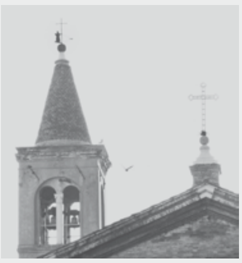
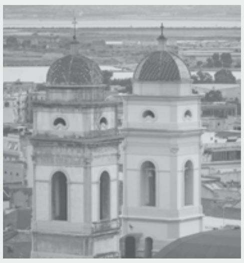
Interim Statement as at 31 March 2010

This is an English translation of the Italian original "Resoconto intermedio al 31 marzo 2010" and has been prepared solely for the convenience of the reader. The Italian version takes precedence and will be made available to interested readers upon request to Intesa Sanpaolo S.p.A.. This document contains some forward-looking statements and forecasts reflecting the Intesa Sanpaolo management's current views with respect to future events. Forward-looking statements are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

The Intesa Sanpaolo Group's ability to achieve its projected results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

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

- *the Group's ability to successfully integrate the employees, products, services and systems of mergers and acquisitions;*
- *the impact of regulatory decisions and changes in the regulatory environment;*
- *the impact of political and economic developments in Italy and other countries in which the Group operates;*
- *the impact of fluctuations in currency exchange and interest rates;*
- *the Group's ability to achieve the expected return on the investments and capital expenditures it has made in Italy and in foreign countries; and*
- *the Group's ability to finalise capital management actions on its non-core assets (including disposals, either full or partial, partnerships, listings, etc.).*

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Interim Statement as at 31 March 2010

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

Contents

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

Supervisory Board

Chairman	Giovanni BAZOLI
Deputy Chairmen	Mario BERTOLISSI Elsa FORNERO
Members	Luigi Arturo BIANCHI Rosalba CASIRAGHI Franco DALLA SEGA Gianluca FERRERO Jean-Paul FITOUSSI Pietro GARIBALDI Giulio Stefano LUBATTI Marco MANGIAGALLI Gianni MARCHESINI Fabio PASQUINI Gianluca PONZELLINI Gian Guido SACCHI MORSIANI Marco SPADACINI Ferdinando TARGETTI Livio TORIO Riccardo VARALDO

Management Board

Chairman	Andrea BELTRATTI
Senior Deputy Chairman	Marcello SALA
Deputy Chairman	Giovanni COSTA
Managing Director and Chief Executive Officer	Corrado PASSERA
Members	Aureliano BENEDETTI Paolo CAMPAIOLI Elio CATANIA Roberto FIRPO Emilio OTTOLENGHI

General Managers	Corrado PASSERA Gaetano MICCICHÈ Marco MORELLI (*)
Manager responsible for preparing the Company's financial reports	Ernesto RIVA
Independent Auditors	RECONTA ERNST & YOUNG S.p.A.

(*) Deputy to the CEO

Intesa Sanpaolo Group - Financial highlights and alternative performance measures

Income statement (millions of euro)	**31.03.2010**	**31.03.2009**	**Changes**	
			amount	**%**
Net interest income	2,407	2,659	-252	-9.5
Net fee and commission income	1,403	1,216	187	15.4
Profits (losses) on trading	218	107	111	
Income from insurance business	166	64	102	
Operating income	4,223	4,061	162	4.0
Operating costs	-2,247	-2,297	-50	-2.2
Operating margin	1,976	1,764	212	12.0
Net adjustments to loans	-754	-733	21	2.9
Income after tax from discontinued operations	28	105	-77	-73.3
Net income	688	1,075	-387	-36.0

Balance sheet (millions of euro)	**31.03.2010**	**31.12.2009**	**Changes**	
			amount	**%**
Loans to customers	369,481	374,033	-4,552	-1.2
Direct customer deposits	429,380	421,944	7,436	1.8
Indirect customer deposits	427,074	419,395	7,679	1.8
of which: Assets under management	*234,413*	*228,436*	*5,977*	*2.6*
Total assets	643,669	624,844	18,825	3.0
Shareholders' equity	53,354	52,681	673	1.3

Operating structure	**31.03.2010**	**31.12.2009**	**Changes amount**
Number of employees	103,651	103,718	-67
Italy	*70,890*	*70,804*	*86*
Abroad	*32,761*	*32,914*	*-153*
of which: atypical labour contracts	*550*	*555*	*-5*
Number of financial advisors	4,309	4,292	17
Number of branches [a]	7,793	7,885	-92
Italy	*5,921*	*5,991*	*-70*
Abroad	*1,872*	*1,894*	*-22*

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

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

	31.03.2010	31.03.2009	31.12.2009
Profitability ratios (%)			
Cost / Income	53.2	56.6	54.1
Net income / Average shareholders' equity (ROE) [a]	4.6	5.3	5.5
Economic Value Added (EVA) [b] (millions of euro)	35	460	242
Risk ratios (%)			
Net doubtful loans / Loans to customers	1.6	1.1	1.4
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	66.6	69.2	67.4
Capital ratios (%) [c]			
Tier 1 capital [d] net of preference shares / Risk-weighted assets (Core Tier 1)	7.2	6.4	7.1
Tier 1 capital [d] / Risk-weighted assets	8.5	7.2	8.4
Total capital [e] / Risk-weighted assets	11.9	10.5	11.8
Risk-weighted assets (millions of euro)	361,337	378,676	361,648
Basic earnings per share (basic EPS) [f] – euro	0.05	0.08	0.22
Diluted earnings per share (diluted EPS) [g] – euro	0.05	0.08	0.22
Shares [h]			
Number of ordinary shares (thousands)	11,849,332	11,849,332	11,849,332
Share price at period-end - ordinary share (euro)	2.773	2.003	3.165
Average share price for the period - ordinary share (euro)	2.837	2.151	2.569
Average market capitalisation (millions of euro)	35,660	26,894	32,228
Book value per share (euro)	4.504	4.180	4.447
Long-term rating			
Moody's	Aa2	Aa2	Aa2
Standard & Poor's	A+	AA-	AA-
Fitch	AA-	AA-	AA-

Figures restated where required by international accounting standards and, where necessary, 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 and is determined using the Capital Asset Pricing Model.

[c] Ratios are determined using the methodology set out in the Basel 2 Capital Accord, adopting the standardised methods for the calculation of credit risk-weighted assets and for 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 2009 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 (millions of euro)	**Banca dei Territori**		**Corporate and Investment Banking**		**Public Finance**		**International Subsidiary Banks**		**Eurizon Capital**		**Banca Fideuram**	
	31.03.2010	**31.03.2009**	**31.03.2010**	**31.03.2009**	**31.03.2010**	**31.03.2009**	**31.03.2010**	**31.03.2009**	**31.03.2010**	**31.03.2009**	**31.03.2010**	**31.03.2009**
Operating income	2,480	2,490	952	766	75	112	552	535	67	68	176	152
Operating costs	-1,415	-1,455	-208	-216	-20	-20	-280	-286	-34	-30	-80	-79
Operating margin	1,065	1,035	744	550	55	92	272	249	33	38	96	73
Net income	277	269	418	215	29	52	113	86	16	17	43	27

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

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

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

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

Intesa Sanpaolo in the first quarter of 2010

The macroeconomic context and the banking system

The first quarter of 2010 was characterised by a considerable strengthening of the recovery in world production, which was offset, however, by severe pressure on the credit rating of certain eurozone sovereign issuers.
There was strong growth in industrial production in Asia, the eurozone and the United States. The recovery in international trade flows continued in the early months of the year. Although the levels of production and trade seen before the crisis are still far off, surveys of business confidence continued to improve, suggesting that the recovery will persist in the second quarter.
The Italian economy has followed the same trends, with an increase in industrial production compared to the fourth quarter of 2009 of 1.4% and significant improvements in the level of confidence of businesses and households. However, employment figures are still weak and economic recovery is dependent in particular on the improvement in the trend in foreign demand.
In the eurozone the signs of recovery were accompanied by a sharp deterioration in Greece's ability to refinance its debt in the market. As a result of the increase in risk premiums and the growing difficulty in finding foreign buyers for Greece's long-term debt issues, the European Council was compelled to set up support mechanisms based on bilateral loans from Member States and an independent contribution from the IMF, amounting to around 45 billion euro for the first year alone. The process of defining the terms of the aid was so laborious, however, that the markets continued to doubt its implementation, so much so that Greece was forced to request its formal activation in April. Up to March there were few signs of contagion to other peripheral eurozone sovereign issuers: on 31 March the 10-year Italian BTP-Bund spread stood at 77 basis points, well below the highs of 96 basis points reached in January and February. In April there was a general widening of spreads in the peripheral eurozone countries.

The level of official ECB rates remained unchanged. The Central Bank started to remove the unconventional monetary policy measures, discontinuing some of the extraordinary transactions introduced during the crisis and extending the full allocation regime until October for both the main refinancing auction and the monthly auction. The large excess reserves kept the Eonia (Euro OverNight Index Average) rate close to the official rate on deposits (0.25%), prompting a slight fall in the Euribor rates. The prospect of a prolonged period of stable official rates and strains on Greece's public debt contributed to a moderate fall in medium and long-term rates, of around 20 basis points on 3-year debt and 9 basis points on 10-year debt.
In addition to the effects on yields and risk premiums, the Greek crisis also contributed to weakening the euro in the foreign exchange markets. The euro-USD exchange rate fell from 1.43 to 1.35, with the largest drop in January and February; partly driven by the brighter US macroeconomic figures. Sterling, penalised by its correlation to the euro and political uncertainty, fell from 1.61 to 1.52 dollars during the quarter.
In the early weeks of 2010, international stock markets lost ground, suffering, on the one hand, from the uncertainties about the actual strength of the current economic recovery and the timescales for exit from the extraordinary measures implemented in support of the world economies; and, on the other hand, particularly in the European markets, from Greece's severe difficulties, which in turn contributed to generating a prolonged period of weakness of the euro. From mid-February to the end of the quarter, however, stock markets began to recover again, on the back of 2009 results that were generally better than forecasted: in many cases the corporate announcements revealed a stabilisation of income margins, pointing to a gradual return to normal operations, albeit over the longer term. Liquidity conditions continued to support share investment as well as a recovery in M&A activity in the corporate world. During the first quarter of 2010, the S&P 500 index rose by 4.9% and the DJIA (Dow Jones Industrial Average) increased by 3.2%. The performance of the main continental European stock market indices was slightly lower: the Euro Stoxx ended the quarter with an increase of 1.1% (with prices fluctuating sharply during the period), the DAX rose by 3.3% and the CAC 40 by 0.9%; the performance of the FTSE 100 index was stronger, up 4.9% over the period. The major Asian stock markets showed contrasting performances: the Chinese market's SSE Composite Index ended the first quarter down by 5.2%, whereas the Nikkei Index rose by a similar extent, +5.1%.
Against this background, the Italian stock market's performance was slightly lower than the main European indexes: the FTSE Italia All Shares ended the period down by 1.2% and the benchmark FTSE MIB index fell by 1.7%. Volatility in the domestic indices during the period was high: the FTSE MIB initially fell by 10.5% (from the beginning of the year to 9 February), followed by a rise of the same amount up to the end of March. Mid-cap companies continued to perform better than blue chips: the Mid Cap index rose by 2.4% and the STAR segment index by 2.5%.

The European corporate bond market was characterised by a twin-speed performance in the first quarter. The movement in the investment grade segment was predominantly sideways, with moderate changes in credit spreads for the various rating classes accompanied by slight movements, also in the slope of the credit rating curves. The recovery of highly rated securities was blocked by the intensification of the strains on peripheral eurozone sovereign issuers in the last part of the quarter.

In the final weeks, in particular, the growing pressures on sovereign spreads also shifted to the credit markets, especially for financial and bank bonds. On the other hand, the speculative high yield segment continued to perform well benefiting from a slight reduction in risk aversion in the early months of the year, which favoured the lowest credit ratings in the segment in particular (CCC & Lower rated and B-rated). The Greek crisis has raised concerns about the sustainability of the debt of certain issuers, which could keep volatility high in the short term. However, the anticipated improvement in the fundamentals over the coming months and the expectations of a long period of low official interest rates and abundant liquidity are providing further support to the corporate market.

Emerging countries showed strong rates of growth in the early months of 2010. GDP expansion was particularly vigorous in the Asian countries (China and India) and Latin America (Brazil). In the MENA (Middle East and North Africa) group of countries, the significant rise in oil prices is helping the Gulf countries to absorb the real estate and financial shocks. In Egypt, the monetary and fiscal policies in support of the economy and the recovery in demand for certain services (tourism and the Suez Canal) have maintained GDP growth at around 5%. On the other hand, the external financing difficulties and the process of government budget consolidation and the necessary readjustment of household and business budgets continue to weigh down the Eastern European economies, especially the Baltic countries and the CEE-SEE group, which are experiencing very low growth (Bosnia, Bulgaria and Romania) or are still in recession (the Baltic states and Hungary). However, this region has also seen significant economic recovery in countries with solid fundamentals like Poland, the Czech Republic and Slovakia and in countries that are benefiting from the higher than expected rise in commodity prices and the stabilisation of the financial and foreign exchange situation like Russia and the Ukraine.
In the first quarter, some emerging countries started the, albeit very gradual, withdrawal of the monetary support provided during the crisis. In India, the Central Bank raised the base rate in March from 4.75% to 5%. In the Middle East, Israel continued the tightening measures initiated last August, bringing the base rate up to 1.75% at the end of March 2010 (last August it stood at 0.5%). In Egypt, the phase of interest rate rises is not expected to start until the second half of 2010. In Latin America no central banks have made any moves, however tightening measures are expected in the second quarter in Brazil and Chile. In the Central-Eastern European countries, on the other hand, the renewed financial strains, low inflation and continued weak domestic demand have led to a further extensive fall in money market rates and widespread cuts in base rates, in countries such as Romania, Russia and Hungary. In Ukraine, market rates fell sharply after the elections and the central bank is considering a reduction in the base rate.
The MSCI (Morgan Stanley Capital International) composite index of emerging country stock markets gained just over 1% in the quarter, a performance in line with the euro area, but lower than the US and Japanese stock markets (both with rises of 5% or more). The MSCI emerging markets index was weighed down by the fall in the Chinese market, which suffered from fears of a rise in interest rates and expectations of a revaluation of the renminbi. The vast majority of the other emerging country stock markets recorded further gains, in some cases significant (Ukraine, Romania and Hungary, all with double-digit rises).
Between January and March 2010, the various EEC and EES currencies, which benefited from the stabilisation of the financial situation (Romania and Hungary) rose against the euro, with Russia and Ukraine also rising against the dollar.
The spread on the sovereign debt of emerging countries, after an initial widening in the early weeks of 2010, mainly due to fears about the debt situation of certain countries in the euro area, started to narrow again. As a group, the Eastern European countries (particularly the Baltic states, Romania and Hungary) experienced a significant reduction in spreads, reaping the rewards of the stabilisation policies implemented during the worst phase of the financial crisis, between the end of 2008 and the beginning of 2009. From January to March 2010, many emerging countries were subject to upgrading and/or changes in outlook, including Saudi Arabia, Bulgaria, Estonia, India, Indonesia, Lebanon, Morocco, Panama, Romania and Turkey.

The Italian banking system

During the first quarter of the year there were further slight cuts in bank rates, which ended at the lows reached after the steep fall that began towards the end of 2008 and continued over most of 2009. The rate adjustments were similar for both borrowing and lending rates, keeping the spread between the yield on loans and the cost of funding essentially stable compared to the last quarter of 2009 and still relatively low.
The overall interest rate on loans to households and businesses reached new lows, as a result of a fall that, in the last quarter, mainly involved interest rates on longer term loans and lending to households. Interest rates on new loans showed similar trends, both for companies, especially for higher value transactions, and for the purchase of new homes by families.
Deposit rates were subject to small downward adjustments. In particular, given the low levels, the average interest rate on current accounts essentially stabilised, whereas the average rate on bonds came to a level of around ten one hundredths lower than the last quarter of 2009, in line with the change in the overall rate on funding.
During the first quarter, the spread on funding, measured on short-term interest rates (mark-down[1] on the 1-month Euribor), remained very low, at 0.14%, still much lower than the average for the first quarter of 2009 (-61 basis points). The downward adjustment of the overall interest on short-term loans led to a slight reduction in the mark-up[2] on the 1-month Euribor to 3.76%, compared to 3.83% in the last quarter of 2009, but nevertheless still high, also reflecting the credit risk. The short-term spread stayed below 4%, reaching new lows and a quarterly average of 3.90%.

1 Difference between the 1-month Euribor and interest rates on household and business current accounts.
2 Difference between the overall interest rate on loans to households and businesses with a duration of up to one year and 1-month Euribor.

In the first quarter of 2010 the first signs of improvement in the trend in bank loans began to emerge. In particular, loans to the private sector halted and grew at a slightly faster pace than in the last quarter of 2009. This performance reflected the reduction in the fall in the short-term component, after the minimum low reached between the end of 2009 and the beginning of 2010. At the same time, medium-/long-term loans continued to grow, albeit moderately, up to the maximum levels of the last quarter of 2008, benefiting from the increase in household mortgages, which compensated for the slowdown in medium/long-term loans to businesses.
Already in 2009, the breakdown of the overall figure showed a difference between the performance of loans to households and businesses. In particular, loans to Italian households continued to grow during the quarter following the turnaround several months before, confirming a trend of stronger growth than the average for the euro area and its member countries. At the same time, loans to businesses remained weak, although there was a steady easing of the negative trend. This aggregate also fell in the euro area, whilst the figure for the Italian system was better than the average for the euro area.
The figures for the first quarter confirmed the solidity of direct customer funding within Italian banks, which continued to show strong average annual growth, reflecting investors' preferences for liquid and secure investments, albeit at a slower pace than in the previous quarter.
The performance of this aggregate was affected by the slowdown in bonds whereas deposits continued to grow strongly. Of these, current accounts continued to grow rapidly, albeit at a slower pace, whereas the fall in repurchase agreements steadily slowed down and started to grow again in March 2010; time deposits and deposits returnable with prior notice also continued to grow. In comparison with the rest of Europe, the growth in the customer funding of Italian banks remained much higher than the rates in the euro area, for both deposits and bonds.
For assets under management, the first quarter of 2010 generally confirmed the improvement seen in 2009. Open-ended mutual funds, in particular, albeit with uneven monthly performances, generated net quarterly funding of 1.55 billion euro, reflecting investors' preference for bond instruments. At the end of March mutual fund assets had increased by around 3.4% on December 2009 to 444 billion euro. The strong growth in new business in the life insurance market continued, with inflows topping 21 billion euro in the first quarter, an increase of 74.7% on the same period of the previous year.

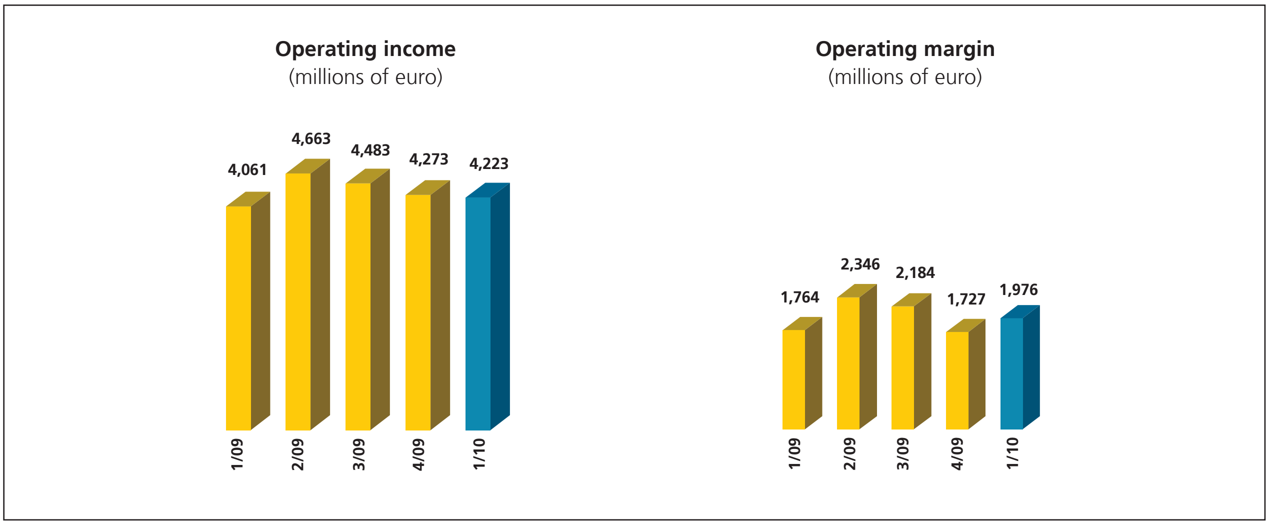
Forecast for 2010

2010 is expected to be a year of economic recovery, supported by the expansionary fiscal and monetary policy stances but accompanied by rising unemployment, persistent production overcapacity and prevailing disinflationary pressures. Gross domestic product will show relatively vigorous growth only in emerging non-European countries, commodities exporters and the United States. In the eurozone, recovery, less supported by fiscal stimuli and strong domestic demand, will be very sluggish and highly diversified.
In Italy GDP is expected to grow no more than 1%. The resumption of growth will be stimulated first by the performance of foreign demand and the inventory cycle and then by the consolidation of domestic demand.
The greater stability of the financial markets will enable central banks to withdraw the numerous unconventional monetary policy measures adopted between 2008 and 2009, as predicted. However, the withdrawal of excess reserves will be gradual and will involve small increases in interest rates on shorter maturities. Any increases in benchmark rates will only be slight. In the eurozone, however, the public debt crisis that flared up in May has already dealt a severe blow to this process, compelling the European System of Central Banks to go so far as setting up an unprecedented programme for the purchase of government bonds and restoring some of the already previously discontinued unconventional measures. In this scenario, liquidity conditions in the euro market are likely to remain extremely loose for the whole of 2010 and rises in the official ECB rates are highly unlikely. The scenario of abundant liquidity, slow growth and low inflation will favour the stability of rates on medium- and long-term maturities, but will not rule out new pressures in credit spreads. As to money-market rates, bank rates are expected to grow only slightly during the year.
The lending scenario will be influenced by the improvement of the economic cycle, which however will continue to be affected by sluggish growth of the economy, high unemployment and credit risk.
The structural changes linked to review of the financial regulatory framework will also be important. Possible changes to the rules on banks' capital and liquidity requirements make the context particularly uncertain.
However, lending activity is expected to gradually recover during 2010 in line with the gradual improvement in the economic cycle. All the same, due to the traditional delay in the emergence of non-performing loans, aggravated by the foreseeable persistent difficulties experienced by businesses in a scenario of low growth, adjustments to loans will continue to have a significant impact on the profits of banks.
Direct funding is expected to slow down during 2010, in line with the gradual return to normal of the money and financial markets, which should encourage investors to shift to higher risk/return instruments. Consequently, the improving trend in assets under management recorded in 2009 is expected to continue.

Intesa Sanpaolo in the first three months of 2010

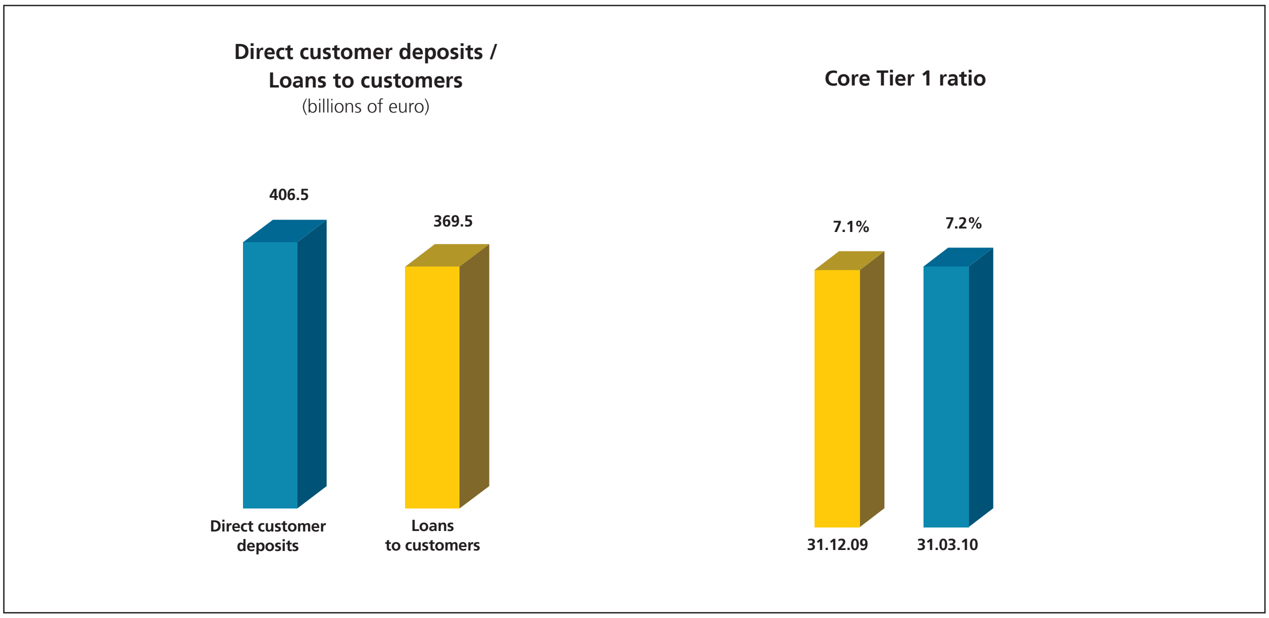
Despite the continued adjustments to loans, albeit for a lesser amount than in the last three quarters of 2009, the results achieved in the first quarter confirmed the Group's structural capacity to continually generate positive results even in an increasingly difficult macroeconomic environment.
The results for the first three months of 2010, which were not significantly affected by non-recurring events, showed a net income of 688 million euro, higher than the income generated in the last three quarters of 2009. This result was achieved by continuing to favour appropriate levels of liquidity, which also impact on the contribution of the interest margin, and a

lower risk profile, reflecting an operations management primarily focused on the development and consolidation of long-term relationships with customers, as evidenced by the small amount of operating income from trading.

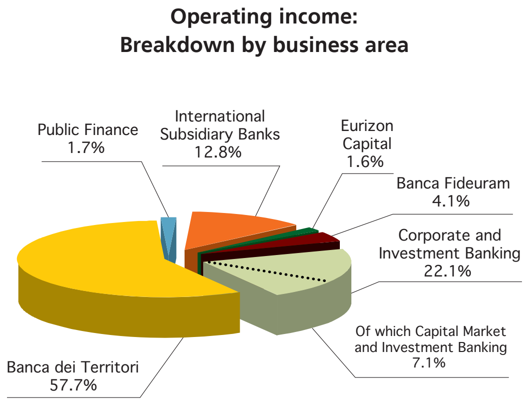


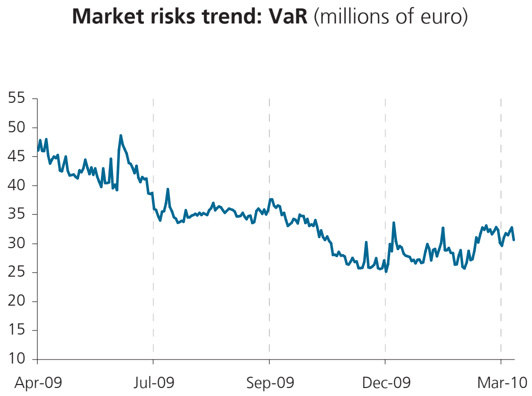
The most recent events, linked to the state of the public finances of certain eurozone countries and the resulting high level of instability in the markets highlight the appropriateness and continued necessity of the careful management of liquidity, solidity and risk profile.

With regard to liquidity, direct customer deposits (over 70% from the retail segment) amounting to 406.5 billion euro (net of the liabilities of the insurance segment) were considerably higher than the corresponding loans to customers (369.5 billion euro). The net interbank position was positive by over 3 billion euro and eligible assets with Central Banks amounted to 65 billion euro.



The overall risk profile remained low, both with regard to lending and deposit collection activities, due to the strong standing in the domestic retail market and diversification in foreign markets, and in relation to financial market activity due to the small incidence of capital market and investment banking activities on the Group's accounts (7.1% of consolidated operating income). The trading book's VaR also remained at moderate levels.





The breakdown of the individual income statement aggregates shows an interest margin of 2,407 million euro, down 9.5% on the first quarter of 2009, when interest rates were significantly higher. This comparison also reflects the impact of the elimination of overdraft charges from last July. The comparison with the last quarter of 2009 also shows the stability of the more structural component of the margin, linked to relations with customers, after the falls recorded from the second quarter of 2009 onwards.
The services segment generated net fee and commission income of 1,403 million euro, up by 187 million euro (+15.4%) on the first three months of 2009. This growth was significant for both banking operations (+9.6%) and dealing and management of financial products (+29.8%). The comparison with the fourth quarter of 2009 (-6.3%) reflects the presence in that quarter of overperformance commissions typically recognised at the end of the year.
Trading activities generated a positive contribution of 218 million euro as at 31 March 2010, at the medium level of the contributions of the four quarters of 2009. Worth noting is the continuation of the trend, which began in the second half of 2009, in the recovery of the contribution from structured credit products (27 million euro).
The improvement of the climate in the financial markets in the first three months of 2010 had a positive impact on the income from the insurance business (166 million euro, almost treble the figure for the first quarter of 2009), enabling more dynamic management of the portfolios.
Operating income as at 31 March 2010 (4,223 million euro) showed overall growth of 4% compared to the same period in 2009 and a value equivalent to the level in the fourth quarter of 2009 if the abovementioned overperformance commissions are excluded.
Operating costs confirmed the necessary focus on their containment in a difficult business environment like the current one. At 2,247 million euro, operating costs were lower than in all the quarters of 2009, a reduction of 2.2% and 11.7% respectively compared to the first and fourth quarter of last year. The reduction was general and involved personnel expenses, administrative expenses and adjustments.
The operating margin, amounting to 1,976 million euro, rose by 12% compared to the first quarter of 2009 and by 14.4% on the fourth quarter.
Adjustments to loans, amounting to 754 million euro clearly reflected the ongoing economic crisis. Nevertheless, the figure was down on the last three quarters of 2009.
Income before tax from continuing operations, net of provisions for risks and charges and marginal gains from the sale of investments, amounted to 1,141 million euro, up by 19.5% on the first quarter of 2009 and 24.6% on the final part of 2009, which also included a significant gain from the sale of Findomestic.
The income tax for both the first quarter of 2009 and 2010 was affected, albeit to a different extent, by the detaxation of assets. During the previous year the detaxation of intangible assets generated a positive impact of 511 million euro (arising from the difference between the reversal to the income statement of deferred tax assets at full rates and the substitute tax charge at reduced rates), whereas the current year has benefited from goodwill detaxation with same subsidiaries (a positive impact of 86 million euro resulting from the difference between the recognition of deferred tax assets at full rates and the substitute tax charge at reduced rates).
Net income, after the recognition of merger and restructuring-related charges (16 million euro; an amount gradually being brought down to nil), the effects on the income statement of the allocation of purchase costs (92 million euro) and the gains from discontinued operations (28 million euro), came to 688 million euro, down on the 1,075 million euro for the first quarter of 2009, essentially due to the difference in the impact of the abovementioned detaxation, and up by 26.7% on the last quarter of 2009.

The performance of the balance sheet aggregates highlights the Group's sound financial position. For the whole of the quarter the Group's liquidity position remained well above current needs thus guaranteeing a period of cover of around 12 months, even in situations of crisis. This position reflects the growth in deposits (+7.4 billion euro compared to the end

of 2009) and the corresponding increase in financial assets mainly concentrated in highly liquid assets, as well as the improvement in the interbank balance.
Loans to customers (-4.6 billion euro on 31 December 2009) reflected the difficult macroeconomic environment, although there was a slowdown in the reduction compared to the final months of last year.
A significant result during the quarter was the growth in indirect deposits (+7.7 billion euro, +1.8%), largely attributable to the increase in portfolio management (+7.1%) and life insurance policies (+3.3%).

Almost all the various operating divisions recorded growth in the results as at 31 March 2010 compared to the same period in 2009.
The Banca dei Territori generated a net income of 277 million euro (+3% on the first three months of 2009) thanks to an increase in operating income of 2.9% and despite the increase in adjustment to loans, partly offset by lower merger and restructuring-related charges.
The Corporate and Investment Banking Division almost doubled its income in the first three months of the year (418 million euro, +94.4%) thanks to significant growth in the profit on trading, attributable to the effective management of the proprietary portfolio and capital market operations, which made the most of the opportunities offered by a highly volatile market, and also to lower adjustments to loans.
Public Finance ended the first quarter with a net income of 29 million euro, down on the figure for the first three months of 2009 due to the different market conditions that at the beginning of 2009 had allowed this business unit to maximise the spread between lending and funding rates.
The International Subsidiary Banks Division showed considerable growth in net income (113 million euro, +31.4% on 31 March 2009) due to the increase in operating income combined with the containment of operating costs and lower adjustments to the loan portfolio.
Banca Fideuram, thanks to the strong growth in assets under management, which generated an increase in commissions of over 30%, ended the quarter with a net income of 64 million euro, excluding the impact of intangible assets, up significantly on the figure of 48 million euro as at 31 March 2009.
Lastly, Eurizon Capital's results were essentially in line with those of the first quarter of 2009 (16 million euro of net income compared to 17 million euro for the first three months of 2009), which had benefited from non-recurring items.

During the year, the Group will continue to implement consolidated measures aimed at preserving sustainable profitability in the medium term: the development of long-term relationships with customers, the optimisation of efficiency - finetuning cost control and investments - and monitoring of asset quality, liquidity and capital base.
Also in light of the results generated over the January-to-March period, in 2010 the Group is expected to register, compared to 2009, some improvement in operating income, a decrease in operating costs and the cost of credit slightly down. Recurring profitability and net income are thus expected to improve, also reckoning significantly lower integration charges and capital gains resulting from capital management actions under finalisation.

The Intesa Sanpaolo Group

Intesa Sanpaolo

Head Office Departments

Public Finance

- Banca Infrastrutture Innovazione e Sviluppo

Corporate and Investment Banking Division

- Banca IMI
- IMI Investimenti
- Intesa Sanpaolo Bank Ireland
- Leasint
- Mediofactoring
- Sanpaolo Bank Luxembourg
- Société Européenne de Banque

Banca dei Territori Division

- Intesa Sanpaolo
- Banca CR Firenze
- Banca dell'Adriatico
- Banca di Credito Sardo
- Banca di Trento e Bolzano
- Banco di Napoli
- Cassa dei Risparmi di Forlì e della Romagna
- Cassa di Risparmio del Friuli Venezia Giulia
- Cassa di Risparmio del Veneto
- Cassa di Risparmio di Venezia
- Cassa di Risparmio in Bologna
- Casse del Centro
- Banca Prossima
- Centrovita Assicurazioni
- EurizonTutela
- EurizonVita
- Intesa Previdenza
- Intesa Sanpaolo Private Banking
- Mediocredito Italiano
- Setefi
- Sirefid
- Sud Polo Vita

International Subsidiary Banks Division

- Banca Intesa
- Bank of Alexandria
- Banka Koper
- CIB Bank
- Intesa Sanpaolo Bank Albania
- Intesa Sanpaolo Bank Romania
- Intesa Sanpaolo Banka Bosna i Hercegovina
- Pravex-Bank
- Privredna Banka Zagreb
- VUB Banka

Other Group Subsidiaries

- Banca Fideuram
- Eurizon Capital

Consolidated financial statements

Consolidated balance sheet

(millions of euro)

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

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

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

Quarterly development of the consolidated balance sheet

(millions of euro)

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

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

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

Consolidated income statement

(millions of euro)

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

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

Quarterly development of the consolidated income statement

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

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

Report on operations

Economic results

In a market that continues to show only weak signs of a recovery in the economic cycle, the Intesa Sanpaolo Group's operating margin showed considerable growth in the first quarter of 2010 compared to both the corresponding period of the previous year (+12%) and the fourth quarter of 2009 (+14.4%).
In further detail, revenues recovered by 4% and costs were reduced (-2.2%) compared to the first quarter of 2009, representing the continuation of the positive trend reported in 2008 and 2009. In addition to the operating margin, income before tax also increased (+19.5%), whereas the net income for the period, 688 million euro, fell short of the 1,075 million euro earned in the first quarter 2009 owing to the effect of the different taxation and lower profits from discontinued operations.

Operating income

The Group's operating income in the first quarter of 2010 amounted to 4,223 million euro, up 4% compared to the first quarter of 2009, and marking a clear turnaround from the downtrend (-2%) registered in December 2009. The positive performance was determined in particular by the growth of fee and commission income (+187 million euro), profits on trading (+111 million euro) and income from the insurance business (+102 million euro), which more than offset the decline in net interest income (-252 million euro).

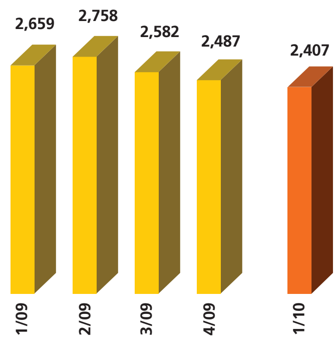
Net interest income

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Relations with customers	2,640	3,767	-1,127	-29.9
Securities issued	-1,316	-1,713	-397	-23.2
Differentials on hedging derivatives	596	75	521	
Customer dealing	**1,920**	**2,129**	**-209**	**-9.8**
Financial assets held for trading	161	243	-82	-33.7
Investments held to maturity	31	54	-23	-42.6
Financial assets available for sale	106	124	-18	-14.5
Financial operations	**298**	**421**	**-123**	**-29.2**
Relations with banks	**50**	**-57**	**107**	
Non-performing assets	**171**	**188**	**-17**	**-9.0**
Other net interest income	**-32**	**-22**	**10**	**45.5**
Net interest income	**2,407**	**2,659**	**-252**	**-9.5**

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

Quarterly development of net interest income



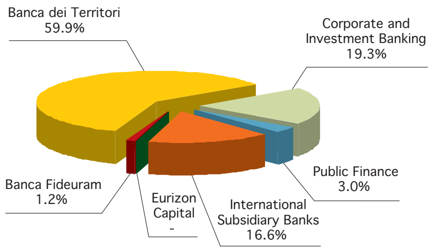
Net interest income, which remains the primary revenue caption, continued to slow, falling by 9.5% compared to the first quarter of 2009 to 2,407 million euro as a consequence of the tightening of spreads that had begun to occur in 2009 and continued in the first few months of 2010. This phenomenon may be attributed chiefly to the contraction in the mark-down on deposits following the reduction of market rates.
This factor was exacerbated by the impact of the elimination of overdraft charges effective June 2009, the further rise in non-performing loans and the reduction in performing loans to customers, which resulted in a negative volume effect.
Net interest from operations with customers, which also includes interest on securities issued and differentials on hedging derivatives, stood at 1,920 million euro, down 209 million euro (-9.8%) compared to the first quarter of 2009. On a positive note, this component, which represents the Bank's core business, was stable compared to the fourth quarter of 2009 owing to the lesser cost of securities funding and the broadly positive contribution of hedging differentials used to achieve partial protection against the decline in interest rates. Conversely, the financial assets and interbank components showed greater volatility, significantly influenced by the fluctuations in prices and the cost of money.
Net interest income on financial assets was down 29.2% owing primarily to the decrease in returns.
A quarterly analysis of net interest income shows that the downtrend that began in the previous year has continued, owing to the gradual tightening of spreads and the decline in performing loans to customers along with a rise in non-performing loans. In the first quarter, interest margin was also penalised by fewer calendar days, the effect of which may be estimated to be at least 20 million euro per day.

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Banca dei Territori	1,445	1,636	-191	-11.7
Corporate and Investment Banking	467	474	-7	-1.5
Public Finance	72	111	-39	-35.1
International Subsidiary Banks	401	353	48	13.6
Eurizon Capital	-	1	-1	
Banca Fideuram	28	43	-15	-34.9
Total business areas	**2,413**	**2,618**	**-205**	**-7.8**
Corporate Centre	-6	41	-47	
Intesa Sanpaolo Group	**2,407**	**2,659**	**-252**	**-9.5**

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

Business areas



Banca dei Territori, which accounts for 60% of business area results, recorded an 11.7% decrease in net interest income, mainly due to the reduced mark-down on deposits and the elimination of overdraft charges. A more limited decline by amount was also reported by the Public Finance unit (-39 million euro) due to the reduction in spreads, which in the first quarter of 2009 had benefited from the liquidity characteristics of assets in a scenario of sharply falling market rates, by Banca Fideuram (-15 million euro), primarily owing to the reduction in the spread on deposits, and by Corporate and Investment Banking (-7 million euro) in connection with the decrease in average loan volumes. Conversely, the International Subsidiary Banks posted improvements (+48 million euro).

Dividends and profits on investments carried at equity

A total of 7 million euro in dividends and profits on investments carried at equity was recognised in the first three months of 2010 compared to a loss of 6 million euro reported in the first quarter of 2009. More in detail, the profits of Intesa Vita (10 million euro) and Penghua Fund Management (4 million euro) made a positive contribution.

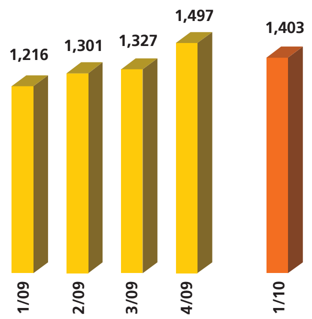
Net fee and commission income

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Guarantees given	85	73	12	16.4
Collection and payment services	81	84	-3	-3.6
Current accounts	227	208	19	9.1
Credit and debit cards	109	93	16	17.2
Commercial banking activities	**502**	**458**	**44**	**9.6**
Dealing and placement of securities	150	70	80	
Currency dealing	13	14	-1	-7.1
Portfolio management	293	245	48	19.6
Distribution of insurance products	186	153	33	21.6
Other	38	42	-4	-9.5
Management, dealing and consultancy activities	**680**	**524**	**156**	**29.8**
Other net fee and commission income	**221**	**234**	**-13**	**-5.6**
Net fee and commission income	**1,403**	**1,216**	**187**	**15.4**

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

Quarterly development of net fee and commission income



Net fee and commission income, which makes up more than 30% of total operating income, amounted to 1,403 million euro, up 15.4% compared to the first quarter of 2009, owing chiefly to the positive performance of the dealing and management of financial products, which generated a total of 680 million euro in net fee and commission income (+29.8%). The increase is primarily attributable to the placement of financial products (+80 million euro), portfolio management (+48 million euro), most markedly collective schemes, which benefited from net inflows, and a revaluation of assets under management.

Fees and commissions on commercial banking activities came to 502 million euro in the reporting period (+9.6% compared to the first three months of 2009). The uptrend was the result of the contribution of commissions on current accounts (+19 million euro), which benefited from the commitment fee introduced in the second half of 2009, credit and debit card services (+16 million euro) and guarantees given (+12 million euro). Conversely, commissions on collection and payment services showed a slight decline (-3 million euro), owing in part to the unfavourable economic climate and the consequent contraction of consumption.

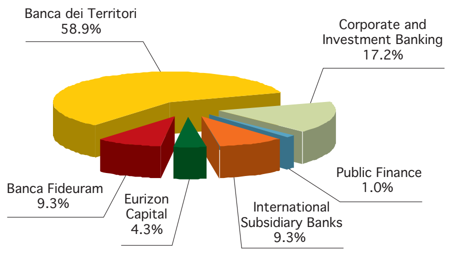
On a quarterly level, the first quarter of 2010 yielded a result in excess of the average achieved in 2009 and, in particular, of the results for the first three quarters. It was only in the fourth quarter of last year that higher results were reported owing to the effect of the overperformance commissions recognised by Eurizon Capital and Banca Fideuram at year-end. A quarterly analysis indicates that commissions on management, dealing and consultancy activities were generally more dynamic than those on traditional banking activity.

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Banca dei Territori	836	750	86	11.5
Corporate and Investment Banking	244	197	47	23.9
Public Finance	14	9	5	55.6
International Subsidiary Banks	132	128	4	3.1
Eurizon Capital	62	59	3	5.1
Banca Fideuram	132	96	36	37.5
Total business areas	**1,420**	**1,239**	**181**	**14.6**
Corporate Centre	-17	-23	-6	-26.1
Intesa Sanpaolo Group	**1,403**	**1,216**	**187**	**15.4**

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

Business areas



All business units contributed to the increase in the Group's net fee and commission income compared to the first quarter of 2009 (+15.4%). In detail, the greatest contribution was made by Banca dei Territori (+11.5%), which represents 59% of the total fee and commission income earned by all business units, driven by the strong performance of asset management and, most markedly, the greater placement of bancassurance products, along with the introduction of the commitment fee. Increases were also reported in the net fee and commission income figures of Corporate and Investment Banking (+23.9%), attributable to both the investment banking segment and the commercial banking operations developed on Italian and international corporate relations, and of Banca Fideuram (+37.5%), driven by the rise in average assets under management and the repositioning of the product mix in favour of asset management products with a less conservative risk profile. More moderate increases by amount were also reported by Public Finance (+5 million euro), the International Subsidiary Banks (+4 million euro) and Eurizon Capital (+3 million euro).

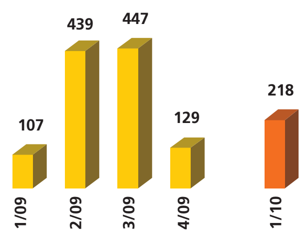
Profits (Losses) on trading

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Interest rates	69	203	-134	-66.0
Equity instruments	24	-106	130	
Currencies	84	91	-7	-7.7
Structured credit products	27	-79	106	
Credit derivatives	-4	13	-17	
Commodity derivatives	-	2	-2	
Trading result	**200**	**124**	**76**	**61.3**
Trading on AFS securities and financial liabilities	**18**	**-17**	**35**	
Profits (Losses) on trading	**218**	**107**	**111**	

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

Quarterly development of profits (losses) on trading



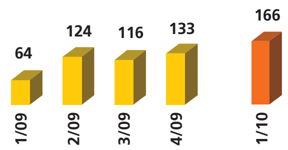
Trading activities, that are the component of operations most exposed to market volatility, yielded a profit of 218 million euro during the period, more than double the 107 million euro earned in the first quarter of 2009.
Positive contributions to the improvement in results were made by equity instruments (+130 million euro) and structured credit products (+106 million euro). The results of interest rate transactions (involving debt securities and interest rate derivatives) fell short of those of the corresponding period of the previous year. This decline is primarily attributable to the Parent company owing to the effect of the fair value accounting of hedges and derivatives held for trading.
Lastly, the caption also incorporates dividends and proceeds on the trading of securities classified as available for sale and the effects of the measurement at fair value of the component of financial liabilities issued associated with an assessment of creditworthiness related to the fair value option. These components restored the balance to positive territory following on the losses reported in the first quarter of 2009.
On a quarterly level, the result for the first quarter of 2010 was, on the average, lower than that of the various quarters of 2009, but greater than that of the fourth quarter (129 million euro).

Income from insurance business

(millions of euro)

	31.03.2010			31.03.2009			Changes	
	Life	Non-life	Total	Life	Non-life	Total	amount	%
Premiums and payments [(a)]	-51	26	-25	13	30	43	-68	
net premiums	*2,145*	*38*	*2,183*	*595*	*35*	*630*	*1,553*	
net charges for claims and surrendering of policies	*-979*	*-12*	*-991*	*-849*	*-5*	*-854*	*137*	*16.0*
net charges for changes in technical reserves	*-1,217*	*-*	*-1,217*	*267*	*-*	*267*	*-1,484*	
Net income from financial instruments designated at fair value through profit and loss [(b)]	143	-	143	32	-	32	111	
Net income from securities (including UCI) classified as Financial assets available for sale and Financial assets held for trading [(c)]	203	3	206	118	2	120	86	71.7
Other income/charges from insurance business[(d)]	-138	-20	-158	-113	-18	-131	27	20.6
Income from insurance business	**157**	**9**	**166**	**50**	**14**	**64**	**102**	

Quarterly development of income from insurance business



Figures restated where required by international accounting standards and, where necessary, 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.

During the first quarter of 2010, income from the insurance business, which includes the revenue captions of the Group's life and non-life companies, was 166 million euro, up sharply compared to the 64 million euro earned in the same period of the previous year.
This development may be attributed in particular to the positive performance of the financial management of non-linked products, which benefited from greater interest flows on bond investments and capital gains on trading, as opposed to the losses that had characterised the first quarter of 2009. The insurance companies benefited from dynamic portfolio management aimed at seeking the best investment opportunities and stabilising volumes managed.
From a technical management standpoint, the improvement in the financial market scenario contributed to a decrease in the prudential provisions made to several reserve captions.
The rise in charges for policies accrued during the quarter was caused by the especially positive performance of new traditional policy business through bank branch networks. This increase in production was reflected in the growth of volumes managed, which in turn will contribute to revenues in future periods.
The non-life business declined primarily because of the increase in costs associated with insurance products aimed at credit protection owing to the effect of the deterioration of the balance between claims and premiums.
Income from the insurance business improved in the first quarter of 2010 compared to the results reported in the various quarters of 2009: this trend was caused by the increased contribution of financial management, in addition to the release of supplementary reserves due to the easing of tension on the markets.

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. During the reporting period, the caption came to a positive 22 million euro, compared to 21 million euro in the first quarter of 2009. Both periods benefited from gains on the settlement of disputes. In detail, a significant portion of the income for the first quarter of 2010 was offset by provisions for risks and charges and adjustments to guarantees and commitments.

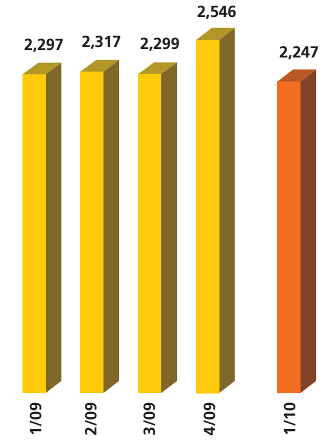
Operating costs

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Wages and salaries	964	986	-22	-2.2
Social security charges	253	254	-1	-0.4
Other	153	150	3	2.0
Personnel expenses	**1,370**	**1,390**	**-20**	**-1.4**
Information technology expenses	184	174	10	5.7
Management of real estate assets	189	198	-9	-4.5
General structure costs	112	115	-3	-2.6
Professional and legal expenses	102	106	-4	-3.8
Advertising and promotional expenses	39	30	9	30.0
Indirect personnel costs	30	29	1	3.4
Other costs	63	83	-20	-24.1
Indirect taxes and duties	151	155	-4	-2.6
Recovery of expenses and charges	-136	-139	-3	-2.2
Administrative expenses	**734**	**751**	**-17**	**-2.3**
Property and equipment	94	98	-4	-4.1
Intangible assets	49	58	-9	-15.5
Adjustments	**143**	**156**	**-13**	**-8.3**
Operating costs	**2,247**	**2,297**	**-50**	**-2.2**

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

Quarterly development of operating costs



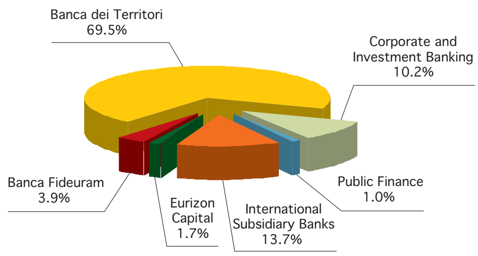
Operating costs for the first quarter of 2010 amounted to 2,247 million euro, down 2.2% on the first quarter of 2009.
Personnel expenses decreased by 1.4% to 1,370 million euro. This decrease is essentially attributable to the smaller period-end and average workforce in accordance with the human resources optimisation policies adopted.
Administrative expenses were 734 million euro, down 2.3%: this trend was shaped by lesser property management, legal and professional and general structure expenses, as well as the residual cost captions.
Adjustments came to 143 million euro, down 8.3% compared to the first three months of 2009 owing to the disposal of assets and the completion of the amortisation of software.
The cost/income ratio for the period was 53.2%, an improvement on the 56.6% recorded for the first quarter of 2009, due to a rise in revenues and a reduction in costs.
On a quarterly level, operating costs decreased by 11.7% in the first quarter of 2010 compared to the previous quarter. This decrease is primarily attributable to administrative expenses, which traditionally weigh more heavily at the end of the year.

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Banca dei Territori	1,415	1,455	-40	-2.7
Corporate and Investment Banking	208	216	-8	-3.7
Public Finance	20	20	-	-
International Subsidiary Banks	280	286	-6	-2.1
Eurizon Capital	34	30	4	13.3
Banca Fideuram	80	79	1	1.3
Total business areas	**2,037**	**2,086**	**-49**	**-2.3**
Corporate Centre	210	211	-1	-0.5
Intesa Sanpaolo Group	**2,247**	**2,297**	**-50**	**-2.2**

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

Business areas



In terms of business units, the greatest cost reduction was made by Banca dei Territori (-40 million euro), which accounts for 69.5% of business area costs. Corporate and Investment Banking (-8 million euro) and the International Subsidiary Banks (-6 million euro) showed more moderate declines by amount. The costs reported by Public Finance and Banca Fideuram were essentially stable.

Operating margin

Operating margin in the first quarter of 2010 was 1,976 million euro, up 12% on the corresponding period of the previous year. This increase was primarily the result of the positive contribution of the main revenue captions accompanied by a decline in operating costs.

Adjustments to/write-backs on assets

Net provisions for risks and charges

Net provisions for risks and charges amounted to 86 million euro, up by 17 million euro compared to the first three months of 2009 but less than the 99 million euro reported in the fourth quarter of the previous year.
As already indicated in the comment on other operating income (expenses), the caption includes provisions to account for the settlement of disputes. Net of this component, adjustments were essentially in line with those for the first three quarters of 2009. The most important items were lawsuits with customers and revocatory actions, as usual.

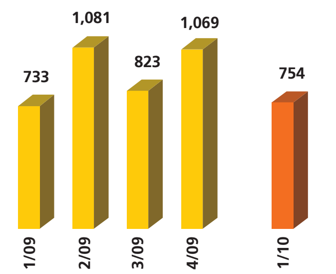
Net adjustments to loans

(millions of euro)

	31.03.2010	31.03.2009	Changes	
			amount	%
Doubtful loans	-396	-302	94	31.1
Substandard loans	-268	-368	-100	-27.2
Restructured loans	-2	-	2	-
Past due loans	-58	-42	16	38.1
Performing loans	-28	-23	5	21.7
Net impairment losses on loans	**-752**	**-735**	**17**	**2.3**
Net adjustments to guarantees and commitments	**-2**	**2**	**-4**	
Net adjustments to loans	**-754**	**-733**	**21**	**2.9**

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

Quarterly development of net adjustments to loans



As knowin, the gradual deterioration of the economic situation resulted in a sharp rise in non-performing loans beginning in autumn 2008 and a correlated increase in net adjustments to doubtful and substandard positions, as previously discussed in the 2009 financial statements.
Net adjustments to loans in the first quarter of 2010 remained at high levels, coming to 754 million euro, in excess of the 733 million euro in the corresponding period of 2009. However, these expenses decreased significantly compared to the 1,069 million euro recognised in the fourth quarter of 2009.
Net adjustments to loans remain at significant levels as a direct consequence of the deterioration of the quality of the loan portfolio as a result of the crisis affecting the economies of Italy and the other main countries in which the Group operates.
During the first quarter, there was an increase in gross doubtful positions (+1.1 billion euro), whereas substandard positions declined for the first time in four quarters (-0.6 billion euro), partly attributable to the reaching of restructuring agreements: on the whole, doubtful and substandard positions required net adjustments of 664 million euro, a decrease of 6 million euro compared to March 2009. Past due loans also improved, falling in gross amount by more than 6% compared to the beginning of the year.
A total of 2 million euro in adjustments was recognised on guarantees given, compared to write-backs of 2 million euro in the first quarter of 2009.
Setting aside the above, a quarterly analysis shows that the first three months of 2010 yielded a decline in net adjustments to loans compared to the previous three quarters to levels below the average for the previous year.

Net impairment losses on other assets

Impairment losses on assets other than loans came to 5 million euro, down compared to the 7 million euro recognised in the first three months of the previous year. In the fourth quarter of 2009, this caption stood at 160 million euro, primarily attributable to securities available for sale.

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

Profits on investments held to maturity and on other investments amounted to 10 million euro. They include capital gains on the disposal of property and profits on the disposal of other investments.
The figure for the first quarter is compared to the 517 million euro in profits reported in the fourth quarter of 2009, essentially attributable to the capital gain on the disposal of Findomestic by Carifirenze (439 million euro) and the capital gain on Esaote by the Parent Company, Intesa Sanpaolo, and IMI Investimenti (70 million euro).

Income before tax from continuing operations

Income before tax from continuing operations came to 1,141 million euro, up 19.5% compared to the first quarter of 2009. The broadly positive performance was due not only to the operating margin, but also to the essential stability of net adjustments to loans. On a quarterly level, the income for the period exceeds the average figure for the four quarters of 2009 and was up 24.6% compared to the income for the fourth quarter of 2009.

Other income and expense captions

Taxes on income from continuing operations

Current and deferred income taxes accrued during the period resulted in provisions of 351 million euro, compared to the positive value of 183 million euro in the first quarter of 2009, which had benefited from the favourable effects of the redemption of intangibles for 511 million euro. The first quarter of 2010 also benefited from the positive effect of the redemption pursuant to Law Decree 185/08 of the goodwill associated with several Group banks to which the Parent company had contributed business lines, although this benefit was limited to 86 million euro. Accordingly, the tax rate for the period stood at 30.8%.

Merger and restructuring-related charges (net of tax)

Restructuring-related charges, net of tax effects, came to 16 million euro, down sharply compared to both the 48 million euro recognised in the first quarter of 2009 and the average quarterly figure for 2009, bearing witness to the completion of the main integration processes for Group banks.

Effect of purchase price 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. These charges amounted to 92 million euro, down 3 million euro compared to the first quarter of 2009.

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

Income from discontinued operations was 28 million euro, attributable to the securities services line, the sale of which has been decided.

This figure compares to the 105 million euro in the first three months of the previous year, the result not only of the income reported by the abovementioned securities services line, but also of the capital gains on the sale of Cassa di Risparmio di Orvieto and several branches sold in March 2009.

Net income

The Group closed the first quarter of 2010 with a net income of 688 million euro, up on the 543 million euro in the fourth quarter of 2009, but down compared to the 1,075 million euro in the first quarter of the previous year, which, however, had benefited from the positive effects of the detaxation of intangibles for 511 million euro.

Balance sheet aggregates

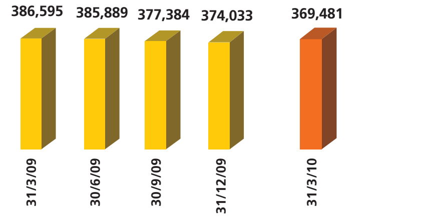
Loans to customers

(millions of euro)

	31.03.2010		31.12.2009		Changes	
		% breakdown		% breakdown	amount	%
Current accounts	31,212	8.5	32,323	8.7	-1,111	-3.4
Mortgages	164,138	44.4	164,620	44.0	-482	-0.3
Advances and other loans	124,544	33.7	127,532	34.1	-2,988	-2.3
Commercial banking loans	**319,894**	**86.6**	**324,475**	**86.8**	**-4,581**	**-1.4**
Repurchase agreements	**9,694**	**2.6**	**10,586**	**2.8**	**-892**	**-8.4**
Loans represented by securities	**18,855**	**5.1**	**18,527**	**4.9**	**328**	**1.8**
Non-performing loans	**21,038**	**5.7**	**20,445**	**5.5**	**593**	**2.9**
Loans to customers	**369,481**	**100.0**	**374,033**	**100.0**	**-4,552**	**-1.2**

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

Quarterly development Loans to customers



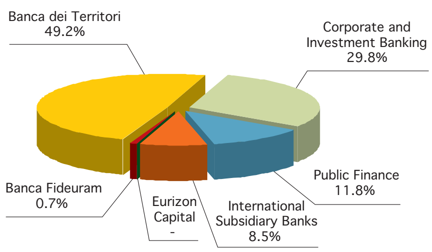
At the end of the first quarter of 2010, the Intesa Sanpaolo Group's loans to customers were down by 1.2% compared to the end of the previous year. This change was conditioned by a market context rendered difficult by the repercussions of the financial and economic crisis.
The decrease was caused by the reduction in commercial banking loans (-1.4%), most markedly in the technical forms of current accounts (-3.4%) and loans and other advances (-2.3%), used especially by companies. Repurchase agreements, another form typically used by businesses, also declined (-8.4%). Conversely, mortgages held up better (-0.3%), bearing witness to the stability of demand for funds by households. Loans represented by securities also rose moderately (+1.8%).
In relation to the risk level of the portfolio, the upturn in non-performing loans continued (+2.9%), resulting in an increase in their impact on total loans from 5.5% to 5.7%.
In the domestic medium-/long-term loan market, disbursements to households exceeded 3 billion euro and those to businesses reached nearly 2.5 billion euro during the period.
As at 31 March 2010, the Group's share of the domestic market (calculated on the harmonised time-series defined for countries in the eurozone) was 16% for total loans, down by nearly four-tenths of a point compared to December 2009.

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Banca dei Territori	174,105	176,819	-2,714	-1.5
Corporate and Investment Banking	105,376	107,616	-2,240	-2.1
Public Finance	41,948	41,186	762	1.9
International Subsidiary Banks	30,002	29,644	358	1.2
Eurizon Capital	53	171	-118	-69.0
Banca Fideuram	2,395	1,982	413	20.8
Total business areas	**353,879**	**357,418**	**-3,539**	**-1.0**
Corporate Centre	15,602	16,615	-1,013	-6.1
Intesa Sanpaolo Group	**369,481**	**374,033**	**-4,552**	**-1.2**

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

Business areas



A breakdown of loans by business area shows a 1.5% decrease compared to December 2009 for Banca dei Territori, which accounts for approximately 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. Loans attributable to the Corporate and Investment Banking business area, which represented 30% of the total, also fell (-2.1%) in connection with the decline in disbursements to customers in the large and international corporate and mid corporate segments. Conversely, loans to the public works and infrastructure sector, handled by BIIS, rose (+1.9%) owing to new transactions completed during the period that resulted in disbursements of more than 800 million euro. More moderate increases by amount were reported by Banca Fideuram (+413 million euro), driven by new collateralised repurchase agreement business with institutional customers and current account overdrafts used to manage investment services for private customers, and by the International Subsidiary Banks (+358 million euro). The decrease in the loans attributable to the Corporate Centre (-6.1%) is chiefly due to the decline in repurchase agreement transactions with Cassa di Compensazione e Garanzia.

Loans to customers: loan portfolio quality

(millions of euro)

	31.03.2010		31.12.2009		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Doubtful loans	5,881	1.6	5,365	1.4	516
Substandard loans	9,756	2.6	10,370	2.8	-614
Restructured loans	3,131	0.9	2,293	0.6	838
Past due loans	2,270	0.6	2,417	0.7	-147
Non-performing loans	**21,038**	**5.7**	**20,445**	**5.5**	**593**
Performing loans	329,588	89.2	335,061	89.6	-5,473
Performing loans represented by securities	18,855	5.1	18,527	4.9	328
Loans to customers	**369,481**	**100.0**	**374,033**	**100.0**	**-4,552**

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

In line with expectations, non-performing loans were conditioned by the economic recession, which resulted in a decrease in the loan portfolio quality.
At the end of the first quarter of 2010, the Group recorded an increase in non-performing loans compared to the end of 2009 both in gross terms (+3.6%) and net of adjustments (+2.9%). This trend led to a higher incidence of non-performing loans on total loans to customers, increasing from 5.5% to 5.7%. Coverage of non-performing loans came to 41%, a level comparable to that recorded at the end of 2009 and deemed adequate to address expected losses, considering the guarantees that secure several significant positions.
In detail, at 31 March 2010 loans classified as doubtful, net of adjustments, came to 5,881 million euro, up by 516 million euro (+9.6%) since the beginning of the year. They represented 1.6% of total loans, with a coverage ratio of 67%, higher than the average coverage ratio for the Italian banking industry.
Substandard loans amounted to 9,756 million euro and were down by 5.9% compared to 31 December 2009, owing in part to restructuring agreements resulting in the reclassification of several positions. Substandard loans fell to 2.6% of the total, showing a coverage ratio of 20.5%.
Restructured loans stood at 3,131 million euro, up by 36.5% compared to 31 December 2009 as a result of the foregoing restructuring agreements. The coverage ratio was 6.5%.
Past due loans amounted to 2,270 million euro, down by 6.1% and showing a coverage ratio of 6%.
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 period. 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

(millions of euro)

	31.03.2010		31.12.2009		Changes	
		% breakdown		% breakdown	amount	%
Direct customer deposits	429,380	51.6	421,944	51.7	7,436	1.8
Indirect customer deposits	427,074	51.4	419,395	51.4	7,679	1.8
Netting [(a)]	-25,084	-3.0	-25,701	-3.1	-617	-2.4
Customer financial assets	**831,370**	**100.0**	**815,638**	**100.0**	**15,732**	**1.9**

Figures restated where required by international accounting standards and, where necessary, 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 31 March 2010, customer financial assets amounted to 831 billion euro, up 1.9% compared to the beginning of the year owing to the positive performances of both direct and indirect deposits, attributable to asset management.
The development of this aggregate (+2.6%) benefited from greater placements and the improvement in financial market performance.

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.

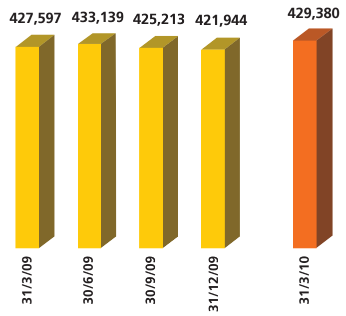
(millions of euro)

	31.03.2010		31.12.2009		Changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	197,948	46.2	197,632	46.9	316	0.2
Repurchase agreements and securities lending	9,966	2.3	7,422	1.8	2,544	34.3
Bonds	123,891	28.9	124,955	29.6	-1,064	-0.9
of which designated at fair value (*)	*2,299*	*0.5*	*3,225*	*0.8*	*-926*	*-28.7*
Certificates of deposit	24,163	5.6	25,465	6.0	-1,302	-5.1
Subordinated liabilities	22,944	5.3	22,950	5.4	-6	-
Financial liabilities of the insurance business designated at fair value (*)	22,910	5.3	22,662	5.4	248	1.1
Other deposits	27,558	6.4	20,858	4.9	6,700	32.1
of which designated at fair value (*)	-	-	-	-	-	-
Direct customer deposits	**429,380**	**100.0**	**421,944**	**100.0**	**7,436**	**1.8**

Figures restated where required by international accounting standards and, where necessary, 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.

Quarterly development Direct deposits



Direct customer deposits amounted to 429 billion euro, up by 1.8% compared to the end of December 2009, chiefly attributable to repurchase agreement and securities lending (+34.3%) and other deposits (+32.1%), the development of which was driven mainly by the placement of commercial paper by the Group's international subsidiaries: on the whole, the two captions showed an increase of over 9 billion euro, of which 5 billion euro may be ascribed to commercial paper. There were also rises, albeit to a lesser extent, in financial liabilities of the insurance business (+1.1%) and current accounts and deposits (+0.2%).

Conversely, there were declines in both certificates of deposit (-5.1%) and bonds (-0.9%), the latter of which had taken on significantly greater importance within the Group's overall funding in 2009.

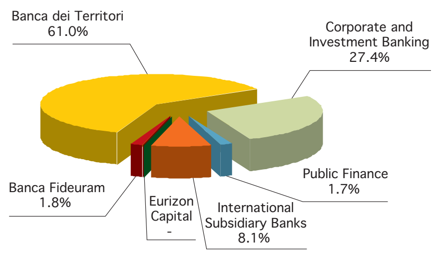
At the end of the first quarter of 2010, the Group's domestic market share (according to the ECB's harmonised definition) totalled 17.6%, down by three-tenths of a point compared to the figure as at the end of the previous year.

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Banca dei Territori	222,970	223,844	-874	-0.4
Corporate and Investment Banking	100,338	94,900	5,438	5.7
Public Finance	6,101	6,461	-360	-5.6
International Subsidiary Banks	29,457	28,564	893	3.1
Eurizon Capital	3	3	-	-
Banca Fideuram	6,640	7,502	-862	-11.5
Total business areas	**365,509**	**361,274**	**4,235**	**1.2**
Corporate Centre	63,871	60,670	3,201	5.3
Intesa Sanpaolo Group	**429,380**	**421,944**	**7,436**	**1.8**

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

Business areas



A breakdown by Group business area shows that the deposits of Banca dei Territori, which represent 61% of the aggregate attributable to operating units, fell slightly compared to the beginning of the year (-0.4%) owing to the decrease in customer deposits that was only partially offset by the greater financial liabilities of the insurance business and the increase in funding through securities. Corporate and Investment Banking made the greatest contribution to the growth of the aggregate, recording an increase of 5.7% (+5,438 million euro), benefiting in particular from the development of the bond placement and repurchase agreement business of Banca IMI. The deposits of the International Subsidiary Banks were also on the rise, albeit to a more moderate extent by amount (+893 million euro). Conversely, declines were posted by both Banca Fideuram (-862 million euro) and Public Finance (-360 million euro), essentially due to the lower cash balances of customer current accounts. The growth shown by the Corporate Centre (+5.3%) is mainly ascribable to the greater amount of commercial paper placed by the Group's international subsidiaries.

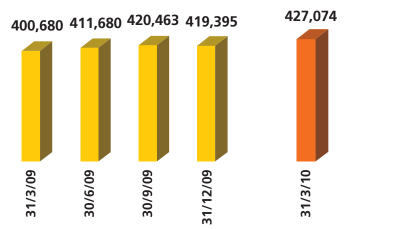
Indirect customer deposits

(millions of euro)

	31.03.2010		31.12.2009		Changes	
		% breakdown		% breakdown	amount	%
Mutual funds	79,073	18.5	80,140	19.1	-1,067	-1.3
Open-ended pension funds and individual pension plans	3,526	0.8	3,417	0.8	109	3.2
Portfolio management	70,438	16.5	65,764	15.7	4,674	7.1
Life technical reserves and financial liabilities	69,933	16.4	67,692	16.1	2,241	3.3
Relations with institutional customers	11,443	2.7	11,423	2.8	20	0.2
Assets under management	**234,413**	**54.9**	**228,436**	**54.5**	**5,977**	**2.6**
Assets under administration and in custody	**192,661**	**45.1**	**190,959**	**45.5**	**1,702**	**0.9**
Indirect customer deposits	**427,074**	**100.0**	**419,395**	**100.0**	**7,679**	**1.8**

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

Quarterly development Indirect deposits



Indirect customer deposits amounted to 427 billion euro, up 1.8% compared to 31 December 2009.
The figure is net of third-party securities on deposit in connection with the dealings of the securities services business line, the sale of which is to be closed in the second quarter of 2010.
In a scenario of bull financial markets, assets under management, which represent more than half of the total aggregate, reached 234 billion euro (+2.6%). The increase was driven by portfolio management (+7.1%) and life insurance policies (+3.3%), which offset the downtrend in mutual funds (-1.3%). In the insurance business, the new policies underwritten by EurizonVita, Sud Polo Vita and Centro Vita Assicurazioni – as well as those underwritten by Intesa Vita attributable to Group customers – came to 4 billion for the quarter, significantly higher than the first quarter of 2009, 1.6 billion euro.
Assets under administration and in custody increased slightly (+0.9%) thanks to the performance of customer securities in custody, which offset the decline in relations with institutional customers.

Net interbank position

Net interbank position, which, as disclosed in the 2009 Annual Report, no longer includes the position associated with the securities services being discontinued came to a positive 3.2 billion euro at the end of the first quarter of 2010, compared to a substantial break-even at the end of 2009.

Financial assets and liabilities

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Financial assets held for trading	82,931	69,825	13,106	18.8
of which derivatives at fair value	*43,184*	*37,805*	*5,379*	*14.2*
Financial assets designated at fair value through profit and loss	23,362	21,965	1,397	6.4
Financial assets available for sale	39,294	35,895	3,399	9.5
Investments held to maturity	4,341	4,561	-220	-4.8
Total financial assets	**149,928**	**132,246**	**17,682**	**13.4**
Financial liabilities held for trading	**48,335**	**42,249**	**6,086**	**14.4**
of which derivatives at fair value	*-44,276*	*-39,848*	*4,428*	*11.1*

Figures restated where required by international accounting standards and, where necessary, 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 issues designated at fair value, are not represented as these are included in the direct deposits aggregate.
Total financial assets increased by 13.4%, primarily owing to the performance of financial assets held for trading, which rose from 70 billion euro to 83 billion euro (+18.8%). Approximately half of the financial assets available for sale relate to the Group's insurance companies. The increase of 9.5% is mainly attributable to the companies of the insurance segment and Banca IMI. Financial assets designated at fair value through profit and loss increased (+6.4%), whereas investments held to maturity decreased (-4.8%).

The table below illustrates the stock of securities subject to reclassification included in the portfolio as at 31 March 2010, 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.

(millions of euro)

Type of financial instrument	Previous portfolio	New portfolio	Book value at 31.03.2010	Fair value at 31.03.2010	Income components in case of no transfer (before tax)		Income components in the period (before tax)	
					Valuation	Other	Valuation	Other
Debt securities	Financial assets held for trading	Loans	3,572	3,294	87	19	-2	38
Debt securities	Financial assets held for trading	Financial assets available for sale	109	109	-8	2	-8	2
Shares and funds	Financial assets held for trading	Financial assets available for sale	108	108	5	1	5	2
Debt securities	Financial assets available for sale	Loans	6,188	5,375	-94	47	112	47
Loans	Financial assets available for sale	Loans	196	175	4	-	-	-
TOTAL			**10,173**	**9,061**	**-6**	**69**	**107**	**89**

The income components related to net increases attributable to the risk profile being hedged of reclassified assets amount to 115 million euro.

If the Group had not elected to reclassify the foregoing financial assets, a total of 113 million euro in greater negative mark-to-market income components would have been recognised during the period, broken down as follows:

– write-off of the positive income components recognised following the 107 million euro transfer. Of this amount, 5 million euro relates to adjustments, 115 million euro to fair value increases due to hedges and 3 million euro to the decrease in Valuation reserves;
– reversal of the negative income components which would have been recognised had no transfer taken place, totalling 6 million euro. Of this amount, 84 million euro refers to the revaluation of reclassified securities in the income statement, 112 million euro to fair value increases due to hedges and 202 million euro to the decrease in Valuation reserves.

Moreover, had no reclassification taken place, other positive income components amounting to 20 million euro would have not been recognised during the quarter. This amount is entirely related to the amortised cost of the reclassified securities.
On the whole, the reclassified assets would have been written down by 1,112 million euro as at 31 March 2010, of which 303 million euro would have been recognised in the income statement (negative components of 459 million euro in 2008, positive components of 72 million euro in 2009 and positive components of 84 million euro in 2010) and 809 million euro in Valuation reserves (610 million euro as at 31 December 2009).
No transfers between portfolios occurred in the first quarter of 2010.

The crisis that hit Greece and the financial difficulties that the country is currently experiencing have already been described in the introductory chapter on the macroeconomic scenario.
As at 31 March 2010, the Intesa Sanpaolo Group carried on its balance sheet Greek government bonds for a nominal value of 1,058 million euro and a carrying value of 976 million euro:

– bonds classified as held for trading and designated at fair value through profit or loss with a carrying value, after adjustments, of 292 million euro;
– bonds classified as available for sale and designated at fair value through a specific reserve in shareholders' equity or profit or loss in application of hedge accounting rules in the case of hedge risks with a carrying value, after adjustments, of 504 million euro;
– bonds classified among loans and designated at fair value in application of hedge accounting rules inasmuch as they are hedged by derivative contracts with a carrying value of 180 million euro.

Securities with a nominal value of 65 million euro have been sold/redeemed since 31 March.

Shareholders' equity

As at 31 March 2010, the Group's shareholders' equity, including net income for the period, came to 53,354 million euro compared to the 52,681 million euro at the end of the previous year. The change in shareholders' equity is primarily due to the performance of reserves, which include the net income earned in 2009 but not yet distributed. No changes in share capital occurred in the first quarter of the year.

Valuation reserves

As at 31 March 2010, valuation reserves recorded a negative balance of 339 million euro. The change during the period, up 91 million euro from the negative balance of 430 million euro at the end of 2009, is attributable to the increase in the value of other reserves (+150 million euro) and financial assets available for sale (+72 million), in particular debt securities. Conversely, cash flow hedges decreased (-131 million euro), while legally-required revaluations remained unchanged.

(millions of euro)

	Valuation reserves as at 31.12.2009	Change in the period	Valuation reserves as at 31.03.2010	
				% breakdown
Financial assets available for sale	-135	72	-63	18.6
Property and equipment	-	-	-	-
Cash flow hedges	-451	-131	-582	171.7
Legally-required revaluations	343	-	343	-101.2
Other	-187	150	-37	10.9
Valuation reserves	**-430**	**91**	**-339**	**100.0**

Regulatory capital

(millions of euro)

Regulatory capital and capital ratios	31.03.2010	31.12.2009
Regulatory capital		
Tier 1 capital	30,591	30,205
of which: preferred shares	*4,499*	*4,499*
Tier 2 capital	15,389	15,472
Minus items to be deducted	-2,994	-2,923
REGULATORY CAPITAL	**42,986**	**42,754**
Tier 3 subordinated loans	-	-
TOTAL REGULATORY CAPITAL	**42,986**	**42,754**
Risk-weighted assets		
Credit and counterparty risks	314,727	316,258
Market risks	18,025	16,804
Operational risks	28,113	28,113
Other risks	472	473
RISK-WEIGHTED ASSETS	**361,337**	**361,648**
Capital ratios %		
Core Tier 1 ratio	7.2	7.1
Tier 1 ratio	8.5	8.4
Total capital ratio	11.9	11.8

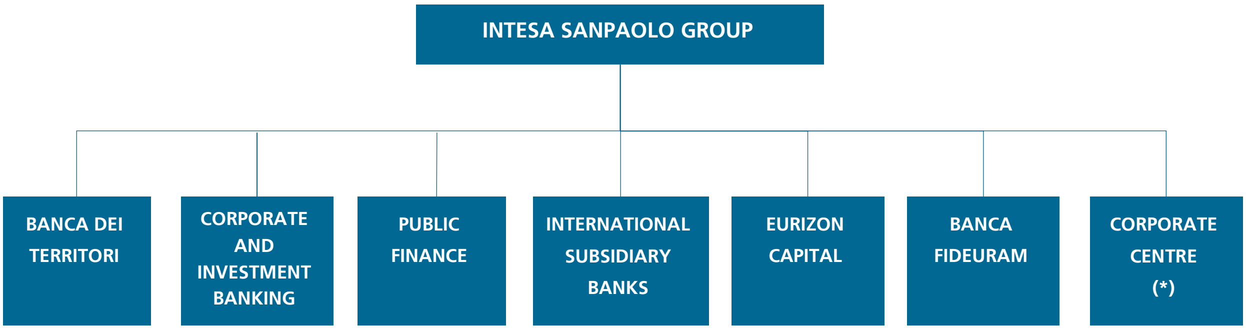
In compliance with the provisions of the Bank of Italy Circular 263/2006, in the calculation of capital ratios, elements to be deducted from total regulatory capital have been deducted separately and for an equal amount from Tier 1 and Tier 2 capital, with the exception of the contributions deriving 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.

At the end of the first quarter of 2010, total regulatory capital - which takes into account the distribution of dividends in 2010 – came to 42,986 million euro, compared to risk-weighted assets of 361,337 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk.
All capital ratios improved compared to 31 December 2009. The Total capital ratio stood at 11.9%, while the Group's Tier 1 ratio was 8.5%. The ratio of Tier 1 capital net of preferred shares to risk-weighted assets (Core Tier 1) was 7.2%.

Lastly, the increase in regulatory capital, which was achieved due to ordinary operations alone, accounts for an estimate of the dividends to be paid on the 2010 net income, which by convention have been determined to be one-fourth of the dividends distributed on the 2009 net income (258 million of the total 1,033 million euro).

Breakdown of consolidated results by business area

The organisational model of the Intesa Sanpaolo Group is based on six Business Units. In addition there is the Corporate Centre, which is charged with providing guidance, coordination and control for the entire Group.



(*) Includes the Group's Treasury.

The Intesa Sanpaolo Group's segment reporting is based on the elements that the management uses to make its own operating decisions (known as the "management approach") and is thus consistent with the disclosure requirements of IFRS 8.
In addition to reflecting the operating responsibilities assigned according to the Group's organisational structure, the business areas are an aggregation of business lines similar in the type of products and services they sell and in their regulatory context.

The table below shows the main data summarising the trend of the business areas of the Intesa Sanpaolo Group in the first quarter of 2010.
The following itemised analysis of the business areas contains a description of the products and services offered, the type of customers served and the initiatives carried out in the first quarter; it also illustrates income statement figures, the main balance sheet figures and the most significant profitability ratios. The results of the Banca CR Firenze group, including Casse del Centro banks, previously attributed in their entirety to the Banca dei Territori Division, have been assigned to divisions effective the beginning of 2010. The comparative figures have been restated in accordance with the new division scopes.
Allocated capital and, consequently, EVA® (Economic Value Added) were determined in accordance with the instructions issued by the Bank of Italy in compliance with the Basel 2 regulatory provisions.

(millions of euro)

	Banca dei Territori	Corporate and Investment Banking	Public Finance	International Subsidiary Banks	Eurizon Capital	Banca Fideuram	Corporate Centre	Total
Operating income								
31.03.2010	2,480	952	75	552	67	176	-79	4,223
31.03.2009	2,490	766	112	535	68	152	-62	4,061
% change [(a)]	-0.4	24.3	-33.0	3.2	-1.5	15.8	27.4	4.0
Operating costs								
31.03.2010	-1,415	-208	-20	-280	-34	-80	-210	-2,247
31.03.2009	-1,455	-216	-20	-286	-30	-79	-211	-2,297
% change [(a)]	-2.7	-3.7	-	-2.1	13.3	1.3	-0.5	-2.2
Operating margin								
31.03.2010	1,065	744	55	272	33	96	-289	1,976
31.03.2009	1,035	550	92	249	38	73	-273	1,764
% change [(a)]	2.9	35.3	-40.2	9.2	-13.2	31.5	5.9	12.0
Net income								
31.03.2010	277	418	29	113	16	43	-208	688
31.03.2009	269	215	52	86	17	27	409	1,075
% change [(a)]	3.0	94.4	-44.2	31.4	-5.9	59.3		-36.0
Loans to customers								
31.03.2010	174,105	105,376	41,948	30,002	53	2,395	15,602	369,481
31.12.2009	176,819	107,616	41,186	29,644	171	1,982	16,615	374,033
% change [(b)]	-1.5	-2.1	1.9	1.2	-69.0	20.8	-6.1	-1.2
Direct customer deposits								
31.03.2010	222,970	100,338	6,101	29,457	3	6,640	63,871	429,380
31.12.2009	223,844	94,900	6,461	28,564	3	7,502	60,670	421,944
% change [(b)]	-0.4	5.7	-5.6	3.1	-	-11.5	5.3	1.8

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

[(a)] The change expresses the ratio between 31.03.2010 and 31.03.2009.

[(b)] The change expresses the ratio between 31.03.2010 and 31.12.2009.

BUSINESS AREAS

Banca dei Territori

(millions of euro)

Income statement/Alternative performance indicators	31.03.2010	31.03.2009	Changes	
			amount	%
Net interest income	1,445	1,636	-191	-11.7
Dividends and profits (losses) on investments carried at equity	10	3	7	
Net fee and commission income	836	750	86	11.5
Profits (Losses) on trading	19	32	-13	-40.6
Income from insurance business	166	64	102	
Other operating income (expenses)	4	5	-1	-20.0
Operating income	**2,480**	**2,490**	**-10**	**-0.4**
Personnel expenses	-827	-850	-23	-2.7
Other administrative expenses	-586	-599	-13	-2.2
Adjustments to property, equipment and intangible assets	-2	-6	-4	-66.7
Operating costs	**-1,415**	**-1,455**	**-40**	**-2.7**
Operating margin	**1,065**	**1,035**	**30**	**2.9**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-18	-22	-4	-18.2
Net adjustments to loans	-477	-361	116	32.1
Net impairment losses on other assets	-2	-3	-1	-33.3
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**568**	**649**	**-81**	**-12.5**
Taxes on income from continuing operations	-218	-282	-64	-22.7
Merger and restructuring-related charges (net of tax)	-12	-34	-22	-64.7
Effect of purchase price allocation (net of tax)	-60	-63	-3	-4.8
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-1	-1	-	-
Net income	**277**	**269**	**8**	**3.0**
Allocated capital	9,714	9,674	40	0.4
Profitability ratios (%)				
Cost / Income ratio	57.1	58.4	-1.3	-2.2
ROE annualised	11.6	11.3	0.3	2.5
EVA® (millions of euro)	140	169	-29	-17.2

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Loans to customers	174,105	176,819	-2,714	-1.5
Direct customer deposits	222,970	223,844	-874	-0.4
of which: due to customers	*137,875*	*139,180*	*-1,305*	*-0.9*
securities issued	*62,185*	*62,002*	*183*	*0.3*
financial liabilities designated at fair value through profit and loss	*22,910*	*22,662*	*248*	*1.1*

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

Banca dei Territori closed the first quarter of 2010 with operating income of 2,480 million euro, making up 59% of the Group's consolidated revenue, essentially in line with the corresponding period in 2009. In further detail, there was a fall in net interest income (-11.7%), mainly deriving from the decrease in revenues from customer deposits following the drop in market rates, which translated into a lower mark-down. Net interest income was also penalised by the elimination of overdraft charges. The benefits of hedging activity and the rise in average direct deposit volumes had a positive effect. Conversely, net fee and commission income increased (+11.5%), benefiting from the strong performance of asset management and, most markedly, the increased volume of bancassurance products distributed, as well as the introduction of a commitment fee. The other income components that showed increases include income from the insurance business, which rose from 64 million euro in the first three months of 2009 to 166 million euro. Operating costs declined by 2.7% chiefly due to lower personnel and administrative expenses. The operating margin came to 1,065 million euro, up 2.9% compared to the first quarter of the previous year. Conversely, income before tax from continuing operations, 568 million euro, declined (-12.5%) due to the significant increase in net adjustments to loans (+32.1%) attributable to the gradual deterioration of the economic scenario, the effects of which continued into the first quarter of 2010. Finally, after allocation of merger and restructuring-related charges to the Division of 12 million euro, an amount lower than the figure for the corresponding period of 2009, and the effects on the income statement of the purchase price allocation for 60 million euro, net income stood at 277 million euro, up 3%.
The Division absorbed 43% of the Group's capital, more than in the first three months of 2009. By amount, capital, which came to 9,714 million euro, remained essentially stable (+0.4%): the containment of assets at risk correlated with the retail segment was offset by an increase in other business areas. As a result of the trends in allocated capital and net income described above, annualised ROE came to 11.6%, a slight improvement on the first quarter of 2009. Value creation stood at 140 million euro, down on the same period in the previous year.
Balance sheet figures at the end of March 2010 showed loans to customers of 174,105 million euro (-1.5% since the end of December 2009) due to a decrease in short-term loans, while medium-/long-term loans remained stable. Direct customer deposits amounted to 222,970 million euro, down slightly (-0.4%) since the beginning of the year, owing to the reduction in customer deposits, only partially offset by the greater financial liabilities of the insurance business and the increase in funding through securities.

Business	Traditional lending and deposit collection operations in Italy and associated financial services
Mission	To serve retail customers (households, personal, small businesses), small and medium enterprises and "private" customers, creating value through: o widespread local coverage o a focus on the specific qualities of local markets o exploitation of the brands of banks and companies specialised in medium-term lending and consumer credit that report to the Business Unit
Organisational structure	
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).
Business Marketing Department	Manages companies with turnover of between 2.5 and 150 million euro.
Intesa Sanpaolo Private Banking	Devoted to private customers whose financial assets exceed 1 million euro.
Product companies	Specialised in medium-term credit (Mediocredito Italiano), the consumer credit and e-money segment (Moneta which absorbed Setefi, specialised in the management of electronic payments) and trust services.
Banca Prossima	Serves non-profit organisations.
Insurance/pension companies	Specialised in offering pension and personal and asset protection services
Distribution structure	Over 5,700 branches, including retail, business and private-banking branches, distributed broadly throughout Italy. The territorial structure comprises 8 Regional Departments coordinating 22 Areas/Network Banks, designed to ensure optimum geographical coverage and homogeneous sizing in terms of number of branches and resource allocation.

Effective from the beginning of 2010, the scope of the Banca dei Territori Division changed due to the assignment to divisions of the banks belonging to the Banca CR Firenze group, including Casse del Centro banks, thereby rendering the criteria for allocating customers to portfolios consistent with those of the other network banks.

Retail Marketing Department

In the first quarter of 2010, the Retail Marketing Department's activities focused on improving service quality, constantly attending to customers' needs, and simplifying and innovating the range of products and services.

Investment	The offering of investment products has been expanded to include: – "Eurizon Focus Riserva Doc – Obbligazioni Corporate 12 – 2014", a floating-rate product that combines the features of a bond with the advantages of a mutual fund, aimed at customers who wish to receive a periodic interest payment and diversify their portfolios, while also achieving a greater return than offered by government bonds; – two new lines of asset management services, "GP Linea Strategia Valore" and "GP Linea Strategia Valore Più", aimed at high-net worth customers whose primary goal is to protect their capital and who wish to secure the services of an asset manager while maintaining full visibility and transparency and a strong relationship with the branch advisor. The new lines aim to create value through a flexible approach to the selection of the weights to assign to the various components according to market scenarios and subject to strict risk control; – "Tandem", an investment solution consisting of a repurchase agreement at competitive rates and one or more asset management/administration products consistent with the customer's risk profile.
Cards, Internet and mobile banking	In the first quarter of 2010, SuperFlash, the registered, prepaid and rechargeable card launched in 2009, was expanded to include new features, including the possibility of ordering a card with the holder's name printed on the front. The mobile banking application for the iPhone entitled "La tua banca" was also released during the period. The application allows customers who have subscribed to Internet, mobile and telephone services to obtain information and execute transactions.
Mortgages	The amortisation schedules for Domus Block, the floating-rate mortgage loan with a cap (maximum interest rate), were restyled during the first quarter. The new version of the product allows the Bank to react with greater modularity and flexibility to the credit needs of customers who, while preferring floating-rate mortgages, wish to protect themselves from excessive rate increases.
Loans	To support struggling households, Intesa Sanpaolo has adhered to the "Piano Famiglie", an initiative promoted by the Italian Banking Association approved by the main consumer associations. Customers who meet the Plan's requirements may apply for the suspension of mortgage payments for their primary residence if certain events occur that may significantly affect their ability to make payment (such as the loss of a job, the death of the borrower or placement in a government-assisted temporary unemployment programme). The suspension, which lasts 12 months, may apply to the entire instalment (principal and interest) or principal only (not applicable to mortgages with delinquencies or mortgages with constant instalments but variable rates and durations). At the end of the suspension period, repayment of the mortgage resumes according to the contractual frequency, on the basis of the established amortisation schedule, extended by a period equal to the length of the suspension. In the first quarter, Intesa Sanpaolo adhered to the addendum to the agreement to suspend the debts of small and medium enterprises to the banking system (signed by the Italian Banking Association, Italian government and business associations on 3 August 2009), which extended the benefits of the moratorium to agricultural and subsidised loans. In an independent initiative, the Bank also decided to extend the benefits of this agreement to the self-employed. Intesa Sanpaolo has adhered to the agreement with the Department of Family Policies that instituted the "Fondo di credito per i nuovi nati". This Fund, by providing guarantees to banks participating in the initiative, fosters the access to credit of households with children born or adopted in 2009, 2010 and 2011 and supports households with children born or adopted in 2009 who suffer from rare diseases by contributing to the interest payments on the loans guaranteed by the Fund. Intesa Sanpaolo's participation took the form of providing access to five-year loans of up to 5,000 euro at special fixed rates. In order to offer a solution in line with the market's new clean energy needs, "Prestito Ecologico" has been adjusted to include important new features relating to the amount and, for photovoltaic financing, maturity. The products made available to SMEs as "anti-crisis solutions" include the new "Finanziamento Sostituzione", which allows two or more short- and/or medium-/long-term loans contracted from the Intesa Sanpaolo Group or other banks to be repositioned to the medium-/long-term. Shortly after the end of the quarter, Intesa Sanpaolo signed a partnership agreement with Confesercenti with the aim of supporting small commercial, tourism and service businesses by guaranteeing continuity of access to credit to the distribution system and providing the liquidity needed to overcome the current economic crisis scenario. Under the arrangements and specific agreements to be reached at the local level, Group banks will provide member firms with up to 1 billion euro in financing that may be used in the form of lines of credit or medium-/long-term loans to be granted on the basis of the four main areas of intervention cited in the agreement: – recapitalisation: – flexibility of financing: – business development; – working capital.

Business Marketing Department

In confirming its commitment to "Grow together with enterprises", the Business Marketing Department aims to strengthen the Group's leadership of the business segment by leveraging its close relationships with customers and the Group's specialist skills.

Loans

In collaboration with Eurofidi, the "Crescita 60 - 2010", loan launched, devoted exclusively to business and small business customers belonging to Eurofidi. These loans, which have terms of up to 60 months, are intended for investments in property, plant and equipment, intangible assets and other financing needs, and will be guaranteed up to 80% with a cap of 4% of the guaranteed loan portfolio under a specifically negotiated agreement.
The short-term loan SME Guarantee Fund also became available at the end of the quarter. The Guarantee Fund was instituted by Law 662/96 to foster access to credit by small and medium enterprises through the provision of a public guarantee and functions as follows: "direct guarantee", "counter-guarantee" and "co-guarantee" (the latter two of which are primarily used by credit guarantee consortia). The new product, which expands the catalogue of loans backed by guarantees under Law 662/96, in addition to the previously established medium-/long-term loan, is aimed at business and small business customers operating in the sectors identified by the Fund as in need of short-term financing.

Internationalisation

The Business Internationalisation Service supports commercial coordination and assistance for traditional foreign trade and cash management transactions handled by the Business Marketing Department. The Service was created as part of the Global Services Department of the Corporate and Investment Banking Division with the aim of providing branches and foreign trade specialists at the Banca dei Territori Division with a point of contact in defining structured services in support of productive investment and foreign commercial penetration projects. The Service also assists customers with: scouting foreign markets, structured exports, planning and/or executing direct foreign investment and managing foreign associates. The goal is to satisfy the needs of business customers that intend to extend their operations into new countries using their own production and commercial structures, through outsourcing agreements, the forging of new commercial relationships or the expansion of existing relationships.

Agreements

As part of the national agreement "Crescere insieme alle imprese" signed on 3 July 2009 by Intesa Sanpaolo and Confindustria, in February 2010 the Bank restored the credit limit of 5 billion euro for small and medium enterprises following the use of nearly 2 billion euro.
The following local agreements were signed in the first three months of 2010:

- an agreement with an association of Roman entrepreneurs and enterprises to promote measures aimed at ensuring the influx of credit to the productive system in the city and province of Roma, by providing SMEs with 300 million euro in new loans;
- in the Lombardia Region, the Con Fiducia project, the product of an agreement with Regione Lombardia, the Sistema Camerale Lombardo (Association of Chambers of Commerce of Lombardia), and Federfidi Lombardia, calling for extraordinary measures aimed at fostering the access to credit of SMEs based in Lombardia through the reinforcement of the guarantees provided by the credit guarantee consortia belonging to Federfidi;
- in the Piemonte Region, an agreement with Finpiemonte for the management of the Guarantee Fund in support of companies with more than 250 employees, intended to support the granting of loans to large enterprises based in the region. The agreement calls for the provision of a bank guarantee by the Piemonte Region through Finpiemonte, drawn on the Rotating Fund, to cover 50% of the loan granted by Intesa Sanpaolo for new loans or the structuring of outstanding loans.

Intesa Sanpaolo also pursued its policy of reaching partnership agreements with convention groups launched in 2009 with Fiera Milano, Pitti Immagine and Lingotto Fiere. In the first quarter of 2010, an agreement was signed with Rimini Fiera and Bologna Fiere to foster the participation of enterprises in convention events at the exposition centres in Rimini, Bologna, Modena and Ferrara. The agreement calls for two types of short-term loans with a maximum term of 12 months, from a minimum of 5,000 euro to a maximum of 250,000 euro to be used to cover the costs of renting exposition spaces and expenses associated with promoting conventions.

Intesa Sanpaolo Private Banking

In the first quarter of 2010, private banking operations proceeded in accordance with the strategic guidelines identified in the second part of 2009, which consist of innovating commercial offerings, focusing commercial action on asset management and the development of synergies, and optimising the distribution structure and service model.
In terms of innovation in products and services, planning activity continued for DepoTop, and its main features were determined. The product is planned for launch in the second half of the year. At the same time, the Active Advisor service for top clients continued to be analysed and implemented. The service is also expected to become available in the second

half of 2010. The first equity component accumulation fund was launched, allowing customers with prudent risk profiles to be introduced to this asset class as well. The distribution of certificates focused on the search for innovative formulae.
Marketing measures focused on three lines of action: the development of new relationships with customers; changes to the product mix, particularly managed products; and commercial synergies with businesses ("Imprese – Banca Private" project) and Corporate ("Modello di Business Integrato Private e Corporate" project).
In terms of the optimisation of the distribution structure and service model, the first quarter witnessed the continuation of the process of integrating the Group's private networks. In detail, the integration of the private unit of Banca di Trento e Bolzano was completed and an analysis aimed at achieving the organisational integration of the private banking unit of CR Firenze continued. Innovation and improvement of the service model were especially intensive. Finally, communication activity continued in the form of the organisation of events of high standing that met with considerable customer participation and a high level of appreciation.

Product companies

In the first quarter of 2010, Mediocredito Italiano disbursed 474 million euro in loans, marking an increase of approximately 20% compared to the same period of the previous year. The process of activating the "marketing focus" on the service model employed by Mediocredito Italiano is in the final stages. The programme, which is aimed at focusing networks' marketing activity by sharing targets, initiatives and results at all levels of the hierarchy, was tested last year with the Regional Management for Piemonte, Liguria and Valle d'Aosta. Innovation also continued in relation to Nova+, the product in support of companies that invest in research and innovation. During the first three months of the year, the product yielded over 80 million euro in new financing applications, of which over 70 million euro has already been approved or disbursed. The transactions guaranteed by the SME Guarantee Fund, which Mediocredito expanded considerably within the Group beginning last year, also showed significant growth. During the first quarter, more than 100 loan applications were received for over 90 million euro, compared to 95 transactions for a total of 91 million euro received in 2009.
In the first quarter of 2010, Mediocredito Italiano reported an operating margin of 36 million euro, down on the first three months of 2009 (-17.5%), primarily owing to lower net interest income.

Consumer credit activities are carried out through Moneta. During the first quarter of 2010, 393 million euro in loans was disbursed, down 14.4% compared to the same period of 2009. In detail, the segments Credit Cards, Assignment of One-fifth of Pension/Salary and Personal Loans showed volume decreases of 32.4%, 5.8% and 15.4%, respectively. The operating margin stood at 13 million euro, in line with the first three months of the previous year.

Setefi, which specialises in managing electronic payment systems and is wholly owned by Moneta, recorded a significant increase in operating margin in the first quarter of 2010 compared to the same period of 2009 (from 16 to 30 million euro), linked to the increase in operations in terms of credit cards issued, transaction volumes and the number of POS installed.

Banca Prossima

Banca Prossima operates in the non-profit sector through 52 local branches and 115 specialists distributed throughout Italy. In the first quarter of 2010, in order to further reinforce its role as the bank of choice for the non-profit sector, new products, services and initiatives aimed at meeting the most pressing needs of non-profit firms were created. To coincide with the initiation of the nomination period for candidates eligible to receive donations via income tax returns in 2010, Banca Prossima launched "Tutto 5x1.000 – campagna", a loan that supports an organisation beginning with the planning stage of its fund-raising campaign. The new product, which takes its place alongside "Tutto 5x1.000 – quote" and "Tutto 5x1.000 – scelte", began to be marketed in April. A preview was also given of the "Terzo Valore" platform, through which private citizens may contribute financially to a non-profit project.

Insurance and pension companies

As part of a project aimed at rationalising the Group's bancassurance activities that was approved in 2009 and is to result in a single company serving the Group's banking networks and a life-insurance company serving the financial advisors of Banca Fideuram, the Supervisory Authorities approved the incorporation of Compagnia Fideuram Vita in March. The contribution of the "advisors" portfolio by EurizonVita entered into effect on 1 May.
During the first quarter of 2010, EurizonVita reported income before tax from continuing operations of 99 million euro, up compared to 35 million euro in the same period of the previous year, primarily owing to the positive performance of the financial management of traditional products and assets. The investment portfolio amounted to 40,270 million euro, while the insurance policies portfolio amounted to 38,723 million euro, including 21,429 million euro from financial unit- and index-linked policies. In the first quarter of 2010, EurizonVita recorded gross life and non-life premiums underwritten (for both insurance products and policies with investment content) for 2,060 million euro, more than double the level

reported in the first three months of 2009. New life business (including pension policies) amounted to 1,862 million euro, compared to 661 million euro in the same period of 2009.
The income before tax from continuing operations of Sud Polo Vita came to 19 million euro compared to 3 million euro in the first three months of 2009 owing to the increase in the income from the insurance business attributable to the improvement in financial management.
Centrovita Assicurazioni reported income before tax from continuing operations of 15 million euro, up considerably compared to the first quarter of the previous year, when a loss was registered, owing to the strong performance of financial management.
Intesa Vita (consolidated according to the equity method) provided a contribution to the consolidated income statement of 10 million euro, marking a significant improvement compared to the same period of 2009 owing to the growth of new insurance business and the improvement in financial management.
As at 31 March 2010, the value of the assets managed by Intesa Previdenza came to 1,872 million euro, up 3.1% since the beginning of the year. Net inflows were reported in the first quarter of 2010 owing primarily to the contributions made by open-ended pension funds, which represent approximately 55% of total assets under management. At the end of the first quarter, Intesa Previdenza had over 243,000 pension positions under management, more than one-half of which are attributable to administration mandates granted by third parties.

Corporate and Investment Banking

(millions of euro)

Income statement/Alternative performance indicators	31.03.2010	31.03.2009	Changes	
			amount	%
Net interest income	467	474	-7	-1.5
Dividends and profits (losses) on investments carried at equity	-12	-8	4	50.0
Net fee and commission income	244	197	47	23.9
Profits (Losses) on trading	246	92	154	
Income from insurance business	-	-	-	-
Other operating income (expenses)	7	11	-4	-36.4
Operating income	**952**	**766**	**186**	**24.3**
Personnel expenses	-94	-98	-4	-4.1
Other administrative expenses	-112	-116	-4	-3.4
Adjustments to property, equipment and intangible assets	-2	-2	-	-
Operating costs	**-208**	**-216**	**-8**	**-3.7**
Operating margin	**744**	**550**	**194**	**35.3**
Goodwill impairment	-	-1	-1	
Net provisions for risks and charges	-1	-4	-3	-75.0
Net adjustments to loans	-101	-192	-91	-47.4
Net impairment losses on other assets	-3	-1	2	
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**639**	**352**	**287**	**81.5**
Taxes on income from continuing operations	-219	-133	86	64.7
Merger and restructuring-related charges (net of tax)	-2	-4	-2	-50.0
Effect of purchase price allocation (net of tax)	-	-	-	-
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**418**	**215**	**203**	**94.4**
Allocated capital	8,026	8,363	-337	-4.0
Profitability ratios (%)				
Cost / Income ratio	21.8	28.2	-6.4	-22.7
ROE annualised	21.1	10.4	10.7	
EVA® (millions of euro)	218	17	201	

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Loans to customers	105,376	107,616	-2,240	-2.1
Direct customer deposits	100,338	94,900	5,438	5.7
of which: due to customers	*36,015*	*31,650*	*4,365*	*13.8*
securities issued	*62,024*	*60,025*	*1,999*	*3.3*
financial liabilities designated at fair value through profit and loss	*2,299*	*3,225*	*-926*	*-28.7*

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

In the first quarter of 2010, the Corporate and Investment Banking Division earned 952 million euro in operating income (representing 22.5% of the Group's consolidated figure), up 24.3% compared to the same period of 2009 owing to the excellent performance of profits on trading and the strong results of net fees and commissions. In detail, net interest income amounted to 467 million euro, down 1.5% owing to the reduction in average loan volumes, only partially offset by the increase in the mark-up, which benefited from loan repricing policies correlated with the greater risk generated in previous years. Net fee and commission income amounted to 244 million euro, up 23.9% due both to the investment banking segment and the commercial banking operations developed on Italian and international corporate relationships. Profits on trading amounted to 246 million euro, up 154 million euro on the first quarter of 2009 due chiefly to effective management of the proprietary portfolio and capital markets operations, which succeeded in exploiting market opportunities in a highly volatile market scenario. Operating costs stood at 208 million euro, down 3.7% compared to the corresponding period of the previous year. As a result of the uptrend in revenues and the containment of costs, the operating margin, amounting to 744 million euro, recorded a 35.3% increase. Income before taxes from continuing operations was 639 million euro (+81.5%), benefiting from a significant decrease in adjustments to loans (-47.4%). Lastly, net income recorded a similar result, 418 million euro, nearly double that of the same period of 2009.

At the quarterly level, the first quarter of 2010 showed an increase in operating income compared to the fourth quarter of 2009 (+5.9%) owing to the uptrend in profits on trading, attributable to the sharp recovery in capital markets operations, which more than offset the decline in net interest income and fees and commissions. The increase in revenue, along with cost savings and a reduction in adjustments and provisions, resulted in an increase in income before tax from continuing operations of nearly 51% and an increase in net income of more than 19%.

The Division absorbed 35% of the Group's capital, a level essentially stable compared to the first quarter of 2009. In absolute terms, capital decreased, owing in particular to lesser credit risks associated with the decline in on-balance sheet loans to mid-corporate and international corporate borrowers. Conversely, market risks increased slightly. The sector performance was reflected in a sharp rise in annualised ROE, which more than doubled from 10.4% to 21.1%. EVA® came to 218 million euro, up significantly on the corresponding period of 2009.

The cost/income ratio of 21.8% represents a 6 percentage point improvement compared to the first three months of 2009.

The Division's intermediated volumes showed growth compared to the end of December 2009 (+1.6%). This development was due to the strong performance of funding (+5.7%), which benefited from the increase in the placement of bonds and repurchase agreements transactions by Banca IMI. Conversely, loans to customers fell (-2.1%), penalised chiefly by the decline in draw-downs by large and international corporate and mid-corporate customers.

Business	Corporate and Investment banking, in Italy and abroad
Mission	To act as a global partner in supporting companies and financial institutions in achieving balanced, sustainable growth, including at the international level, through a specialised network of branches, representation offices and subsidiaries that engage in corporate banking operations
Organisational structure	
Large and International Corporate	The unit is charged with managing relationships with Italian and international large corporate customers (large groups)
Mid Corporate Italy	The Department is responsible for handling companies with turnover in excess of 150 million euro
Global Services	The Department is responsible for international branches, representation offices and corporate firms and provides specialist assistance in support of the internationalisation of Italian firms and the development of exports, the management and development of relations with financial institution counterparties on emerging markets, the promotion and development of cash management instruments and trade services
Financial Institutions	The Department 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
Merchant Banking	The Department operates in the private-equity segment, including through its subsidiaries
Structured Finance	It is responsible for creating structured finance products through Banca IMI
Proprietary Trading	The Service is 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
Investment Banking, Capital Market and primary market	The scope of the Division also includes the M&A and advisory, capital markets and primary markets (equity and debt capital market) performed by Banca IMI
Factoring and Leasing	Factoring activities are overseen by Mediofactoring and leasing activities by Leasint and Centro Leasing
Distribution structure	The Division draws on 55 domestic branches. At the international level, the Corporate and Investment Banking Division operates in 34 countries in support of the cross-border operations of its customers through a specialised network of branches, representation offices and subsidiaries that engage in corporate banking activity

Large and International Corporate and Mid-Corporate Italy

In the first quarter of 2010, in a scenario characterised by a decrease in loans granted at the industry level, Intesa Sanpaolo favoured medium-/long-term facilities and preferred long-term projects of greater scope. The tendency for large and international corporate customers to reduce their use of lines of credit is attributable to the signs of an economic recovery that have allowed them to draw on alternative sources of financing, such as the launch of new bond issues, thereby effectively limiting their need to use bank credit. Constant attention to risk and balanced loan development policy allowed for a stable share of wallet, with particularly strong performances in the large foreign multinationals segment. The current economic situation, which is not favourable to extraordinary transactions, has influenced the development of structured

finance and investment banking transactions: 10 deals were closed in the mid-corporate segment in the first three months of 2010 compared to 15 in the same period of 2009.
The initiatives launched during the quarter include: the inception of a pilot programme to assess the competitive positions of mid-corporate firms with the aim of allowing managers to use a qualitative and quantitative analysis model to identify the marketing actions most appropriate to each company; and the implementation of the "Start-Up Initiative", the first platform in Italy devoted to companies that innovate, aimed at bringing them into contact with those who provide financing, thereby fostering investments and business combinations and reducing the costs and timeframe of innovative research and development processes. The cooperative project between the Corporate and Investment Banking Division and Banca dei Territori Division also continued with the aim of sharing offerings that foster cross-selling and up-selling towards the business segment in factoring, investment banking, leasing, trade finance and capital markets.

Global Services

The Global Services Department directly covers 34 countries through 16 wholesale branches, 20 representative offices, 3 subsidiary banks and one advisory firm. In the first quarter of 2010, international coverage was pursued by fostering the internationalisation of Italian firms and building relationships with major multinationals with the support of the Group's international network, based on a model for managing international network customers that is consistent throughout the Group's international network. An international development project is currently in the implementation stages. This project is aimed at achieving entry into international markets and pursues the objective of defining, for each customer segment, the potentially most interesting countries from a commercial standpoint, the most appropriate products, the most easily reachable customers, priority sectors and the levels of ambition for each geographical area. Following on the success of the pilot programme for the corporate customers of Intesa Sanpaolo Bank Romania, the process of extending the client-driven relationship model to the other banks in the International Subsidiary Banks Division continued. Furthermore, the SEPA, PSD, ISPay.Hub and Financial Value Chain projects continued as part of the Payment Systems Assessment Programme.
The Department is responsible for:
- Société Européenne de Banque, which reported net income of 22 million euro in the first quarter of 2010, an increase of 28% compared to the same period of 2009, benefiting from greater revenue (+23.3%) owing primarily to lower losses on trading, which more than offset the slight growth in operating costs;
- Intesa Sanpaolo Bank Ireland, which closed the quarter with a net income of 26 million euro, nearly triple the result for the first three months of the previous year, owing to the significant increase in operating income, driven by profits on trading (+13 million euro) and the growth of net interest income.

Financial Institutions

During the first quarter of 2010, the marketing efforts of the Financial Institutions Department were focused on maintaining stable profitability on maturing transactions, selectively identifying reliable new counterparties and optimising existing loans and investments in both traditional form and bond investments with a view towards cross-selling. Within the Transaction Services segment, the process of consolidating cash-clearing operations with the Parent company and the acquisition of new customers through the offer of services "at value" both continued. However, the slowdown in the macroeconomic scenario, which led to a reduction in both domestic and cross-border trade and financial exchange, did not have a significant impact on the revenue generated by traditional collection and payment operations, which remained unchanged compared to the first quarter of 2009. The entry into force on 1 March of the European PSD (Payment Services Directive) legislation required a bilateral revision of conditions with major European counterparties and the introduction of a fee for the intermediation of payments made within the scope of the PSD. Euro-clearing services also continued to be offered to banks based in several emerging countries. Finally, a project is currently under study within the Corporate and Investment Banking Division with the aim of identifying possible synergies with international financial institutions, diversifying risk from a geographical standpoint and extending the skills developed by the product factories to a wider customer base.

Merchant Banking

During the first quarter of 2010, Intesa Sanpaolo, through its Merchant Banking Department, participated in the project promoted by the Ministry for the Economy and Finance, to which Cassa Depositi e Prestiti, UniCredit Group, Banca Monte dei Paschi di Siena, the Italian Banking Association and Confindustria have also pledged their support, involving the launch of the "Fondo Italiano di Investimento per le Piccole e Medie Imprese". The initiative aims to support, at market conditions, the development of companies with growth ambitions and to generate, in the medium term, a significant nucleus of "medium national champions" with sufficient capitalisation to face the challenges of international competitiveness.
The Merchant Banking Department subscribed a 14.29% interest in the management company, incorporated in March, which will be responsible for managing the Fund, planned to have initial assets of 1 billion euro, proportionally guaranteed by the three promoting banks and Cassa Depositi e Prestiti, with the possibility of including other qualified investors until the maximum limit of 3 billion euro is reached. The Fund, which in addition to direct investment may acquire units of other

closed-ended private equity funds having the same purposes, is planned to be launched as early as the second half of the year, as soon as the required authorisations are obtained from the Bank of Italy. As at 31 March 2010, the portfolio held by the Merchant Banking Department, directly and through subsidiaries, amounted to 2.8 billion euro, of which 2.5 billion euro was invested in companies and 0.3 billion euro in private equity funds.

Structured Finance

In the first quarter of 2010, the leverage and acquisition finance segment witnessed the completion by Banca IMI of the structuring and disbursement of credit facilities to the Coin Group, Prime European Therapeuticals and the private equity fund KKR.
In the project and industry specialised lending business, credit facilities were provided to Synerail to develop a mobile telephone network dedicated to serving the French railway network and to Planta de Regasificacion de Sagunto to expand a regasification plant. Mandates, to which effect is to be given later in 2010, were acquired for credit facilities intended for the construction of photovoltaic plants in Italy and in support of an acquisition of hydrocarbons in Egypt. In collaboration with the International Subsidiary Banks Division, Banca IMI contributed to the origination and structuring of credit facilities in support of strategic gas storage facilities in Hungary and Spain and of motorways in France and Slovakia. In addition, mandates were acquired for a hydrocarbon drilling and extraction facility in Norway, infrastructure for collecting tolls from heavy vehicles in France, a football stadium in Nice, video surveillance infrastructure in Paris and, lastly, a power plant in Saudi Arabia.
In the real-estate sector, credit facilities were provided in support of the acquisition of an area located in Casalboccone (Roma). In addition, advisory services were provided to several real-estate companies with the aim of optimising their assets and, specifically, to Franza for two luxury hotels in Taormina and Redigaffi for the real-estate fund Fondo Due.
In the syndication business, the Bank acted as global coordinator and/or mandated lead arranger and/or bookrunner for companies such as Telecom Italia, Farmafactoring and Prysmian. In addition, the Bank continued to acquire mandates for international transactions for firms such as Anheuser-Busch InBev, Philips Electronics NV, Gas Natural and Schneider Electric SA.
In the securitisation business, the Bank worked with other financial institutions to complete a securitisation programme for receivables arising from the manufacture and marketing of steel for the ArcelorMittal Group, and originated and structured hedging for the inaugural issue of the covered bond programme of Banco Popolare.
Lastly, in the loan agency sector, the first quarter of 2010 witnessed the acquisition of mandates for financing for Prime European Therapeutical (Euticals), Bonfiglioli Riduttori, Kiko and Telco.

Proprietary Trading

The first quarter of 2010 benefited from the improvement in market conditions. Structured credit products showed improved results owing to the positive impact of both unfunded positions (including unfunded super senior CDOs) and funded positions. From an asset standpoint, the Bank was able to intensify its portfolio reduction strategy through the disposal on the market of funded positions and the early unwinding of unfunded positions and the acquisition of the underlying securities reclassified to the loan portfolio. This policy did not modify the risk profile.
The hedge fund portfolio showed movement in the first quarter through both the management of pre-existing units and new acquisitions: the hedge fund portfolio as at 31 March 2010 totalled 780 million euro, compared to the 740 million euro recorded at the end of December 2009. The strongest positive performances are attributable to investments that, in accordance with the Group's strategic asset allocation guidelines, allow the Bank to exploit the distressed credit opportunities presented by the markets.

Investment Banking, Capital Market and primary market

In the first quarter of 2010, Banca IMI acted as joint bookrunner for the ABO (accelerated bookbuilding offer) by Prysmian, handled the placement on the alternative market of the capital of the firm Rosetti Marino and served as guarantor for capital increases by Safilo and UniCredit. The Bank also acted as lead manager in the forthcoming capital increase by Prudential Plc and was named global coordinator for the upcoming IPOs by Banca Fideuram, Kos and Giochi Preziosi. Banca IMI confirmed its position in the takeover bid/delisting segment, in which it oversaw the takeover bids for Permasteelisa and Bouty Healthcare stock in the capacity of intermediary charged with the coordination of acceptances and financial advisor to the bidder. At the end of March 2010, Banca IMI was specialist or corporate broker for 32 companies quoted on the Italian market, thereby confirming its leadership in this market segment.
Although the volume of bonds issued in Europe declined compared to the same period of 2009, Banca IMI completed a total of 31 issues compared to 24 in the first quarter of the previous year. In the financial institutions sector, it served as joint lead manager and bookrunner for the issue of three-year notes by RCI Banque and the covered bonds of Société Générale. Turning to Italian issuers, it was bookrunner for the new issues by Banca Marche, Ubi Banca, the senior bonds of Intesa Sanpaolo and the issue of 12-year notes in pounds by Intesa Sanpaolo. The new corporate bond issues segment was also especially active: the Bank acted as bookrunner for Italcementi, Edison, Acea, Telecom Italia and, outside Italy,

Vodafone. The placement of the Mediaset bond, which, after Campari, was the second unrated Italian corporate bond to approach the international debt capital market, and the coordination of the placement syndicate for the public bond offering by Enel (3 billion euro) should also be mentioned. For the retail customers of the Intesa Sanpaolo Group's networks, Banca IMI's operations focused primarily on organising its own issues, but also those of third-party banks such as DNB Nor, Nordea Bank and Commonwealth Bank of Australia. Distribution activity also involved important networks external to the Group (such as Banca Popolare di Milano, Ubi, Banco Popolare and Banca Generali) for a total amount placed of over 1.1 billion euro on medium-/long-term maturities.
In M&A activity, despite the decline in the segment in both Italy and Europe, Banca IMI achieved positive results owing to the closing of various transactions such as Safilo in the luxury sector, within the restructuring process that culminated in the acquisition of a stake in the company by the Dutch HAL group, a consortium of financial investors for the acquisition of Esaote in the pharmaceutical sector and Iride in the energy and utilities sector, in connection with the merger with Enìa. In the industrial sector, it aided Metasystem Group with the sale of a majority interest in Octotelematics and Finaval Holding with the acquisition of Perazzoli Drilling. In addition, it continued to advise Alitalia. In the financial institutions segment, the Bank continued to support Fondazione Cassa di Risparmio di Lucca in negotiations concerning the revision of its partnership with Banco Popolare.

Factoring and Leasing

Mediofactoring had a turnover of 6.5 billion euro as at 31 March 2010, an approximately 8% increase on an annual basis, allowing it to remain the number one domestic factoring provider. This performance may be attributed to transactions with recourse (+35%) and, to a lesser extent, without recourse (+2.9%). Both outstanding receivables and loans decreased (by 8.6% and 12.8%, respectively) compared to the beginning of the year owing to the seasonal nature of the business. The operating margin amounted to 31 million euro, up 2.6% due to the slight increase in operating income (+0.5%) and the decline in operating costs (-6%). Net income came to 13 million euro, down 16.8%, penalised by greater adjustments to loans.

Through Leasint, Centro Leasing and Neos Finance, Intesa Sanpaolo is the number-one leasing provider on the Italian market with a share of 18.9%.
In the first quarter of 2010, Leasint entered into nearly 2,800 new contracts, for a total amount of over 700 million euro (+31.7% compared to the first quarter of 2009). All segments of its portfolio recovered compared to the same period of 2009. The composition of the portfolio was influenced by the significant development of Leasenergy, the product devoted to power generation attributable to the Instrumental and Property segments, which represent 28% of the total portfolio. Net income, as market conditions remained difficult, amounted to 11 million euro, down 16% compared to the first quarter of 2009 due to lower revenues (-2.7%) and higher net adjustments to loans (+3.6%).
In the first three months of the year, Centro Leasing, the Banca CR Firenze group company that has been included in the business line since the beginning of 2010, reported a net loss of 0.8 million euro compared to an essential break-even in the first quarter of 2009, owing to greater adjustments to loans (+25.3%), which more than offset the strong performance of operating income (+4.3%), attributable to the growth of net interest income and a reduction in costs (-13.5%).

Public Finance

(millions of euro)

Income statement/Alternative performance indicators	31.03.2010	31.03.2009	Changes	
			amount	%
Net interest income	72	111	-39	-35.1
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	14	9	5	55.6
Profits (Losses) on trading	-13	-10	3	30.0
Income from insurance business	-	-	-	-
Other operating income (expenses)	2	2	-	-
Operating income	**75**	**112**	**-37**	**-33.0**
Personnel expenses	-10	-9	1	11.1
Other administrative expenses	-10	-11	-1	-9.1
Adjustments to property, equipment and intangible assets	-	-	-	-
Operating costs	**-20**	**-20**	**-**	**-**
Operating margin	**55**	**92**	**-37**	**-40.2**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-	1	-1	
Net adjustments to loans	-6	-4	2	50.0
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	-	-	-	-
Income (Loss) before tax from continuing operations	**49**	**89**	**-40**	**-44.9**
Taxes on income from continuing operations	-20	-36	-16	-44.4
Merger and restructuring-related charges (net of tax)	-	-	-	-
Effect of purchase price allocation (net of tax)	-	-1	-1	
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**29**	**52**	**-23**	**-44.2**
Allocated capital	1,010	934	76	8.1
Profitability ratios (%)				
Cost / Income ratio	26.7	17.9	8.8	49.2
ROE annualised	11.6	22.6	-10.9	-48.4
EVA® (millions of euro)	4	30	-26	-86.7

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Loans to customers	41,948	41,186	762	1.9
Direct customer deposits	6,101	6,461	-360	-5.6
of which: due to customers	*4,498*	*4,846*	*-348*	*-7.2*
securities issued	*1,603*	*1,615*	*-12*	*-0.7*

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

The results of the Public Finance Department in the first quarter of 2010 show a reduction in revenues and net income, driven largely by the gradual normalisation of market interest rate trends that had already begun in the second half of the previous year, and only partially mitigated by the increase in business with customers that was reflected mainly in commission income.
Operating income amounted to 75 million euro, down 33% compared to the first quarter of 2009, due to the following factors: net interest income of 72 million euro, marking a decline of 35.1% compared to the same period of 2009, following the contraction in spreads that in the first quarter of 2009 had benefited from the liquidity characteristics of assets in a scenario of a sharp decline in market rates; net fee and commission income of 14 million euro, up 55.6% owing to the effect of the up-front commissions earned on project finance transactions; and losses on trading of 13 million euro compared to 10 million euro in the first quarter of 2009 due to the decreases correlated with credit risk adjustment valuations. Average loans remained essentially stable (-0.5% including the securities component) on the basis of over 3 billion euro in new disbursements from March 2009 to March 2010 and an increase in mark-up (+4 BPs).

Operating costs amounted to 20 million euro, stable compared to same period of the previous year, reflecting effective cost containment measures. The cost/income ratio stood at 26.7% compared to 17.9% in the first three months of 2009. As a result of the above trends, operating margin was 55 million euro, down 40.2%. After lesser adjustments to loans, income before tax from continuing operations stood at 49 million euro, down 44.9% compared to the first quarter of 2009. Lastly, at 29 million euro, net income recorded a decrease of 44.2%.
On a quarterly level, operating income rose compared to the fourth quarter of 2009 owing to the increase in net interest income and net fee and commission income, which more than offset the greater loss on trading conditioned by the valuation effects of credit risk adjustment. Net income more than doubled compared to that reported in the fourth quarter of 2009 owing to lesser adjustments to loans.
Capital allocated amounted to 1,010 million euro, up from the first three months of 2009, due to the increase in credit risk associated with the increase in loans. Annualised ROE, which was affected by the change in profits, showed a decline from 22.6% to 11.6%. EVA® reached 4 million euro, down on the same period last year.
With regard to the main balance sheet figures, loans to customers stood at 41,948 million euro, up 1.9% since the beginning of the year, owing to the new business acquired during the quarter, which resulted in disbursements of over 800 million euro. Direct customer deposits amounted to 6,101 million euro, down 5.6%, essentially as a result of the lesser cash balances of customers' current accounts.

Business	Public Finance serves central governments, public entities, local authorities, universities, public utilities, general contractors, and public and private healthcare providers
Mission	To foster collaboration between the public and private sectors with the aim of supporting the creation of infrastructure and the modernisation of the public administration by pursuing international growth opportunities in countries of strategic interest to the Group through operations in six priority areas: – loans for infrastructure projects – support for the healthcare system, universities and scientific research – improvement of public utilities – support for the public administration's financial equilibrium – funding for urban and local development projects – introduction of innovative tools for effective management of the banking services used by public entities and government-owned companies
Distribution structure	18 branches in Italy and one branch abroad (London)

In the first quarter of 2010, with the aim of supporting and promoting the development of large infrastructure projects in Italy, Public Finance continued to advise on large motorway projects, such as the BreBeMi project (Brescia-Bergamo-Milano motorway), Pedemontana Lombarda, the Milano East outer ringroad and the Cremona-Mantova motorway. In addition, a short-term loan was granted for the construction of a segment of the Brescia-Verona-Vicenza-Padova motorway and structuring activity for financing for the road system in the regions of Umbria and Le Marche continued.
In support of healthcare services, universities and scientific research, for the first time in Italy a pool of banks launched a joint initiative with SACE to favour the efficiency of the healthcare system of the Region of Campania, entering into an agreement to factor receivables claimed by companies that act as suppliers to the public healthcare system. Within the pool, BIIS acted as assignee of the receivables, which will be guaranteed by SACE and are to be transferred beginning in the second half of the year. In addition, the unit factored without recourse the receivables claimed by contracted healthcare facilities from the Local Healthcare Authorities of the Region of Lazio: the transaction, coordinated by the Region through a centralised online system, is governed by specific regional resolutions and ensures fixed service certification times with predefined payments within a maximum of one year. Lastly, activity continued on projects aimed at renovating and revamping hospital facilities in Brescia and Sardegna under previously acquired mandates.
Public Finance's activity aimed at improving public services and utilities was especially intense in the transport sector: acting as arranger and agent bank in a pool with leading financial institutions, it granted financing to Ferrovie dello Stato (state railways) for the development of the Torino-Milano-Napoli high-speed line. An agreement was also signed with Sistemi Territoriali, a company owned by the Region of Veneto, to lease 23 railway coaches to be used in public transport for the region's commuters, in which the Bank also served as leader and agent for the pool of institutions that participated in the transaction.
A project involving the factoring of receivables claimed from the Lazio's municipalities by urban waste collection and disposal companies based in the region was launched with the aim of improving these firms' access to credit. The transaction takes the form of an initial advance against invoices under a without recourse receivables factoring agreement and a subsequent final payment of the price once the receivables are certified by the municipality in question, pursuant to a regional law that called for a guarantee fund managed by Banca Impresa Lazio to be created for this purpose. In the same field, the unit was involved in the securitisation of receivables claimed by Enel from municipalities and other public administrations.
In the low environmental footprint alternative energy sector, various projects were developed in the wind and solar power segment under the project financing scheme: two wind power parks in Calabria built by the Verona Gest Group and the Falck Group, for which the Bank acted as mandated lead arranger (MLA), and, in the second case, also as agent bank and custodian for a pool of participating financial institutions; a wind power park in Molise, built by the Alerion Group and

financed in a pool in the role of MLA, agent bank, custodian bank and coordinator; and, lastly, a photovoltaic plant in Puglia, built by the Global Solar Fund and financed in a pool in the capacity of MLA.
In order to provide support for the financial equilibrium of the public sector, disbursements continued for the funding of the long-term investment expenses of various local entities, such as the Provinces of Pesaro and Urbino, Pavia, and Brescia and the Municipalities of Roma, Monza, Como, Venezia and Verona, and disbursements were also made to defence systems suppliers as part of priority investment programmes for national defence subsidised by the government.
Urban and local development projects included the execution of a loan agreement, the mandate for which had already been acquired, aimed at building a parking area for the new Bergamo hospital. In support of transport infrastructure, a loan was granted to SAGAT, the company that manages Torino airport. In addition, activity continued on mandates acquired to structure financing for various projects such as tourist ports, parking areas and the revamping of the road network.
In the field of international public and infrastructure finance, disbursements continued for road and motorway projects in various European countries. In the water sector, a loan was granted to Abaqua (Agencia Balear del Agua y de la Calidad Ambiental), a Spanish firm that holds a government concession to provide integrated management of water service to the Autonomous Community of the Balearic Islands, and financing was provided to several local Spanish entities, including Comunidad Foral de Navarra and Comunidad de Madrid.

International Subsidiary Banks

(millions of euro)

Income statement/Alternative performance indicators	31.03.2010	31.03.2009	Changes	
			amount	%
Net interest income	401	353	48	13.6
Dividends and profits (losses) on investments carried at equity	1	-	1	-
Net fee and commission income	132	128	4	3.1
Profits (Losses) on trading	31	60	-29	-48.3
Income from insurance business	-	-	-	-
Other operating income (expenses)	-13	-6	7	
Operating income	**552**	**535**	**17**	**3.2**
Personnel expenses	-144	-146	-2	-1.4
Other administrative expenses	-102	-105	-3	-2.9
Adjustments to property, equipment and intangible assets	-34	-35	-1	-2.9
Operating costs	**-280**	**-286**	**-6**	**-2.1**
Operating margin	**272**	**249**	**23**	**9.2**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	5	11	-6	-54.5
Net adjustments to loans	-137	-156	-19	-12.2
Net impairment losses on other assets	-	-	-	-
Profits (Losses) on investments held to maturity and on other investments	1	1	-	-
Income (Loss) before tax from continuing operations	**141**	**105**	**36**	**34.3**
Taxes on income from continuing operations	-28	-19	9	47.4
Merger and restructuring-related charges (net of tax)	-	-	-	-
Effect of purchase price allocation (net of tax)	-	-	-	-
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**113**	**86**	**27**	**31.4**
Allocated capital	2,046	1,997	49	2.5
Profitability ratios (%)				
Cost / Income ratio	50.7	53.5	-2.8	-5.2
ROE annualised	22.4	17.5	4.9	28.2
EVA® (millions of euro)	48	18	30	

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Loans to customers	30,002	29,644	358	1.2
Direct customer deposits	29,457	28,564	893	3.1
of which: due to customers	*27,448*	*26,694*	*754*	*2.8*
securities issued	*2,009*	*1,870*	*139*	*7.4*

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

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.
Effective the beginning of the year, the Division's scope includes the Russian bank ZAO Banca Intesa, previously classified to the Global Services Department of the Corporate and Investment Banking Division, which merged with KMB Bank effective 1 January 2010 to create Banca Intesa Russia.
On 31 March the associates ISP Card and Centurion, which operate in the credit card business, were merged.
In the first quarter of 2010, the Division's operating income was up 3.2% compared to the same period of the previous year to 552 million euro. A detailed analysis shows that net interest income came to 401 million euro, marking an increase on the 353 million euro in the first three months of 2009, owing chiefly to CIB Bank (+32 million) and Banca Intesa Russia (+14 million euro). Net fee and commission income showed an increase of 3.1%, ascribable largely to VUB Banka (+3 million euro) and Banca Intesa Beograd (+1 million euro). Conversely, profits on trading, 31 million euro, showed a

decline compared to the same period of 2009 (-48.3%), primarily due to the lesser contributions by CIB Bank (-29 million euro) and Privredna Banka Zagreb (-3 million euro), which more than offset the positive contributions of Banka Koper (+4 million euro) and Bank of Alexandria (+2 million euro).
Operating costs amounted to 280 million euro, down 2.1% compared to the first three months of the previous year. Owing to these revenue and cost trends, the operating margin was 272 million euro, up 9.2%. Income before tax from continuing operations of 141 million euro was up 34.3%, benefiting from the reduction in net adjustments to loans, which fell from 156 to 137 million euro, and lesser provisions for risks and charges. The Division closed the first quarter of 2010 with a net income of 113 million euro, up 31.4% compared to the same period in 2009.
Allocated capital, which makes up 9% of the Group's capital, amounted to 2,046 million euro, up on the level recorded in the same period of the previous year. The strong earnings performance resulted in an increase in annualised ROE to 22.4% (from 17.5% in the first three months of 2009). Value creation, expressed in terms of EVA®, came to 48 million euro compared to 18 million euro in the first quarter of 2009.

Business	It is responsible for the Group's operations on the international markets through commercial bank subsidiaries and associates
Mission	Guidance, coordination and support for international subsidiaries, which engage primarily in retail banking operations. The Division is responsible for setting the Group's strategic development guidelines in terms of its direct presence on international markets, involving systematic exploration and analysis of new growth opportunities on markets already served and new markets, the coordination of international subsidiary banks' operations and the management of the relationships between international subsidiary banks and the Parent company's central units and the branches and other foreign offices of the Corporate and Investment Banking Division
Organisational structure	
South-Eastern Europe	Presence in Albania, Bosnia-Herzegovina, Croatia, Romania and Serbia
Central-Eastern Europe	Presence in Slovakia, Slovenia and Hungary
Commonwealth of Independent States & South Mediterranean	Presence in Egypt, the Russian Federation and Ukraine
Distribution structure	1,824 branches in 13 countries

South-Eastern Europe

In the first quarter of 2010, the operating income of the Privredna Banka Zagreb group, including ISP Card, amounted to 111 million euro (+0.4% compared to the same period of the previous year). This performance is attributable to the growth of net interest income (+7.5%), almost entirely absorbed by the contraction in profits (losses) on trading (-27.8%) attributable to foreign exchange losses. Operating costs decreased 0.3%, totalling 57 million euro, as a result of the reduction in personnel expenses and amortisation and depreciation. These trends yielded an operating margin of 54 million euro, up 1.1% compared to the first three months of 2009. Net income of 31 million euro was also up (+4.4%).

Banca Intesa Beograd reported an operating margin of 35 million euro, up 15.4% on the first quarter of 2009 (net of the exchange-rate effect, the increase came to approximately 21%). Operating income rose 7.4%, primarily due to the positive performances of net interest income (+9.2%) and net fee and commission income (+8.4%). Operating costs decreased (3.6%), due in particular to personnel expenses (-5.1%). Net income amounted to 19 million euro, compared to 14 million euro for the same period in the previous year.

Intesa Sanpaolo Banka Bosna i Hercegovina closed the first quarter of 2010 with an operating margin of 2.4 million euro, twice that for the first three months of 2009. The increase is due to higher revenues (+29.1%), which in turn were mainly attributable to the contribution of net interest income (due to the lesser cost of funding) and profits on trading. Operating costs rose by 8.6% due to the increase in administrative expenses and amortisation and depreciation. Net income was 0.9 million euro, up on the 0.2 million euro earned in the first quarter of 2009, despite greater net adjustments to loans owing to the deterioration of asset quality caused by the economic crisis.

Intesa Sanpaolo Bank Albania posted an operating margin of 5.5 million euro, up 16.2% on the corresponding period of the previous year. Revenues rose by 1.6% owing to the contributions of net interest income, in turn attributable to the strong performance of the securities segment and the lower cost of funding from banks, and of profits on trading, which benefited from greater foreign exchange operations. Operating costs fell 12.9% due to the sharp decrease in administrative expenses. After greater net adjustments to loans, net income was 3.2 million euro, up 2.6% compared to the first three months of 2009.

Intesa Sanpaolo Bank Romania posted an operating margin of 2.7 million euro, an 8.7% decrease on the same period of the previous year. Operating income rose (+1.2%) due to the development of net fee and commission income (+31.8%), especially on guarantees and loans, and of net interest income (+1.5%), which more than absorbed the negative performance of profits (losses) on trading (-17.7%). The increase in operating costs (+4.9%) is attributable to personnel expenses and greater amortisation of software and depreciation of machinery. The Bank closed the first quarter with a loss of 1.2 million euro, compared to a net income of like amount earned in the same period of 2009, penalised by the rise in net adjustments to loans due to the deterioration of the portfolio.

Central-Eastern Europe

Banka Koper, including Finor Leasing, reported operating income of 25 million euro, up 15% on the first quarter of 2009. The increase was driven by profits on trading (+3.7 million euro), which more than offset the decline in net interest income (-1.2%), which in turn was affected by a sharp fall in rates and net fee and commission income (-3.8%), especially on credit cards and payments. Operating costs were up 1.8%, mainly due to greater administrative expenses associated with IT maintenance. Net income stood at 7 million euro compared to 5 million euro in the first three months of 2009, despite the increase in net adjustments to loans.

The VUB Banka group achieved an operating margin of 62 million euro, up 2.2% compared to the first quarter of 2009, benefiting from lower operating costs (-7.8%), particularly administrative expenses, which more than offset the decline in operating income (-2.6%) attributable to the decrease in net interest income (-4.6%) and other operating income (-2.5 million euro). Despite the decrease in net adjustments to loans (-20.4%), the net income of 34 million euro was down 14.2% compared to the first quarter of 2009, which had benefited from the release of allowances for risks and charges following the positive resolution of a legal dispute.

The CIB Bank group recorded net operating income of 121 million euro, up slightly (+0.7%) on the first three months of 2009. This performance is largely ascribable to the growth of net interest income (+32 million euro), in turn mainly attributable to the positive component of hedging derivatives transactions. This amount was partially offset by the valuation component, included in profits (losses) on trading, which declined by 29 million euro. Net fee and commission income also decreased (-5.8%) due to its current accounts and loans components. Operating costs decreased by 1.9% owing to savings on personnel expenses. Net income was 4.8 million euro, up sharply from 0.5 million euro in the first quarter of last year, despite provisions for risks and charges recognised to account for disputes with the public administration.

Commonwealth of Independent States & South Mediterranean

Banca Intesa Russia closed out its income statement for the first quarter of 2010 with a net income of 4 million euro compared to a 17 million euro loss in the same period of the previous year. In detail, net income was driven by a rise in net interest income (+74.1%), owing to the positive spread arising from the decrease in the cost of funding, and by profits on trading (+37.8%), due to the greater profits earned on the mark-to-market valuation of the securities portfolio. Operating costs declined 3% due to the reduction in personnel and administrative expenses. Net adjustments to loans of 11 million euro were down 54.5% compared to the first quarter of 2009, when the loan portfolio deteriorated sharply in connection with the Russian market crisis.

The operating margin of Pravex Bank in the first quarter of 2010 was a negative 3 million euro (compared to a positive 3 million euro in the same period of 2009) due to a significant decrease in operating income (-45.7%) across nearly all components: net interest income (-65.1%), due to the effect of the reduction in the total spread and profits (losses) on trading (-39%), due to the contraction in operations with customers resulting from the change in the law governing transaction volumes enacted in late 2009. Operating costs decreased by 12.4% as a result of lower personnel and administrative expenses. Net adjustments to loans were 6 million euro, down 45.5% compared to the first three months of the previous year. Pravex Bank closed the first quarter with a net loss of 7 million euro, up 1 million euro compared to the same period of 2009.

Bank of Alexandria reported an operating margin of 26 million euro, up 9.3% compared to the first three months of 2009. Operating income increased 13.6%, driven by net interest income (+11.2%), which in turn benefited from the increase in average volumes with customers (+21.6% loans) and the spread, as well as by profits on trading (+86.5%), chiefly owing to higher dividends on mutual funds and profits on the sale of AFS securities. Operating costs increased 17.9% due to the expansion of all components. After the release of nearly 6 million euro from allowances for risks and charges associated with a previously held equity investment, net income came to 23 million euro compared to the 21 million euro earned in the same period of 2009.

Eurizon Capital

(millions of euro)

Income statement/Alternative performance indicators	31.03.2010	31.03.2009	Changes	
			amount	%
Net interest income	-	1	-1	
Dividends and profits (losses) on investments carried at equity	4	-	4	-
Net fee and commission income	62	59	3	5.1
Profits (Losses) on trading	1	2	-1	-50.0
Income from insurance business	-	-	-	-
Other operating income (expenses)	-	6	-6	
Operating income	**67**	**68**	**-1**	**-1.5**
Personnel expenses	-14	-13	1	7.7
Other administrative expenses	-20	-17	3	17.6
Adjustments to property, equipment and intangible assets	-	-	-	-
Operating costs	**-34**	**-30**	**4**	**13.3**
Operating margin	**33**	**38**	**-5**	**-13.2**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-	-	-	-
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	**33**	**38**	**-5**	**-13.2**
Taxes on income from continuing operations	-7	-11	-4	-36.4
Merger and restructuring-related charges (net of tax)	-	-	-	-
Effect of purchase price allocation (net of tax)	-10	-10	-	-
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**16**	**17**	**-1**	**-5.9**
Allocated capital	50	92	-42	-45.7
Profitability ratios (%)				
Cost / Income ratio	50.7	44.1	6.6	15.0
ROE annualised	129.8	74.9	54.8	73.2
EVA® (millions of euro)	24	25	-1	-4.0

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Assets under management	139,324	135,491	3,833	2.8

Figures restated where required by international accounting standards.

Overall, total assets managed by Eurizon Capital as at the end of March 2010 stood at 139.3 billion euro, up 2.8% since the beginning of the year, thanks to strong net inflows and the positive performance. Net inflows of 1.8 billion euro were driven by insurance products, which benefited from the placement of class I policies by Intesa Sanpaolo networks and the acquisition of a management mandate for the unit-linked policies of Centro Vita. Retail portfolio management schemes also yielded inflows, whereas mutual funds, hedge funds and institutional mandates showed outflows.
Eurizon Capital's share of the mutual fund market was 18.2% as at 31 March 2010, down from 18.7% at the end of December 2009. This performance is justified in part by the more defensive portfolio held by Eurizon Capital compared to the market average as equity markets rallied and in part by the abovementioned outflows from mutual funds.
Operating income of 67 million euro in the first quarter of 2010 fell 1.5% compared to the same period of 2009, primarily owing to the discontinuation of the extraordinary income that in the first quarter of 2009 was associated with the performance fees not paid to Caam SGR and, to a lesser extent, the downtrend in the interest margin and other financial income affected by the decline in market rates. These trends more than offset the recovery of fee and commission income (+5.1%) due to the rise in average assets under management and the contribution to net income by the subsidiary Penghua Fund Management Company Limited. Operating costs rose 13.3% in connection with the growth of outsourcing and consulting costs. Due to the revenue and cost performance described above, income before tax from continuing

operations stood at 33 million euro, down 13.2%. Eurizon Capital closed the first quarter with a net income of 16 million euro compared to 17 million euro in the same period of the previous year.
Absorbed capital was 50 million euro, nearly half the level of the first quarter of 2009, owing to the reduction in market risks arising from the change in the method whereby risk is calculated for UCITS funds. Annualised ROE remained at the high levels characteristic of the business unit, attributable to its limited absorption of capital compared to the huge volumes of assets managed by the company and placed by the Group's banking networks. EVA®, which measures value creation, remained essentially stable at 24 million euro.

Business	Asset management
Mission	To provide collective and individual asset management products to the Group's internal banking networks and develop its presence on the open market through specific distribution agreements with other networks and institutional investors
Organisational structure	
Eurizon Capital SGR	Specialised in asset management on behalf of both retail customers (mutual funds and portfolio management schemes) and institutional customers, to which it offers a wide range of specific investment products and services
Eurizon Capital SA (Lussemburgo)	Specialised in managing Luxembourg mutual funds with low tracking error
Eurizon A.I. SGR	Specialised in managing funds of hedge funds
Epsilon Associati SGR	Specialised in managing mutual funds using quantitative methods
Penghua Fund Management Company Limited	Chinese fund manager in which Eurizon capital SGR holds a 49% interest

Among events of corporate relevance in the first quarter of 2010, Eurizon Capital SGR exercised its call option to purchase a minority interest in Epsilon Associati SGR (6.25%) from Banca Popolare di Milano.

From the standpoint of the product line, the mutual funds segment witnessed the continuation of the placement of bond funds that call for a decreasing duration over the product's life. In the first quarter of 2010, the Luxembourg sub-fund "Obbligazioni Corporate 12-2014" was distributed as part of the fund "Eurizon Focus Riserva Doc" devoted to Banca dei Territori. The branch network of Intesa Sanpaolo Private Banking and extra captive distributors benefited from a new sub-fund of Eurizon Opportunità designated "Bond Selection 2015-1". The quarter also witnessed the launch of two new portfolio management schemes devoted to the personal customers of Banca dei Territori, "GP Linea Strategia Valore" and "GP Linea Strategia Valore Più", which feature a limit on exposure to the equity segment. Lastly, the "Private Solution" scheme was expanded to include a new component that invests in floating-rate bonds.

Banca Fideuram

(millions of euro)

Income statement/Alternative performance indicators	31.03.2010	31.03.2009	Changes	
			amount	%
Net interest income	28	43	-15	-34.9
Dividends and profits (losses) on investments carried at equity	-	-	-	-
Net fee and commission income	132	96	36	37.5
Profits (Losses) on trading	17	12	5	41.7
Income from insurance business	-	-	-	-
Other operating income (expenses)	-1	1	-2	
Operating income	**176**	**152**	**24**	**15.8**
Personnel expenses	-32	-32	-	-
Other administrative expenses	-43	-43	-	-
Adjustments to property, equipment and intangible assets	-5	-4	1	25.0
Operating costs	**-80**	**-79**	**1**	**1.3**
Operating margin	**96**	**73**	**23**	**31.5**
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-11	-11	-	-
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	**85**	**62**	**23**	**37.1**
Taxes on income from continuing operations	-21	-14	7	50.0
Merger and restructuring-related charges (net of tax)	-	-	-	-
Effect of purchase price allocation (net of tax)	-21	-21	-	-
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-	-	-	-
Net income	**43**	**27**	**16**	**59.3**
Allocated capital	282	287	-5	-1.7
Profitability ratios (%)				
Cost / Income ratio	45.5	52.0	-6.5	-12.5
ROE annualised	61.8	38.2	23.7	62.1
EVA® (millions of euro)	56	39	17	43.6

(millions of euro)

	31.03.2010	31.12.2009	Changes	
			amount	%
Assets under management	49,761	47,034	2,727	5.8

Figures restated where required by international accounting standards.

Assets under management amounted to 69.5 billion euro at the end of March 2010 (of which 49.8 billion euro in assets under management and 19.7 billion euro in assets under administration), up 2.5% since the beginning of the year owing to the strong asset performance and net inflows of 495 million euro (21 million euro in the first three months of 2009), part of which is attributable to the effects of Italy’s third tax amnesty. Repatriated or regularised assets amounted to approximately 299 million euro, and the new net inflows came to 173 million euro (of which 75 million euro associated with the 2009 amnesty and 98 million euro with the 2010 amnesty). In particular, net inflows of assets under management came to 1.5 billion euro, compared to net outflows of 242 million euro in the first quarter of 2009, benefiting from the positive performances of the mutual funds segment. Conversely, assets under administration had net outflows of 992 million euro, compared to net inflows of 263 million euro in the same period of the previous year. The figure benefited from the reallocation of customers’ assets from asset management products towards repurchase agreements, bonds and current accounts. The results of the first quarter of 2010 confirm that customers’ portfolios are currently being repositioned towards assets under management in order to take advantage of the opportunities offered by the recovery of capital markets.
The number of private bankers rose from 4,292 at the end of 2009 to 4,309 units as at 31 March 2010.

The operating margin for the first quarter of 2010 stood at 96 million euro, up 31.5% compared to the same period of 2009, driven by the development of operating income (+15.8%), while operating costs remained essentially stable. In detail, the performance of revenue is essentially attributable to the rise in net fee and commission income (+37.5%) correlated with the growth of average assets under management and the gradual shift in the product mix towards asset management products featuring a less conservative risk profile with the aim of seizing opportunities associated with the bull capital market phase. Profits on trading, which came to 17 million euro, also improved (+41.7%), benefiting from the income earned on the sale of part of a portfolio classified as available for sale. Conversely, net interest income fell (-34.9%), primarily owing to the reduction in the spread on the cost of funding. Income before tax from continuing operations amounted to 85 million euro compared to 62 million euro in the first quarter of 2009. Lastly, Banca Fideuram closed the first quarter of 2010 with a net income of 43 million euro (+59.3% compared to the same period of 2009), which rises to 64 million euro if the effects of the purchase price allocation on the income statement are excluded.
The capital absorbed by Banca Fideuram was 282 million euro, a level similar to that of the first quarter of 2009. Annualised ROE was 61.8%, up considerably owing to the positive net income performance. EVA®, which measures value creation, also increased to 56 million euro.

Business	Asset-gathering activity through financial advisors networks at the service of customers with medium/high savings potential
Mission	To aid customers with informed management of their assets, beginning with a thorough analysis of their true needs and risk profile. To advice on financial and pension issues with the aid of highly qualified professionals in a fully transparent manner and in full compliance with the rules
Distribution structure	97 branches in Italy with 4,309 private bankers

The initiatives taken by Banca Fideuram in the first quarter of 2010 were consistent with the objective of consolidating market leadership through the development of its key strengths. Product development activity was aimed at achieving strategic objectives attributable to advisory and strengthening private-banking operations. Particular attention was also paid to investment solutions aimed at allowing gradual repositioning of assets on the asset management segment and, within this segment, towards products with a risk/return profile more interesting to customers.

Corporate Centre

The Corporate Centre is responsible for direction, coordination and control of the whole Group, as well as for treasury.

The Corporate Centre closed the first quarter of 2010 with an operating loss of 79 million euro, compared to -62 million euro in the corresponding period of the previous year. This result was primarily due to lower net interest income, only partially offset by more moderate commission expenses and higher operating income attributable to the settlement of disputes. Operating costs were stable compared to the first three months of 2009. Overall, the Centre reported a net loss of 208 million euro, compared to the positive results of the first quarter of 2009, which had benefited from higher tax credits, attributable to the redemption of intangibles, as well as the capital gains on the sale of Cassa di Risparmio di Orvieto and several branches disposed of in March 2009 and the earnings of the securities services business line, the sale of which has been decided.

Treasury operations

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 quarter of 2010, Intesa Sanpaolo continued to play a key role within the euro payments system, in which it participates as a direct member and acts as a settlement services provider to both Group and third-party banks. The Group retained nearly stable market share at the European level, even following the changes to the calculation method indicated in the Eurosystem's statistical framework, which calls for "technical" intragroup flows to be excluded. The Treasury Department continued to devote focus closely on various ECB, Bank of Italy and Italian Banking Association working groups concerning all new development projects for international settlement systems. In detail, the technical specifications for the new Eurosystem securities settlement platform (Target2-Securities) and the Correspondent Central Banking Model 2 system for centralised collateral management continued to be defined. Significant efforts were also dedicated to eliminating settlement risk in foreign exchange transactions, in which, by acting as a direct member of the CLS (Continuous Linked Settlement) system, the Treasury Department continued to offer a clearing service in line with the quality standards of the major European banks.

On money markets, within a scenario where growth remains moderate and economic problems continue to worsen in certain specific areas of the eurozone (and Greece in particular), the main central banks have constantly ensured a liquidity situation that has prevented possible market tensions. It should also be noted that the first few months of the year witnessed the launch of the first actions under exit strategy plans. In the specific case of the European Central Bank, the policy rate remained unchanged at 1%, but several changes to the methods in which refinancing transactions are undertaken were announced in early March with the aim of gradually restoring the market to conditions of normality. Funds in excess of the system's needs were also a constant during the quarter, as significant sums were deposited with the central bank on a daily basis. Current market rates, in correlation with the foregoing, and absent expectations of a rise in official rates during the current year, remained essentially stable during the quarter across all maturities typical of money markets (0-18 months), and fell well below the official ECB rate for short-term maturities.
Exchanges on money markets did not show changes worthy of note with respect to the trend in previous months and transactions remained largely concentrated on short-term maturities. In Italy, there was growing interest in exchanges on the Collateralised Interbank Market, the volumes of which reached all-time highs since the market's inception at the end of the quarter.

For the whole of the quarter, the liquidity position of Intesa Sanpaolo remained well above its current needs, thus ensuring a period of survival in excess of that required by regulators, even in the presence of possible crisis scenarios.
Surplus liquidity was managed by seeking out the most highly liquid instruments on each occasion (namely the repurchase agreement market and the Collateralised Interbank Market), while aiming to minimise the costs inherent in occupying the conservative position that characterised the period.
European and U.S. issuance programmes remained robust in the first quarter of the year and represent the best channel available to the Group for its short-term funding transactions both in terms of volumes and funding rate conditions. Early in the year, the two short-term securities issuance programmes operated in the United States were combined and the available limit was concurrently raised to 40 billion dollars, thus providing access to a broad pool of potential funds.

For the securities portfolio, the first quarter of 2010 was marked by the consequences of the exacerbation of the Greek crisis. News regarding the true extent of the country's deficit and the funding challenges resulting from the various possible bail-out scenarios contributed to creating a climate of tension and uncertainty that gradually spread to the entire European sovereign debt market, albeit to varying degrees. The consequent widening of the spread between Greek government bonds and swaps and Bunds took on daunting proportions and repeatedly spread to peripheral countries such as Ireland, Portugal, Spain and, more marginally, Italy. Faced with this situation, the desk's strategy was oriented towards prudence. The near entirety of securities in portfolio is concentrated in very short-term Italian government bonds (within two years) with positive margins on financing costs. The stock of bonds was also managed dynamically, increased on several occasions as spreads widened during the most acute phases of the crisis, and then reduced as they tightened. Subscriptions for covered bonds on the primary market were reduced to a minimum and, although the activity of European issuers reached record levels during the first quarter (owing in part to the ECB's repurchase programme in force through 30 June), Italian issuers were privileged. On the whole, the volume of the portfolio of covered bonds and government guaranteed bonds remained essentially unchanged compared to the fourth quarter of 2009, with minimum exposures on the short- and medium-term points of the curve. The financials portfolio, approximately 30% of which consists of securities maturing in 2010, was attentively supplemented, primarily through participation in placements on the primary market, but also through a selection of issuers with the strongest credit standing, while remaining focused on the senior segment and maturities of less than three years. In addition, as soon as market conditions so permitted, residual positions in subordinated bank securities were pared back.

Operating ACM and Structured 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. The ALM structure 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.

Funding

With regard to funding operations, a total of approximately 4.3 billion euro in international funding transactions was closed in the first quarter of 2010, of which 3.7 billion euro took the form of the issuance of bonds and the remainder of borrowings and medium-/long-term term deposits placed by international branches and subsidiaries by drawing on their local fund-raising. The trend towards the reopening of the Euromarket that had begun in the fourth quarter of 2009 continued in the first quarter of 2010, allowing Intesa Sanpaolo to place three public senior bond offerings: 1.5 billion euro at a floating rate maturing in 2 years, 1 billion euro at a fixed rate maturing in 5 years and 350 million pounds at a fixed rate maturing in 12 years. On the Italian bond market, the total amount of Group securities placed through its own and third-party networks came to 5.1 billion euro in the first quarter of 2010. Structured bonds (mainly structured interest-rate securities) represented the bulk of the securities placed at 90.2%, whereas the weight of plain vanilla securities was 9.8%. A breakdown by average maturity shows a concentration of 3-year maturities with a weight of 27.6%, whilst 25.8% is represented by 7-year securities, 24.7% by 5-year securities and 20.4% by 6-year securities. The remaining 1.5% consists of 4-year bonds.
In the structured finance area, the quarter saw the structuring of the first public covered bonds transaction under the issuance programme backed by loans claimed by the subsidiary BIIS. The transaction was successfully launched on 15 April, at the end of a road-show through the major European capital markets (Milano, Frankfurt, Cologne, Düsseldorf, Munich, London and Paris). Structuring activity also continued on the Bank's issuance programme backed by mortgages originated by Intesa Sanpaolo with the aim of further enhancing and diversifying the medium- and long-term funding channels available to Intesa Sanpaolo on the institutional market.

Risk management

BASIC PRINCIPLES

The policies relating to risk acceptance are defined by the Parent Company's Administrative 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, whereas Group companies that generate credit and/or financial risks operate within the assigned autonomy limits and have their own control structures.
A service agreement governs the risk control activities performed by the Parent Company's functions on behalf of the main subsidiaries. These functions report directly to the subsidiary's management bodies.
The risk measurement and management tools together define a risk-monitoring framework at Group level, capable of assessing the risks assumed by the Group 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 ordinary 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.
Given the nature, frequency and potential impact of the risk, risk hedging is based on a constant balance between mitigation/hedging action, control procedures/processes and capital protection measures.

BASEL 2 REGULATIONS AND THE INTERNAL PROJECT

Within the Basel 2 Project, the purpose of which is to prepare the Group for the adoption of advanced approaches, an "initial scope" of companies that use approaches based on internal models has been identified. For this scope, the Group secured permission to use the IRB Foundation approach for the Corporate segment, effective from the report as at 31 December 2008.
In 2009, the Group initiated a process of expanding the scope of application of internal models by securing permission for the use of the IRB Foundation approach by network banks belonging to the former Cassa di Risparmio di Firenze Group (effective from the report as at 31 December 2009) and by Intesa Sanpaolo Bank Ireland (effective from the report as at 31 March 2010) and also submitted an application to start the procedure for the international subsidiaries CIB Bank and VUB Banka and the Italian Banca IMI.

In 2008, the Group had implemented rating models and credit processes for the SME Retail and Retail segments (residential mortgages), and in 2009 it completed development of the LGD (Loss Given Default) model, which will allow for the adoption in 2010 of the IRB approach for the Retail Mortgage segment, followed by the adoption of the IRB approach for the SME Retail segment and the advanced IRB approach for the Corporate segment.
The Group is also proceeding with development of the rating models for the other segments and the extension of the scope of companies for their application in accordance with the gradual roll-out plan for the advanced approaches presented to the Supervisory Authority.
On the subject of operational risk, it should be noted that the Group secured permission, effective from the report as at 31 December 2009, to use the Advanced AMA Approach (internal model) to determine the associated capital requirement on an initial scope that includes the Banks and Companies of the Banca dei Territori Division (excluding network banks belonging to Cassa di Risparmio di Firenze Group, except for Casse del Centro), Leasint, Eurizon Capital and VUB Banka. The remaining companies, which currently employ the Standardised approach, will gradually migrate to the Advanced approaches beginning in 2010.
Furthermore, in the first quarter of 2010 the Group presented its Internal Capital Adequacy Assessment Process Report 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.

As part of its adoption of Basel 2, the Group publishes information concerning capital adequacy, exposure to risks and the general characteristics of the systems aimed at identifying, monitoring and managing them in a document entitled "Basel 2 - Pillar 3" or simply "Pillar 3".
As Intesa Sanpaolo is among the groups that have adopted validated internal approaches for credit, market and operational risk, the document is published on the website each quarter, at the address: group.intesasanpaolo.com.

CREDIT RISK

The Group's strategies, powers and rules for the granting and management of loans are aimed at:
- coordinating actions to achieve sustainable growth of lending operations consistent with the risk appetite and value creation;
- diversifying the portfolio, limiting the concentration of exposures on single counterparties/groups, single sectors or geographical areas;
- efficiently selecting economic groups and individual borrowers through a thorough analysis of their creditworthiness aimed at limiting the risk of insolvency;
- favouring lending of a commercial nature or intended for new investments in production, provided that they are sustainable, over those of a merely financial nature;
- constantly monitoring relationships, through the use of both IT procedures and systematic surveillance of positions that show irregularities with the aim of detecting any symptoms of performance deterioration in a timely manner.

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.

With particular reference to loans to customers, risk is measured using rating models which change according to the segment to which the counterparty belongs.

Credit quality

Constant monitoring of the quality of the loan portfolio is pursued through specific operating checks for all the phases of loan management.

The overall non-performing loan portfolio is accurately monitored through a predetermined control system and periodic managerial reporting. In particular, these 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 pool of banks) agrees to modify the original contractual terms giving rise to a loss. Lastly, non-performing loans also include past due positions that have exceeded objective payment terms as established by the Bank of Italy.

(millions of euro)

	31.03.2010			31.12.2009			Changes
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Doubtful loans	17,604	-11,723	5,881	16,459	-11,094	5,365	516
Substandard loans	12,274	-2,518	9,756	12,970	-2,600	10,370	-614
Restructured loans	3,349	-218	3,131	2,402	-109	2,293	838
Past due loans	2,412	-142	2,270	2,577	-160	2,417	-147
Non-performing loans	**35,639**	**-14,601**	**21,038**	**34,408**	**-13,963**	**20,445**	**593**
Performing loans	332,034	-2,446	329,588	337,503	-2,442	335,061	-5,473
Performing loans represented by securities	19,410	-555	18,855	19,083	-556	18,527	328
Loans to customers	**387,083**	**-17,602**	**369,481**	**390,994**	**-16,961**	**374,033**	**-4,552**

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

As at 31 March 2010, the Group recorded a slight increase in non-performing loans both in gross terms (+3.6%) and net of adjustments (+2.9%).

This trend led to a higher incidence of net non-performing loans on total net loans to customers, increasing from 5.5% to 5.7%. As at 31 March 2010, the hedging of non-performing loans, pursued through prudential provisioning policies extended to all commercial banks, stood at approximately 41%, compared to 40.6% at the end of 2009.

In more detail, doubtful loans net of adjustments totalled 5,881 million euro, with a 516 million euro rise from the beginning of the year (+9.6%); the incidence on total loans was 1.6%, with a coverage ratio of approximately 67%.

Substandard loans, net of adjustments, amounted to 9,756 million euro, down by approximately 5.9% compared to the end of 2009, attributable in part to the reaching of restructuring agreements that resulted in the classification of several positions among restructured loans. Substandard loans came to 2.6% of the total, showing a coverage ratio of 20.5%.

Restructured loans, 3,131 million euro net of adjustments, showed an increase over the 2,293 million euro as at 31 December 2009 due to the abovementioned restructuring agreements. The related coverage ratio is 6.5%.

Past due loans amounted to 2,270 million euro net of adjustments with a 147 million euro decrease (-6.1%) and an approximate 5.9% coverage ratio.

Cumulated collective adjustments on performing loans came to 0.74% of gross exposure relating to loans to customers, up slightly compared to 0.72% as at December 2009. 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

TRADING BOOK

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

- interest rates;
- equity and market indices;
- investment funds;
- foreign exchange rates;
- implied volatilities;
- spreads in credit default swaps (CDSs);
- spreads in bond issues;
- correlation instruments;
- dividend derivatives;
- asset-backed securities (ABSs);
- commodities.

Some of the other Group subsidiaries hold smaller trading portfolios with a marginal risk (around 2% of the Group's overall risk). In particular, the risk factors of the international subsidiaries' trading books were interest rates and foreign exchange rates, both relating to linear pay-offs.

For some of the risk factors indicated above, the Supervisory Authority has validated the internal models for the reporting of the capital absorptions of both Intesa Sanpaolo and Banca IMI.
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 UCI 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.
From the third quarter of 2009 the scope of the validated risk profiles was extended to dividend derivatives for Intesa Sanpaolo and Banca IMI.
The analysis of market risk profiles relative to the trading book uses various quantitative indicators and VaR is the most important. Since VaR is a synthetic indicator which does not fully identify all types of potential loss, risk management has been enriched with other measures, in particular simulation measures for the quantification of risks from illiquid parameters (dividends, correlation, 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 the simulation on illiquid parameters, for the trading book of Intesa Sanpaolo and Banca IMI.

In the first quarter of 2010, the market risks generated by Intesa Sanpaolo and Banca IMI decreased slightly compared to the averages for the last quarter of 2009. The average VaR for the period totalled 29.3 million euro.

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

(millions of euro)

	2010			2009			
	average 1st quarter	minimum 1st quarter	maximum 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Intesa Sanpaolo	19.5	17.7	23.0	21.8	25.8	27.9	32.3
Banca IMI	9.8	6.8	13.0	10.1	10.6	15.7	18.0
Total	**29.3**	**25.7**	**33.5**	**31.9**	**36.4**	**43.6**	**50.3**

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

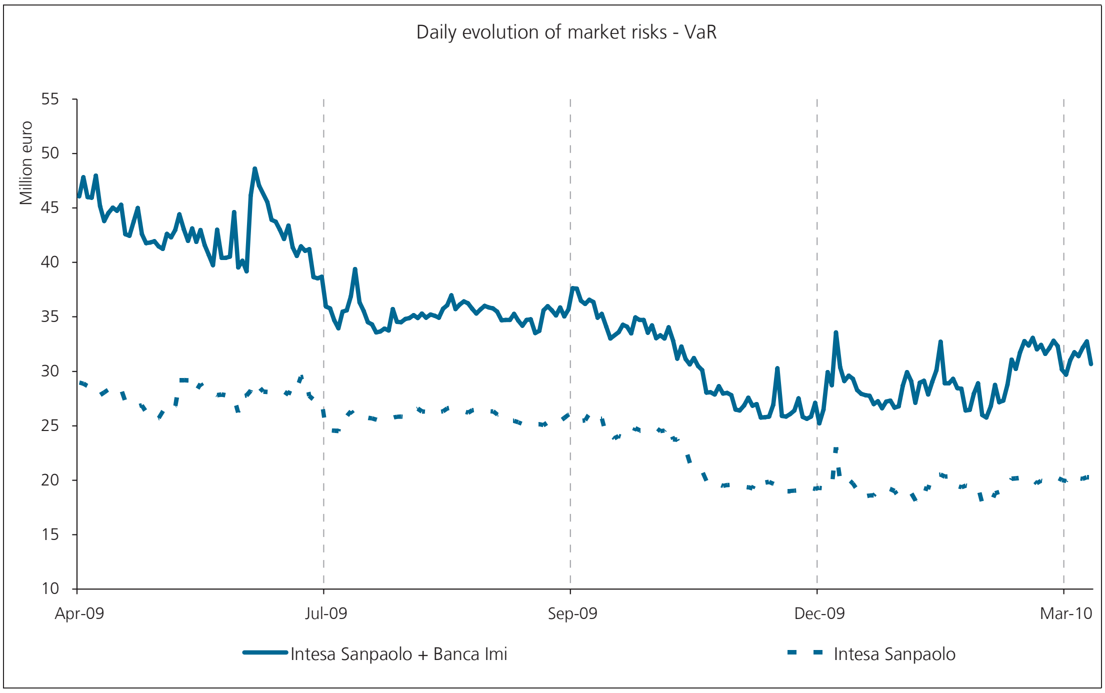
For Intesa Sanpaolo and Banca IMI, the breakdown of risk profile in the first quarter of 2010 with regard to the various factors shows the prevalence of the hedge fund risk, which accounted for 66% of total VaR; for Banca IMI, credit spread risk was the most significant, representing 37% of total VaR.

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

1st quarter 2010	Shares	Hedge funds	Rates	Credit spreads	Foreign exchange rates	Other parameters
Intesa Sanpaolo	7%	66%	5%	11%	2%	9%
Banca IMI	14%	0%	35%	37%	4%	10%
Total	**10%**	**37%**	**19%**	**22%**	**3%**	**9%**

(a) Each line in the table sets out the contribution of risk factors considering 100% the overall capital at risk, calculated as the average of daily estimates in the first quarter of 2010, broken down between Intesa Sanpaolo and Banca IMI and indicating the distribution of overall capital at risk.

VaR in the last twelve months is set out below. During the first quarter of 2010, the average performance was stable, with peaks primarily associated with turbulence on sovereign risks.



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 as at the end of March are summarised in the following table.

In particular:
– on stock market positions, a bullish scenario, that is a 5% increase in stock prices with a simultaneous 10% decrease in volatility would have led to a 1 million euro loss;
– on interest rate exposures, a parallel +25 basis point shift in the yield curve would have led to a 22 million euro loss, whereas a parallel -25 basis point shift would have led to a 24 million euro gain;
– on exposures sensitive to credit spread fluctuations, a 25 basis point widening in spreads would have led to a 94 million euro loss, 5 million euro of which attributable to structured credit products, whereas a 25 basis point contraction of the spreads would have led to a 95 million euro gain, 5 million euro of which attributable to SCP;
– with regard to foreign exchange exposures, the portfolio would have recorded an 11 million euro gain in the event of exchange depreciation (-10%). The positive effect in the case of foreign exchange appreciation (+10%) would amount to 5 million euro;
– lastly, on commodity exposures a 7 million euro loss would have been recorded had there been a 50% increase in prices.

(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	4	-1	24	-22	95	-94	11	5	7	-7
of which SCP					*5*	*-5*				

BANKING BOOK

Market risk originated by the banking book arises primarily in the Parent Company and in the main Group companies involved in retail and corporate banking. The banking book also includes exposure to market risks deriving from the equity investments in quoted companies not fully consolidated, mostly held by the Parent Company and by Equiter, IMI Investimenti 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 demand 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 at protecting the banking book from variations in the fair value of loans and deposits due to movements in the interest rate curve, or 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 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 method 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 three months of 2010, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity analysis, registered an average value of 460 million euro settling at 504 million euro at the end of March, almost entirely concentrated on the euro; these figures compare with 560 million euro at the end of 2009.
Sensitivity of the interest margin – in the event of a 100 basis point rise in interest rates – amounted to +149 million euro (-169 million euro in the event of reduction) at the end of March 2010; these values record a slight increase compared to the 2009 year-end figures of +119 million euro and -120 million euro, respectively, in the event of an increase/decrease in interest rates.
Interest rate risk, measured in terms of VaR, averaged 89 million euro in the first quarter of 2010 (131 million euro at the end of 2009) and reached 101 million euro at the end of March, which also was the peak value for the period (the minimum value was 82 million euro).
Price risk generated by minority stakes in listed companies, mostly held in the AFS (Available for Sale) category and measured in terms of VaR, recorded an average level of 105 million euro (126 million euro at the end of 2009) in the first three months of 2010, with minimum and peak values of 94 million euro and 115 million euro respectively. VaR at the end of March amounted to 94 million euro.
Lastly, an analysis of banking book sensitivity to price risk, measuring the impact on Shareholders' Equity of a price shock on the above quoted assets recorded in the AFS category shows sensitivity to a 10% negative shock equal to -82 million euro at the end of March 2010.

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 international and national Supervisory authorities.

DETERMINATION OF THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

General Principles

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 represents the best evidence of fair value, and these prices must be used with priority (effective market quotes – level 1) for the registration of financial assets and liabilities in the trading book.
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 – level 2);
- valuations performed using – even partially – 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 – level 3).

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.
For a more detailed description of the fair value measurement methods used, please refer to the Accounting policies section of the 2009 financial statements.

The following table shows the fair value hierarchy in relation to the measurement of the various categories of financial instruments.

(millions of euro)

Financial assets / liabilities designated at fair value	31.03.2010			31.12.2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	33,110	47,733	2,088	24,777	43,668	1,380
2. Financial assets designated at fair value through profit or loss	21,753	1,415	194	20,345	1,408	212
3. Financial assets available for sale	32,884	4,351	2,059	30,359	3,841	1,695
4. Hedging derivatives	-	8,236	-	-	7,008	-
Total	**87,747**	**61,735**	**4,341**	**75,481**	**55,925**	**3,287**
1. Financial liabilities held for trading	4,616	43,239	480	2,878	38,898	473
2. Financial liabilities designated at fair value through profit or loss	460	24,749	-	464	25,423	-
3. Hedging derivatives	-	5,996	-	-	5,179	-
Total	**5,076**	**73,984**	**480**	**3,342**	**69,500**	**473**

STRUCTURED CREDIT PRODUCTS

The business model: objectives, strategies and relevance

Continuing the strategies adopted in previous years, the management of this portfolio is aimed at reducing the existing positions to the extent permitted by the activity in this market.
Spreads contracted further in the first quarter, resulting in a positive impact of approximately 22 million euro on the income statement.
However, there remain grounds for concern relating to the weak economic scenario and the tensions registered on international markets after the end of the quarter, especially surrounding the deterioration of sovereign risk and the contagion effect that it may have on financial institutions.

Highlights

Before illustrating the results as at 31 March 2010, it should be specified that activity aimed at reducing the portfolio of structured credit products continued in the first quarter through the closing of two transactions. The effects in terms of risk exposure were partly offset by the impact of changes in the exchange rate. The positions still outstanding as at 31 March 2010, which have been downgraded by 6.3% (down from 27% as at 31 December 2009), remain of good quality, as shown by the following indicators:

- 71% of the exposure was Investment Grade, compared to 73% as at 31 December 2009;
- 37% of the exposure had a Super senior (3%) or AAA (34%) rating. The percentage of Super senior fell slightly compared to 31 December 2009;
- 30% had a BBB rating or less, compared to 27% as at 31 December 2009;
- 26% of the exposure had a pre-2005 vintage[1];
- 37% had a 2005 vintage;
- only 9% of the exposure related to the US Residential segment, and 22% to the US non-residential segment;
- the remaining exposure (69% of the total) was mostly European (61%).

In terms of underlying contract types, just over half the exposure consisted of CLOs (33%) and CDOs (23%); the rest was almost entirely made up of ABSs (18%) and RMBSs (21%), with CMBSs representing 5% of the total.
With regard to valuation methods, unfunded positions were measured using the Mark-to-Model Approach (Level 3 of the Fair Value hierarchy) with the sole exception of positions on CMBX and LCDX indices, which were measured on the basis of the Comparable Approach (Level 2 of the Fair Value hierarchy). As for funded products, around 9% of the exposure was measured on the basis of Effective Market Quotes (Level 1), however, in 91% of cases, valuation methods were adopted. Specifically, 50% of the exposures were measured through the Comparable Approach (Level 2) and the remaining 41% through the Mark-to-Model Approach (Level 3).
The structured credit products are indicated by separating the part classified under financial assets held for trading and available for sale from those classified as Loans[2]. The tables illustrate the impact on the income statement of both aggregates.
The information set out below refers to the entire Group. Any effects and positions 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 31 March 2010 and income statement captions (sum of realised charges and profits, write-downs and write-backs) in the first quarter of 2010, compared with the corresponding values recorded as at 31 December 2009.
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.
The conversion into euro of values expressed in USD as at 31 March 2010 occurred at an exchange rate of 1.3479 euro per dollar and as at 31 December 2009 at an exchange rate of 1.4406 euro per dollar.

[1] 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.

[2] 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 during 2009.

Structured credit products: summary tables

a) Exposure in funded and unfunded ABS/CDOs

(millions of euro)

Financial assets held for trading	**31.03.2010**		**31.12.2009**	
	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	**30**	**-**	**28**	**19**
Contagion area	**168**	**1**	**164**	**-68**
- Multisector CDOs	82	-3	88	-71
- Alt-A	-	-	-	-
- TruPS	86	4	76	3
- Prime CMOs	-	-	-	-
Other structured credit products	**1,287**	**16**	**1,235**	**-27**
- European/US ABS/CDOs	475	4	479	36
- Unfunded super senior CDOs	803	10	834	-51
- Other unfunded positions	9	2	-78	-12
Total	**1,485**	**17**	**1,427**	**-76**
in addition to:				
Positions of funds	-	5	-	15
Total Financial assets held for trading	**1,485**	**22**	**1,427**	**-61**

Loans	**31.03.2010**		**31.12.2009**	
	Risk exposure (**) (including write-downs and write-backs)	**Income Statement**	**Risk exposure** (**) (including write-downs and write-backs)	**Income Statement**
US subprime exposure	**7**	**-**	**7**	**-1**
Contagion area	**107**	**-**	**107**	**-**
- Multisector CDOs	15	-	15	-
- Alt-A	60	-	59	-
- TruPS	-	-	-	-
- Prime CMOs	32	-	33	-
Other structured credit products	**2,310**	**-5**	**2,321**	**4**
- Funded European/US ABS/CDOs	1,367	-5	1,476	-11
- Funded super senior CDOs	812	-	714	15
- Other Romulus funded securities	131	-	131	-
Total	**2,424**	**-5**	**2,435**	**3**
in addition to:				
Positions of funds	-	-	-	-
Total Loans	**2,424**	**-5**	**2,435**	**3**
TOTAL	**3,909**	**17**	**3,862**	**-58**

(*) 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 amount of the security, equal to fair value at the reclassification date, plus accrued interest calculated at the effective interest rate net of net value adjustments to the portfolio.

b) Exposure in packages

(millions of euro)

Detailed table	31.03.2010		31.12.2009	
	Credit exposure to monoline insurers (CDS fair value post write-down for CRA)	**Income Statement** Profits (Losses) on trading	**Credit exposure to monoline insurers (CDS fair value post write-down for CRA)**	**Income Statement** Profits (Losses) on trading
Monoline risk	14	5	10	31
Non monoline packages	94	-	98	4
TOTAL	**108**	**5**	**108**	**35**

The overall risk exposure of structured credit products rose from 3,862 million euro as at 31 December 2009 to 3,909 million euro as at 31 March 2010, in addition to an exposure of 108 million euro in connection with structured packages.
With reference to the income statement perspective, structured credit products improved, reaching +22 million euro as at 31 March 2010 compared to a loss of -23 million euro as at 31 December 2009.
The exposure in funded and unfunded ABSs/CDOs had an effect on "Profits (Losses) on trading – Caption 80" of +22 million euro. The profit on this segment was essentially a result of the positive effects of:
– the unfunded positions included in the area "Other structured credit products" (+12 million euro as at 31 March 2010, of which +10 million euro in unfunded super senior CDOs and +2 million in Other unfunded positions);
– funded and unfunded positions associated with the "Contagion Area" (+1 million euro); this result is further improved if the positions in funds attributable to the segment are also considered (+5 million euro);
– European and U.S. funded ABSs/CDOs (+4 million), also included in the area "Other structured credit products", the effect of which on the income statement is entirely attributable to the subsidiary Banca IMI.
The securities reclassified to the loan portfolio and included among European ABSs/CDOs showed impairment losses as at 31 March 2010 that resulted in adjustments of 5 million euro, recognised under caption 130 "Net impairment losses on loans".
The contribution of the "Monoline risk" and "Non-monoline packages" was also positive with a total result of 5 million euro as at 31 March 2010, thanks to the constant improvement in the creditworthiness of counterparties.
It should be noted that the "Structured credit products" aggregate was identified in 2007, immediately following the outbreak of the "subprime phenomenon" and, in disclosure to the market, has been kept essentially constant (the reduction corresponds to the effective disposal of assets and not to changes in the area in question).
As at 31 March 2010, the aggregate included bonds classified as loans for a total nominal value of 2,489 million euro and a risk exposure of 2,289 million euro[3]. This amount included 165 million euro for securities reclassified from available for sale to the loans portfolio. As at 31 March 2010 their fair value was 94 million euro. The positive impact of this reclassification on the Valuation reserve under Shareholders' Equity was 71 million euro. The remaining 2,124 million was reclassified from the trading book to the loans portfolio. The fair value of this aggregate was 1,956 million euro as at 31 March 2010, with a positive effect on the income statement of a total of 262 million euro, of which 299 million euro in benefits attributable to 2008, 7 million euro in benefits attributable to 2009 and a lesser benefit of 44 million euro attributable to the first quarter of 2010. Had the loans portfolio not been reclassified, the result for structured credit products would have been a positive 66 million euro in the first quarter of 2010.

[3] In addition, there is 135 million euro in securities classified to the loan portfolio since initial recognition and included in the portfolios of the Parent Company and its subsidiaries Banca Fideuram and Eurizon Vita.

INFORMATION ON ACTIVITIES PERFORMED THROUGH SPECIAL PURPOSE ENTITIES (SPEs)

For the purpose of this analysis, legal entities agreed to pursue a specific, clearly defined and limited objective are considered Special Purpose Entities (raising funds on the market, acquiring/selling/managing assets, developing and/or financing specific business initiatives, undertaking leveraged buy-out transactions or managing credit risk inherent in an entity's portfolio).
The sponsor of the transaction is normally an entity which requests the structuring of a transaction that involves the SPE for the purpose of achieving certain objectives. In some cases the Bank is the sponsor and establishes a SPE to achieve one of the objectives cited above. There have been no changes in the scope of consolidation beyond those reported in the 2009 financial statements.

Funding SPEs

These are entities incorporated abroad to raise funds on specific markets. The SPEs issue financial instruments, normally guaranteed by Intesa Sanpaolo, and transfer the funds raised to the Parent company.
Changes compared to the situation reported as at 31 December 2009 include the extinction of the notes issued by Sanpaolo IMI US Financial Co. in February 2010. There were no changes to report in the other names included in the aggregate.

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 according to IAS 27 / SIC 12.
There were no changes in this segment compared to the situation reported as at 31 December 2009.

Securitisation SPEs

These are funding SPEs that enable an entity to raise funds 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. The resources raised in this way are returned to the seller, whereas the commitments to the subscribers are met using the cash funds generated by the loans sold.
The scope of the SPEs included in this category has not changed compared to the situation reported as at 31 December 2009. The only matter worthy of note is the sale of approximately 2 billion euro in loans to the public sector to the vehicle ISP CB Pubblico on 30 March 2010, effective 1 April 2010.
Intesa Sanpaolo controls, pursuant to SIC 12, the vehicles Romulus Funding Corporation and Duomo Funding Plc. The figures and information for these two vehicles did not undergo significant changes in the first quarter of 2010. An analysis of the distribution of the two vehicles' assets by geographical area shows an increase in the percentage of assets claimed from Italian entities and a decrease in those claimed from North American entities. An analysis of their distribution by rating indicates that there has been a significant rise in the percentage of assets rated Aaa (from 2% in December 2009 to 13% in March 2010), along with a concurrent increase in the percentage of unrated assets (from approximately 46% in December 2009 to 58% in March 2010).
In addition, there were no significant changes in the data and information for the vehicle SPQR II S.r.l. as compared to the situation reported at the end of 2009.

Financial Engineering SPEs

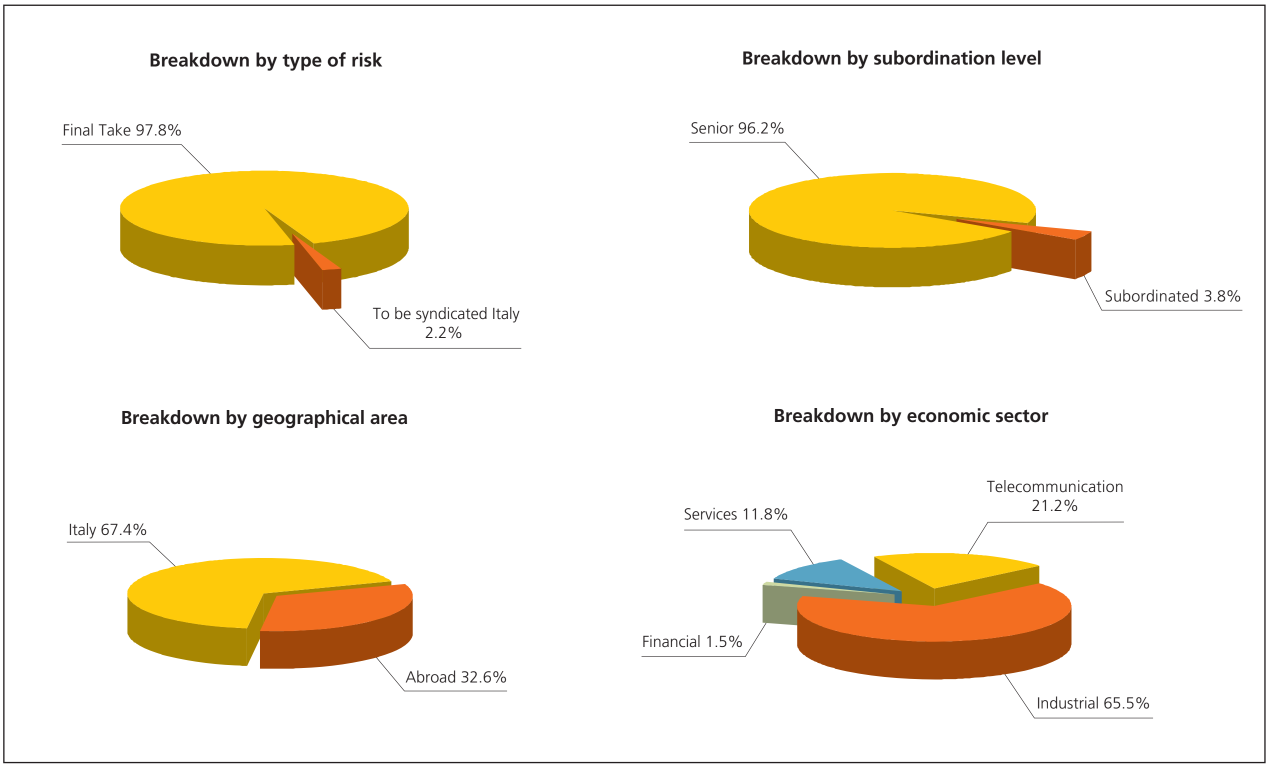
These SPEs carry out investment and funding transactions that achieve better risk/return combinations than those generated by standard transactions, through special structures aimed at optimising accounting, tax and/or regulatory aspects. These structures have been set up to respond to the needs of primary customers and provide solutions that offer financing at competitive interest rates and investments with higher returns.
The only vehicle of this kind controlled by Intesa Sanpaolo, Intesa Investimenti S.p.A., is in a situation entirely similar to that described as at 31 December 2009.

Other unconsolidated Special Purpose Entities

With regard to the other unconsolidated SPEs (Project Financing, Asset Backed, Leveraged & Acquisition Finance and Credit Derivatives) reference should be made to the Financial statements as at 31 December 2009.

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 31 March 2010, slightly fewer than 110 transactions, for a total amount granted of 4,529 million euro, met the above definition.
These exposures are classified under the loan portfolio. They also include the portions of syndicated loans underwritten or under syndication. In line with disclosure requirements, breakdown of exposures by geographical area, economic sector and by level of subordination is set out below.



DISCLOSURE ON INVESTMENTS IN HEDGE FUNDS

The hedge funds portfolio as at 31 March 2010 totalled 780 million euro, compared to the 740 million euro recorded at year-end 2009. Changes to the portfolio in the first quarter of the current year included both the management of outstanding units and new acquisitions.
As at the same date, the contribution to "Profits (Losses) on trading – Caption 80" of these investments was further confirmed to be positive, coming to 33 million euro (including 5 million euro in the structured credit products disclosure) compared to the 19 million euro recognised in the first quarter of 2009 and the 135 million euro at the end of the previous year. Of these net profits:

– 1 million euro is represented by net profits realised during the year from fund trading;
– 29 million euro related to net valuations of positions remaining at the year-end (including 5 million euro in the structured credit products disclosure);
– 3 million euro from other net income.

Taking into account the net capital gains on the final residual amount (29 million euro), these were spread across 48 positions, 5 of which recording capital losses (-2 million euro) and 43 capital gains (+31 million euro).

INFORMATION ON TRADING TRANSACTIONS IN DERIVATIVES WITH CUSTOMERS

Considering only relations with customers, as at 31 March 2010, 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, including netting agreements, of 3,146 million euro (3,008 million euro as at 31 December 2009). The notional value of these derivatives totalled 46,320 million euro (47,107 million euro as at 31 December 2009). Please note that the positive fair value of structured contracts outstanding with the 10 customers with the highest exposures was 1,003 million euro (1,117 million euro as at 31 December 2009).
Conversely, negative fair value determined with the same criteria, for the same types of contracts and with the same counterparties, totalled 420 million euro at 31 March 2010 (327 million at 31 December 2009). The notional value of these derivatives totalled 9,429 million euro (8,321 million euro as at 31 December 2009).
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 ("Credit Risk Adjustment"). On contracts outstanding as at 31 March 2010, this resulted in the recognition in the income statement, under profits from trading, of a net adjustment of 10 million euro, in addition to the 104 million euro recognised in previous years, bringing the total adjustment to 114 million euro.
Adjustments are recorded, for every single contract, on the market value determined using the risk free curves.

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 risk includes 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 Intesa Sanpaolo Group has long defined the overall operational risk management framework by setting up a Group policy and organisational process for measuring, managing and controlling operational risk.
Effective from the disclosure at 31 December 2009, the Group was authorised by the Supervisory Authority to use the Advanced Measurement Approach (AMA) to determine capital requirements for operational risk on an initial scope that includes the Banks and Companies of the Banca dei Territori Division (with the exception of Banca CR Firenze but including Cassa del Centro banks), Leasint, Eurizon Capital and VUB Banka. The remaining companies, which currently employ the Standardised approach, will gradually migrate to the Advanced approach beginning in 2010.
The control of operational risk was attributed to the Management Board, which identifies risk management policies, and to the Supervisory Board, which is in charge of their approval and verification, as well as of the guarantee of the functionality, efficiency and effectiveness of the risk management and control system.
The tasks with which the Group Compliance and Operational Risk Committee is charged include periodically reviewing the Group's overall operational risk profile, authorising any corrective measures, coordinating and monitoring the efficacy of the main mitigation activities and approving operational risk transfer strategies.
The Group has a centralised function within the Risk Management Department for the management of the Group's operational risk. 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 requirements, the individual Organisational Units are responsible for identifying, assessing, managing and mitigating 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 Integrated Self-Assessment Process, which has been conducted on an annual basis, has allowed the Group to:
- identify, measure, monitor and mitigate operational risk; and
- create significant synergies with the specialised functions of the Organisation and Security Department that supervise the planning of operational processes and business continuity issues and with control functions (Compliance and Auditing) that supervise specific regulations and issues (Legislative Decree 231/05, Law 262/05) or conduct tests of the effectiveness of controls of company processes.

The Self-Assessment Process identified a good overall level of control of operational risks and contributed to enhancing the dissemination of a business culture focused on the ongoing control of these risks.
The internal model for calculating capital absorption is conceived in such a way as to combine all the main sources of quantitative and qualitative information (self-assessment).
The quantitative component is based on an analysis of historical data concerning internal events (recorded by organisational units, appropriately verified by the central function and managed by a dedicated IT system) and external events (the Operational Riskdata eXchange Association).
The qualitative component (scenario analyses) focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured, organised collection of subjective estimates expressed directly by management (subsidiaries, Parent company's business areas, the Corporate Centre) with the objective of assessing the potential economic impact of particularly serious operational events. Capital-at-risk is therefore identified as the minimum amount at Group level 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 data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.90%; the methodology also applies a corrective factor, which derives from the qualitative analyses of the risk of the evaluation of the business environment and internal control factors, to take account of the effectiveness of internal controls in the various organisational units.
Monitoring of operational risks is performed by an integrated reporting system, which provides management with the information necessary for the management and/or mitigation of the operational risk.
In order to support the operational risk management process on a continuous basis, a structured training programme was fully implemented for employees actively involved in the process of managing and mitigating operational risk.
To determine its capital requirements, the Group employs a combination of the methods allowed under applicable regulations. The capital absorption resulting from this process amounts to approximately 2,249 million euro.

Legal risks

There were no significant changes in legal risks as at 31 March 2010 compared to the 2009 financial statements, to which reference should be made for a description of the main ongoing disputes.

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 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 the 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 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.

Asset and Liability Management (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 - the 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 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 (EurizonVita, EurizonTutela, EurizonLife, SudPoloVita and CentroVita) are made with their free capital and to cover 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 31 March 2010 the investment portfolios of Group companies, recorded at book value, amounted to 50,736 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 21,962 million euro, while the other component (Class D portfolio or portfolio with total risk retained by the insured) mostly comprised investments related to pension funds, index- and unit-linked policies and totalled 28,774 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, 93.3% of assets, i.e. approximately 20,648 million euro, were bonds, while assets subject to equity risk represented 3.5% of the total and amounted to 771 million euro. The remaining part (717 million euro) consisted of investments relating to UCI, Private Equity and Hedge Funds (3.2%).
The fair value of derivatives came to approximately -150 million euro, around -136 million of which in hedging derivatives and close to -14 million in other derivatives.
At the end of the first quarter of 2010, investments of EurizonVita, SudPoloVita and CentroVita free capital amounted to approximately 1,458 million euro at market value, and presented a risk in terms of VaR (99% confidence level, 10-day holding period) equal to approximately 47 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 5.9 years. The reserves associated to profit contracts have an average modified duration of approximately 4.8 years. The related portfolios of assets have a modified duration of around 5.1 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 1,133 million euro. On the basis of this hypothetical scenario, the value of hedging derivatives in the portfolio undergoes an approximate 126 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 78.6% of total investments and A bonds approximately 9.1%. Low investment grade securities (BBB) were approximately 4.8% of the total and the portion of speculative grade or unrated was minimal (approximately 0.8%).

Analysis of the exposure in terms of the issuers/counterparties showed that: securities issued by Governments and Central banks represented approximately 72.8% of the total investments, while financial companies (mostly banks) contributed almost 13.5% of exposure and industrial securities made up approximately 7%.
At the end of the first quarter of 2010, 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 -1,215 million euro, -1,027 million euro due to government issuers and -188 million euro to corporate issuers (financial institutions and industrial companies).

Accounting policies

Criteria for the preparation of the Interim statement

General preparation principles

The "Interim Statement as at 31 March 2010" 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 related International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Commission in EC Regulation 1606 of 19 July 2002.

The accounting principles adopted in preparation of the consolidated interim report on operations, with regard to the classification, recognition, measurement and derecognition of asset and liability captions, and the recognition methods for revenues and costs, have remained unchanged with respect to those adopted for the Intesa Sanpaolo Group 2009 Annual Report, to which reference should be made for further details.

The Consolidated Interim Statement was not subject to auditor review and comprises the condensed Balance sheet and Income statement, accompanied by Explanatory notes to the report on operations. It is prepared in euro as the operating currency. The amounts indicated in the Financial statements and Explanatory notes are expressed in millions of euro, unless otherwise specified.

The accounting statements are presented in condensed/reclassified format, based on the most appropriate presentation criteria for the captions according to standard operating principles. For the Income statement, the content of captions refers to Bank of Italy instructions laid down in Circular 262/2005, including aggregations/reclassifications recommended in the Circular as follows:

- net interest includes: profits (losses) on trading relating to net interest; the reversal in time value on loans, based on the amortised cost criterion in the absence of changes in expected future flows; the time value of employee termination indemnities and provisions for risks and charges; the adjustment of the technical reserve associated with the impairment of securities available for sale in the portfolio of the Group's insurance companies;
- profits (losses) on trading records: dividends on shares classed as financial assets available for sale and as assets held for trading; fair value adjustments in hedge accounting, given the strict connection that has arisen in the markets; profits and losses on disposal or repurchase of financial assets available for sale and of financial liabilities; profits (losses) on financial assets and liabilities designated at fair value;
- the contribution from insurance companies to net income is traditionally recorded in the specific caption "Income from insurance business" rather than line by line;
- administrative expenses are stated net of recoveries of expenses, taxes and duties from customers;
- net adjustments to loans include profits (losses) on disposal or repurchase of loans and net impairment losses on other financial activities related to guarantees, commitments and credit derivatives;
- net impairment losses on other assets include – in addition to net impairment losses on financial assets available for sale, investments held to maturity and other financial activities – any impairment of property, equipment and intangible assets;
- profits (losses) on investments held to maturity and on other investments include profits (losses) on disposal of investments in associates and companies subject to joint control and profits (losses) on disposal of investments; conversely net income from investments carried at equity is recorded in a specific caption of net operating income along with dividends;
- merger and restructuring-related charges are recorded in a specific caption net of the tax effect;
- the economic effect of purchase price allocation, net of the tax effect, is indicated in a specific caption.

For the Balance sheet, in compliance with Circular 262/2005, aggregation has been performed in certain circumstances, i.e.:

- 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 under Other assets/liabilities;
- the inclusion of the technical insurance reserves reassured with third parties under Other assets;
- the aggregation in just one caption of Property and equipment and Intangible assets;
- the aggregation of amounts Due to customers and Securities issued into a single 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.

With respect to discontinued operations, in the Interim statement for the first quarter of 2010, the economic effects of the agreement to sell the securities services business line to State Street Corp. and the associated balance sheet captions were classified separately, as for the 2009 financial statements.

As customary, in the interest of a consistent basis of comparison, balance sheet and income statement figures for 2009 have been restated, where necessary, to account for the income statement and balance sheet components of discontinued operations. Conversely, the minimal changes made to the scope of consolidation did not result in restatements.

Scope of consolidation and consolidation methods

Scope of consolidation

The consolidated Interim statement includes Intesa Sanpaolo and the companies directly and indirectly controlled, jointly controlled or subject to significant influence, also including – as specified by IAS/IFRS – companies operating in sectors dissimilar to that of the Parent Company and 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.
The following are excluded from the scope of consolidation:

– the equity investment in the Bank of Italy, in which the Group holds a 42.5% stake, since, considering its peculiarity, it is maintained at cost and is therefore not carried at equity;
– certain companies in which the Parent company holds an equity stake exceeding 20% of voting share capital and which are classified among assets available for sale, and in any case of limited absolute amount, since Intesa Sanpaolo, directly or indirectly, exclusively holds rights on a portion of the rewards of the investment, does not have access to management policies and may exercise limited governance rights to safeguard its economic interests;
– equity investments of over 20% held, directly or through funds, in companies involved in the venture capital business. These equity investments are included in the category of instruments measured at fair value;
– companies for which the shares have been received as pledges with voting rights exceeding 20%, in consideration of the purpose of the instrument, which is the guaranteeing of loans and not of exercising control and direction over financial and economic policies in order to benefit from the economic return on the shares.

No significant changes have occurred with respect to the position as at 31 December 2009 in the scope of consolidation.

The first quarter of 2010 also saw some extraordinary intragroup transactions which, as such, had no effects on the consolidated income statement; they consisted of 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. In detail, the merger by incorporation of ZAO Banca Intesa Closed Joint Stock Company into KMB Bank, which changed its name to BANCA INTESA Closed Joint Stock Company, was completed. In addition, a business line was sold by the Intesa Sanpaolo Group Service consortium to Intesa Sanpaolo effective from 1 January 2010, with the aim of transferring the securities services operations to State Street, as part of the transaction described in detail in the 2009 financial statements.

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 2009 Annual Report to which reference should therefore be made.
The financial statements of the Parent company and of the other companies used to prepare the Report refer to 31 March 2010.
In some cases, for subsidiaries which are not material, the latest available official data have been 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.

Other information: subsidiaries incorporated and subject to the laws of non-EU member states

In accordance with Law 262/2005 governing the protection of savings and the regulation of financial markets, Consob (the Italian securities and exchange commission) has set certain conditions for the listing of companies that control companies that are incorporated and subject to the laws of non-EU member states (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. (the Italian stock exchange), 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 declare 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 2009 Annual Report.
In this respect, no acquisitions were completed in the first quarter of 2010 concerning companies registered in non-EU countries which, considered independently, are of material significance to the regulations in question.

The Management Board

Milano, 14 May 2010

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

Pursuant to art. 154-bis, subsection 2 of the Italian Consolidated Law on Finance, the Manager responsible for preparing the Company's financial reports, Ernesto Riva, hereby declares that the accounting information contained in this Interim Statement as at 31 March 2010 corresponds to corporate records, books and accounts.

Milano, 14 May 2010

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

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Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present.
This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates.
This is the reason the illustrations chosen for this report have been inspired by the rich cultural heritage of Italian cities. They show the steeples of greatest importance to the cities where our registered offices are located and which appear in the names of our local 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 distinguishes the people at Intesa Sanpaolo and the banks in the Group.


1. Milano
Steeple, Basilica of Sant'Ambrogio

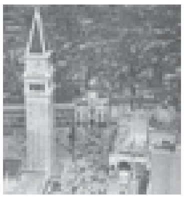

2. Torino
Steeple, San Carlo Church


3. Napoli
Steeple, Santa Chiara Monastery

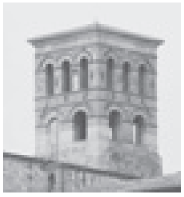

4. Trento
Steeple, Duomo of Trento


5. Forlì
Steeple, Piazza Vittorio Emanuele

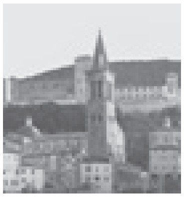

6. Bologna
Steeple, San Francesco Church


7. Venezia
Steeple, Piazza San Marco


8. Padova
Steeple, Basilica of Sant'Antonio


9. Narni
Steeple of San Giovenale


10. Rieti
Steeple, Duomo dell'Assunta

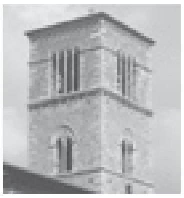

11. Spoleto
Steeple, Palazzo Montevecchio


12. Bolzano
Steeple, San Giovanni in Villa Church


13. Civitavecchia
Steeple, Chiesa dell'Orazione e Morte


14. Foligno
Steeple, Cathedral


15. Pistoia
Steeple, Piazza del Duomo


16. Terni
Steeple, San Francesco Church


17. Firenze
Giotto's Bell Tower, Piazza del Duomo


18. Ascoli Piceno
Steeple, Santi Vincenzo e Anastasio Church


19. Viterbo
Steeple, Ex Chiesa degli Almadiani


20. Pescia
Steeple, Santa Maria Assunta Cathedral


21. Città di Castello
Steeple, Duomo


22. Pesaro
Steeple, San Giacomo Church


23. Gorizia
Steeple, Sant'Ignazio Church


24. Cagliari
Steeple, Sant'Anna Church


25. La Spezia
Steeple, Chiesa di Nostra Signora della Neve

Credits
1-7-8-17 Raccolte Museali Fratelli Alinari (RMFA), Firenze
2-4-5-6-10-18 Archivi Alinari - Alinari Archive, Firenze
3-11-14 Archivi Alinari - Anderson archive, Firenze
9-16 Photo by Sergio Pagliaricci, Terni
12 Photo by Michele Bernardinatti - KLR foto - Trento
13 Photo by Fotoarte Mazzoldi Gabriella, Civitavecchia
15 Archivi Alinari - Brogi Archive, Firenze
19 Photo by Francesco Biganzoli, Viterbo
20 Photo by Aurelio Amendola, Pistoia
21 Photo by Enrico Milanesi, Città di Castello
22 Photo by Luciano Dolcini, Pesaro
23 Photo by Franco Debernardi, Trieste
24 Photo by Elisabetta Messina, Cagliari
25 Photo by Maurizio Baldi, La Spezia