PRESS RELEASE

Banca Intesa brought additional capital in the country

Belgrade (28 March 2008) – Banca Intesa increased its capital for additional EUR 50 million, with the aim to enable further development and enhancement of its operation by strengthening its core capital. After the recapitalization, the bank's total capital amounts EUR 407 million.

"By introducing additional capital provided by our Parent Group Intesa Sanpaolo, we will secure support for the strong growth of the business operations of Banca Intesa in Serbia, with equal emphasis on development of operations with small and middle size enterprises, large corporate subjects, local municipalities and retail operations. In the course of 2007, the Bank realized strong growth of total placements and deposits, and our aim in the current year is to further consolidate our leadership position on the market, through constant introduction of new products, widening the area of business operations and further development of our branch network. The fact that Intesa Sanpaolo provided financial means for the second recapitalization from the start of our business operations in Serbia, shows that our Parent Bank strongly believes in development perspectives of this market", said Mr Silvio Pedrazzi, Deputy President of the EB of Banca Intesa Beograd.

This is the second in a row recapitalization of Banca Intesa since its entrance to the Serbian market.In February 2007, Banca Intesa performed a recapitalization of EUR 100 million, finishing the year with total capital of EUR 357 million.

Total investments of Intesa Sanpaolo reaching EUR 736 million, place this group among the leading foreign investors in Serbia. On the occasion of Delta bank acquisition in 2006, the Italian Group invested EUR 360 million, as well as EUR 46 million for purchase of the remaining 10% of the shares; whereas in the acquisition of Panonska bank it invested EUR 140 million. Through recapitalization additional EUR 190 million were brought into Serbia: EUR 100 million for the first recapitalization of Banca Intesa in February last year and EUR 50 million for the second recapitalization in March this year, whereas for the increase of capital in Panonska bank EUR 40 million was invested in September last year. Also, apart from the above mentioned EUR 736 million, Banca Intesa brought additional EUR 357 million into the country through its credit lines secured by the parent group Intesa Sanpaolo.

"Total investments of over EUR 1 billion are the best indicator of our intention to remain a permanent and reliable partner to the corporate sector and citizens of Serbia. Heeding to the market and our clients' needs, we will develop new areas of business operations, with belief that Serbia is only about to experience the years of dynamic development", sad Mr Silvio Pedrazzi, Deputy President of the EB of Banca Intesa Beograd.

With total assets amounting EUR 2.6 billion, total deposits amounting over EUR 1.6 billion and total placements amounting EUR 1.3 billion, Banca Intesa Beograd is the first listed among the biggest banks in Serbia. Owing to the developed business network consisting of 225 organisation units in more than 100 towns in Serbia, the most developed network of

ATMs and POS terminals, professional team of 3 000 employees, the bank has realized considerable growth in all areas of business operations.

Parent Group Intesa Sanpaolo realized profit amounting EUR 7.2 billion in 2007

Parent group Intesa Sanpaolo recorded consolidated net profit amounting EUR 7.2 billion (in 2006 profit was 4.7 billion) realizing better business results than foreseen by the business plan and despite the negative effects of the crisis on the financial markets. Operational income reached EUR 18 billion, and expenses amounted EUR 9.26 billion. In the second half of 2008, this Group is expecting further improvement of business results after finalizing the integration process ahead of schedule due to the quickened growth and development of the synergy of income and expenses that will be completely operational. Namely, the integration process of Banca Intesa Group and Sanpaolo IMI started in January 2007, and the end of this process is expected by the end of July, five months earlier than foreseen by the integration plan.

31 December 2007 inclusive, total assets of Intesa Sanpaolo reached the amount of EUR 573 billion. Client placements amounted EUR 335 billion, which is by 4.4% more compared to the same period last year, whereas total deposits of clients reached EUR 1,000 billion, of which direct deposits amounted EUR 374 billion and indirect 658 billion.

Regardless of the mortgage crisis in the USA that escalated last summer, progressively spreading to other sectors and causing general non–liquidity, Intesa Sanpaolo succeeded in realizing healthy liquidity with healthy core capital and strong core retail deposits by completely financing the loans from the clients' savings deposits. Only in Italy, the number of clients increased for 200,000 in the course of last year.
Intesa Sanpaolo Group finished the last business year with the organizational structure of 7,329 branches (6,050 in Italy and 1,279 in other countries) and total number of 96,198 employees.

In 2007, the bank members of the Group on the territory of Central and Eastern, south east Europe, the Russian Federation and Mediterranean realized the operational income amounting EUR 1.89 billion with increase of 20.8% in relation to the same period last year, and operational costs grew by 11%, from EUR 885 million to EUR 986 million due to widening of the commercial network.

Acquisition of Pravex bank in Ukraine

With the aim of continuing its selective expansion strategy in central and southeastern Europe, in February this year Intesa Sanpaolo Group signed a contract on 100% takeover of the share capital of the Ukraine bank – Pravex.

This takeover enabled the Group to enter the market in Ukraine with population of approximately 47 million. Pravex is a unique bank, i.e. it is a business bank completely oriented towards retail operations with network of 560 branches, being the 6th biggest business network in Ukraine with 2,000 POS terminals in all bigger store chains and around 280 ATMs.

Pravex bank approves cash and mortgage loans, as well as automobile loans and revolving credit cards and is also one of the biggest banks with regard to the number of clients – 1.2 million. Pravex is unique in Ukraine as its portfolio of approved loans is completely financed from deposits of the bank's clients.

Balance sheet of Pravex shows that the bank has total assets in the amount of USD 1 billion, approved loans reaching 587 million, client deposits of around 592 million dollars as well as the share capital of around 114 million. In December 2007 preliminary financial indicators, generated on grounds of Ukraine accounting standards, show the increase of total assets to the amount of about USD 1.2 billion, approved loans to 764 million and share capital to about USD 143 million.

Intesa Sanpaolo allocated about EUR 504 million in dollar countervalue in accordance with the current exchange rate i.e. about USD 750 million. Total acquisition commission will also include added final value of dollar that will match the net accounting value of Pravex on the final day of the takeover.

With this takeover, Intesa Sanpaolo Group continues the application of its selective expansion strategy in central and southeast Europe and Mediterranean basin, where it already has strategic coverage through its local branches with approximately 1,200 subsidiaries and 7.2 million clients in 12 countries: Albania (second –placed with American Bank of Albania - ABA), Bosnia and Herzegovina (on the 5th position with UPI bank), Croatia (second position with Privredna Banka Zagreb - PBZ), the Czech Republic (with VUP bank's branch in Prague), Egypt (on the sixth position with Bank of Alexandria), Greece (with branches of ABA bank in Athens and Thessaloniki), Hungary (the second position with Central European International Bank - CIB), Romania (with Intesa Sanpaolo Bank Romania), Russia (KMB bank – leading bank within small business segment), Serbia (the first position with Banca Intesa Beograd), Slovakia (the second position with Vseobecna Uverova Banka - VUB) and Slovenia (the 7th position with Banka Koper).