

## RECLASSIFICATION UNDER IAS 39

The Intesa Sanpaolo Group considered it appropriate to identify certain securities mainly consisting of bonds not quoted on active markets and certain loans originally classified under trading assets or under assets available for sale that did not have any risk of impairment for which present and foreseeable future market conditions no longer permitted active management and consequently destined to be held in portfolio. These assets have therefore been reclassified to the loans category and are measured at amortised cost from the time of their reclassification.

Furthermore, the reclassifications involved certain structured credit products held by Intesa Sanpaolo and Banca IMI, and some securities in the portfolio of Banca Infrastrutture Innovazione e Sviluppo issued by local authorities or from securitisations, the latter also to align the accounting classification of the two banks (BIIS and OPI) operating in public finance and merged as of 1 January 2008 (subsequently, in December 2012, Banca Infrastrutture Innovazione e Sviluppo was fully demerged in favour of the Parent Company, Intesa Sanpaolo, and Leasint). Reclassifications from assets available for sale to the loan portfolio were related to certain syndicated loans to be placecreed with other financial institutions.

Finally, in 2009, consistent with the reduction of trading and the liquidity crisis slowdown, a process was started to transform unfunded structured credit products (derivatives) into funded products (securities), followed by their classification under the loans portfolio, pursuant to IAS 39 amended.

In 2017, no portfolio transfers were carried out.

In accordance with the transitional provision established by the IASB document “Reclassification of financial assets” issued in October 2008 reclassifications were carried out for 4,070 million euro as a whole in terms of nominal value as at 31 December 2017, of which:

- 3,463 million euro was reclassified by 1 November 2008 and therefore taking as reference the value of these assets as at 1 July 2008, if already present in the portfolio as at that date, or with reference to the purchase price, if this took place after 1 July 2008, or at nominal value for loans granted after that date;
- 607 million euro was reclassified after 1 November 2008 and therefore on the basis of the fair value as at the date of reclassification.

The table below illustrates the stock of securities subject to reclassification included in the portfolio as at 31 December 2017, 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.

Management accounts, unaudited figures (euro million)

Type of instruments	Previous classification	New classification	Nominal value	Book value after reclassification	Fair value	Impact on income statement 2008-2016 (before tax)	Impact on income statement as at 31.12.2017 (before tax)	Impact on shareholders’ equity reserves as at 31.12.2017 (before tax)
Debt Securities	Financial assets held for trading	Loans	188	169	155	29	-15	0
Debt Securities	Financial assets held for trading	HTM	0	0	0	0	0	0
Debt Securities	Financial assets held for trading	Financial assets available for sale	0	0	0	0	0	0
Funds/ Stocks	Financial assets held for trading	Financial assets available for sale	0	0	0	0	0	0
Debt Securities	Financial assets available for sale	Loans	3,876	4,757	4,013	0	0	744
Loans	Financial assets available for sale	Loans	6	6	6	-5	0	0
<b>Total reclassification</b>			<b>4,070</b>	<b>4,932</b>	<b>4,174</b>	<b>24</b>	<b>-15</b>	<b>744</b>