary's regulatory capital, the granting of overdrafts that are not for the purpose of supporting the subsidiary's core business;
3) if the amount exceeds 0.50% of the consolidated regulatory capital, the granting of overdrafts to related parties that are not part of the Banking Group;
4) financial and commercial transactions other than those mentioned above for an amount in excess of 20 million euro, excluding credit transactions and bank funding operations carried out at market conditions.

Stricter limits have been established for non-performing exposures (substandard, doubtful and restructured loans).
The Management Board always has jurisdiction over transactions that, due to their subject, the nature of the parties, the consideration paid, methods or timeframes, may have effects on safeguarding company assets or on the thoroughness or correctness of disclosures, including accounting information, regarding Intesa Sanpaolo (any such transactions are also included in information provided to the market in accordance with Article 71 bis of Issuers Regulation 11971/99).
In compliance with the provisions of the Corporate Governance Code, transactions having a value in excess of twice the levels established as being under the jurisdiction of the Management Board are also subject to the prior opinion of the Control Committee formed within the Supervisory Board.
In any case, the Control Committee must review transactions that fall within the scope of the Management Board if any economic conditions differ from market conditions, except when subsidiaries are involved.
The Regulations also establish that decision-making bodies can make use of independent experts, where considered appropriate, according to the degree of significance of the transaction, its specific economic or structural characteristics and the nature of the related party.
Concerning transactions carried out by subsidiaries, the Regulations specify which cases require a decision from the Board of Directors of the companies involved. Each company may also choose to include specific internal control measures in its own decision-making process. It is also expected to adopt a set of rules equivalent to the ones drawn up by the Parent Company to regulate the transactions initiated by the company itself with its "own related parties".
Based on the Regulations, the prior opinion of the Parent Company's Control Committee is also required for the most significant transactions between subsidiaries and parties related to the Parent Company.
Moreover, the Regulations define the general criteria for the information to be provided, at least quarterly, – also pursuant to Article 150 of the Consolidated Law on Finance – to the Management Board and by the latter to the Supervisory Board regarding transactions with related parties completed in the reference period by the Parent Company or by its subsidiaries. Different quantitative thresholds must be decided for each type of transaction. All of the above is aimed at providing a complete overview of the most significant transactions, as well as the volumes and the main features of all those delegated.

Finally, please note that if the related party is one of the players that have direction, administration or control functions, the special decision-making procedure set out in Article 136 of the Consolidated Law on Banking also applies. It subjects the transaction to the prior unanimous decision of the Management Board and to the favourable vote by all Supervisory Board Members.
In accordance with the abovementioned Article 136, anyone who carries out direction, administration or control functions at banks or companies that are part of the Banking Group cannot directly or indirectly enter into contracts which lead to obligations with the company they belong to or carry out financing transactions with another company or bank in the Banking Group without approval from the administrative and control bodies of the company or bank that is party to the contract; in these cases, the contract or the act must be approved by the Parent Company. As provided for by Law 262/2005 and Legislative Decree 303/2006, the special decision-making procedure has also been applied to contracts entered into by the Bank or companies in the Banking Group with companies controlled by board members or companies in which board members have administration, direction or control functions. Moreover, it also applies to the controlling companies and controlled companies (unless the contracts which lead to the obligation are drawn up between companies belonging to the same Banking Group or refer to transactions on the interbank market).
The abovementioned provision also confirms the requirements foreseen by the Italian Civil Code regarding the personal interests of Directors, insofar as article 2391 requires each Board Member to report every instance of interest possessed, on his/her own name or through third parties, that may come into play in a significant manner in carrying out his/her function, with reference to a specific transaction. In accordance with the abovementioned provision, the Management Board has jurisdiction over decisions regarding transactions – including those with related parties – in which the Managing Director possesses an interest on his/her own account or through a third party and must therefore abstain from the decision, entrusting the board as per art. 2391.

Information on transactions with related parties

In the first half of 2009 relations with related parties were attentively monitored and no situations emerged other than those typical of standard bank relations with individual and corporate customers. The transactions fell within the scope of the ordinary activities and were usually entered into at market conditions, based on valuations of mutual economic convenience, in line with the internal procedures mentioned above.
In the period, no "atypical or unusual" transactions were carried out, the importance/relevance of which might have given rise to concerns regarding the protection of shareholders' equity or the protection of minority shareholders' interests (any atypical or unusual transactions must also be disclosed to the market pursuant to art. 71 bis of Issuers Regulation 11971/99).
The policy on relations between the various economic entities which make up the Group remained the same, and also the relationships with other related parties other than subsidiaries, associates and companies subject to joint control were unchanged. Normally, these transactions are regulated at market rates or are aligned with the most favourable conditions applied to personnel, when the necessary conditions exist. Transactions with infragroup related parties, as they are netted at consolidated level, are not included in this report.
Receivable and payable balances with related parties as at 30 June 2009 within the consolidated accounts, amount to a total that is insignificant compared to the size of the Group's capital base. Likewise, the weight of income and charges with related parties on consolidated operating margin is insignificant. The following tables set out the impact of transactions with related parties, as classified by IAS 24, including Shareholders with voting rights exceeding 2%, on the Group's balance sheet and income statement figures:

Balance sheet	**30.06.2009**	
	Amount (in millions of euro)	**Impact** (%)
Total financial assets	8,417	1.5
Total other assets	28	0.1
Total financial liabilities	2,903	0.9
Total other liabilities	102	0.0

Income statement	30.06.2009	
	Amount (in millions of euro)	**Impact** (%)
Total interest income	93	0.9
Total interest expense	-41	0.8
Total fee and commission income	54	1.8
Total fee and commission expense	-2	0.4
Total operating costs	-4	0.1

During the first six months of the year, there were no provisions for doubtful loans related to balances with related parties and no losses registered in the period in connection with uncollectible or doubtful loans due from related parties. Furthermore, provisions for risks and charges include the provisions made against any outstanding or probable disputes.
The table below reports the main terms of reference of transactions with each category of related party, as classified by IAS 24, net of infragroup operations, as well as information on Shareholders and their groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the Bank's voting share capital exceeding 2% (calculated considering only shares owned) and on parties that are not related pursuant to IAS 24, but are in any case included as a form of self-regulation.

(in millions of euro)

	Financial assets held for trading	Financial assets designated at fair value through profit and loss	Financial assets available for sale	Investments held to maturity	Due from banks	Loans to customers	Other financial assets	Due to banks	Due to customers	Financial liabilities held for trading	Other financial liabilities	Guarantees given/ received and commitments
Subsidiaries	-	-	-	-	-	18	-	-	6	-	-	-
Companies subject to joint control	6	-	15	-	1,777	25	-	206	43	-	99	10
Associates	31	-	30	-	3	2,845	28	12	502	12	2	1,193
Managers with strategic responsibilities and control bodies	-	-	-	-	-	3	-	-	28	-	-	1
Other related parties	1	-	5	-	-	180	-	-	950	5	-	9
Total	**38**	**-**	**50**	**-**	**1,780**	**3,071**	**28**	**218**	**1,529**	**17**	**101**	**1,213**
Shareholders (*)	1,310	32	385	11	6	1,734	-	9	268	862	1	523

(*) Shareholders and their groups that hold a stake in the Bank's voting share capital exceeding 2% (calculated considering only shares owned).

Relations between the Intesa Sanpaolo Group and Key Managers refer to the Group's normal business activities and are defined applying, where conditions recur, the terms reserved to all employees, in full respect and transparency of terms applied, or, in relation to independent professionals with which a term contract exists, applying the terms reserved to professionals of similar standing, in full compliance with relevant regulations. Concerning transactions with subsidiaries not subject to full consolidation and transactions with associates, please note that these are normal internal business activities of a multifunctional banking group.
The most significant relations with associates include those with Intesa Vita, Telco, the NH Hoteles group, Infragruppo SpA and Alitalia Compagnia Aerea Italiana.
With regard to transactions with companies subject to joint control (joint ventures), those with Findomestic Banca, which are attributable to the Group's normal business activities, in a joint venture with other parties should also be noted.
The category "Other related parties" includes the Bank's pension funds, the close relatives of board members, entities controlled by or related to the latter.
There were no particularly significant transactions with related parties in the period. However, the main transactions finalised in the period by the Parent Company or subsidiaries with related parties (net of infragroup operations netted in the consolidated financial statements) are reported below.
The project for the rationalisation of Intesa Sanpaolo Group bancassurance activities based on specialisation by distribution network was approved on 23 June. The companies involved are: Intesa Vita, in which the Group holds a 50% stake, the joint venture with the Generali Group; EurizonVita, subsidiary; Centrovita Assicurazioni, in which the Group holds a 51% stake, the joint venture with Cardif Assurance (BNP Paribas Group); Sud Polo Vita, subsidiary, and Intesa Previdenza, the subsidiary in which the Group holds a 79% stake (the remaining 21% will be acquired by the Generali Group). The implementation of the project is subject to obtaining the necessary authorisations.
The most significant relations with associates in the period include the loans granted to the GCL Holdings Sca group, RCS Mediagroup, Euromilano group, NH Hoteles group and Nuovo Trasporto Viaggiatori. All financing was disbursed at market interest rates. The Group renewed the Framework for the distribution of

insurance products with Intesa Vita. Share capital increases were subscribed with respect to NH Hoteles, Nuovo Trasporto Viaggiatori and Autostrada Pedemontana Lombarda.
With regard to transactions with companies subject to joint control (joint ventures), the Group participated on a proportional basis in a share capital increase of Findomestic Banca following the resolution of the extraordinary Shareholders' meeting of 13 May 2009.
After contributing its real estate assets to the Omega Fund, during the period, the subsidiary IMMIT sold 23.54% of the fund shares to the Sanpaolo IMI pension fund for a consideration equal to the subscription value of the Omega Fund shares. The transaction retroactive effects ex tunc to 22 December 2008. Having completed its objective, IMMIT will be merged into Intesa Sanpaolo S.p.A. in the second half of 2009.

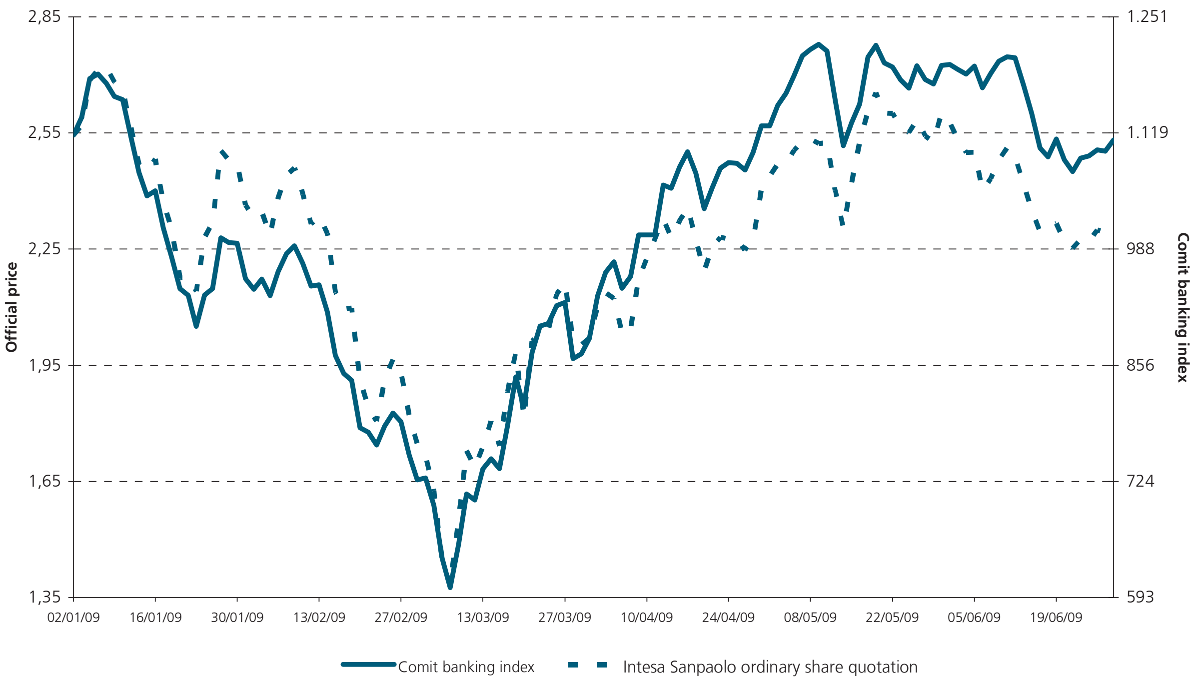
Last, as already reported, Intesa Sanpaolo is among the Italian banking creditors of the Carlo Tassara Group which at the end of 2008 signed a term sheet (subsequently modified in the first half of 2009) with the object to stabilise and gradually reduce the total debt owed by the Carlo Tassara Group to Italian and foreign banks, by 31 December 2011. During the period, the disposal of owned equity investments continued as scheduled in order to reduce exposure.

Stock price performance

At a European level, the banking sector was characterised by the same general stock market trend, although to a greater extent in terms of performance: from the beginning of the year to the all-time low recorded in the first half of March, the Dj Euro Stoxx Bank index, reduced dramatically following the worsening of the financial crisis and the concerns over the evolution of the situation and asset quality. Conversely, in the second half of the period, the European bank index recovered significantly, closing the period with a considerable increase, despite a slight write-off at period end.
The performance of the Italian sector was lower than that of the European sector and was substantially unchanged at period end, despite the remarkable recovery made in the second quarter and after the negative performance recorded from the beginning of the year to the all-time low of 9 March.

In this context, the price of the Intesa Sanpaolo ordinary share registered a progressive decline in the first two months of 2009, interrupted by a remarkable recovery in the following two months - concurrently with the recovery shown by sector indexes – and a cyclic trend in May and June, closing the first half of the year with a 10% fall compared to the beginning of 2009.
At the end of the first half of 2009, the price of the Intesa Sanpaolo savings share fell by approximately 6% compared to the beginning of 2009. Its discount compared to the ordinary share reduced slightly to approximately 24%, from 27% at the beginning of the year.
At period end, the capitalisation of Intesa Sanpaolo amounted to 28.8 billion euro, against 31.9 billion euro at the beginning of 2009.

Intesa Sanpaolo ordinary shares quotation and banking index



Earnings per share

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

	30.06.2009		30.06.2008	
	Ordinary shares	**Saving shares**	**Ordinary shares**	**Saving shares**
Weighted average number of shares	11,845,523,290	932,290,171	11,779,102,720	932,374,550
Income attributable to the various categories of shares *(millions of euro)*	1,449	138	2,874	231
Basic EPS (*euro*)	0.12	0.15	0.24	0.25
Diluted EPS (*euro*)	0.12	0.15	0.24	0.25
Basic EPS annualised (*) (*euro*)	0.24	0.30	0.49	0.50
Diluted EPS annualised (*) (*euro*)	0.24	0.30	0.49	0.50

(*) Net income is not indicative of forecast net income for the whole of 2009, since it is obtained by annualising net income for the period.

Price/book value

In its traditional formulation, the index reflects the value attributed by the market to the share capital of a listed company, hence indirectly to the company's overall assets. The index, while measuring the confidence which financial analysts and the financial community have in the company's income prospects and capital strength, is significantly affected by the external factors that influence stock prices.
For the Intesa Sanpaolo Group, the index – calculated on average figures of the period and at period end – is influenced by the significant increase in shareholders' equity resulting from the merger and, from 2008 on, by the negative performance of markets.

	30.06.2009	1° st half 2009	2008	2007	2006	2005	2004
Market capitalisation	28,780	28,343	48,639	71,058	33,724	26,258	20,414
Shareholders' equity	50,742	49,848	50,256	51,558	17,435	15,337	15,328
Price / book value	**0.57**	**0.57**	**0.97**	**1.38**	**1.93**	**1.71**	**1.33**

Figures for the periods prior to 2007 refer to Gruppo Intesa and have not been restated to consider the merger. Average shareholders' equity for the year 2004 has not been restated to consider IAS/IFRS adoption.

Ratings

In 2009 all ratings assigned to Intesa Sanpaolo remained unchanged from the end of 2008. On 12 March, the international rating agency Standard & Poor's revised the outlook from stable to negative.

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

(*) Debt outlook is stable, financial strength outlook reviewed from stable to negative on 18 June.

Forecast for the year

In the second half of the year the macro-economy should stabilise in terms of economic activity in the eurozone and Italy, although the impact of the slump on employment and corporate default rates is expected to become more evident. Monetary policy will continue along present lines, keeping short-term interest rates close to their all-time lows. Medium-/long-term interest rates, on the other hand, could be more volatile.
In the banking market, trading growth should slow down further, reflecting the general sluggishness of the economy.
In particular, loans to businesses are expected to decrease further, across the whole range of maturities. Overall, growth in lending to businesses is predicted to be very slight, compared with the past ten years.
In parallel, household loan demand should remain weak, reflecting the stagnation of the real estate market and low consumption levels. However, gradual recovery is not to be ruled out, provided that the economy shows signs of improvement.
Direct customer deposits are expected to continue growing at a robust pace, albeit with a progressive alignment with lending trends. Bond growth is predicted to slow down more markedly compared with shorter-term funding products. Asset management should show a weak growth; however, while a true recovery cannot yet to be forecast, the negative trend of the three-year period 2006-2008 is expected to come to an end. In particular, moderately positive signs should come from the mutual fund and portfolio management market, and marked performance improvements are expected in life insurance policies.
The overall low growth in lending activity and the minimum levels reached by rates and spreads will in all likelihood lead to interest margin contraction. This, together with the low growth trend in income from services, will decrease the banking system's operating profits. The only positive notes in the income statement will come from operating costs, which will continue to decrease.
As to adjustments and prudential provisions, banks are expected to continue the highly prudential policy followed in 2008, in response to the increased market and credit risk generated by the economic downturn.

With regard to the Intesa Sanpaolo Group, performance forecasts for the second half of the year and the whole year are generally positive.
Effective implementation of the actions outlined for 2009 and disclosed to the market at the time of the presentation of 2008 results, has enabled the Group to achieve interim results which are certainly positive when seen against the background of a still acute recession.
In the light of the 2009 half-year performance, it is reasonable to confirm expectations for a 2009 consolidated net income not much lower than that recorded in 2008.

The Management Board

28 August 2009

Certification of the condensed consolidated half-yearly financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned Corrado Passera (as Managing Director and CEO) and Ernesto Riva (as Manager responsible for preparing the Company's financial reports) of Intesa Sanpaolo, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:
   - the adequacy in relation to the Company's features and
   - the actual application

   of the administrative and accounting procedures employed to draw up the condensed consolidated half-yearly financial statements, in the first half of 2009.

2. Verification of the appropriateness and effective application of the administrative and accounting procedures employed to draw up the condensed consolidated half-yearly financial statements as at 30 June 2009 was performed in the context of the reorganisation of corporate processes and IT systems consequent on the integration of operations after the merger between Intesa and Sanpaolo IMI. The assessment was based on methods defined by Intesa Sanpaolo consistently with the COSO and – as to the IT component – COBIT models, which are internationally accepted frameworks for internal control systems[1].

3. The undersigned also certify that:

   3.1 The condensed consolidated half-yearly financial statements as at 30 June 2009:
   - have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of 19 July 2002;
   - correspond to the results of the books and accounts;
   - give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and of the companies included in the scope of consolidation.

   3.2 The half-yearly report on operations contains indications of the most significant events in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties faced in the remaining six months of the year as well as information on significant related party transactions.

28 August 2009

Ernesto Riva
Manager responsible for preparing
the Company's financial reports

[1] The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The COBIT Framework - Control OBjectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

Independent Auditors' Report

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Corso Vittorio Emanuele II, 83
10128 Torino

Tel. (+39) 011 5161611
Fax (+39) 011 5612554
www.ey.com

Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

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

1. We have reviewed the interim condensed consolidated financial statements, comprising the balance sheet, the statement of income, comprehensive income, changes in shareholders' equity and cash flows and the related explanatory notes, of Intesa Sanpaolo S.p.A. and its subsidiaries (the "Intesa Sanpaolo Group") as of June 30, 2009. Management Board of Intesa Sanpaolo S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, which have been restated in accordance with IAS 1 (2007) and for the matters described in the explanatory notes, reference should be made to our reports issued on March 25, 2009 and on August 29, 2008, respectively. We have reviewed the methods adopted to restate the comparative financial data for the corresponding period of the prior year and the information presented in the explanatory notes in this respect for the purpose of this review report. Moreover, the explanatory notes include certain additional comparative financial information, restated to take into account changes in the consolidation area; we have not examined such financial information.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Intesa Sanpaolo Group as of June 30, 2009 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, August 29, 2009

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

This report has been translated into the English language solely for the convenience of international readers

Attachments

Reconciliation statements

Reconciliation between the consolidated financial statements and the restated consolidated financial statements

Reconciliation between the consolidated balance sheet as at 31 December 2008 and the consolidated balance sheet as at 31 December 2008 adjusted in compliance with IFRS 3

Reconciliation between the consolidated balance sheet as at 31 December 2008 adjusted in compliance with IFRS 3 and the restated consolidated balance sheet as at 31 December 2008

Reconciliation between the consolidated income statement as at 30 June 2008 and the consolidated income statement as at 30 June 2008 adjusted in compliance with IFRS 3 and IFRS 5

Reconciliation between the consolidated income statement as at 30 June 2008 adjusted in compliance with IFRS 3 and IFRS 5 and the restated consolidated income statement as at 30 June 2008

Reconciliation between the consolidated income statement as at 30 June 2009 and the restated consolidated income statement as at 30 June 2009

Restated consolidated financial statements

Restated consolidated balance sheet

Restated consolidated income statement

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between the restated consolidated balance sheet and the reclassified consolidated balance sheet

Reconciliation between the restated consolidated income statement and the reclassified consolidated income statement

Reconciliation between the consolidated financial statements and the restated consolidated financial statements

Reconciliation between the consolidated balance sheet as at 31 December 2008 and the consolidated balance sheet as at 31 December 2008 adjusted in compliance with IFRS 3

Since there have been no changes to the allocation of the purchase price of equity investments, the consolidated balance sheet as at 31 December 2008 has not been adjusted in compliance with IFRS 3.

Reconciliation between the consolidated balance sheet as at 31 December 2008 adjusted in compliance with IFRS 3 and the restated consolidated balance sheet as at 31 December 2008

The consolidated balance sheet as at 31 December 2008 did not require restatements in respect of non-current assets held for sale and discontinued operations or of changes in the scope of consolidation.

Reconciliation between the consolidated income statement as at 30 June 2008 and the consolidated income statement as at 30 June 2008 adjusted in compliance with IFRS 3 and IFRS 5

(in millions of euro)

	30.6.2008 Published (*)	Impact of IFRS 3 adoption		Impact of IFRS 5 adoption				30.06.2008
		Final allocation of the purchase cost of Eurizon Investimenti	Final allocation of the purchase cost of Carifirenze Group	Disposal of branches (a)	Disposal of Cassa di Risparmio di Fano (b)	Disposal of Cassa di Risparmio di Orvieto (c)	Disposal of Calit (d)	
10. Interest and similar income	13,628	-	-26	-10	-40	-22	-30	13,500
20. Interest and similar expense	-7,446	-	-12	2	11	7	-	-7,438
30. Interest margin	**6,182**	**-**	**-38**	**-8**	**-29**	**-15**	**-30**	**6,062**
40. Fee and commission income	3,573	-	-	-4	-6	-3	-	3,560
50. Fee and commission expense	-624	-	-	-	1	-	-	-623
60. Net fee and commission income	**2,949**	**-**	**-**	**-4**	**-5**	**-3**	**-**	**2,937**
70. Dividend and similar income	509	-	-	-	-	-	-	509
80. Profits (Losses) on trading	-828	-	-	-	6	-	-	-822
90. Fair value adjustments in hedge accounting	-11	-	-	-	-	-	-	-11
100. Profits (Losses) on disposal or repurchase of	23	-	-	-	-	-	-	23
a) loans	*-19*	-	-	-	-	-	-	*-19*
b) financial assets available for sale	*27*	-	-	-	-	-	-	*27*
c) investments held to maturity	-	-	-	-	-	-	-	-
d) financial liabilities	*15*	-	-	-	-	-	-	*15*
110. Profits (Losses) on financial assets and liabilities designated at fair value	130	-	-	-	-	-	-	130
120. Net interest and other banking income	**8,954**	**-**	**-38**	**-12**	**-28**	**-18**	**-30**	**8,828**
130. Net losses / recoveries on impairment	-593	-	-	-	2	2	-	-589
a) loans	*-604*	-	-	-	*2*	*2*	-	*-600*
b) financial assets available for sale	*-28*	-	-	-	-	-	-	*-28*
c) investments held to maturity	-	-	-	-	-	-	-	-
d) other financial activities	*39*	-	-	-	-	-	-	*39*
140. Net income from banking activities	**8,361**	**-**	**-38**	**-12**	**-26**	**-16**	**-30**	**8,239**
150. Net insurance premiums	955	-	-	-	-	-	-	955
160. Other net insurance income (expense)	-718	-	-	-	-	-	-	-718
170. Net income from banking and insurance activities	**8,598**	**-**	**-38**	**-12**	**-26**	**-16**	**-30**	**8,476**
180. Administrative expenses	-5,030	-	-	6	13	10	3	-4,998
a) personnel expenses	*-3,347*	-	-	*4*	*10*	*7*	*2*	*-3,324*
b) other administrative expenses	*-1,683*	-	-	*2*	*3*	*3*	*1*	*-1,674*
190. Net provisions for risks and charges	-104	-	-	-	-1	-	-	-105
200. Net adjustments to / recoveries on property and equipment	-205	-	1	-	1	1	-	-202
210. Net adjustments to / recoveries on intangible assets	-491	7	11	-	-	-	-	-473
220. Other operating expenses (income)	172	-	-	-	-	-	-	172
230. Operating expenses	**-5,658**	**7**	**12**	**6**	**13**	**11**	**3**	**-5,606**
240. Profits (Losses) on investments in associates and companies subject to joint control	366	-	-	-	-	-	-	366
250. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-	-	-	-	-
260. Goodwill impairment	-	-	-	-	-	-	-	-
270. Profits (Losses) on disposal of investments	2	-	-	-	-	-	-	2
280. Income (Loss) before tax from continuing operations	**3,308**	**7**	**-26**	**-6**	**-13**	**-5**	**-27**	**3,238**
290. Taxes on income from continuing operations	-1,034	4	17	2	5	2	2	-1,002
300. Income (Loss) after tax from continuing operations	**2,274**	**11**	**-9**	**-4**	**-8**	**-3**	**-25**	**2,236**
310. Income (Loss) after tax from discontinued operations	925	-	-	4	8	3	25	965
320. Net income (loss)	**3,199**	**11**	**-9**	**-**	**-**	**-**	**-**	**3,201**
330. Minority interests	-94	-	-	-	-	-	-	-94
340. Parent Company's net income (loss)	**3,105**	**11**	**-9**	**-**	**-**	**-**	**-**	**3,107**

(*) Figures originally published in the Half Yearly Report as at 30 June 2008.

(a) Includes the 2008 results of 17 branches of the La Spezia and Pistoia areas under disposal following the order by the Italian Competition Authority resulting from the acquisition of the Cassa di Risparmio di Firenze Group.

(b) Includes the 2008 results of subsidiary Cassa di Risparmio di Fano.

(c) Includes the 2008 results of subsidiary Cassa di Risparmio di Orvieto.

(d) Includes the 2008 results of subsidiary Calit.

Reconciliation between the consolidated income statement as at 30 June 2008 adjusted in compliance with IFRS 3 and IFRS 5 and the restated consolidated income statement as at 30 June 2008

(in millions of euro)

	30.06.2008	Changes in the scope of consolidation			30.06.2008
		Pravex Bank (a)	Intesa Sanpaolo Servizi Transazionali (a)	Total change in the scope of consolida-tion	Restated
10. Interest and similar income	13,500	36	73	109	13,609
20. Interest and similar expense	-7,438	-13	-53	-66	-7,504
30. Interest margin	**6,062**	**23**	**20**	**43**	**6,105**
40. Fee and commission income	3,560	22	12	34	3,594
50. Fee and commission expense	-623	-1	-2	-3	-626
60. Net fee and commission income	**2,937**	**21**	**10**	**31**	**2,968**
70. Dividend and similar income	509	-	-	-	509
80. Profits (Losses) on trading	-822	4	-	4	-818
90. Fair value adjustments in hedge accounting	-11	-	-	-	-11
100. Profits (Losses) on disposal or repurchase of	23	-	-	-	23
a) loans	*-19*	-	-	-	*-19*
b) financial assets available for sale	*27*	-	-	-	*27*
c) investments held to maturity	-	-	-	-	-
d) financial liabilities	*15*	-	-	-	*15*
110. Profits (Losses) on financial assets and liabilities designated at fair value	130	-	-	-	130
120. Net interest and other banking income	**8,828**	**48**	**30**	**78**	**8,906**
130. Net losses / recoveries on impairment	-589	-5	-	-5	-594
a) loans	*-600*	*-5*	-	*-5*	*-605*
b) financial assets available for sale	*-28*	-	-	-	*-28*
c) investments held to maturity	-	-	-	-	-
d) other financial activities	*39*	-	-	-	*39*
140. Net income from banking activities	**8,239**	**43**	**30**	**73**	**8,312**
150. Net insurance premiums	955	-	-	-	955
160. Other net insurance income (expense)	-718	-	-	-	-718
170. Net income from banking and insurance activities	**8,476**	**43**	**30**	**73**	**8,549**
180. Administrative expenses	-4,998	-38	-4	-42	-5,040
a) personnel expenses	*-3,324*	*-29*	*-2*	*-31*	*-3,355*
b) other administrative expenses	*-1,674*	*-9*	*-2*	*-11*	*-1,685*
190. Net provisions for risks and charges	-105	-	-	-	-105
200. Net adjustments to / recoveries on property and equipment	-202	-3	-	-3	-205
210. Net adjustments to / recoveries on intangible assets	-473	-	-	-	-473
220. Other operating expenses (income)	172	-	-	-	172
230. Operating expenses	**-5,606**	**-41**	**-4**	**-45**	**-5,651**
240. Profits (Losses) on investments in associates and companies subject to joint control	366	-	-	-	366
250. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-	-
260. Goodwill impairment	-	-	-	-	-
270. Profits (Losses) on disposal of investments	2	-	-	-	2
280. Income (Loss) before tax from continuing operations	**3,238**	**2**	**26**	**28**	**3,266**
290. Taxes on income from continuing operations	-1,002	-1	-9	-10	-1,012
300. Income (Loss) after tax from continuing operations	**2,236**	**1**	**17**	**18**	**2,254**
310. Income (Loss) after tax from discontinued operations	965	-	-	-	965
320. Net income (loss)	**3,201**	**1**	**17**	**18**	**3,219**
330. Minority interests	-94	-1	-17	-18	-112
340. Parent Company's net income (loss)	**3,107**	**-**	**-**	**-**	**3,107**

[a] 2008 results for the period prior to acquisition of the companies by the Intesa Sanpaolo Group

Reconciliation between the consolidated income statement as at 30 June 2009 and the restated consolidated income statement as at 30 June 2009

The consolidated income statement of the first half of 2009 did not require restatements related to changes in the scope of consolidation.

Restated consolidated financial statements

Restated consolidated balance sheet

Since no restatements have been made, please see the financial statements.

Restated consolidated income statement

(in millions of euro)

		30.06.2009	30.06.2008 restated	Changes amount	Changes %
10.	Interest and similar income	10,629	13,609	-2,980	-21.9
20.	Interest and similar expense	-4,827	-7,504	-2,677	-35.7
30.	**Interest margin**	**5,802**	**6,105**	**-303**	**-5.0**
40.	Fee and commission income	2,970	3,594	-624	-17.4
50.	Fee and commission expense	-560	-626	-66	-10.5
60.	**Net fee and commission income**	**2,410**	**2,968**	**-558**	**-18.8**
70.	Dividend and similar income	313	509	-196	-38.5
80.	Profits (Losses) on trading	482	-818	1,300	
90.	Fair value adjustments in hedge accounting	29	-11	40	
100.	Profits (Losses) on disposal or repurchase of	47	23	24	
	a) loans	*-7*	*-19*	*-12*	*-63.2*
	b) financial assets available for sale	*47*	*27*	*20*	*74.1*
	c) investments held to maturity	*-*	*-*	*-*	
	d) financial liabilities	*7*	*15*	*-8*	*-53.3*
110.	Profits (Losses) on financial assets and liabilities designated at fair value	-168	130	-298	
120.	**Net interest and other banking income**	**8,915**	**8,906**	**9**	**0.1**
130.	Net losses / recoveries on impairment	-1,786	-594	1,192	
	a) loans	*-1,647*	*-605*	*1,042*	
	b) financial assets available for sale	*-100*	*-28*	*72*	
	c) investments held to maturity	*-*	*-*	*-*	
	d) other financial activities	*-39*	*39*	*-78*	
140.	**Net income from banking activities**	**7,129**	**8,312**	**-1,183**	**-14.2**
150.	Net insurance premiums	2,538	955	1,583	
160.	Other net insurance income (expense)	-2,744	-718	2,026	
170.	**Net income from banking and insurance activities**	**6,923**	**8,549**	**-1,626**	**-19.0**
180.	Administrative expenses	-4,499	-5,040	-541	-10.7
	a) personnel expenses	*-2,845*	*-3,355*	*-510*	*-15.2*
	b) other administrative expenses	*-1,654*	*-1,685*	*-31*	*-1.8*
190.	Net provisions for risks and charges	-149	-105	44	41.9
200.	Net adjustments to / recoveries on property and equipment	-194	-205	-11	-5.4
210.	Net adjustments to / recoveries on intangible assets	-357	-473	-116	-24.5
220.	Other operating expenses (income)	45	172	-127	-73.8
230.	**Operating expenses**	**-5,154**	**-5,651**	**-497**	**-8.8**
240.	Profits (Losses) on investments in associates and companies subject to joint control	22	366	-344	-94.0
250.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	
260.	Goodwill impairment	-	-	-	
270.	Profits (Losses) on disposal of investments	-1	2	-3	
280.	**Income (Loss) before tax from continuing operations**	**1,790**	**3,266**	**-1,476**	**-45.2**
290.	Taxes on income from continuing operations	-195	-1,012	-817	**-80.7**
300.	**Income (Loss) after tax from continuing operations**	**1,595**	**2,254**	**-659**	**-29.2**
310.	Income (Loss) after tax from discontinued operations	50	965	-915	-94.8
320.	**Net income (loss)**	**1,645**	**3,219**	**-1,574**	**-48.9**
330.	Minority interests	-57	-112	-55	-49
340.	**Parent Company's net income (loss)**	**1,588**	**3,107**	**-1,519**	**-48.9**

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between the consolidated balance sheet and the reclassified consolidated balance sheet

(in millions of euro)

Captions of the reclassified consolidated balance sheet - Assets	Captions of the restated consolidated balance sheet - Assets	30.06.2009	31.12.2008
Financial assets held for trading		74,750	61,080
	Caption 20 - Financial assets held for trading	*74,750*	*61,080*
Financial assets designated at fair value through profit and loss		20,958	19,727
	Caption 30 - Financial assets designated at fair value through profit and loss	*20,958*	*19,727*
Financial assets available for sale		32,802	29,083
	Caption 40 - Financial assets available for sale	*32,802*	*29,083*
Investments held to maturity		5,241	5,572
	Caption 50 - Investments held to maturity	*5,241*	*5,572*
Due from banks		50,218	56,371
	Caption 60 - Due from banks	*50,218*	*56,371*
Loans to customers		386,324	395,189
	Caption 70 - Loans to customers	*386,324*	*395,189*
Investments in associates and companies subject to joint control		3,620	3,230
	Caption 100 - Investments in associates and companies subject to joint control	*3,620*	*3,230*
Property, equipment and intangible assets		31,778	32,406
	Caption 120 - Property and equipment	*5,238*	*5,255*
	+ Caption 130 - Intangible assets	*26,540*	*27,151*
Tax assets		7,239	7,495
	Caption 140 - Tax assets	*7,239*	*7,495*
Non-current assets held for sale and discontinued operations		1	1,135
	Caption 150 - Non-current assets held for sale and discontinued operations	*1*	*1,135*
Other assets		25,511	24,845
	Caption 10 - Cash and cash equivalents	*5,982*	*7,835*
	+ Caption 160 - Other assets	*12,695*	*11,515*
	+ Caption 110 - Technical insurance reserves reassured with third parties	*38*	*40*
	+ Caption 80 - Hedging derivatives	*6,730*	*5,389*
	+ Caption 90 - Fair value change of financial assets in hedged portfolios	*66*	*66*
Total Assets	**Total Assets**	**638,442**	**636,133**

Captions of the reclassified consolidated balance sheet Liabilities and Shareholders' Equity	Captions of the restated consolidated balance sheet - Liabilities and Shareholders' Equity	30.06.2009	31.12.2008
Due to banks		47,301	51,745
	Caption 10 - Due to banks	*47,301*	*51,745*
Due to customers and securities issued		416,530	405,778
	Caption 20 - Due to customers	*222,537*	*217,498*
	+ Caption 30 - Securities issued	*193,993*	*188,280*
Financial liabilities held for trading		41,327	45,870
	Caption 40 - Financial liabilities held for trading	*41,327*	*45,870*
Financial liabilities designated at fair value through profit and loss		25,922	25,119
	Caption 50 - Financial liabilities designated at fair value through profit and loss	*25,922*	*25,119*
Tax liabilities		2,908	4,461
	Caption 80 - Tax liabilities	*2,908*	*4,461*
Liabilities associated with non-current assets held for sale and discontinued operations		-	1,021
	Caption 90 - Liabilities associated with non-current assets held for sale and discontinued operations	*-*	*1,021*
Other liabilities		26,565	26,368
	Caption 100 - Other liabilities	*20,289*	*20,046*
	+ Caption 60 - Hedging derivatives	*4,771*	*5,086*
	+ Caption 70 - Fair value change of financial liabilities in hedged portfolios	*1,505*	*1,236*
Technical reserves		20,803	20,248
	Caption 130 - Technical reserves	*20,803*	*20,248*
Allowances for specific purpose		5,242	5,469
	Caption 110 - Employee termination indemnities	*1,463*	*1,487*
	Caption 120 - Allowances for risks and charges	*3,779*	*3,982*
Share capital		6,647	6,647
	Caption 190 - Share capital	*6,647*	*6,647*
Reserves (net of treasury shares)		43,548	41,166
	Caption 170 - Reserves	*10,451*	*8,075*
	Caption 180 - Share premium reserve	*33,102*	*33,102*
	– Caption 200 - Treasury shares	*-5*	*-11*
Valuation reserves		-1,041	-1,412
	Caption 140 - Valuation reserves	*-1,041*	*-1,412*
Minority interests		1,102	1,100
	Caption 210 - Minority interests	*1,102*	*1,100*
Net income (loss)		1,588	2,553
	Caption 220 - Net income (loss)	*1,588*	*2,553*
Total Liabilities and Shareholders' Equity	**Total Liabilities and Shareholders' Equity**	**638,442**	**636,133**

Reconciliation between the restated consolidated income statement and the reclassified consolidated income statement

(in millions of euro)

Captions of the reclassified consolidated income statement	Captions of the consolidated statement of income	30.06.2009	30.06.2008
Net interest income		5,466	5,695
	Caption 30 - Interest margin	*5,802*	*6,105*
	- *Caption 30 (partial) - Contribution of insurance business*	*-462*	*-606*
	- *Caption 30 (partial) - Interest margin (Effect of purchase cost allocation)*	*51*	*138*
	+ *Caption 80 (partial) - Components of the profits (losses) on trading relating to net interest*	*1*	*12*
	+ *Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)*	*134*	*123*
	+ *Caption 180 a) (partial) - Personnel expenses (Time value employee termination indemnities)*	*-43*	*-50*
	+ *Caption 190 (partial)- 'Net provisions for risks and charges (Time value allowances for risks and charges)*	*-17*	*-27*
Dividends and profits (losses) on investments carried at equity		30	95
	Caption 70 - Dividend and similar income	*313*	*509*
	- *Caption 70 (partial) - Contribution of insurance business*	*-56*	*-102*
	- *Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading*	*-232*	*-383*
	+ *Caption 240 (partial) - Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)*	*5*	*71*
Net fee and commission income		2,595	3,185
	Caption 60 - Net fee and commission income	*2,410*	*2,968*
	- *Caption 60 (partial) - Contribution of insurance business*	*185*	*188*
	+ *Caption 220 (partial) - Other operating income (expenses)*	*-*	*29*
Profits (Losses) on trading		546	284
	Caption 80 - Profits (Losses) on trading	*482*	*-818*
	+ *Caption 90 - Fair value adjustments in hedge accounting*	*29*	*-11*
	+ *Caption 100 b) - Profits (Losses) on disposal or repurchase of financial assets available for sale*	*47*	*27*
	+ *Caption 100 d) - Profits (Losses) on disposal or repurchase of financial liabilities*	*7*	*15*
	+ *Caption 110 - Profits (Losses) on financial assets and liabilities designed at fair value*	*-168*	*130*
	+ *Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading*	*232*	*383*
	- *Caption 80 (partial) - Components of the profits (losses) on trading relating to net interest*	*-1*	*-12*
	- *Caption 80 (partial) - Contribution of insurance business*	*-82*	*571*
	- *Caption 100b (partial) Loss(es) on repurchase of financial liabilities (Effect of purchase cost allocation)*	*-*	*-1*
	+ *Caption 130 b) (partial) - Net losses / recoveries on impairment on financial assets available for sale*	*-*	*-*
Income from insurance business		188	186
	+ *Caption 150 - Net insurance premiums*	*2,538*	*955*
	+ *Caption 160 - Other net insurance income (expense)*	*-2,744*	*-718*
	+ *Caption 30 (partial) - Contribution of insurance business*	*462*	*606*
	+ *Caption 60 (partial) - Contribution of insurance business*	*-185*	*-188*
	+ *Caption 70 (partial) - Contribution of insurance business*	*56*	*102*
	+ *Caption 80 (partial) - Contribution of insurance business*	*82*	*-571*
	- *Caption 160 (partial) - Other net insurance income (expense) - changes in technical reserves due to impairment of securities AFS*	*-21*	*-*
Other operating income (expenses)		42	135
	Caption 220 - Other operating income (expenses)	*45*	*172*
	- *Caption 220 (partial) - Other operating income (expenses) (Recovery of expenses and taxes and duties)*	*-3*	*-8*
	- *Caption 220 (partial) - Other operating income (expenses)*	*-*	*-29*
Operating income		**8,867**	**9,580**
Personnel expenses		-2,759	-2,899
	Caption 180 a) - Personnel expenses	*-2,845*	*-3,355*
	- *Caption 180 a) (partial) - Personnel expenses (merger and restructuring related charges)*	*43*	*402*
	- *Caption 180 a) (partial) - Personnel expenses (Time value employee termination indemnities and other captions)*	*43*	*50*
	- *Caption 180 a) (partial) - Personnel expenses (Effect of purchase cost allocation)*	*-*	*6*
	- *Caption 220 (partial) - Other operating income (expenses) (Recovery of expenses and taxes and duties)*	*-*	*-2*
Other administrative expenses		-1,582	-1,554
	Caption 180 b) - Other administrative expenses	*-1,654*	*-1,685*
	- *Caption 180 b) (partial) - Other administrative expenses (merger and restructuring related charges)*	*69*	*121*
	+ *Caption 220 (partial) Other operating income (expenses) (Recovery of expenses and taxes and duties)*	*3*	*10*
Adjustments to property, equipment and intangible assets		-314	-386
	Caption 200 - Net adjustments to/recoveries on property and equipment	*-194*	*-205*
	+ *Caption 210 - Net adjustments to/recoveries on intangible assets*	*-357*	*-473*
	- *Caption 200 (partial) - Adjustments to intangible assets (merger and restructuring related charges))*	*9*	*5*
	- *Caption 210 (partial) - Adjustments to intangible assets (merger and restructuring related charges))*	*7*	*15*
	- *Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (impairment)*	*-*	*-*
	- *Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment)*	*-*	*1*
	- *Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (Effect of purchase cost allocation)*	*-11*	*-19*
	- *Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (Effect of purchase cost allocation)*	*232*	*290*
Operating costs		**-4,655**	**-4,839**
Operating margin		**4,212**	**4,741**
Goodwill impairment		-	-
	Caption 260 - Goodwill impairment	*-*	*-*
	- *Caption 260 -(partial) - Goodwill impairment*	*-*	*-*
Net provisions for risks and charges		-132	-78
	Caption 190 - Net provisions for risks and charges	*-149*	*-105*
	- *Caption 190 (partial) - Net provisions for risks and charges (merger and restructuring related charges)*	*-*	*-*
	- *Caption 190 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)*	*17*	*27*
Net adjustments to loans		-1,814	-713
	Caption 100 a) - Profits (Losses) on disposal or repurchase of loans	*-7*	*-19*
	+ *Caption 130 a) - Net losses/recoveries on impairment of loans*	*-1,647*	*-605*
	- *Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)*	*-134*	*-123*
	+ *Caption 130 d) - Net losses/recoveries on impairment of other financial activities*	*-39*	*39*
	- *Caption 130 d) (partial) - Net present value of mathematical reserves of the insurance business*	*-*	*-18*
	- *Caption 100 a) (partial) - Profits (Losses) on purchase/disposal of loans (Effect of purchase cost allocation)*	*13*	*13*
Net impairment losses on other assets		-79	-11
	Caption 130 b) - Net losses/recoveries on impairment of financial assets available for sale	*-100*	*-28*
	- *Caption 130 b) (partial) - Net losses / recoveries on impairment on financial assets available for sale*	*-*	*-*
	+ *Caption 130 d) (partial) - Net present value of mathematical reserves of the insurance business*	*-*	*18*
	+ *Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (impairment)*	*-*	*-*
	+ *Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment)*	*-*	*-1*
	+ *Caption 250 - Valuation differences on property, equipment and intangible assets measured at fair value*	*-*	*-*
	+ *Caption 160 (partial) - Other net insurance income (expense) - changes in technical reserves due to impairment of securities AFS*	*21*	*-*
	- *Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment - merger and restructuring related charges)*	*-*	*-*
Profits (Losses) on investments held to maturity and on other investments		15	297
	Caption 100 c) - Profits (Losses) on disposal or repurchase of investments held to maturity	*-*	*-*
	+ *Caption 240 - Profits (Losses) on investments in associates and companies subject to joint control*	*22*	*366*
	- *Caption 240 (partial) - Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)*	*-5*	*-71*
	+ *Caption 270 - Profits (Losses) on disposal of investments*	*-1*	*2*
	- *Caption 270 (partial) - Profits (Losses) on disposal of investments (Effect of purchase cost allocation)*	*-1*	*-*
Income (Loss) before tax from continuing operations		**2,202**	**4,236**
Taxes on income from continuing operations		-324	-1,309
	Caption 290 - Taxes on income from continuing operations	*-195*	*-1,012*
	- *Caption 290 (partial) - Taxes on income from continuing operations (merger and restructuring related charges)*	*-42*	*-154*
	- *Caption 290 (partial) - Taxes on income from continuing operations (Effect of purchase cost allocation)*	*-87*	*-143*
Merger and restructuring related charges (net of taxes)		-86	-389
	+ *Caption 180 a) (partial) - Personnel expenses (merger and restructuring related charges)*	*-43*	*-402*
	+ *Caption 180 b) (partial) - Other administrative expenses (merger and restructuring related charges)*	*-69*	*-121*
	+ *Caption 190 (partial) - Net provisions for risks and charges (merger and restructuring related charges)*	*-*	*-*
	+ *Caption 200 (partial) - Adjustments to intangible assets (merger and restructuring related charges))*	*-9*	*-5*
	+ *Caption 210 (partial) - Adjustments to intangible assets (merger and restructuring related charges)*	*-7*	*-15*
	+ *Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (impairment - merger and restructuring related charges)*	*-*	*-*
	+ *Caption 290 (partial) - Taxes on income from continuing operations (merger and restructuring related charges)*	*42*	*154*
Effect of purchase cost allocation (net of tax)		-197	-284
	+ *Caption 30 (partial) - interest margin (Effect of purchase cost allocation)*	*-51*	*-138*
	+ *Caption 100 b) (partial) - Loss(es) on repurchase of financial liabilities (Effect of purchase cost allocation)*	*-*	*1*
	+ *Caption 200 (partial) - Net adjustments to/recoveries on property and equipment (Effect of purchase cost allocation)*	*11*	*19*
	+ *Caption 210 (partial) - Net adjustments to/recoveries on intangible assets (Effect of purchase cost allocation)*	*-232*	*-290*
	+ *Caption 100 a) (partial) - Profits (Losses) on disposal or repurchase of loans (Effect of purchase cost allocation)*	*-13*	*-13*
	- *Caption 180 a) (partial) - Personnel expenses (Effect of purchase cost allocation)*	*-*	*-6*
	+ *Caption 270 (partial) - Profits (Losses) on disposal of investments (Effect of purchase cost allocation)*	*1*	*-*
	+ *Caption 290 (partial) - Taxes on income from continuing operations (Effect of purchase cost allocation)*	*87*	*143*
Income (Loss) after tax from discontinued operations		50	965
	Caption 310 - Income (Loss) after tax from discontinued operations	50	965
	+ *Caption 260 - (partial) - Goodwill impairment (Impairment Eurizon Investimenti SGR S.p.A.)*	*-*	*-*
Minority interests		-57	-112
	Caption 330 - Minority interests	*-57*	*-112*
Net income	**Caption 340 - Parent Company's net income (loss)**	**1,588**	**3,107**

Glossary

GLOSSARY OF THE MAIN TERMS USED IN THE HALF-YEARLY REPORT

(in the meaning adopted in the "Report" and with exclusion of the terms today widely used in the Italian language or which are used in a context that already clarifies their meaning)

ABS – Asset-Backed Securities
Financial securities whose yield and redemption are guaranteed by a pool of assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively intended to ensure satisfaction of the rights attached to said financial securities.
Examples of assets pledged as collateral include mortgages, credit card receivables, short-term trade receivables and auto loans.

ABS (receivables)
ABS whose collateral is made up of receivables.

Acquisition finance
Leveraged buy-out financing.

ALM – Asset & Liability Management
Integrated management of assets and liabilities designed to allocate the resources with a view to optimising the risk/yield ratio.

ALT-A Agency
Securities whose collateral consists of Alt-A mortgages, guaranteed by specialised Government Agencies.

ALT- A - Alternative A Loan
Residential mortgages generally of "prime" category, but which, due to various factors such as LTV ratio, documentation provided, borrower's income/employment situation, type of property etc., cannot be classified as standard contracts usable in subscription programmes.
Incomplete documentation is the main reason for a loan being classified as "Alt-A".

Alternative investment
Alternative investments comprise a wide range of investment products, including *private equity* and *hedge funds* (see definitions below).

Other related parties – close relatives
An individual's "close relatives" comprise those family members likely to influence or be influenced by such individual in their relations with the entity. They include the individual's non-separated spouse/domestic partner and the individual's children, his/her spouse's/domestic partner's children, and the individual's or his/her spouse's/domestic partner's dependents.

Arranger
In the structured finance sector, the arranger is the entity that – albeit in different forms and with different titles (*mandated lead arranger*, *joint lead arranger*, *sole arranger* etc.) – coordinates the organisational aspects of the transaction.

Asset allocation
The distribution of assets in an investment portfolio among different markets, geographical areas, sectors and products.

Asset management
The various activities relating to the management and administration of different customer assets.

AP – Attachment Point
Level above which a protection seller will cover the losses of a protection buyer. It is typically used in synthetic CDOs.

Back office
The unit of a bank or financial company that processes all the transactions performed by the operational units (*front office*).

Banking book
Usually referred to securities or financial instruments in general, it identifies the portion of a portfolio dedicated to "proprietary" trading.

Best practice
It generally identifies conduct in line with state-of-the-art skills and techniques in a given technical/professional area.

Bookrunner
See *Lead manager*.

Budget
Forecast of cost and revenue performance of a company over a period of time.

Capital Asset Pricing Model (CAPM)
An economic model for determining the "opportunity cost" i.e. the amount of income for the period necessary to remunerate the cost of capital.

Cash flow hedge
Coverage against exposure to variability in cash flows associated with a particular risk.

CDO – Collateralised Debt Obligation
Financial instruments issued within the framework of securitisation transactions, backed by a pool of loans, bonds and other financial assets (including securitisation tranches). In the case of synthetic CDOs the risk is backed by credit derivatives instead of the sale of assets (cash CDOs).

CDSs on ABX
An Asset-backed security index (ABX) is an index with asset-backed securities as an underlying. Each ABX refers to a basket of 20 reference obligations belonging to a specific ABS sector. Each ABX (there are five in total) reproduces a rating class (AAA, AA, A, BBB, and BBB-).
In particular, the ABX.HE index, launched on 19 January 2006 (Annex Date), is made up of reference obligations of the home equity segment of ABS (Residential Mortgage-Backed Security – RMBS). The CDS on an ABX.HE therefore hedges the credit risk of underlying RMBSs or the risk relative to the 20 reference obligations which make up the index.
For ABX, the market does not provide credit curves but directly price valuation. The settlement admitted for contracts on ABX indices, as described in ISDA 2005 documentation, is PAUG (Pay As You Go): the protection seller pays the protection buyer the losses incurred as these emerge, without leading to termination of the contract.

Please note that the coverage achieved via the purchase of ABX indices, even if it is structured so as to match as closely as possible the characteristics of the hedged portfolio, remains in any case exposed to basis risks. In other words, since it is not a specific hedge of individual exposures, it may generate volatility in the income statement whenever there is imperfect correlation between index prices and market value of the hedged positions.

CLO - Collateralised Loan Obligation
CDOs backed by a portfolio of corporate loans.

CMBS - Commercial Mortgage-Backed Securities
Debt instruments backed by mortgages on commercial real estate.

CMO - Collateralised Mortgage Obligation
Securities backed by mortgages in which the total amount of the issue is divided into tranches with different maturities and return. The tranches are repaid according to an order specified in the issue.

Commercial paper
Short-term notes issued in order to collect funds from third party underwriters as an alternative to other forms of indebtedness.

Consumer ABS
ABS whose collateral is made up of consumer credits.

Core Tier 1 ratio
The ratio of *Tier 1 capital*, net of preferred shares, to total risk-weighted assets. *Preferred shares* are innovative capital instruments, usually issued by foreign subsidiaries, and included in the tier 1 capital if their characteristics ensure the banks' asset stability. The Tier 1 ratio is the same ratio inclusive of the preferred shares in the numerator.

Corporate
Customer segment consisting of medium- and large-sized companies (*mid-corporate, large corporate*).

Cost/income ratio
Economic indicator consisting of the ratio of operating costs to net operating income.

Amortised cost
Differs from "cost" in that it provides for the progressive amortisation of the differential between the book value and nominal value of an asset or liability on the basis of the effective rate of return.

Covered bond
Special bank bond that, in addition to the guarantee of the issuing bank, is also backed by a portfolio of mortgage loans or other high-quality loans sold to a special purpose vehicle.

Credit default swap/option
Contract under which one party transfers to another - in exchange for payment of a premium - the credit risk of a loan or security contingent on occurrence of a default event (in the case of an option the right must be exercised by the purchaser).

Credit derivatives
Derivative contracts for the transfer of credit risks. These products allow investors to perform arbitrage and/or hedging on the credit market, mainly by means of instruments other than cash, to acquire credit exposures of varying maturities and intensities, to modify the risk profile of a portfolio and to separate credit risks from other market risks.

Credit enhancement
Techniques and instruments used by issuers to improve the credit rating of their issues (providing sureties, cash credit lines, etc.).

Credit/emerging markets (Funds)
Funds that invest in securities with credit risk exposure, since they are issued by financial or corporate entities, which may be located in emerging countries.

Credit Risk Adjustment
Adjustment to fair value to take into account counterparty default risk.

Credit spread option
Contract under which the protection buyer reserves the right, against payment of a premium, to collect from the protection seller a sum depending on the positive difference between the market spread and that fixed in the contract, applied to the notional value of the bond.

Cross currency swap (CCS)
A swap agreement whereby two parties exchange payments on two loans having different rates and currencies.

Default
Declared inability to honour one's debts and/or make the relevant interest payments.

Delinquency
Failure to make loan payments at a certain date, normally provided at 30, 60 and 90 days.

Duration
An indicator of the interest rate risk of a bond or bond portfolio. In its most frequent form, it is calculated as a weighted average of the due dates of interest and principal payments associated with a bond.

EAD – Exposure At Default
Relating to positions on or off balance sheet, it is defined as the estimated future value of an exposure upon default of a debtor. Only banks meeting the requirements for using the AIRB approach are entitled to estimate EAD. The others are required to make reference to statutory estimates.

Factoring
Sale of trade receivables to factoring companies, for credit management and collection, normally associated with the granting of a loan to the seller.

Fair value
The amount at which an asset could be bought or sold or a liability incurred or settled, in a current transaction between willing parties.

Fair value hedge
Hedging against the risk of change in the fair value of a financial statement item, attributable to a particular risk.

FICO Score
In the US, a credit score is a number (usually between 300 and 850) based on the statistical analysis of an individual's credit report. The FICO score is an indicator of the borrower's creditworthiness. A mortgage lender will use the "score" to assess borrower default risk and to correctly price risk.

Forwards
Forward contracts on interest rates, exchange rates or stock indices, generally negotiated in over-the-counter markets and whose conditions are established at the time when the contract is entered into, but which will be executed at a specified future date, by means of the receipt or payment of differentials calculated with reference to parameters that vary according to the object of the contract.

Front office
The divisions of a company designed to deal directly with customers.

Funding
The raising of capital, in various forms, to finance the company business or particular financial transactions.

Governance
The set of instruments, rules and standards regulating the life of the company, particularly as regards the transparency of documents and company records, and the completeness of information made available to the market.

Hedge accounting
Rules pertaining to the accounting of hedging transactions.

Hedge fund
Mutual fund that employs hedging instruments in order to achieve a better result in terms of risk/return ratio.

HELs – Home Equity Loans
Loans granted up to the current market value of the real estate property used as collateral (therefore with a loan-to-value ratio higher than the ordinary thresholds), by means of first or second lien mortgages. Standard & Poor's considers Subprime and Home Equity Loan largely synonymous when the home equity loan borrowers have low credit score (FICO<659).

HY CBO – High-Yield Collateralised Bond Obligation
CDOs with collateral represented by High-Yield securities.

IAS/IFRS
The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

Impairment
When referred to a financial asset, a situation of impairment is identified when the book value of an asset exceeds its estimated recoverable amount.

Deferred tax (tax liabilities or assets)
Deferred tax liabilities are the amounts of income tax that will be payable in future periods and arising from taxable temporary differences.
Deferred tax assets are the amounts of income taxes claimable in future periods and arising from:
(a) deductible temporary differences;
(b) the carry forward of unused tax losses; and
(c) the carry forward of unused tax credits.
Temporary difference is the difference between the carrying amount of an asset or liability and its tax base.
There are two types of temporary difference:
– taxable temporary difference, i.e. a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled; or
– deductible temporary difference: a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in amounts that are tax deductible in the future when the carrying amount of the asset is recovered or the liability is settled.

Index-linked
Policies whose performance at maturity depends on the performance of a reference parameter, which may be a stock index, a basket of securities or some other indicator.

CMBX index
The same as the ABX index, the only difference being that the reference entities are CMBSs.

Investment grade
Term used with reference to high-quality bonds that have received a medium/high rating (e.g., not less than BBB on Standard & Poor's index).

AIRB (Advanced Internal Ratings-Based) Approach
Approach to using internal ratings within the framework of the New Basel Accord, which provides for either the Foundation or the Advanced Approach. The Advanced Approach may be used only by institutions meeting more stringent requirements compared to the Foundation Approach. With the Advanced Approach, banks use their own internal estimates for all inputs (PD, LGD, EAD and Maturity) used for credit risk assessment, whereas, for Foundation IRB they only estimate PD.

IRS – Interest Rate Swap
A binding agreement between two parties to exchange two flows calculated over a notional amount with fixed/floating or floating/floating rate.

Joint venture
Agreement between two or more firms for the performance of a given economic activity, generally through the incorporation of a joint-stock company.

Junior
In a securitisation transaction it is the lowest-ranking tranche of the securities issued, being the first to bear losses that may occur in the course of the recovery of the underlying assets.

Lead manager - Bookrunner Lead bank of a bond issue syndicate.
The lead manager deals with the debtor and is responsible for choosing the co-lead managers and the other members of the underwriting syndicate in agreement with the debtor. It also determines the terms and conditions of issue and coordinates its execution (usually placing the largest share of the issue on the market) and keeps the books (bookrunner); in addition to reimbursement of expenses and usual fees, the lead manager receives a special commission for its services.

Leveraged & acquisition finance
See "*Acquisition finance*".

LTV – Loan-to-Value Ratio
The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.
The LTV ratio measures the weight of the borrower's own funds used to buy the asset on the value of the asset used as guarantee of the loan. The higher the LTV ratio, the lower the borrower's own funds used to buy the asset, the lower the creditor's protection.

LDA - Loss Distribution Approach
Model used for assessing exposure to operational risk that makes it possible to estimate the amount of expected and unexpected loss for any event/loss combination and any business line.

Cumulative loss
Cumulative loss incurred, at a certain date, on the collateral of a specific structured product.

Loss Given Default (LGD)
It indicates the estimated loss rate in the event of borrower default.

M–Maturity
The remaining time of an exposure, calculated according to the prudence principle. For banks authorised to use internal ratings, it is explicitly considered if the advanced approach is adopted, while it is fixed at 2.5 years if the foundation approach is used.

Market neutral
Operating strategies involving securities designed to minimise the relevant portfolios' exposure to market volatility.

Mark-up
Difference between the overall interest rate applied to households and businesses on loans with a duration of less than one year and 1-month euribor.

Merchant banking
A range of activities including the underwriting of securities – both equities and bonds – issued by corporate clients for subsequent offering on the market, the acquisition of equity investments for longer periods but always with the aim of selling them later, and the provision of advisory services on mergers, acquisitions and reorganisations.

Mezzanine
In a securitisation transaction it is the tranche ranking between junior and senior tranche.

Monoline
Insurance companies which, in exchange for a commission, guarantee the reimbursement of certain bond issues. Formed in the 1970s to guarantee municipal bond issues from default, their services were subsequently particularly appreciated for issues of complex financial products: the structure and the assets underlying such issues are often highly complex; the debt positions guaranteed by monoline insurers become easier to value and more appealing for risk-averse investors, since default risk is borne by the insurer.

UCI
Undertakings for Collective Investment: mutual funds (in a broad sense) and SICAVs (open-ended collective investment schemes)

UCITS – Undertakings for collective investment in transferable securities
Undertakings having as their sole object the collective investment in transferable securities of capital raised from investors.

Option
Against payment of a premium, the buyer acquires the right, but not the obligation, to purchase (*call option*) or to sell (*put option*) a financial instrument at a set price (*strike price*) within (*American option*) or on (*European option*) a given future date.

Overnight Indexed Swap (OIS)
Interest rate swap where the buyer pays a fixed-rate interest and receives from the counterparty a floating rate (overnight) interest, both calculated on a given amount through the life of the transaction.

Packages
Strategy made up of a funded asset whose credit risk is hedged by a specific credit default swap. If present, any interest rate and foreign exchange rate risks can be hedged with financial derivatives.

Performing
Term generally referring to loans characterised by regular performance.

Pool (transactions)
See "*Syndicated lending*".

Preferred shares
See "*Core Tier 1*".

Pricing
Broadly speaking, it generally refers to the methods used to determine yields and/or costs of products and services offered by the Bank.

Private banking
Business designed to provide preferred customers with asset management, professional advice and other personalised services.

Private equity
Activity aimed at the acquisition of equity investments and their subsequent sale to specific counterparties, without public offerings.

Probability of Default (PD)
The likelihood that a debtor will default within the space of 1 year.

Project finance
Technique for the financing of industrial projects based upon a forecast of the cash flow generated by the projects themselves. The analysis is based upon a series of evaluations differing from those generally made when assessing ordinary credit risk, and covering, in addition to cash flow analysis, technical examination of the project, the suitability of the sponsors engaged in its implementation and the markets where the product will be placed.

Indirect customer deposits
The holding of third parties' securities and similar valuables not issued by the bank, at nominal value, excluding certificates of deposit and bank bonds.

Rating
An evaluation of the quality of a company or of its bond issues, based on the company's financial strength and outlook. Such evaluation is performed by specialised agencies or by the Bank based on internal models.

Real estate (finance)
Structured finance transactions in the real estate sector.

Real Estate Investment Trust (REITs)
REITs are entities that invest in different types of real estate or financial assets related to real estate, including malls, hotels, offices and mortgage loans.

RMBS - Residential Mortgage-Backed Securities
Asset-backed securities guaranteed by mortgages on residential real estate.

Retail
Customer segment mainly including households, professionals, retailers and artisans.

Credit risk
The risk that an unexpected change in a counterparty's creditworthiness, in the value of the collateral provided, or in the margins used in case of default might generate an unexpected variation in the value of the bank's exposure.

Market risk
Risk deriving from the fluctuation in the value of quoted financial instruments (shares, bonds, derivatives, securities denominated in foreign currency) and of financial instruments whose value is linked to market variables (loans to customers as concerns the interest rate component, deposits in euro and in foreign currency, etc.).

Liquidity risk
The risk that a company will be unable to meet its payment obligations due to its inability to liquidate assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of rapidly converting financial assets into cash without negatively and significantly affecting their price due to inadequate market depth or temporary market disruptions (market liquidity risk).

Operational risk
The risk of incurring losses due to inadequacy or failures of processes, human resources or internal systems, or as a result of external events. Operational risk includes legal risk, that is the risk of losses deriving from breach of laws or regulations, contractual or non-contractual liability or other disputes; it does not include strategic risk (losses due to wrong management strategies) or reputational risk (loss of market shares as a consequence of negative publicity regarding the bank).

Risk based capital
The portion of an undertaking's capital contributed as equity capital by the entrepreneur (or by the shareholders in the case of companies).

Risk Management
Activity pertaining to the identification, measurement, evaluation and overall management of various types of risk and their hedging.

Risk Weighted Assets (RWA)
Assets that are classified and weighted by means of several risk ratios, in accordance with the rules issued by regulatory authorities on the calculation of capital ratios.

Scoring
System for the analysis of company customers, yielding an indicator obtained by examination of financial statements data and sector performance forecasts, analysed by means of statistical methods.

Senior/Super senior tranche
In a securitisation transaction, this is the tranche that has first claim on interest and principal payments.

Sensitivity
It refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other input variables.

SICAV – Società di Investimento a Capitale Variabile (Open-ended collective investment schemes)
Investment companies in which investors and shareholders coincide. They are variable-capital investment companies as their capital is always the same as their shareholders' equity.

Syndicated lending
Loans arranged and guaranteed by a pool of banks and other financial institutions.

SPE/SPV
Special Purpose Entities or Special Purpose Vehicles are companies established by one or more entities to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures of their own and rely on those of the other parties involved in the transaction.

Speculative grade
Term used to identify issuers with a low credit rating (e.g., below BBB on Standard & Poor's index).

Spread
This term can indicate the difference between two interest rates, the difference between the bid and ask price of a security or the price an issuer of stocks and bonds pays above a benchmark rate.

Stock options
Term used to indicate the right granted to company managers to purchase the company's shares at a certain price (*strike price*).

Financial instruments listed in an active market
A financial instrument is regarded as listed in an active market if listed prices are promptly and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Subprime
A universally agreed-upon definition of sub-prime loans does not exist. In short, this term refers to loans granted to borrowers with low creditworthiness, either because of bad credit history (non-payment, debt settlements or doubtful loans) or because their debt-to-income or loan-to-value ratio is high.

Swaps
Transactions normally consisting of an exchange of financial flows between operators under various contractual arrangements. In the case of an interest rate swap, the parties exchange flows which may or may not be indexed to interest rates, calculated on a notional amount (e.g., one party pays a fixed rate flow while the counterparty pays a floating-rate flow). In the case of a currency swap, the parties exchange specific amounts of two different currencies at the outset, repaying them over time according to arrangements that may regard both the principal and the indexed interest flows.

Tier 1
Core capital (Tier 1) includes the paid-in capital, the share premium reserve, reserves from retained earnings (including IAS/IFRS first-time–adoption reserve other than those included under valuation reserves), and excludes treasury shares and intangible assets. Consolidated Tier 1 capital also includes minority interest.

Tier 2
Tier 2 capital includes valuation reserves, innovative and non-innovative capital instruments not included in Tier 1 capital, hybrid capital instruments, Tier 2 subordinated liabilities, unrealised capital gains on equity investments, excess value adjustments with respect to expected losses, and the other positive elements that constitute capital items of a secondary nature; the positive "prudential filters" of Tier 2 capital are also included. The total of these elements, less net unrealised capital losses on equity investments, negative elements related to loans, other negative elements, and negative Tier 2 "prudential filters", makes up "Tier 2 capital before elements to be deducted". Tier 2 capital is made up of the difference between "Tier 2 capital before elements to be deducted" and 50 per cent of "elements to be deducted".

Time value
Change in the financial value of an instrument with regard to the time frame in which certain monetary flows will become available or due.

Total capital ratio
Capital ratio referred to regulatory capital components (Tier 1 plus Tier 2).

Trustee (Real estate)
Real estate vehicles.

Trust-preferred Securities (TruPS)
Financial instruments similar to preferred shares, which are entitled to particular tax benefits.

Value in use
Value in use is the present value of estimated future cash flows expected to arise from an asset or from a cash-generating unit.

Intangible asset
An identifiable, non-monetary asset lacking physical substance.

VaR - Value at Risk
The maximum value likely to be lost on a portfolio as a result of market trends, estimating probability and assuming that a certain amount of time is required to liquidate positions.

Vintage
Date of generation of the collateral underlying the securitisation. It is an important factor in the assessment of the risk of the mortgage portfolios underlying securitisations. Especially in the US, the phenomenon of mortgages granted to borrowers with inadequate income and providing insufficient documentation became significant from 2005.

Wealth management
See "*Asset management*".

Contacts

Intesa Sanpaolo S.p.A.

Registered office
Piazza San Carlo, 156
10121 Torino
Telephone: +39 011 555 1

Secondary registered office
Via Monte di Pietà, 8
20121 Milano
Telephone: +39 02 879 11

Investor Relations
Telephone: +39 02 8794 3180
Fax: +39 02 8794 3123
E-mail investor.relations@intesasanpaolo.com

Media Relations
Telephone: +39 02 8796 3531
Fax: +39 02 8796 2098
E-mail stampa@intesasanpaolo.com

Internet: group.intesasanpaolo.com

Financial calendar

Approval of results as at 30 September 2009:	10 November 2009

PREPRESS AND PRINTING: AGEMA CORPORATION – ITALIA

PRINTED ON FSC ECOLOGICAL PAPER WITH ECO-COMPATIBLE VEGETABLE INKS BY GRAFICHE AGEMA S.P.A. ITALIA – CERTIFIED COMPANY FOR ECO-SUSTAINABLE DEVELOPMENT.

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.
This is the reason the illustrations chosen for this report have been inspired by the rich cultural wealth of our cities. They show the major fountains of each regional capital and of the head office cities of the Banche dei Territori. 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
Fountain, Piazza delle Erbe

2. Roma
Fontana delle Tartarughe, Piazza Mattei

3. Firenze
Courtyard fountain, Palazzo Vecchio

4. Venezia
Fountain, Excelsior Palace Hotel

5. Campobasso
Fountain, Piazza Vittorio Emanuele

6. Torino
Fontana angelica delle Quattro Stagioni, Piazza Solferino

7. Genova
Fontana di Nettuno, Palazzo Doria Pamphilj

8. Forlì
Fountain, Piazza Ordelaffi

9. Napoli
Fountain, Capodimonte Gardens

10. Bologna
Fontana del Nettuno, Piazza Maggiore

11. Milano
Fountain, Piazza Fontana

12. Perugia
Fontana Maggiore, Piazza IV Novembre

13. Palermo
Fontana del Tritone, Archaeological Museum

14. Pesaro
Fountain, Piazza Maggiore

15. Bari
Fountain, Piazza Aldo Moro

16. Cagliari
Fontana della passeggiata, Via Roma

17. L'Aquila
Detail of the Fontana delle 99 Cannelle, Piazza San Vito

18. Aosta
Fountain, Via Croce di Città

19. Trieste
Fontana dei Tritoni, Piazza Vittorio Veneto

20. Catanzaro
Fountain, Piazza Santa Caterina

21. Trento
Fontana di Nettuno, Piazza del Duomo

22. Potenza
Fountain, Montereale Park

23. Ancona
Fontana dei Cavalli, Piazza Roma

24. Gorizia
Fountain, Piazza della Vittoria

Credits
1 Photo by Ioannis Schinezos - Padova
2 Fratelli Alinari History of Photography Museum - Malandrini collection, Firenze
3-4-7-9-14-17-21 Archivi Alinari - Alinari archive, Firenze
5 Photo by Giuseppe Terrigno - Campobasso
6 Archivi Alinari - Anderson archive, Firenze
8 Photo by Giorgio Sabatini - Forlì
10 Archivi Alinari, Firenze
11 Touring Club Italiano/Archivi Alinari, Milano
12 Fratelli Alinari History of Photography Museum - Pasta archive, Firenze
13 Fratelli Alinari History of Photography Museum - Blatt collection, Firenze
15 Photo by Umberto Corcelli - Bari
16 Photo by Elisabetta Messina - Cagliari
18 Photo by Filippo Bosio - Aosta
19 Photo by Franco Debernardi - Trieste
20 Photo by Beppe Mazzocca - Catanzaro
22 Photo by Rocco Esposito - Potenza
23 Archivi Alinari - Brogi archive, Firenze
24 Fratelli Alinari History of Photography Museum, Firenze