INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: RESULTS AS AT 31 DECEMBER 2008

- **2008 consolidated net income: on an adjusted basis(*) 3.9 billion euro, down 10.6% compared with 4.4 billion euro in 2007 (+3.5% excluding also trading operations; 2.6 billion euro stated from 7.3 billion in 2007).**
- **Operating income: -4% adjusted(*) (+1% excluding also trading operations; 18,157 million euro stated, -5.7% compared with 19,246 million euro in 2007).**
- **Operating costs: -3.3% adjusted(*) (9,936 million euro stated, -0.6% compared with 9,996 million euro in 2007).**
- **Operating margin: -4.7% adjusted(*) (+6.7% excluding also trading operations; 8,221 million euro stated, -11.1% compared with 9,250 million euro in 2007).**
- **Income before tax from continuing operations: -16.4% adjusted(*) (-3.5% excluding also trading operations; 3,589 million euro stated, -50.3% compared with 7,224 million euro in 2007).**
- **Capital ratios as at 31 December 2008: Tier 1 ratio at 7.1% reflecting Management Board proposal not to pay dividends for 2008.**
- **Supervisory Board approved Management Board resolution to bolster Group capital ratios further and start procedures for the issue of 4 billion euro of subordinated debt instruments ("Tremonti Bonds") to be subscribed by the Ministry for Economy and Finance and qualifying as Core Tier 1 capital.**

Torino, Milano, 20 March 2009 – The Management Board of Intesa Sanpaolo met today chaired by Enrico Salza and approved the drafts of the Parent Company financial statements and consolidated financial statements as at 31 December 2008[1].

In 2008, Intesa Sanpaolo withstood the global financial crisis, leveraging its solid business model which benefits from its focus on the domestic retail market. This strength allowed the Group to absorb extraordinary negative effects which mostly impacted on the last quarter of the year, principally a 3.1 billion euro impairment to equity investments, goodwill and other intangibles. This was partially offset by the positive effect of 1.6 billion euro of deferred taxes, of which 1.1 billion euro arose from goodwill detaxation.

Again, the Bank's strict valuation policy in the current difficult market conditions, which are likely to continue in the future, led in the fourth quarter to adjustments to loans of about one billion euro and a conservative valuation on structured credit products of about 180 million euro, also considering market performance in the first part of 2009.

The Intesa Sanpaolo **consolidated net income** for 2008 was 2,553 million euro. This compares with 7,250 million euro in 2007, an amount which benefited from net capital gains of about 3,750 million euro on disposals of subsidiary banks and branches.

Consolidated adjusted(*) net income was at 3,899 million euro, down 10.6% compared with 4,359 million euro in 2007; it increased by 3.5% excluding also trading operations.

(*) Excluding the main non-recurring items listed on page 4

(1) Methodological note on the scope of consolidation on page 13.

Also in 2008 Intesa Sanpaolo was one of the **most solid international banking Groups in terms of risk profile, liquidity, leverage and capital base,** which enabled the Group to deliver a **sound operating performance** in spite of unprecedented market conditions and the heavy negative impact of one-offs.

Intesa Sanpaolo is one of the most solid international banking groups with

- a **low risk profile**:
  - 74% of revenues from retail operations in Italy,
  - limited well-diversified exposure to Central and Eastern Europe, with customer loans in the region accounting for only 7% of the Group's total loan book and customer deposits well balanced against customer loans,
  - net doubtful loans/loans broadly unchanged at 1%,
  - gross doubtful loans with coverage of 128%, including specific provisions as well as collateral and guarantees;

- an **excellent liquidity profile**:
  - net interbank position positive by around 5 billion euro,
  - broad availability of eligible assets with Central Banks not yet allocated, corresponding to liquidity of 56 billion euro at the end of February 2009,
  - customer deposits outweighing customer loans,
  - stable and well-diversified sources of funding,
  - 70% of direct customer deposits (inclusive of securities issued) generated from retail operations;

- **low leverage and an adequate capital base:**
  - much lower leverage than main European banking groups,
  - the best ratio of tangible net shareholders' equity to tangible assets among the main European banking groups.

Bolstering capital ratios further

Due to the major uncertainties which still lie ahead as to the size and duration of the international market crisis, Intesa Sanpaolo has decided to bolster its capital base further. For this purpose, in today's meeting, the Management Board has resolved to propose at the next ordinary shareholders' meeting:

- **not to pay dividends on ordinary shares;**
- **to distribute a 2.6 euro cent cash dividend to savings shares** equal to 5% of their nominal value, pursuant to the Bank's Articles of Association.

Moreover, the Management Board has resolved to start procedures for the **issue of 4 billion euro of subordinated debt instruments to be subscribed by the Ministry for Economy and Finance** (so-called "Tremonti Bonds") and qualifying as **Core Tier 1 capital**. The objective of this decision is twofold: "**insuring"** the Group against uncertain market conditions, and protecting it from **competitive distortions** which may arise from different levels of government support provided to the main international banking groups.

The Supervisory Board of Intesa Sanpaolo has approved that decision in today's meeting chaired by Giovanni Bazoli.

The subscription by The Ministry for Economy and Finance is subject to the conditions provided for by art. 2 of the Ministry Decree issued on 25 February 2009 which include the Bank of Italy's assessment.

Therefore, **capital ratios** as at 31 December 2008 have been calculated assuming that no dividend is paid for 2008 (except that on saving shares pursuant to the Articles of Association) and using the Basel 2 foundation approach with a benefit of about 0.15% with respect to the standardised approach. They are: 6.3% for the Core Tier 1 ratio (5.9% as at 31 December 2007, under Basel 1 regulations), 7.1% for the Tier 1 ratio (6.5% at year-end 2007) and 10.2% for the total capital ratio (9% at year-end 2007).

Taking into account expected benefits from both the Tremonti Bonds issue and ongoing disposals (CR Orvieto, branches in La Spezia and Pistoia, Intesa Trade and CartaSi), **pro-forma** capital ratios would be 7.4% for the Core Tier 1 ratio, 8.2% for the Tier 1 ratio and 11.3% for the total capital ratio.

A further bolstering of capital ratios is expected from:
- the application of Basel 2 advanced, with a potential benefit, subject to the Bank of Italy's approval and estimated on the basis of the current economic situation, of about 0.25% for the Core Tier 1 ratio achievable in the 2009-2010 period,
- capital management actions on non-core assets of a total book value in the region of 9.5 billion euro, with a potential release of approximately 5 billion euro currently deducted from the Core Tier 1 capital and approximately 15 billion euro of risk-weighted assets, with a related benefit of about 1.5%.

Intesa Sanpaolo intends to reimburse the Tremonti Bonds by 30 June 2013, replacing the consequently lower contribution to capital ratios with recurring retained earnings and capital management actions on non-core assets. The Bank also intends to recommence progressive cash dividend distribution finetuning it to account for the reimbursement as well as business performance and capital requirements.

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The proposal for dividend distribution will be submitted to the shareholders at their ordinary meeting called for 28 and 30 April 2009, with a total pay-out of 24,244,754.59 euro, with a dividend of 2.6 euro cents on each of the 932,490,561 savings shares. Dividend payment, if approved at the shareholders' meeting, will take place starting from 21 May 2009 (with coupon presentation on 18 May). The ratio between this dividend per share and the price of the savings shares on 19 March 2009 returns a dividend yield of 1.85%.

The agenda of the ordinary shareholders' meeting also includes the proposal to integrate remuneration of the Independent Auditors Reconta Ernst & Young. An extraordinary shareholders' meeting has been called for 28, 29 and 30 April 2009 with the change of some articles of the Articles of Association on the agenda, also in accordance with "Supervisory Provisions concerning banks' organisation and corporate governance" issued by the Bank of Italy on 4 March 2008.

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In 2008 the Intesa Sanpaolo Group delivered a sound operating performance

(% compared with 2007)	**Adjusted results[(2)]** (excluding main non-recurring items)	**Adjusted results[(2)]** (excluding main non-recurring items) **and stripping out trading**	**Stated results**
Operating income	**-4.0%**	**1.0%**	-5.7%
Operating costs	**-3.3%**	**-3.3%**	-0.6%
Operating margin	**-4.7%**	**6.7%**	-11.1%
Income (loss) before tax from continuing operations	**-16.4%**	**-3.5%**	-50.3%
Net income	**-10.6%**	**3.5%**	-64.8%

(2) Calculated excluding the main non-recurring items which were:

in 2008: 1) 184 million euro conservative valuation on structured credit products which also considered market performance in the first part of 2009 under profits on trading and related tax savings, 2) 126 million euro income from the IMI-SIR settlement under other operating income and related taxes, 3) 102 million euro expenses on expired bank drafts under other operating income/expenses and related tax savings, 4) 246 million euro negative impact related to the 326 million euro exposure to Lehman (of which 6 million was included in profits/losses on trading, 202 million in net adjustments to loans and 38 million in net impairment losses on other assets) and 62 million euro negative impact related to the 90 million euro exposure to Icelandic banks (included in net adjustments to loans) and related tax savings, 5) capital gains of: 268 million euro on the disposal of Agos and 89 million euro on the disposal of Centrale dei Bilanci, 189 million euro profits from the disposal of real estate assets contributed to IMMIT under profits on investments held to maturity and related taxes, 6) 3,050 million euro impairments (broken down as follows: 1,065 million goodwill impairment, 908 million net impairment losses on other assets, 326 million losses on investments held to maturity and on other investments and 751 million effect of purchase cost allocation) and related tax savings, 7) 1,629 million euro fiscal benefit from deferred taxes, of which 1,107 million euro goodwill detaxation, under taxes on income from continuing operations, 8) 924 million euro integration charges and related tax savings, which resulted in net integration charges of 657 million euro, 9) 567 million euro charges from purchase cost allocation net of tax and 10) 932 million euro capital gain on the disposal of 198 branches under income after tax from discontinued operations;

in 2007: 1) 169 million euro capital gain on the Italian Stock Exchange – LSE operation under profits on trading and related taxes, 2) 277 million euro in recoveries on Employee Termination Indemnities (TFR) under personnel expenses and related taxes, 3) 172 million euro charges concerning Parmalat and Finmek under net provisions for risks and charges, and related tax savings, 4) 285 million euro charges from deferred taxes under taxes on income from continuing operations, 5) 869 million euro integration charges and related tax savings, which resulted in net integration charges of 605 million euro, 6) 10 million euro charges from purchase cost allocation net of tax and 7) 3,753 million euro capital gains on the disposal of Cariparma, FriulAdria, and 202 branches, and 196 million euro goodwill impairment to former Nextra under income after tax from discontinued operations.

The consolidated income statement for 2008[3] registered **operating income** of 18,157 million euro, a decrease of 5.7% compared with 19,246 million euro in 2007; down 4% excluding the main non-recurring items (in 2008: 184 million euro conservative valuation on structured credit products, 6 million euro charges related to Lehman, 126 million euro income from the IMI-SIR settlement and 102 million euro expenses on expired bank drafts. In 2007: 169 million euro capital gain on the Italian Stock Exchange – LSE operation) and up 1% stripping out also profits on trading.

As part of it, 2008 **net interest income** rose to 11,630 million euro, a 12.2% increase compared with the 10,368 million euro of 2007.

Net fee and commissions, 5,872 million euro, decreased 11.8% compared with 6,654 million euro in 2007. Commissions on commercial banking activities decreased to 2,004 million euro (-3.9%), due to a decline in collection and payment services and current accounts (the latter reflected higher placement of low-cost products) only partially offset by the increase in guarantees given and credit and debit cards. Commissions on management, dealing and consultancy services (which include portfolio management, distribution of insurance products, placement of securities, etc.) declined to 2,888 million euro (-21.1%) owing to negative market performance and customer risk aversion.

Profits on trading were negative 53 million euro. There was a negative impact of 612 million euro from the financial market crisis on structured credit products due to write-downs (of which 184 million euro from the conservative valuation which also considered market performance in the first part of 2009) and 6 million euro related to Lehman exposure. Profits on trading were 1,241 million euro in 2007 when benefits came from both particularly favourable market conditions in the first quarter and a 169 million euro capital gain on the Italian Stock Exchange - LSE operation in the third quarter. Without the IAS reclassification of the financial assets held for trading into loans and receivables and financial assets available for sale, profits/losses on trading would have recorded a negative pre-tax impact of 459 million euro, of which 299 million euro related to structured credit products.

Income from insurance business amounted to 400 million euro compared with the 508 million euro of 2007.

Operating costs decreased by 0.6% to 9,936 million euro from the 9,996 million euro of 2007, as a result of decreases in personnel expenses (-0.8%) and adjustments (-7.8%) and a rise in administrative costs (+1.7%). Operating costs and personnel expenses decreased by 3.3% and 5.3% respectively, excluding 277 million euro recoveries on Employee Termination Indemnities (TFR) compared with the corresponding figure of 2007.

As a result, **operating margin** was 8,221 million euro, a decline of 11.1% compared with 9,250 million euro in 2007, with the cost/income ratio from 51.9% in 2007 to 54.7%. Excluding the main non-recurring items, operating margin decreased 4.7% and the cost/income ratio was substantially unchanged at 54%; stripping out also profits on trading, operating margin increased 6.7% and the cost/income ratio improved from 57.1% in 2007 to 54.6% in 2008.

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(3) During the preparation of the interim statement as at 30 September 2008, certain amendments to international accounting standards were introduced in the wake of the global financial crisis adopted by the European Commission. In short, in accordance with these amendments it is possible to reclassify - in specific circumstances considered to be rare circumstances - unquoted financial instruments, or no longer quoted, in an active market and no longer held for trading or available for sale: in particular, out of the category "fair value through profit and loss" into the categories "available-for-sale" or "the held-to-maturity" or "loans and receivables" and out of the category "available-for-sale" into the category "loans and receivables". The Group, essentially basing on the prices as at 1 July 2008, reclassified financial assets held for trading of 3,868 million euro into loans and receivables and of 220 million euro into financial assets available for sale. If this reclassification had not been made, the 2008 profits/losses on trading would have recorded a negative impact of 459 million euro (of which 318 million in the fourth quarter). The Group also reclassified financial assets available for sale of 6,115 million euro into loans and receivables; had this reclassification not been made, a negative pre-tax impact of 862 million euro would have been recorded in the shareholders' equity as at 31 December 2008 (of which 650 million in the fourth quarter).

Goodwill impairment was 1,065 million euro, of which 580 million euro to Banca Fideuram, 390 million euro to Pravex-Bank and 95 million euro to Eurizon Capital.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) totalled 3,833 million euro compared with the 2,128 million euro of 2007. Net provisions for risks and charges were 318 million euro (551 million euro in 2007, inclusive of 172 million euro related to Parmalat and Finmek). Net adjustments to loans were 2,566 million euro (1,506 million euro in 2007) and included 202 million euro related to Lehman and 62 million euro to Icelandic banks. Net impairment losses on other assets were 949 million euro compared with the 71 million euro of 2007 and included 38 million euro related to Lehman and 908 million euro impairment to financial assets available for sales (broken down as follows: 436 million euro to Natixis, 269 million euro to LSE, 30 million euro to Banca Generali, 125 million euro to equity investments held by insurance subsidiaries and 48 million euro to other equity investments).

Profits on investments held to maturity and on other investments amounted to 266 million euro compared with the 102 million euro of 2007. The figure for 2008 included 268 million euro capital gain on the disposal of Agos, 189 million euro profits from the disposal of real estate assets transferred to IMMIT and 89 million euro capital gain on the disposal of Centrale dei Bilanci. It also comprised 326 million euro impairment to investments carried at equity (of which 165 million euro to Telco, 78 million euro to RCS and 60 million euro to Allfunds Bank).

Income before tax from continuing operations was at 3,589 million euro, a 50.3% decrease compared with the 7,224 million euro in 2007, down 16.4% excluding the main non-recurring items and down 3.5% stripping out also profits on trading.

Consolidated net income was at 2,553 million euro – compared with the 7,250 million euro in 2007 (a figure which included net capital gains on disposals of about 3,750 million euro) – after accounting for:
- taxes of 180 million euro, which benefited from 1,107 million euro deferred taxes related to goodwill detaxation and 522 million euro of other deferred taxes;
- integration charges (net of tax) of 675 million euro, including about 400 million euro charges (net of tax) related to the staff exit agreed upon with Trade Unions;
- charges from purchase cost allocation (net of tax) of 1,088 million euro, inclusive of 751 million euro pre-tax impairment on intangibles (of which 449 million euro related to Eurizon Capital and 302 million euro to Banca Fideuram);
- income after tax from discontinued operations of 1,036 million euro, inclusive of net capital gain of 932 million euro made on the disposal of 198 branches to Banca Carige, Gruppo Credito Valtellinese, Veneto Banca, Banca Popolare Alto Adige and Banca Popolare di Bari;
- a minority interest of 147 million euro.

The Parent Company's net income reached 1,069 million euro compared with 5,798 million euro in 2007.

The income statement for the fourth quarter of 2008

The consolidated income statement for the fourth quarter of 2008 registered **operating income** of 3,974 million euro, down 13.6% with respect to the fourth quarter of 2007 and down 13.7% against the third quarter of 2008. Operating income was down 7.4% on the fourth quarter of 2007 and down 6.4% on the third quarter of 2008, excluding the main non-recurring items (which were 184 million euro conservative valuation on structured credit products, one million recovery related to Lehman position and 102 million euro expenses on expired bank drafts in the 2008 fourth quarter; 6 million euro adjustment to Lehman, one million euro adjustment to Icelandic banks and 59 million euro income from the IMI-SIR settlement in the 2008 third quarter). Stripping out also profits on trading, operating income decreased 4.6% on the fourth quarter of 2007 and 2.1% on the third quarter of 2008.

As part of this, in the fourth quarter of 2008, **net interest income** rose to 2,890 million euro, up 3.3% on the fourth quarter of 2007 and down 5.1% on the third quarter of 2008.

Net fee and commission income totalled 1,286 million euro, a 21.1% decrease with respect to the fourth quarter of 2007 and an 8.2% decline versus the third quarter of 2008. In comparison with the same period of 2007, commissions on commercial banking activities were down 10% and those on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, placement of securities, etc.) were down 39.9%. Commissions on commercial banking activities were down 1.6% and commissions on management, dealing and consultancy activities down 14.7% compared with the third quarter of 2008.

Profits on trading were negative 354 million euro. There was a negative impact of 376 million euro from the financial market crisis on structured credit products (of which 184 million euro from conservative valuation which also considered market performance in the first part of 2009) and one million recovery related to Lehman position. The fourth quarter of 2007 was negative 44 million euro (381 million euro negative impact of the financial market crisis on structured credit products) while the third quarter of 2008 was positive 17 million euro (33 million euro negative impact of the financial market crisis on structured credit products, 6 million euro adjustment to Lehman exposure and one million euro adjustment to Icelandic bank exposure). If the IAS reclassification of the financial assets held for trading into loans and receivables and financial assets available for sale had not been made, profits/losses on trading would have recorded a negative pre-tax impact of 318 million euro, of which 191 million euro due to structured credit products.

Income from insurance business totalled 171 million euro from 99 million in the fourth quarter of 2007 and 43 million euro in the third quarter of 2008.

Operating costs totalled 2,699 million euro, down 3.2% with respect to the same period of 2007 due to a decrease in personnel expenses (down 8.2%) and adjustments (down 8.5%) and an increase in administrative expenses (+6.2%). Operating costs were up 12.6% with respect to the third quarter of 2008, as personnel expenses increased by 2.6%, administrative expenses by 30% and adjustments by 13%.

Consequently, **operating margin** totalled 1,275 million euro, down 29.6% with respect to the fourth quarter of 2007 and down 42.2% on the third quarter of 2008. The variation was down 13.8% and down 27.5% respectively excluding the main non-recurring items; stripping out also profits on trading, the decrease was 6.6% on the fourth quarter of 2007 and 18.7% on the third quarter of 2008.

Goodwill impairment was 1,065 million, of which 580 million euro to Banca Fideuram, 390 million euro to Pravex-Bank and 95 million euro to Eurizon Capital.

Net provisions and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) totalled 2,061 million euro compared with the 811 million euro of the corresponding period of 2007 and the 970 million euro of the third quarter of 2008. Net provisions for risks and charges were 164 million euro compared with the 271 million euro of the fourth quarter of 2007 (inclusive of 105 million euro related to Parmalat) and the 76 million euro of the third quarter of 2008. Net adjustments to loans were 999 million euro compared with the 488 million euro of the fourth quarter of 2007 and the 854 million euro of the third quarter of 2008 (which included 195 million euro related to Lehman and 59 million euro to Icelandic banks). Net impairment losses on other assets were 898 million euro and included 908 million euro impairment to financial assets available for sales (436 million euro to Natixis, 269 million to LSE, 30 million euro to Banca Generali, 125 million euro to equity investments held by insurance subsidiaries and 48 million to other equity investments). This compares with 52 million euro in the fourth quarter of 2007 and 40 million euro in the third quarter of 2008 (inclusive of 38 million euro related to Lehman).

Profits on investments held to maturity and on other investments were negative 208 million euro and comprised 89 million euro capital gain on the disposal of Centrale dei Bilanci and 326 million euro impairment to investments carried at equity (of which 165 million euro to Telco, 78 million euro to RCS and 60 million euro to Allfunds Bank). This compares with positive figures of 58 million euro in the fourth quarter of 2007 and 177 million euro in the third quarter of 2008 (inclusive of 189 million euro profits from the disposal of real estate assets transferred to IMMIT).

Income before tax from continuing operations was negative 2,059 million euro with respect to positive figures of 1,057 million euro in the fourth quarter of 2007 and 1,412 million euro in the third quarter of 2008. Excluding the main non-recurring items, the figure for the fourth quarter of 2008 was positive 446 million euro compared with the 1,162 million euro of the fourth quarter of 2007 and the 1,463 million euro of the third quarter of 2008.

Consolidated net income was negative 1,225 million euro – compared with positive figures of 504 million euro of the fourth quarter of 2007 and 673 million euro of the third quarter of 2008 – after accounting for:
- taxes of 1,617 million euro, which benefited from 1,107 million euro deferred taxes related to goodwill detaxation and 522 million euro other deferred taxes;
- integration charges (net of tax) of 182 million euro;
- charges from purchase cost allocation (net of tax) of 653 million euro, inclusive of 751 million euro pre-tax impairment on intangibles (of which 449 million euro related to Eurizon Capital and 302 million euro to Banca Fideuram);
- income after tax from discontinued of 60 million euro;
- a minority interest of 8 million euro.

Excluding the main non-recurring items, net income of the fourth quarter 2008 was positive 353 million euro compared with the 601 million euro in the fourth quarter of 2007 and the 1,009 million euro in the third quarter of 2008.

Balance sheet as at 31 December 2008

As regards the consolidated balance sheet figures, as at 31 December 2008 **loans to customers** reached 395 billion euro, up 11.9% above the figure as at 31 December 2007 (up 9.4% excluding the reclassification in the third quarter of 2008 of financial assets into loans and receivables and up 8.9% taking into account the average volumes instead of those at the end of period). Total **non-performing loans** (doubtful, substandard/restructured and past due by over 180 days) - net of adjustments - amounted to 11,524 million euro, up 38.7% with respect to the 8,310 million euro as at 31 December 2007. In detail, doubtful loans increased from 3,142 to 3,968 million euro, with an incidence of 1% on total loans (0.9% as at year-end 2007) and coverage of 70% (71% as at year-end 2007). Taking into account **guarantees and collateral** to doubtful loans in addition to specific provisions, total coverage was 128%. Substandard/restructured loans increased from 3,953 to 5,690 million euro and loans past due by over 180 days increased from 1,215 to 1,866 million euro.

Customer financial assets were 983 billion euro (after netting referring to items included in both direct and indirect customer deposits), down 4.9% with respect to 31 December 2007 due to the performance of indirect customer deposits. Under customer financial assets, direct customer deposits amounted to 431 billion, up 9.7% compared with 31 December 2007; indirect customer deposits reached 577 billion, down 13.8% with respect to year-end 2007. **Assets under management** totalled 214 billion euro, down 20.9% with respect to year-end 2007. As for bancassurance, in 2008 new business for life policies amounted to 6.6 billion euro. Assets under administration and in custody amounted to 363 billion euro, down 9% compared with 31 December 2007.

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As fully detailed when disclosing results for 2007 and for the first three quarters of the current year, Intesa Sanpaolo is only indirectly exposed to the US subprime mortgage crisis through structured credit products which were affected by the dramatic decline in prices during the fourth quarter of 2007 and throughout 2008 with impact on profits on trading, mainly in terms of write-downs, as commented upon previously in the income statement section. The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of 29 million euro as at 31 December 2008. Full and in-depth information concerning structured credit products held by the Group, with particular reference to its exposure in the financial crisis, is included as usual in the note to the consolidated financial statements approved by the Management Board as well as in the specific slides made available to the market.

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As at 31 December 2008, the Intesa Sanpaolo Group's **operating structure** had a total network of 8,496 branches - of which 6,463 are in Italy and 2,033 abroad - with 108,310 employees, 3,878 lower than at 31 December 2007.

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Breakdown of results by business area

The **Banca dei Territori** Division comprises:
- the Retail Area, which serves households (individual customers with financial assets up to 75,000 euro; 100,000 euro from the beginning of 2009), personal (individual customers with financial assets between 75,000 euro - 100,000 euro from the beginning of 2009 - and one million euro), small businesses (enterprises with a turnover under 2.5 million euro and with loan facilities under one million euro);
- the SME Area, in charge of managing SMEs with a turnover between 2.5 and 150 million euro;
- the Private Banking Department, which serves individual customers with financial assets exceeding one million euro.

The operations summarised above are performed through Parent Company Intesa Sanpaolo and the network banks integrated in the IT system (Banco di Napoli, Cassa dei Risparmi di Forlì e della Romagna, Cassa di Risparmio del Veneto, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Cassa di Risparmio del Friuli Venezia Giulia and Banca dell'Adriatico).
To serve non-profit entities Banca Prossima was set up, operational since November 2007 through the Group's branches, with regional centres and a team of specialists.
This Division also includes:
- the regional banks for which the IT integration process is not yet underway (Carifirenze, Casse del Centro and Banca di Trento e Bolzano);
- the product companies specialised in industrial credit (Mediocredito Italiano and Banca CIS which in 2009 has been integrated in the IT system and renamed Banca di Credito Sardo), leasing (Leasint) and consumer credit (Neos Banca).

This Division also includes the insurance companies EurizonVita, Sud Polo Vita, Intesa Vita and Intesa Previdenza, the fiduciary service companies SIREFID and Sanpaolo Fiduciaria, Setefi (the company specialised in management of electronic payment systems), and Si Holding which wholly owns CartaSi, the company currently under disposal to Istituto Centrale delle Banche Popolari Italiane.

In December 2008 the Bank approved a project which aims to enhance this Division by increasing the effectiveness of commercial initiatives at local level, while maintaining strict cost control. The Banca dei Territori model is now structured on 8 Regional Centres presiding over 22 units - either Areas or Regional Banks – designed to guarantee maximum territorial coverage and an even distribution of branches and headcounts.

In 2008, the Banca dei Territori Division registered operating income of 12,536 million euro, down 1.9% compared with the 12,780 million euro of 2007, accounting for 69% of consolidated operating income (66% in the same period of 2007). Operating costs registered a 4% reduction - from 6,796 to 6,526 million euro - and led to an operating margin of 6,010 million euro almost unchanged with respect to the 5,984 million euro of 2007, with the cost/income ratio down from 53.2% to 52.1%. Net provisions and adjustments moved from 1,280 to 2,011 million euro, a figure inclusive of 125 million euro impairment to equity investments held by insurance subsidiaries. Income before tax from continuing operations amounted to 3,990 million euro with a 15.5% decrease with respect to the 4,724 million euro of 2007. Net income was 1,682 million euro, down 32.6% on the 2,497 million euro of 2007, also as a result of 194 million euro impairment to intangibles related to asset under management distribution. Excluding the main non-recurring items, net income was down 6%.

The **Eurizon Capital** business unit is the company in growing synergies with the Banca dei Territori Division specialised in providing collective and individual asset management products to the Group's banking networks and is also focused on strengthening its presence in the open market segment through specific distribution agreements with other networks and institutional investors. Eurizon Capital controls the subsidiaries Eurizon Capital (Luxembourg) and Eurizon Alternative Investments which promote and manage, respectively, funds incorporated under Luxembourg law and alternative funds. The Intesa Sanpaolo Group also has a presence in the asset management sector in China where the Group owns a 49.9% stake in Penghua Fund Management, an asset management company.

The Eurizon Capital business unit registered operating income of 367 million euro in 2008, down 19.5% with respect to the 456 million euro of 2007, accounting for 2% of consolidated operating income (the same as in 2007). With operating costs of 150 million euro, down 14.8% on the 176 million of 2007, operating margin amounted to 217 million euro, down 22.5% on the 280 million euro of 2007, and the cost/income ratio increased from 38.6% to 40.9%. After goodwill impairment of 95 million euro, income before tax from continuing operations amounted to 121 million euro, down by 54.9% from the 268 million euro of 2007 while down by 19.4% excluding the goodwill impairment. After 255 million euro impairment to intangibles, net income was negative 197 million euro; excluding the main non-recurring items, net income was positive 164 million euro, down by 19.6% compared with the 204 million euro of 2007.

The **Corporate & Investment Banking** Division includes:

- the Corporate Relations Department, which manages relations with large and mid corporates (the latter with a turnover exceeding 150 million euro) in Italy, and develops activities in support of international trade;
- the International Network Department, which comprises foreign branches, representative offices and international subsidiaries specialised in corporate banking (Société Européenne de Banque, Intesa Sanpaolo Bank Ireland and ZAO Banca Intesa). This Department has the mission of developing and managing the foreign corporate segment as well as providing specialised assistance and support to Italian corporate internationalisation and export;
- the Financial Institutions Department, which is responsible for relations with Italian and foreign financial institutions, management of transactional services related to payment systems, custody and settlement of securities as custodian and correspondent bank;
- Banca IMI, in charge of carrying out investment banking activity, that is the creation of products of structured finance and M&A consultancy services to the Group’s clients, and the capital markets activities for the Group’s clients and institutional operators in market making activities;
- the Merchant Banking Department, which operates in the private equity area also through the Private Equity International (PEI) and IMI Investimenti companies.

This Division also comprises the activities of Mediofactoring and proprietary trading.

In 2008, operating income of the Corporate & Investment Banking Division totalled 2,209 million euro compared with the 2,624 million euro of 2007 (down 15.8%, down 2.3% excluding the main non-recurring items and up 9.8% stripping out also profits on trading) - accounting for 12% of consolidated operating income (the contribution was 14% in 2007). Operating costs, 936 million euro, were down 3.5 % with respect to the 970 million euro registered in 2007; operating margin amounted to 1,273 million euro, down 23% with respect to the 1,654 million euro of 2007 with the cost/income ratio at 42.4% from 37% in 2007. Excluding the main non-recurring items, operating margin decreased by 1.5% and the cost/income decreased to 39% from 39.5% in 2007. Stripping out also profits on trading, operating margin rose by 20.8% and the cost/income ratio dropped to 39.6% from 45% in 2007. Net provisions and adjustments rose from 269 to 422 million euro due to 159 million provisions against exposures of Lehman and Icelandic banks. After a negative balance of 241 million euro of profits on investments held to maturity and on other investments, due to 265 million euro impairment to merchant banking equity investments (among which Telco and RCS), income before tax from continuing operations amounted to 608 million euro, down 55.8% with respect to the 1,376 million of 2007. Excluding the main non-recurring items, income before tax decreased by 4.1% and stripping out also profits on trading it rose by 22.2%. Net income was 320 million euro, down 65.3% on the 922 million euro of 2007 while up 3.2% excluding the main non-recurring items and up 28.8% stripping out also profits on trading.

The **Public Finance** business unit is responsible for customers in government, public entities, local authorities, public utilities, general contractors, public and private healthcare structures and developing activities related to lending and day-to-day banking operations, project financing, securitisations, financial advisory, with the aim of promoting cooperation between public and private entities and supporting initiatives and investment projects in big infrastructures, healthcare, research and in general public utilities. This business unit performs its activities through Banca Infrastrutture Innovazione e Sviluppo.

In 2008, operating income of the Public Finance business unit amounted to 348 million euro, up 18.8% compared with the 293 million of 2007, representing 2% of consolidated operating income (the same as in 2007); excluding profits on trading, operating income recorded an increase of 28.4%. With operating costs of 85 million euro, down 9.6% from the 94 million euro of 2007, operating margin was 263 million euro, up 32.2% with respect to the 199 million of 2007 and the cost/income ratio improved from 32.1% to 24.4%. Excluding profits on trading, operating margin grew by 48.6% and the cost/income ratio improved from 34.7% to 24.4%. Net provisions and adjustments rose from 13 to 131 million euro due to provisions of 100 million euro on Lehman. Income before tax from continuing operations was at 132 million euro, with a 29% drop compared with the 186 million of 2007; excluding profits on trading and adjustments to Lehman exposure, there was an increase by 41.7%. Net income was 55 million euro, down 56.3% on the 126 million euro of 2007 while up 9.4% to 134 million euro excluding both the main non-recurring items and profits on trading.

The **International Subsidiary Banks** Division is responsible for activities in foreign markets where the Group is operational through commercial banking subsidiaries and associates. The Division provides guidelines, coordination and support to subsidiaries abroad mainly active in retail banking; it is responsible for defining the Group's development strategy related to its direct presence abroad as well as exploring and analysing new growth opportunities in markets where the Group already has a presence, and in new markets. This Division also coordinates operations of international subsidiaries and their relations with the Parent Company's centralised functions and the Corporate & Investment Banking Division's branches and offices abroad. The Division is made up of the three following Departments which are in charge of the different geographical areas of the Group's international presence:
- the CEE & SEE Banking Area which includes the banking subsidiaries in Central-Eastern Europe, Banka Koper in Slovenia, VUB Banka in Slovakia, CIB Bank in Hungary, and in South-Eastern Europe, Privredna Banka Zagreb in Croatia, Banca Intesa Beograd in Serbia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Intesa Sanpaolo Bank Albania and Intesa Sanpaolo Bank Romania;
- the CIS Banking Area, which includes the subsidiary KMB Bank in the Russian Federation and Pravex-Bank in Ukraine;
- the South Mediterranean & Asia Banking Area, in charge of developing, in particular, relations in the Mediterranean basin where the Group has a presence through Bank of Alexandria.

In 2008, operating income of the International Subsidiary Banks Division totalled 2,285 million euro with a 13% increase from the 2,023 million euro of 2007, accounting for 13% of consolidated operating income (11% in 2007). Excluding profits on trading, operating income increased by 17.9%. Operating costs grew by 12.2% from 1,094 million euro to 1,228 million euro due to the extension of the commercial network; as a result, operating margin rose by 13.8% from 929 million euro to 1,057 million euro and the cost/income ratio decreased from 54.1% to 53.7%. Excluding profits on trading, operating margin rose by 27.6% and the cost/income ratio improved from 62.9% to 59.9%. Goodwill impairments to Pravex-Bank was 390 million euro. Net provisions and adjustments grew by 59.1% from 220 million euro to 350 million euro. Income before tax from continuing operations halved to 330 million euro from 715 million euro in 2007 but increased by 13.5% stripping out also profits on trading and the main non-recurring items. Net income was 186 million euro, down 66.5% on the 556 million euro of 2007; excluding the main non-recurring items, net income was up by 3.1% to 586 million euro and up by 8.8% without profits on trading.

The **Banca Fideuram** business unit, through its network of private bankers, performs asset gathering activities serving customers with medium to high savings potential. This business unit posted operating income of 621 million euro, down 13.9% compared with the 721 million euro of 2007, accounting for 3% of consolidated operating income (4% in 2007). With operating costs of 327 million euro, down 5.2% compared with the 345 million euro of 2007, operating margin amounted to 294 million euro, down 21.8% compared with the 376 million euro of 2007, and the cost/income ratio was at 52.7% from 47.9%. After goodwill impairment of 580 million and net provisions and adjustments of 49 million euro, income before tax from continuing operations was negative 335 million euro while positive 245 million euro excluding goodwill impairment, down by 27.1% on the 336 million euro of 2007. After 302 million euro impairment to intangibles, net income was negative 721 million euro; excluding the main non-recurring items, net income was positive 192 million, down by 25.7% compared with the 258 million euro of 2007.

The 2009 outlook

The 2009 macroeconomic scenario looks difficult, with an inevitable impact on the banking sector and on Intesa Sanpaolo. This year the Group will continue on the same course taken by the management over the last few years, aiming to maintain sustainable growth in the medium term: i) developing long-term customer relationships, ii) optimising efficiency, finetuning cost controls and investments and iii) strictly monitoring asset quality, liquidity and capital base.

Defence of spreads and selective loan growth will counteract the pressure from low interest rates and **limit the percentage decline in net interest income and operating income to mid single digit**. In particular, **customer spread is expected to narrow slightly compared with 2008**, thanks to both an active pricing policy and partial hedging against declining market interest rates. A **reduction is planned in operating costs versus 2008**, in spite of the introduction of intra-group VAT. Furthermore, considering higher net adjustments to loans versus 2008 and the reasonably low likelihood of further substantial impairments, there are expectations of an **attributable profit,** even after the cost of servicing the Tremonti Bonds coupon**, albeit lower than in 2008**.

The 2009-2011 Business Plan guidelines

It is customary that in the final year of a three-year business plan, the Group implements the first year of the next business plan. Thus, this year will see the **presentation of the 2009-2011 Business Plan - likely to take place this Summer -** ahead of the forthcoming expiry of the 2007-2009 Business Plan. In general, the validity of the objectives of the current plan for 2009, for the reasons already outlined regarding the outlook for this year, can no longer be upheld in the wake of the unprecedented international economic crisis.

Guidelines of the 2009-2011 Business Plan will be:
- **revenue rebound** leveraging the Group's strong franchise and customer-friendly products and services;
- **costs in the three years maintained below the 2008 level**;
- **focus on asset quality**;
- **liquidity as a competitive strength**;
- **disposal of non-core assets**;
- **progressive pay-out**.

With the implementation of the 2009-2011 Business Plan, **Intesa Sanpaolo intends to remain one of the most solid international banking groups**, pursuing the following objectives:
- **a pay-out finetuned with a capital position consistent with a low-risk profile**;
- **top ranking in Europe for tangible net shareholders' equity to tangible assets ratio;**
- **optimisation of regulatory capital requirements** (Pillar I and Pillar II).

* * *

For consistency purposes, the income statement data for the four quarters of 2007 were restated following the change in the scope of full consolidation with respect to three groups of transactions:

1. acquisition of control of Carifirenze, which entered the scope of full consolidation in the first quarter of 2008 and was previously carried at equity for the approximately 18.6% of the share capital held by Intesa Sanpaolo. For 2007, the relevant items were consolidated line by line and approximately 81.4% of their contribution to net income was recorded in minority interests;
2. full integration of Nextra Investment Management in the scope of consolidation in the income statement of the first quarter of 2008. For 2007, the relevant items were consolidated line by line and 65% of their contribution to net income recorded in minority interests;
3. acquisition of control of Pravex-Bank, which entered the scope of full consolidation in the income statement of the third quarter of 2008. For 2007 - as well as for the first and second quarter of 2008 - the relevant items were consolidated line by line and their contribution to net income was recorded in minority interests.

Still for consistency purposes, the balance sheet data for the four quarters of 2007 were restated consolidating line by line the items related to Carifirenze while the balance sheet data for the first three quarters of 2007 were restated consolidating line by line the items related to Nextra Investment Management, the control of which was acquired in December 2007. Moreover, the balance sheet data for the four quarters of 2007 and the first quarter of 2008 were restated consolidating line by line the items relating to Pravex-Bank, the control of which was acquired in June 2008.

* * *

In order to present more complete information regarding the results generated in 2008, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the Report on operations approved by the Management Board are attached. Please note that the reclassified consolidated income statement and the reclassified consolidated balance sheet are not subject to auditing by the Auditing company. It is hereby notified that the drafts of the Parent Company and the consolidated financial statements as at 31 December 2008 of Intesa Sanpaolo - which will be submitted for approval at the Supervisory Board summoned for 9 April 2009 and to the auditing firm in charge of auditing the Annual Report - will be available for shareholders and the market within 25 March 2009.

* * *

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

* * *

This press release contains certain forward-looking statements and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. 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 those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.
The following important factors could cause the Group's actual results to differ materially from those projected or implied in any forward-looking statements:

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

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Accordingly, there can be no assurance that the Group will achieve its projected results.

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Gruppo Intesa Sanpaolo

Reclassified consolidated statement of income

(in millions of euro)

	2008	2007	Changes	
			amount	%
Net interest income	11,630	10,368	1,262	12.2
Dividends and profits (losses) on investments carried at equity	138	305	-167	-54.8
Net fee and commission income	5,872	6,654	-782	-11.8
Profits (Losses) on trading	-53	1,241	-1,294	
Income from insurance business	400	508	-108	-21.3
Other operating income (expenses)	170	170	-	-
Operating income	18,157	19,246	-1,089	-5.7
Personnel expenses	-5,746	-5,792	-46	-0.8
Other administrative expenses	-3,378	-3,323	55	1.7
Adjustments to property, equipment and intangible assets	-812	-881	-69	-7.8
Operating costs	-9,936	-9,996	-60	-0.6
Operating margin	8,221	9,250	-1,029	-11.1
Goodwill impairment	-1,065	-	1,065	-
Net provisions for risks and charges	-318	-551	-233	-42.3
Net adjustments to loans	-2,566	-1,506	1,060	70.4
Net impairment losses on other assets	-949	-71	878	
Profits (Losses) on investments held to maturity and on other investments	266	102	164	
Income (Loss) before tax from continuing operations	3,589	7,224	-3,635	-50.3
Taxes on income from continuing operations	-180	-2,866	-2,686	-93.7
Merger and restructuring related charges (net of tax)	-657	-605	52	8.6
Effect of purchase cost allocation (net of tax)	-1,088	-10	1,078	
Income (Loss) after tax from discontinued operations	1,036	3,844	-2,808	-73.0
Minority interests	-147	-337	-190	-56.4
Net income	2,553	7,250	-4,697	-64.8

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

Gruppo Intesa Sanpaolo

Quarterly development of the reclassified consolidated statement of income

(in millions of euro)

	2008				2007				
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Average of the quarters
Net interest income	2,890	3,045	2,897	2,798	2,797	2,551	2,541	2,479	2,592
Dividends and profits (losses) on investments carried at equity	30	13	29	66	86	63	106	50	76
Net fee and commission income	1,286	1,401	1,558	1,627	1,629	1,630	1,693	1,702	1,664
Profits (Losses) on trading	-354	17	244	40	-44	378	409	498	310
Income from insurance business	171	43	107	79	99	109	179	121	127
Other operating income (expenses)	-49	84	92	43	31	58	28	53	43
Operating income	3,974	4,603	4,927	4,653	4,598	4,789	4,956	4,903	4,812
Personnel expenses	-1,442	-1,405	-1,441	-1,458	-1,570	-1,491	-1,221	-1,510	-1,448
Other administrative expenses	-1,031	-793	-801	-753	-971	-784	-794	-774	-831
Adjustments to property, equipment and intangible assets	-226	-200	-194	-192	-247	-217	-215	-202	-220
Operating costs	-2,699	-2,398	-2,436	-2,403	-2,788	-2,492	-2,230	-2,486	-2,499
Operating margin	1,275	2,205	2,491	2,250	1,810	2,297	2,726	2,417	2,313
Goodwill impairment	-1,065	-	-	-	-	-	-	-	-
Net provisions for risks and charges	-164	-76	-45	-33	-271	-76	-107	-97	-138
Net adjustments to loans	-999	-854	-401	-312	-488	-312	-358	-348	-377
Net impairment losses on other assets	-898	-40	-3	-8	-52	3	-20	-2	-18
Profits (Losses) on investments held to maturity and on other investments	-208	177	284	13	58	-1	8	37	26
Income (Loss) before tax from continuing operations	-2,059	1,412	2,326	1,910	1,057	1,911	2,249	2,007	1,806
Taxes on income from continuing operations	1,617	-488	-701	-608	-785	-584	-775	-722	-717
Merger and restructuring related charges (net of tax)	-182	-86	-68	-321	-125	-400	-66	-14	-151
Effect of purchase cost allocation (net of tax)	-653	-149	-154	-132	399	-136	-137	-136	-3
Income (Loss) after tax from discontinued operations	60	11	-5	970	11	761	142	2,930	961
Minority interests	-8	-27	-41	-71	-53	-92	-93	-99	-84
Net income	**-1,225**	**673**	**1,357**	**1,748**	**504**	**1,460**	**1,320**	**3,966**	**1,813**

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

Gruppo Intesa Sanpaolo

Reclassified consolidated balance sheet

(in millions of euro)

Assets	31.12.2008	31.12.2007	Changes	
			amount	%
Financial assets held for trading	61,080	52,924	8,156	15.4
Financial assets designated at fair value through profit and loss	19,727	21,699	-1,972	-9.1
Financial assets available for sale	29,083	40,222	-11,139	-27.7
Investments held to maturity	5,572	5,923	-351	-5.9
Due from banks	56,371	66,801	-10,430	-15.6
Loans to customers	395,189	353,122	42,067	11.9
Investments in associates and companies subject to joint control	3,230	3,136	94	3.0
Property, equipment and intangible assets	32,406	32,188	218	0.7
Tax assets	7,495	3,809	3,686	96.8
Non-current assets held for sale and discontinued operations	1,135	7,954	-6,819	-85.7
Other assets	24,845	17,623	7,222	41.0
Total Assets	636,133	605,401	30,732	5.1

Liabilities and Shareholders' Equity	31.12.2008	31.12.2007	Changes	
			amount	%
Due to banks	51,745	73,480	-21,735	-29.6
Due to customers and securities issued	405,778	364,508	41,270	11.3
Financial liabilities held for trading	45,870	24,664	21,206	86.0
Financial liabilities designated at fair value through profit and loss	25,119	28,157	-3,038	-10.8
Tax liabilities	4,461	3,926	535	13.6
Liabilities associated with non-current assets held for sale and discontinued operations	1,021	5,700	-4,679	-82.1
Other liabilities	26,368	21,356	5,012	23.5
Technical reserves	20,248	23,464	-3,216	-13.7
Allowances for specific purpose	5,469	6,092	-623	-10.2
Share capital	6,647	6,647	-	-
Reserves	41,166	36,962	4,204	11.4
Valuation reserves	-1,412	699	-2,111	
Minority interests	1,100	2,496	-1,396	-55.9
Net income	2,553	7,250	-4,697	-64.8
Total Liabilities and Shareholders' Equity	636,133	605,401	30,732	5.1

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

Gruppo Intesa Sanpaolo

Quarterly development of the Reclassified consolidated balance sheet

(in millions of euro)

Assets	2008				2007			
	31/12	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	61,080	49,560	54,853	53,273	52,924	63,424	81,908	78,191
Financial assets designated at fair value through profit and loss	19,727	20,479	20,915	20,499	21,699	22,162	22,837	22,796
Financial assets available for sale	29,083	30,687	36,906	38,763	40,222	43,439	45,017	45,510
Investments held to maturity	5,572	5,763	5,976	5,709	5,923	5,847	5,973	5,899
Due from banks	56,371	75,160	71,077	69,881	66,801	68,238	67,311	67,589
Loans to customers	395,189	383,692	370,929	359,450	353,122	343,387	347,151	344,064
Investments in associates and companies subject to joint control	3,230	3,295	3,186	3,239	3,136	2,744	2,698	2,706
Property, equipment and intangible assets	32,406	34,930	34,832	33,097	32,188	32,230	32,666	33,249
Tax assets	7,495	4,159	4,158	3,766	3,809	4,964	4,479	4,905
Non-current assets held for sale and discontinued operations	1,135	3,973	4,327	4,186	7,954	11,035	16,499	16,636
Other assets	24,845	22,428	20,823	17,198	17,623	16,191	13,742	14,367
Total Assets	636,133	634,126	627,982	609,061	605,401	613,661	640,281	635,912

Liabilities and Shareholders' Equity	2008				2007			
	31/12	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	51,745	64,135	62,786	71,223	73,480	79,414	96,905	87,667
Due to customers and securities issued	405,778	406,647	392,328	366,401	364,508	356,459	361,365	358,656
Financial liabilities held for trading	45,870	27,946	29,831	29,988	24,664	27,782	28,626	28,739
Financial liabilities designated at fair value through profit and loss	25,119	25,837	26,512	26,905	28,157	29,068	29,352	28,467
Tax liabilities	4,461	4,012	4,052	4,940	3,926	5,676	5,416	6,663
Liabilities associated with non-current assets held for sale and discontinued operations	1,021	2,408	2,735	2,480	5,700	8,706	14,176	14,956
Other liabilities	26,368	24,054	29,821	27,023	21,356	19,889	18,428	25,171
Technical reserves	20,248	21,151	21,783	22,540	23,464	22,967	24,013	24,829
Allowances for specific purpose	5,469	6,064	6,531	6,601	6,092	6,579	6,044	6,458
Share capital	6,647	6,647	6,647	6,647	6,647	6,647	6,647	6,646
Reserves	41,166	41,098	41,109	41,154	36,962	8,453	8,424	8,393
Merger reserves	-	-	-	-	-	31,093	31,093	31,093
Valuation reserves	-1,412	-714	-299	-49	699	934	1,283	1,120
Minority interests	1,100	1,063	1,041	1,460	2,496	3,248	3,223	3,088
Net income	2,553	3,778	3,105	1,748	7,250	6,746	5,286	3,966
Total Liabilities and Shareholders' Equity	636,133	634,126	627,982	609,061	605,401	613,661	640,281	635,912

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

Gruppo Intesa Sanpaolo

Breakdown of financial highlights and financial ratios by business area

Income statement (in millions of euro)	Banca dei Territori		Corporate & Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Operating income	12,536	12,780	2,209	2,624	348	293	2,285	2,023	367	456	621	721
Operating costs	-6,526	-6,796	-936	-970	-85	-94	-1,228	-1,094	-150	-176	-327	-345
Operating margin	6,010	5,984	1,273	1,654	263	199	1,057	929	217	280	294	376
Net income	1,682	2,497	320	922	55	126	186	556	-197	175	-721	273
Balance sheet (in millions of euro)	**Banca dei Territori**		**Corporate & Investment Banking**		**Public Finance**		**International Subsidiary Banks**		**Eurizon Capital**		**Banca Fideuram**	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Loans to customers	217,926	208,037	103,666	87,880	38,492	33,906	29,847	23,725	-	8	1,802	905
Direct customer deposits	219,894	216,583	91,492	73,762	7,593	8,282	28,212	27,210	-	3	6,583	6,999
Profitability ratios (%)	**Banca dei Territori**		**Corporate & Investment Banking**		**Public Finance**		**International Subsidiary Banks**		**Eurizon Capital**		**Banca Fideuram**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Cost / Income	52.1	53.2	42.4	37.0	24.4	32.1	53.7	54.1	40.9	38.6	52.7	47.9
ROE [(a)]	14.6	21.2	4.1	13.1	5.5	12.7	9.4	32.4	n.s.	149.6	n.s.	80.3

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

[(a)] Ratio between Net income and Allocated capital.

Intesa Sanpaolo S.p.a.

Reclassified statement of income

(in millions of euro)

	2008	2007	Changes	
			amount	%
Net interest income	4,970	4,908	62	1.3
Dividends	1,185	700	485	69.3
Net fee and commission income	2,749	3,125	-376	-12.0
Profits (Losses) on trading	-835	97	-932	
Other operating income (expenses)	867	847	20	2.4
Operating income	8,936	9,677	-741	-7.7
Personnel expenses	-3,014	-3,112	-98	-3.1
Other administrative expenses	-1,970	-1,962	8	0.4
Adjustments to property, equipment and intangibles assets	-530	-619	-89	-14.4
Operating costs	-5,514	-5,693	-179	-3.1
Operating margin	3,422	3,984	-562	-14.1
Net provisions for risks and charges	-214	-377	-163	-43.2
Net adjustments to loans	-1,101	-626	475	75.9
Net impairment losses on other assets	-324	-35	289	
Profits (Losses) on investments held to maturity and on other investments	-1,182	45	-1,227	
Income (Loss) before tax from continuing operations	601	2,991	-2,390	-79.9
Taxes on income from continuing operations	375	-1,186	1,561	
Integration charges (net of taxes)	-484	-481	3	0.6
Effect of purchase cost allocation (net of tax)	-210	310	-520	
Income (Loss) after tax from discontinued operations	787	4,164	-3,377	-81.1
Net income	1,069	5,798	-4,729	-81.6

Figures restated on a consistent basis.

Intesa Sanpaolo S.p.a.

Reclassified balance sheet

(in millions of euro)

Assets	31.12.2008	31.12.2007	Changes	
			amount	%
Financial assets held for trading	22,664	24,288	-1,624	-6.7
Financial assets designated at fair value	253	385	-132	-34.3
Financial assets available for sale	7,360	4,036	3,324	82.4
Investments held to maturity	2,097	2,356	-259	-11.0
Due from banks	114,879	100,021	14,858	14.9
Loans to customers	207,461	183,663	23,798	13.0
Equity investments	41,057	37,099	3,958	10.7
Property, equipment and intangible assets	13,089	13,472	-383	-2.8
Tax assets	4,192	2,201	1,991	90.5
Non-current assets held for sale and discontinued operations	353	17,981	-17,628	-98.0
Other assets	15,922	9,889	6,033	61.0
Total Assets	429,327	395,391	33,936	8.6

Liabilities and Shareholders' Equity	31.12.2008	31.12.2007	Changes	
			amount	%
Due to banks	87,689	79,980	7,709	9.6
Due to customers and securities issued	260,848	223,061	37,787	16.9
Financial liabilities held for trading	15,913	10,066	5,847	58.1
Financial liabilities designated at fair value	-	-	-	-
Tax liabilities	2,079	1,513	566	37.4
Liabilities associated with non-current assets held for sale and discontinued operations	297	16,482	-16,185	-98.2
Other liabilities	13,530	12,521	1,009	8.1
Allowances for specific purpose	3,252	3,797	-545	-14.4
Share capital	6,647	6,033	614	10.2
Reserves	37,354	34,554	2,800	8.1
Valuation reserves	649	1,586	-937	-59.1
Net income	1,069	5,798	-4,729	-81.6
Total Liabilities and Shareholders' Equity	429,327	395,391	33,936	8.6

Figures restated on a consistent basis.