**PRESS RELEASE**

# INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 30 JUNE 2011

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| ▪ **Net income:** | **€741m for second quarter, up 12.1% on first quarter (€661m)**<br>**€1,402m for first-half 2011, down 17% (first-half 2010: €1,690m)** |
| ▪ **Adjusted(*) net income:** | **€529m for second quarter, down 30.6% on first quarter (€762m)**<br>**€1,291m for first-half 2011, up 6.7% (first-half 2010: €1,210m)** |
| ▪ **Income before tax from continuing operations:** | **€1,341m for second quarter, up 6.1% on first quarter (€1,264m)**<br>**€2,605m for first-half 2011, up 33.4% (first-half 2010: €1,953m)** |
| ▪ **Operating margin:** | **€2,221m for second quarter, up 13.3% on first quarter (€1,960m)**<br>**€4,181m for first-half 2011, up 12.6% (first-half 2010: €3,713m)** |
| ▪ **Operating income:** | **€4,495m for second quarter, up 7.5% on first quarter (€4,183m)**<br>**€8,678 for first-half 2011, up 5.6% (first-half 2010: €8,220m)** |
| ▪ **Operating costs:** | **€2,274m for second quarter, up 2.3% on first quarter (€2,223m)**<br>**€4,497m for first-half 2011, down 0.2% (first-half 2010: €4,507m)** |
| ▪ **Capital ratios:** | **as at 30 June 2011, Core Tier 1 ratio at 10.2%**<br>**Tier 1 ratio at 11.8%.** |

*Torino, Milano, 5 August 2011* – The Intesa Sanpaolo Management Board, chaired by Andrea Beltratti, in today's meeting approved the consolidated half-yearly report as at 30 June 2011 (1).

In the first half of 2011, the Intesa Sanpaolo Group remained focused on **prioritising sustainable profitability**. This was based on the strategic decisions underlying Intesa Sanpaolo's performance since the merger, which concern not only **revenues** and **costs** but also **liquidity**, **solidity and a well-contained risk profile**. The focus on solidity and liquidity has resulted in a **Core Tier 1 ratio at 10.2%** and **liquid assets of around 80 billion euro** at the end of June 2011, as well as **immediate compliance with the Basel 3 Net Stable Funding Ratio liquidity requirement**. This focus will drive sustainable profitability in the medium-term though weighing on short-term profits. Management policies have however enabled Intesa Sanpaolo to record robust profitability again in the second quarter of 2011 thanks to:

- **operating income** increasing compared with both the second quarter of 2010 and the first quarter of 2011. Excluding capital gains on Prada and Findomestic from profits on trading of the second quarter of 2011, operating income would be up on the second quarter of 2010 while decreasing versus the first quarter of 2011. This decline is entirely attributable to the lower contribution from trading activities due to the worsening of financial markets under euro-zone tensions;
- **operating costs** in line with the second quarter of 2010 and slightly up on the previous quarter due to seasonal effects**;**
- **loan adjustments** decreasing compared with the second quarter of 2010 while registering a contained increase versus the first quarter of 2011.

This has generated **consolidated net income** of 741 million euro for the second quarter of 2011, up 12.1% from the 661 million euro of the previous quarter and down 26% from the 1,002 million euro of the second quarter of 2010 (when net income benefited from around 650 million euro of net capital gain on the sale of the securities services business). Consolidated net income amounted to 1,402 million euro for the first half of 2011, down 17% on the 1,690 million euro of the first half of 2010.

**Consolidated adjusted net income -** without the main non-recurring items (*) **-** was 529 million euro for the second quarter of 2011, down 30.6% compared to the 762 million euro of the previous quarter and up 5.8% on the 500 million euro of the second quarter of 2010. Consolidated adjusted net income amounted to 1,291 million euro for the first half of 2011, up 6.7% on the 1,210 million euro of the first half of 2010.

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(*) Methodological note on calculation of the adjusted net income on page 12.
(1) Methodological note on the scope of consolidation on page 12.

**The income statement for the second quarter of 2011**

The consolidated income statement for the second quarter of 2011 (2) recorded **operating income** of 4,495 million euro, up 7.5% from 4,183 million euro in the first quarter of 2011 and up 12.3% from 4,001 million euro in the second quarter of 2010.

In the second quarter of 2011 **net interest income -** 2,357 million euro **-** was down 1% versus the 2,382 million euro of the first quarter of 2011 and down 3.1% versus the 2,432 million euro of the second quarter of 2010. Net interest income would increase by 1.3% versus the previous quarter and by 0.2% versus the same quarter in 2010 if the impact of the hedging reduction were excluded.

**Net fee and commission income** amounted to 1,399 million euro, up 1% from 1,385 million euro in the first quarter of 2011. In detail, fees and commissions on commercial banking activities increased by 4.1% and fees and commissions on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) declined by 5.6%. Under the latter, commissions on dealing and placement of securities were up 6.5%, those on portfolio management were down 3.5% and those on distribution of insurance products were down 20.2%. Commissions on facilities granted grew 11.8%. Net fee and commission income for the second quarter of 2011 was up 0.4% compared with the 1,394 million euro of the second quarter of 2010. There would be a 2.1% increase excluding the impact of the decision not to place third-party bonds also in the second quarter of 2011 (as was the case in the previous quarter). In detail, fees and commissions on commercial banking activities increased by 2.4% and those on management, dealing and consultancy activities were down by 2.2%. As part of the latter, commissions on dealing and placement of securities were down by 0.9% also due to the decision not to place third-party bonds in the second quarter of 2011, those on portfolio management were down by 0.7% and those on distribution of insurance products down by 13.4%.

**Profits on trading** amounted to 543 million euro, nearly doubling compared to the 278 million euro of the first quarter of 2011. As part of it, profits from customers decreased from 109 to 81 million euro, those from capital markets and AFS financial assets rose from 22 to 441 million euro (including capital gains of 272 million euro on the sale of around 4% of the Prada equity stake and 154 million euro on the disposal of the remaining 25% stake in Findomestic). Profits from proprietary trading and treasury activities decreased from 120 to 11 million euro and those from structured credit products declined from 26 to 11 million euro. Profits on trading of 543 million euro for the second quarter of 2011 are compared to a loss of 3 million euro for the second quarter of 2010 which recorded profits of 85 million euro from customers, 16 million euro from capital markets and AFS financial assets, 10 million euro from structured credit products and a loss of 114 million euro from proprietary trading and treasury activities. Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale, trading profits for the second quarter of 2011 would have recorded a negative pre-tax impact of 28 million euro.

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(2) During the preparation of the interim statement as at 30 September 2008, in the wake of the global financial crisis certain amendments to international accounting standards were introduced and adopted by the European Commission. In short, in accordance with these amendments it is possible to reclassify - in specific circumstances considered to be rare - 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, largely basing on the prices as at 1 July 2008, reclassified financial assets held for trading of 2,895 million euro into loans and receivables and 98 million euro into financial assets available for sale. If this reclassification had not been made, the profits/losses on trading for the second quarter of 2011 would have recorded 28 million euro as negative pre-tax impact (with a positive impact of 23 million euro in the first half of 2011, 92 million euro in full-year 2010 and 72 million euro in full-year 2009 and a negative impact of 459 million euro in full-year 2008). The Group also reclassified financial assets available for sale of 6,048 million euro into loans and receivables. Without these reclassifications, the shareholders' equity would have included 1,048 million euro as negative pre-tax direct impact as at 30 June 2011 (110 million euro as negative impact in the second quarter of 2011 and 98 million euro as positive impact in the first half of 2011).

**Income from insurance business** was 165 million euro compared to the 120 million euro of the first quarter of 2011 and the 151 million euro of the second quarter of 2010 which benefited from capital gains on sale of securities.

Operating Income**,** excluding capital gains made on Prada and Findomestic, was up 1.7% on the same period last year while registering a 2.7% decline versus the previous quarter. The decline is entirely attributable to the lower contribution from profits on trading determined by the worsening of financial markets under euro-zone tensions.

**Operating costs** amounted to 2,274 million euro, up 2.3% - due to seasonal factors - compared to the 2,223 million euro of the previous quarter. Personnel expenses were up 0.3%, administrative expenses up 6.2% and adjustments up 2%. A 0.1% reduction was recorded versus the 2,277 million euro of the second quarter of 2010 which included a 2.4% decrease in administrative expenses and increases of 0.8% and 3.4% in personnel expenses and adjustments respectively.

As a result, **operating margin** totalled 2,221 million euro, up 13.3% from the 1,960 million euro of the previous quarter and up 28.8% from the 1,724 million euro of the same period of 2010. The cost/income ratio was 50.6% for the second quarter of 2011 versus 53.1% in the first quarter of 2011 and 56.9% in the second quarter of 2010. Operating margin, excluding capital gains made on Prada and Findomestic, would register an 8.4% reduction compared to the previous quarter and a 4.1% increase on the second quarter of 2010, with a cost/income ratio at 55.9% for the second quarter of 2011.

No **goodwill impairment** was recorded in the second quarter of 2011, as was the case with the previous quarter and the same quarter of 2010.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 899 million euro versus 710 million euro in the first quarter of 2011 and 930 million euro in the second quarter of 2010. Net provisions for risks and charges amounted to 65 million euro versus 13 million euro in the previous quarter and 98 million euro in the second quarter of 2010. Net adjustments to loans came to 777 million euro versus the 680 million euro of the previous quarter and the 794 million euro of the second quarter of 2010, a trend in line with the expected reduction in 2011 as compared with 2010. Net impairment losses on other assets came to 57 million euro compared to 17 million euro in the first quarter of 2011 and 38 million euro in the second quarter of 2010. The figure for the second quarter of 2011 included impairment of 25 million euro on Greek government bonds maturing by 2020 in the light of the international voluntary programme of Greek debt exchange in which Intesa Sanpaolo is taking part.

**Profits/losses on investments held to maturity and on other investments** were a positive 19 million euro and included a 146 million euro positive effect of the disposal of branches to Crédit Agricole and a 132 million euro negative effect due to the impairment on the investment in Telco. The figure for the second quarter of 2011 is compared to profits of 14 million euro recorded in the previous quarter and one million euro recorded in the same period last year.

**Income before tax from continuing operations** amounted to 1,341 million euro, up 6.1% compared to the 1,264 million euro posted in the three months to 31 March 2011 and up 68.7% versus the 795 million euro of the second quarter of 2010.

**Consolidated net income** was 741 million euro - up 12.1% versus 661 million euro in the first quarter of 2011 and down 26% versus 1,002 million euro in the second quarter of 2010 (which benefited from a 648 million euro net capital gain on the sale of the securities services business included under income after tax from discontinued operations) - after accounting for:

- taxes of 478 million euro (including charges of 57 million euro following the IRAP rate increase);
- integration charges (net of tax) of 12 million euro;
- charges from purchase cost allocation (net of tax) of 85 million euro;
- minority interests of 25 million euro.

Excluding the main non-recurring items, net income for the second quarter of 2011 was 529 million euro, down 30.6% on the 762 million euro of the first quarter of 2011 and up 5.8% on the 500 million euro of the second quarter of 2010.

**<u>The income statement for the first half of 2011</u>**

The consolidated income statement for the first half of 2011 recorded **operating income** of 8,678 million euro, up 5.6% from 8,220 million euro in the first half of 2010. Excluding capital gains on Prada and Findomestic, operating income would increase by 0.4%.

As part of this, in the first half of 2011 **net interest income** amounted to 4,739 million euro, down 1.6% from 4,816 million euro in the first half of 2010. Net interest income would increase by 0.8% if the impact of the hedging reduction were excluded.

**Net fee and commission income** amounted to 2,784 million euro, in line with the 2,788 million euro of the first half of 2010. Fees and commissions on commercial banking activities increased by 0.5% and fees and commissions on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) declined by 0.8%. Under the latter, commissions on dealing and placement of securities were down 14% - a decrease also due to the decision not to place third-party bonds in the first half of 2011 - those on distribution of insurance products were down 1.9% and those on portfolio management were up 3%.

**Profits on trading** amounted to 821 million euro versus the 215 million euro of the first half of 2010. As part of it, profits from customers increased from 170 to 190 million euro, those from capital markets and AFS financial assets rose from 121 to 463 million euro (including an overall amount of 462 million euro from the sale of the stakes in Prada and Findomestic), proprietary trading and treasury activities passed to a profit of 131 million euro from a loss of 112 million euro, while profits from structured credit products were unchanged at 37 million euro. Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale, trading profits for the first half of 2011 would have recorded a positive pre-tax impact of 23 million euro.

**Income from insurance business** was 285 million euro compared to the 355 million euro of the first half of 2010 which benefited from capital gains on sale of securities.

**Operating costs** amounted to 4,497 million euro, down 0.2% compared to the 4,507 million euro of the same period last year, reflecting a decline of 2.5% in administrative expenses and increases of 0.6% in personnel expenses and 4.2% in adjustments.

As a result, **operating margin** totalled 4,181 million euro, up 12.6% from the 3,713 million euro of the first half of 2010. The cost/income ratio was 51.8% compared with 54.8% in the first half of 2010. Operating margin, excluding capital gains on Prada and Findomestic, would increase by 1.1% with a cost/income ratio at 54.5%.

No **goodwill impairment** was recorded in this period, as was the case with the first half of 2010.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 1,609 million euro, down 9.1% from 1,771 in the first half of 2010. Net provisions for risks and charges amounted to 78 million euro compared to 184 million euro in the first half of 2010. Net adjustments to loans came to 1,457 million euro, down 5.6% compared to the 1,544 million euro of the first half of 2010. Net impairment losses came to 74 million euro, versus the 43 million euro in the first half of 2010, and included the 25 million euro impairment on Greek government bonds maturing by 2020.

**Profits/losses on investments held to maturity and on other investments** were a positive 33 million euro and included a positive effect of 146 million euro from the sale of branches to Crédit Agricole and a negative impact of 132 million euro due to the impairment of the investment in Telco. The figure for the first half of 2011 is compared to profits of 11 million euro recorded in the same period last year.

**Income before tax from continuing operations** amounted to 2,605 million euro, up 33.4% compared to the 1,953 million euro of the first half of 2010.

**Consolidated net income** was 1,402 million euro - down 17% versus the 1,690 million euro in the same period last year (which benefited from a 648 million euro net capital gain on the sale of the securities services business, included under income after tax from discontinued operations, and an 86 million euro release of deferred taxes relating to goodwill detaxation) - after accounting for:

- taxes of 973 million euro (including charges of 57 million euro following the IRAP rate increase);
- integration charges (net of tax) of 16 million euro;

- charges from purchase cost allocation (net of tax) of 171 million euro;
- minority interests of 43 million euro.

Excluding the main non-recurring items, net income for the first half of 2011 was 1,291 million euro, up 6.7% from the 1,210 million euro of the first half of 2010.

**Balance sheet as at 30 June 2011**

As regards the consolidated balance sheet figures, as at 30 June 2011 **loans to customers** amounted to 372 billion euro, up 0.1% from 30 June 2010 (up 2% taking into account average volumes instead of those at the end of the period) and down 1% from year-end 2010, following a reduction in loans to mid and large corporates and an increase to small and medium enterprises. Total **non-performing loans** (doubtful, substandard, restructured and past due) - net of adjustments - amounted to 21,285 million euro, up 1% from 21,071 million euro as at year-end 2010. In detail, doubtful loans increased to 7,979 from 7,336 million euro as at 31 December 2010; the ratio to total loans was 2.1% (2% as at 31 December 2010) and the coverage ratio was 64% (the same as at year-end 2010). Total coverage was 126% taking into account **collateral and guarantees** to doubtful loans in addition to specific provisions. Substandard loans decreased to 8,806 from 8,898 million euro as at year-end 2010. Restructured loans amounted to 3,306 million euro compared to 3,334 million euro as at year-end 2010. Past due loans decreased to 1,194 million euro compared to 1,503 million euro as at year-end 2010.

**Customer financial assets** were 815 billion euro (after netting referred to items included in both direct and indirect customer deposits), down 1.1% from year-end 2010 and 2.2% from 30 June 2010. Under customer financial assets, **direct customer deposits** amounted to 414 billion euro, down 2.5% from year-end 2010 and down 5.1% from 30 June 2010; indirect customer deposits reached 425 billion euro, up 0.1% from year-end 2010 and up 0.5% from 30 June 2010. **Assets under management** totalled 232 billion euro, down 0.5% from year-end 2010 and down 1.8% from 30 June 2010. As for bancassurance, in the first half of 2011 new business for life policies amounted to 7.6 billion euro (7.8% higher than in the first half of 2010). Assets under administration and in custody amounted to 192 billion euro, up 0.7% from year-end 2010 and up 3.4% from 30 June 2010.

As at 30 June 2011 **capital ratios** were 10.2% for the Core Tier 1 ratio (year-end 2010: 7.9%), 11.8% for the Tier 1 ratio (year-end 2010: 9.4%) and 15.1% for the total capital ratio (year-end 2010: 13.2%). Capital ratios have been determined by using the Basel 2 Foundation approach, applying the internal models to both residential mortgages and the corporate portfolio and deducting the nominal value of the savings shares. These ratios benefit from the 5 billion euro capital increase completed in June 2011, the implementation of measures envisaged in the Business Plan to optimise risk-weighted assets (RWAs), and the reduction from 90% to 85% of the floor set by the Supervisory Authority relating to the calculation of capital requirement based on internal models. The capital ratios include the dividend accrued in the period for year 2011 (the figure assumes half the amount that would result from the distribution of the same dividend per share paid in 2011 for 2010 to the number of shares outstanding after the capital increase).

The following is the estimated impact on the Group's capital ratios from **fully phased-in Basel 3**, based on the information available so far. This impact has been calculated by applying the parameters set for 2019 to the financial statements as at 30 June 2011 and includes the acquisition of Banca Monte Parma finalised in July 2011. The estimated impact comprises:

- 1.7 billion euro in total deductions from common equity assuming that the equity investment in the Bank of Italy is deducted and considering the expected absorption of deferred tax assets (DTAs) before the full phasing-in of Basel 3,
- an additional 11.6 billion euro of RWAs due to DTAs and investments in banks, financial entities and insurance companies which are below the deduction limit,
- an additional 12.4 billion euro of RWAs due to securitisations, market risks (Stress VaR) and counterparty risks (CVA),

with an estimated total impact on the Core Tier 1 ratio of around 120 basis points (the actual impact is subject to the implementation of the relevant regulations) which would result in a pro-forma ratio of 9%.

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Thanks to the strategic decisions taken, **Intesa Sanpaolo** has confirmed its reputation as **one of the most solid international banking Groups**. In addition to the asset quality and level of capital ratios commented on above, the Group has continued to build on the following key strengths:

- an **excellent liquidity profile** with
  - a broad availability of eligible assets with Central Banks, corresponding to liquidity of 47 billion euro at the end of June 2011 and 34 billion euro at the end of July 2011. In July, a three-month repo of 15 billion euro was opened with the ECB to optimise the cost of funding,
  - high liquid assets (made up of eligible assets available and eligible assets currently used as collateral) of around 80 billion euro both at the end of June and at the end of July 2011,
  - eligible and liquid assets can be increased significantly if necessary,
  - customer deposits outweighing customer loans,
  - stable and well-diversified sources of funding,
  - over 70% of direct customer deposits (including securities issued) generated from retail operations,
  - medium/long-term funds raised at the end of July 2011 which are equivalent to around 83% of total 2011 maturities, with wholesale placements equal to the total 2011 wholesale maturities;
- **low leverage and an adequate capital base** with
  - much lower leverage than other major European banking groups,
  - one of the best ratios of tangible net shareholders' equity to tangible assets among the major European banking groups,
  - the outcome of July's **stress test** carried out by the EBA showing that the Group's capital base is one of the strongest among the leading European banking groups even under assumed severe shocks. The Group's Core Tier 1 ratio would be 8.9% under the assumed adverse scenario in 2012 - excluding the benefits from the sale of branches to Crédit Agricole and the disposal of Findomestic recorded in the second quarter of 2011 - and would rise to 9.2% including their impact;
- a **low risk profile** with
  - the Group's securities portfolio at the end of June 2011 including bonds issued by the central and local governments of Greece of 559 million euro, Ireland of 187 million euro and Portugal of 45 million euro,
  - specifically, as regards Greek government bonds:
    - those maturing by 2020 - included in the international voluntary programme of debt exchange supported by Intesa Sanpaolo - amounted to 99 million euro, after the impairment of 25 million euro based on an expected loss of 21% with respect of securities classified under loans and on market value for AFS securities, with cancellation of negative AFS reserves and allocation of around 20 million euro charges to insurance products under separate management;
    - bonds maturing after 2020 amounted to 460 million euro, with existing negative AFS reserves of around 230 million euro (net of tax and allocation to insurance products under separate management).

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The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of 25 million euro as at 30 June 2011. Full and detailed information concerning structured credit products held by the Group is included, as usual, in the half-yearly Report as at 30 June 2011 approved by the Management Board as well as in the specific slides of the results presentation made available to the market.

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As at 30 June 2011, the Intesa Sanpaolo Group's **operating structure** had a total network of 7,290 branches - of which 5,547 in Italy and 1,743 abroad - with 101,169 employees, 77 higher than at 31 December 2010.

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## Breakdown of results by business area

The **Banca dei Territori** Division comprises:

- retail customers: households (individual customers with financial assets up to 100,000 euro), personal (individual customers with financial assets between 100,000 euro and one million euro), small businesses (enterprises with a turnover under 2.5 million euro and with loan facilities under one million euro);
- SME customers: SMEs with a turnover between 2.5 and 150 million euro;
- Private customers: individual customers with financial assets exceeding one million euro.

The Division includes Intesa Sanpaolo Private Banking, the Group's company which serves private customers, and Banca Prossima, operating through the Group's branches, with regional centres and a team of specialists at the service of non-profit entities. In addition, the Banca dei Territori Division comprises product companies, namely Mediocredito Italiano, the Group's company which specialises in industrial credit, the insurance companies EurizonVita, Sud Polo Vita, Intesa Vita, Centrovita Assicurazioni and Intesa Sanpaolo Previdenza, the fiduciary service company SIREFID, the consumer credit companies Moneta and Neos Finance, and Setefi operating in electronic payments.

In the second quarter of 2011, the Banca dei Territori Division recorded:

- operating income of 2,383 million euro, up 0.3% compared with 2,376 million euro in the first quarter of 2011;
- operating costs of 1,413 million euro, up 2% from 1,403 million euro in the first quarter of 2011;
- operating margin of 952 million euro, down 2.2% from 974 million euro in the first quarter of 2011 while up 6.5% excluding the lower contribution from hedging of interest rate risk;
- a cost/income ratio of 60% versus 59% in the first quarter of 2011;
- net provisions and adjustments of 562 million euro, up 27.4% from 441 million euro in the first quarter of 2011;
- income before tax from continuing operations of 389 million euro, down 26.9% from 532 million euro in the first quarter of 2011;
- net income of 99 million euro, down 61.7% from 257 million euro in the first quarter of 2011.

In first-half 2011, the Banca dei Territori Division recorded:

- operating income of 4,759 million euro, accounting for 55% of the consolidated operating income (61% in the first half of 2010), down 4.8% from 5,000 million euro in the first half of 2010;
- operating costs of 2,833 million euro, down 1.3% from 2,871 million euro in the first half of 2010;
- operating margin of 1,926 million euro, down 9.5% from 2,129 million euro in the first half of 2010 while up 3.5% excluding the lower contribution from hedging of interest rate risk;
- a cost/income ratio of 59.5% versus 57.4% in the first half of 2010;
- net provisions and adjustments of 1,004 million euro, down 10.3% from 1,119 in the first half of 2010;
- income before tax from continuing operations of 922 million euro, down 8.7% from 1,010 million euro in the first half of 2010;
- net income of 356 million euro, down 21.8% from 455 million euro in the first half of 2010.

**Eurizon Capital**, the company specialised in providing collective and individual asset management products to the Group's internal banking networks, is developing ever more effective synergies with the Banca dei Territori Division. The company is also focused on strengthening its presence in the "open architecture" segment through specific distribution agreements with other networks and institutional investors. Eurizon Capital controls the subsidiaries Eurizon Capital (Luxembourg) and Eurizon A.I., which respectively promote and manage funds incorporated under Luxembourg law and alternative funds, and owns a 49% stake in a Chinese asset management company, Penghua Fund Management.

In the second quarter of 2011, Eurizon Capital recorded:
- operating income of 67 million euro, down 3.3% from 69 million euro in the first quarter of 2011;
- operating costs of 32 million euro, in line with the first quarter of 2011;
- operating margin of 35 million euro, down 6.9% from 37 million euro in the first quarter of 2011;
- a cost/income ratio of 47.8% versus 46.4% in the first quarter of 2011;
- income before tax from continuing operations of 35 million euro, down 7.1% from 37 million euro in the first quarter of 2011;
- net income of 19 million euro, up 1.2% from 18 million euro in the first quarter of 2011.

In first-half 2011, Eurizon Capital recorded:
- operating income of 136 million euro, accounting for 2% of the consolidated operating income (the same as in the first half of 2010), down 0.7% from 137 million euro in the first half of 2010;
- operating costs of 64 million euro, down 1.5% from 65 million euro in the first half of 2010;
- operating margin of 72 million euro, unchanged compared to the first half of 2010;
- a cost/income ratio improving to 47.1% from 47.4% in the first half of 2010;
- income before tax from continuing operations of 72 million euro, the same as in the first half of 2010;
- net income of 37 million euro, up 2.8% from 36 million euro in the first half of 2010.

The **Corporate and Investment Banking** Division includes:
- Large Corporate Italy, which presides over relations with large Italian corporates (mainly with a turnover exceeding 500 million euro);
- Mid Corporate, dedicated to Italian corporate customers with a turnover exceeding 150 million euro and mainly up to 500 million euro;
- International, responsible for relations with international corporates. This unit also presides over foreign branches, representative offices and international subsidiaries specialising in corporate banking (Société Européenne de Banque and Intesa Sanpaolo Bank Ireland) and provides specialist assistance in support of internationalisation of Italian corporates and export development;
- Global Banking & Transaction, responsible for relations with Italian and international financial institutions, management of transactional services related to payment systems, custody and settlement of securities, mainly Italian (local custody);
- Banca IMI, which is in charge of investment banking operations, that is the creation of structured finance products and M&A consultancy services to the Group's clients, capital markets activities for the Group's clients and institutional operators in market making activities;
- Merchant Banking, which operates in the private equity area also through Private Equity International (PEI) and IMI Investimenti companies.

This Division also comprises the activities of Leasint, Centro Leasing, Mediofactoring and management of the Group's proprietary trading.

In the second quarter of 2011, the Corporate and Investment Banking Division recorded:
- operating income of 1,148 million euro, an increase of 27.1% from 903 million euro in the first quarter of 2011 resulting from the capital gain of 272 million euro on Prada;
- operating costs of 235 million euro, up 6.7% from 220 million euro in the first quarter of 2011;
- operating margin of 912 million euro, up 33.7% from 683 million euro in the first quarter of 2011;
- a cost/income ratio improving to 20.5% from 24.4% in the first quarter of 2011;
- net provisions and adjustments of 124 million euro from the 100 million euro of the first quarter of 2011;
- losses on investments held to maturity and on other investments of 138 million euro (due to impairment of 132 million euro on the investment in Telco) versus a loss of 2 million in the first quarter of 2011;
- income before tax from continuing operations of 650 million euro, up 11.9% from 581 million euro in the first quarter of 2011;
- net income of 450 million euro, up 16.1% from 387 million euro in the first quarter of 2011.

In first-half 2011, the Corporate and Investment Banking Division recorded:
- operating income of 2,051 million euro (including the 272 million euro capital gain on Prada), accounting for 23% of the consolidated operating income (22% in the first half of 2010). Operating income was up 15.3% from 1,779 million euro in the first half of 2010;
- operating costs of 456 million euro, up 6.8% from 427 million euro in the first half of 2010;
- operating margin of 1,595 million euro, up 18% from 1,352 million euro in the first half of 2010;
- a cost/income ratio improving to 22.2% from the 24% of the first half of 2010;
- net provisions and adjustments of 225 million euro, up 7.7% from 209 million euro in the first half of 2010;
- losses on investments held to maturity and on other investments of 140 million euro (including impairment of 132 million euro on the investment in Telco) versus a loss of 4 million in the first half of 2010;
- income before tax from continuing operations of 1,230 million euro, up 8% from 1,139 million euro in the first half of 2010;
- net income of 837 million euro, up 12.3% from 745 million euro in the first half of 2010.

**Public Finance** provides services to government, public entities, local authorities, public utilities, general contractors, public and private healthcare structures and develops activities related to lending and day-to-day banking operations, project financing, securitisations and financial advisory, with the aim of fostering cooperation between the public and private sectors and supporting initiatives and investment projects in large infrastructure, healthcare, research and public utilities in general. Public finance activities are performed through Banca Infrastrutture Innovazione e Sviluppo.

In the second quarter of 2011, Public Finance recorded:
- operating income of 90 million euro, down 14.6% from 106 million euro in the first quarter of 2011;
- operating costs of 19 million euro, in line with the first quarter of 2011;
- operating margin of 72 million euro, down 17.9% from 87 million euro in the first quarter of 2011;
- a cost/income ratio of 21.1% versus 17.9% in the first quarter of 2011;
- net provisions and adjustments of 27 million euro (including impairment of 12 million euro on Greek government bonds) versus 2 million euro in the first quarter of 2011;
- income before tax from continuing operations of 45 million euro, down 47.3% from 85 million euro in the first quarter of 2011;
- net income of 27 million euro, down 47.3% from 51 million euro in the first quarter of 2011.

In first-half 2011, Public Finance recorded:
- operating income of 196 million euro, accounting for 2% of the consolidated operating income (the same as in the first half of 2010), up 23.3% from 159 million euro in the first half of 2010;
- operating costs of 37 million euro, down 9.8% from 41 million euro in the first half of 2010;
- operating margin of 159 million euro, up 34.7% from 118 million euro in the first half of 2010;
- a cost/income ratio improving to 18.9% from the 25.8% of the first half of 2010;
- net provisions and adjustments of 29 million euro (including impairment of 12 million euro on Greek government bonds), versus 13 million euro in the first half of 2010;
- income before tax from continuing operations of 130 million euro, up 23.8% from 105 million euro in the first half of 2010;
- net income of 78 million euro, up 21.9% from 64 million euro in the first half of 2010.

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 ones. This Division also coordinates operations of international subsidiary banks and their relations with the Parent Company's head office departments and the Corporate and 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 where it operates: i) the SEE Area which includes the banking subsidiaries 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, Intesa Sanpaolo Bank Romania and Banca CR Firenze Romania; ii) the CEE Area which includes the banking subsidiaries in Central-Eastern Europe, Banka Koper in Slovenia, VUB Banka in Slovakia and CIB Bank in Hungary; iii) the CIS & South Mediterranean Area which includes the banking subsidiaries: Banca Intesa in the Russian Federation, Pravex-Bank in Ukraine and Bank of Alexandria in Egypt.

In the second quarter of 2011, the International Subsidiary Banks Division recorded:
- operating income of 598 million euro, up 1.3% compared with 590 million euro in the first quarter of 2011;
- operating costs of 291 million euro, up 1.8% from 286 million euro in the first quarter of 2011;
- operating margin of 307 million euro, up 0.9% from 304 million euro in the first quarter of 2011;
- a cost/income ratio of 48.7% versus 48.5% in the first quarter of 2011;
- net provisions and adjustments of 140 million euro, down 23.1% from 182 million euro in the first quarter of 2011;
- profits on investments held to maturity and on other investments of 2 million euro, in line with the figure of the first quarter of 2011;
- income before tax from continuing operations of 169 million euro, up 37.2% from 123 million euro in the first quarter of 2011;
- net income of 128 million euro, up 48.3% from 86 million euro in the first quarter of 2011.

In first-half 2011, the International Subsidiary Banks Division recorded:
- operating income of 1,188 million euro, accounting for 14% of the consolidated operating income (the same contribution as in the first half of 2010), up 5.6% from 1,125 million euro in the first half of 2010;
- operating costs of 576 million euro, up 1.1% from 570 million euro in the first half of 2010;
- operating margin of 612 million euro, up 10.3% from 555 million euro in the first half of 2010 (up 12% excluding the exchange rate effect);
- a cost/income ratio improving to 48.5% from 50.7% in the first half of 2010;
- net provisions and adjustments of 324 million euro, up 17.8% from 275 million euro in the first half of 2010;
- profits on investments held to maturity and on other investments of 4 million euro versus profits of one million euro in the first half of 2010;
- income before tax from continuing operations of 292 million euro, up 3.9% from 281 million euro in the first half of 2010;
- net income of 214 million euro, up 2.9% from 208 million euro in the first half of 2010.

**Banca Fideuram** performs asset gathering activities serving customers with a medium to high savings potential through its network of private bankers. This business unit's operations include Fideuram Vita. In the second quarter of 2011, Banca Fideuram recorded:

- operating income of 204 million euro, up 4% from 196 million euro in the first quarter of 2011;
- operating costs of 88 million euro, up 6.5% from 82 million euro in the first quarter of 2011;
- operating margin of 116 million euro, up 2.2% from 114 million euro in the first quarter of 2011;
- a cost/income ratio of 43.1% from 41.8% in the first quarter of 2011;
- net provisions and adjustments of 22 million euro (including impairment of 6 million euro on Greek government bonds) from 8 million euro in the first quarter of 2011;
- profits on investments held to maturity and on other investments of 7 million euro versus a zero balance in the first quarter of 2011;
- income before tax from continuing operations of 101 million euro, down 3.7% from 105 million euro in the first quarter of 2011;
- net income of 53 million euro, up 1.4% from 52 million euro in the first quarter of 2011; excluding charges from purchase cost allocation, net income for the second quarter of 2011 would be 75 million euro compared to 77 million euro in the first quarter of 2011.

In first-half 2011, Banca Fideuram recorded:

- operating income of 400 million euro, accounting for 5% of the consolidated operating income (the same contribution as in the first half of 2010), up 7.2% from 373 million euro in the first half of 2010;
- operating costs of 170 million euro, up 1.2% from 168 million euro in the first half of 2010;
- operating margin of 230 million euro, up 12.2% from 205 million euro in the first half of 2010;
- a cost/income ratio improving to 42.5% from 45% in the first half of 2010;
- net provisions and adjustments of 30 million euro (including impairment of 6 million euro on Greek government bonds), down 31.8% from 44 million euro in the first half of 2010;
- profits on investments held to maturity and on other investments of 7 million euro versus a zero balance in the first half of 2010;
- income before tax from continuing operations of 207 million euro, up 28.6% from 161 million euro in the first half of 2010;
- net income of 105 million euro, up 78% from 59 million euro in the first half of 2010; excluding charges from purchase cost allocation, net income for the first half of 2011 would be 152 million euro compared to 111 million euro in the first half of 2010.

## The outlook for 2011

In 2011, by comparison with 2010, the Intesa Sanpaolo Group is expected to record a recovery in revenues, a containment of operating costs, a decline in the cost of credit and, hence, an improvement in recurring profitability, in line with the 2011-2013/2015 Business Plan. The key priority of the Plan is to ensure sustainable profitability in the medium term through developing long-lasting client relationships, fine-tuning cost discipline and investments, while at the same time monitoring asset quality and strengthening liquidity and capital base.

* * *

For consistency purposes, the income statement figures for 2010 were restated mainly due to three transactions:
1. the sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole group, finalised in January, March and June 2011; for the four quarters of 2010 the related items were deconsolidated line by line and their contribution to net income recorded under minority interests;
2. the acquisition of 50 branches from Banca Monte dei Paschi di Siena which were included in the scope of full consolidation in the income statement of the third quarter of 2010. For the first two quarters of 2010 relevant items were consolidated line by line and their contribution to net income was recorded under minority interests;
3. the purchase from the Generali Group of the remaining 50% of Intesa Vita not owned by the Intesa Sanpaolo Group, finalised in September 2010, and the consequent inclusion of Intesa Vita within the scope of full consolidation as regards the income statement for the 2010 fourth quarter. For the first three quarters of 2010 relevant items were consolidated line by line and their contribution to net income recorded under minority interests.

Still for consistency purposes, the balance sheet figures were restated:
1. for the four quarters of 2010 deconsolidating line by line the items relating to Cassa di Risparmio della Spezia and 96 branches sold to the Crédit Agricole group in January, March and June 2011 and recording their contribution in terms of assets/liabilities balance under interbank position;
2. for the first quarter of 2010 consolidating line by line the items related to the acquisition of 50 branches from Banca Monte dei Paschi di Siena finalised in June 2010;
3. for the first two quarters of 2010 consolidating line by line the items related to Intesa Vita.

Moreover, both income statement and balance sheet figures relating to the Business Units were restated:
1. for the four quarters of 2010 to take into account the attribution of Intesa Sanpaolo Suisse Private Bank to the Banca dei Territori Division. The company was previously included under the Corporate and Investment Banking Division;
2. for the first two quarters of 2010 to include the contribution to Banca Fideuram of the Fideuram Vita business line spun off from EurizonVita and consequently from the Banca dei Territori Division;
3. for the first three quarters of 2010 to take into account the attribution of Neos Finance to the Banca dei Territori Division. The company was previously included under the Corporate Centre.

* * *

The adjusted net income was calculated excluding the main non-recurring items listed below:

in the first quarter 2011: 1) 11 million euro extraordinary tax relating to the Group’s subsidiary in Hungary, recorded under taxes on income from continuing operations, 2) 6 million euro integration charges and related tax savings resulting in net integration charges of 4 million euro, and 3) 86 million euro charges from purchase cost allocation, net of tax;

in the second quarter 2011: 1) 272 million euro capital gain on the sale of 4% of the Prada equity stake recorded under profits on trading and related taxes resulting in 253 million euro net capital gain, 2) 154 million euro capital gain on the sale of the remaining 25% stake in Findomestic, recorded under profits on trading, related taxes and minority interest, resulting in a net capital gain for the Group of 128 million euro, 3) 25 million euro impairment charges relating to Greek government bonds maturing by 2020 and related tax savings, resulting in net impairment charges of 17 million euro, 4) 146 million euro capital gain on the sale of branches to Crédit Agricole, recorded under profits on investments held to maturity and on other investments, related taxes and minority interests, resulting in a net capital gain for the Group of 145 million euro, 5) 132 million euro impairment charges relating to the investment in Telco, recorded under profits on investments held to maturity and on other investments, 6) 11 million euro extraordinary tax relating to the Group’s subsidiary in Hungary, recorded under taxes on income from continuing operations, 7) 57 million euro charges from the IRAP rate increase, recorded under taxes on income from continuing operations, 8) 18 million euro integration charges and related tax savings resulting in net integration charges of 12 million euro and 9) 85 million euro charges from purchase cost allocation, net of tax;

in the first quarter 2010: 1) 86 million euro fiscal benefit from the release of deferred taxes relating to goodwill detaxation with some subsidiaries, recorded under taxes on income from continuing operations, 2) 23 million euro integration charges and related tax savings resulting in net integration charges of 16 million euro, and 3) 92 million euro charges from purchase cost allocation, net of tax;

in the second quarter 2010: 1) 19 million euro extraordinary tax pertaining to the first half of 2010 and relating to the Group’s subsidiary in Hungary, recorded under taxes on income from continuing operations, 2) 664 million euro capital gains on the sale of the securities services business and related taxes, which resulted in a net capital gain of 648 million euro recorded under income after tax from discontinued operations, 3) 41 million euro integration charges and related tax savings, which resulted in net integration charges of 27 million euro, and 4) 100 million euro charges from purchase cost allocation, net of tax;

in the third quarter 2010: 1) 9 million euro extraordinary tax relating to the Group’s subsidiary in Hungary, recorded under taxes on income from continuing operations, 2) 13 million euro integration charges and related tax savings, which resulted in net integration charges of 11 million euro, and 3) 102 million euro charges from purchase cost allocation, net of tax;

in the fourth quarter 2010: 1) 100 million euro prudentially set aside for possible dispute resolutions, recorded under net provisions for risks and charges, 2) a 255 million euro positive effect of the measurement at fair value of the 50% stake of Intesa Vita already owned following the acquisition of total control of the company, recorded under profits on investments held to maturity and on other investments, 3) 15 million euro extraordinary tax relating to the Group's subsidiary in Hungary, recorded under taxes on income from continuing operations, 4) 27 million euro integration charges and related tax savings, which resulted in net integration charges of 18 million euro and 5) 102 million euro charges from purchase cost allocation, net of tax.

* * *

*In order to present more complete information on the results generated in the first half of 2011, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the report approved by the Management Board are attached. Please note that these statements have not been reviewed by the Auditing company. The latter, in charge of performing the limited review of the half-yearly report, has not yet completed its analysis.*

* * *

**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.**

* * *



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# Gruppo Intesa Sanpaolo

## Reclassified consolidated statement of income

(millions of euro)

| | 30.06.2011 | 30.06.2010 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Net interest income | 4,739 | 4,816 | -77 | -1.6 |
| Dividends and profits (losses) on investments carried at equity | 41 | 23 | 18 | 78.3 |
| Net fee and commission income | 2,784 | 2,788 | -4 | -0.1 |
| Profits (Losses) on trading | 821 | 215 | 606 | |
| Income from insurance business | 285 | 355 | -70 | -19.7 |
| Other operating income (expenses) | 8 | 23 | -15 | -65.2 |
| Operating income | 8,678 | 8,220 | 458 | 5.6 |
| Personnel expenses | -2,724 | -2,709 | 15 | 0.6 |
| Other administrative expenses | -1,472 | -1,509 | -37 | -2.5 |
| Adjustments to property, equipment and intangible assets | -301 | -289 | 12 | 4.2 |
| Operating costs | -4,497 | -4,507 | -10 | -0.2 |
| Operating margin | 4,181 | 3,713 | 468 | 12.6 |
| Goodwill impairment | - | - | - | - |
| Net provisions for risks and charges | -78 | -184 | -106 | -57.6 |
| Net adjustments to loans | -1,457 | -1,544 | -87 | -5.6 |
| Net impairment losses on other assets | -74 | -43 | 31 | 72.1 |
| Profits (Losses) on investments held to maturity and on other investments | 33 | 11 | 22 | |
| Income (Loss) before tax from continuing operations | 2,605 | 1,953 | 652 | 33.4 |
| Taxes on income from continuing operations | -973 | -680 | 293 | 43.1 |
| Merger and restructuring-related charges (net of tax) | -16 | -43 | -27 | -62.8 |
| Effect of purchase price allocation (net of tax) | -171 | -192 | -21 | -10.9 |
| Income (Loss) after tax from discontinued operations | - | 691 | -691 | |
| Minority interests | -43 | -39 | 4 | 10.3 |
| Net income | 1,402 | 1,690 | -288 | -17.0 |

Figures restated, where necessary, considering the changes in the scope of consolidation.

# Gruppo Intesa Sanpaolo

## Quarterly development of the reclassified consolidated statement of income

(millions of euro)

| | 2011 | | 2010 | | | |
|---|---|---|---|---|---|---|
| | Second quarter | First quarter | Fourth quarter | Third quarter | Second quarter | First quarter |
| Net interest income | 2,357 | 2,382 | 2,395 | 2,440 | 2,432 | 2,384 |
| Dividends and profits (losses) on investments carried at equity | 34 | 7 | 11 | -5 | 26 | -3 |
| Net fee and commission income | 1,399 | 1,385 | 1,506 | 1,318 | 1,394 | 1,394 |
| Profits (Losses) on trading | 543 | 278 | 121 | 126 | -3 | 218 |
| Income from insurance business | 165 | 120 | 126 | 173 | 151 | 204 |
| Other operating income (expenses) | -3 | 11 | 20 | -4 | 1 | 22 |
| Operating income | 4,495 | 4,183 | 4,179 | 4,048 | 4,001 | 4,219 |
| Personnel expenses | -1,364 | -1,360 | -1,423 | -1,351 | -1,353 | -1,356 |
| Other administrative expenses | -758 | -714 | -887 | -744 | -777 | -732 |
| Adjustments to property, equipment and intangible assets | -152 | -149 | -169 | -142 | -147 | -142 |
| Operating costs | -2,274 | -2,223 | -2,479 | -2,237 | -2,277 | -2,230 |
| Operating margin | 2,221 | 1,960 | 1,700 | 1,811 | 1,724 | 1,989 |
| Goodwill impairment | - | - | - | - | - | - |
| Net provisions for risks and charges | -65 | -13 | -144 | -30 | -98 | -86 |
| Net adjustments to loans | -777 | -680 | -838 | -706 | -794 | -750 |
| Net impairment losses on other assets | -57 | -17 | -47 | -5 | -38 | -5 |
| Profits (Losses) on investments held to maturity and on other investments | 19 | 14 | 262 | - | 1 | 10 |
| Income (Loss) before tax from continuing operations | 1,341 | 1,264 | 933 | 1,070 | 795 | 1,158 |
| Taxes on income from continuing operations | -478 | -495 | -295 | -417 | -320 | -360 |
| Merger and restructuring-related charges (net of tax) | -12 | -4 | -18 | -11 | -27 | -16 |
| Effect of purchase price allocation (net of tax) | -85 | -86 | -102 | -102 | -100 | -92 |
| Income (Loss) after tax from discontinued operations | - | - | 3 | - | 663 | 28 |
| Minority interests | -25 | -18 | -16 | -30 | -9 | -30 |
| Net income | 741 | 661 | 505 | 510 | 1,002 | 688 |

Figures restated, where necessary, considering the changes in the scope of consolidation.

# Gruppo Intesa Sanpaolo

## Reclassified consolidated balance sheet

(millions of euro)

| Assets | 30.06.2011 | 31.12.2010 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Financial assets held for trading | 60,555 | 71,896 | -11,341 | -15.8 |
| Financial assets designated at fair value through profit and loss | 36,303 | 35,550 | 753 | 2.1 |
| Financial assets available for sale | 68,991 | 61,819 | 7,172 | 11.6 |
| Investments held to maturity | 2,856 | 3,839 | -983 | -25.6 |
| Due from banks | 43,194 | 41,476 | 1,718 | 4.1 |
| Loans to customers | 372,361 | 376,087 | -3,726 | -1.0 |
| Investments in associates and companies subject to joint control | 2,694 | 2,712 | -18 | -0.7 |
| Property, equipment and intangible assets | 30,734 | 31,012 | -278 | -0.9 |
| Tax assets | 7,826 | 8,723 | -897 | -10.3 |
| Non-current assets held for sale and discontinued operations | 38 | 75 | -37 | -49.3 |
| Other assets | 19,121 | 20,831 | -1,710 | -8.2 |
| Total Assets | 644,673 | 654,020 | -9,347 | -1.4 |

| Liabilities and Shareholders' Equity | 30.06.2011 | 31.12.2010 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Due to banks | 49,665 | 52,486 | -2,821 | -5.4 |
| Due to customers and securities issued | 387,377 | 396,877 | -9,500 | -2.4 |
| Financial liabilities held for trading | 38,215 | 45,043 | -6,828 | -15.2 |
| Financial liabilities designated at fair value through profit and loss | 24,729 | 26,144 | -1,415 | -5.4 |
| Tax liabilities | 3,284 | 3,239 | 45 | 1.4 |
| Liabilities associated with non-current assets held for sale and discontinued operations | - | - | - | - |
| Other liabilities | 24,181 | 20,865 | 3,316 | 15.9 |
| Technical reserves | 52,887 | 50,188 | 2,699 | 5.4 |
| Allowances for specific purpose | 4,362 | 4,625 | -263 | -5.7 |
| Share capital | 8,546 | 6,647 | 1,899 | 28.6 |
| Reserves | 49,924 | 45,235 | 4,689 | 10.4 |
| Valuation reserves | -937 | -1,054 | -117 | -11.1 |
| Minority interests | 1,038 | 1,020 | 18 | 1.8 |
| Net income | 1,402 | 2,705 | -1,303 | -48.2 |
| Total Liabilities and Shareholders' Equity | 644,673 | 654,020 | -9,347 | -1.4 |

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

# Gruppo Intesa Sanpaolo

## Quarterly development of the Reclassified consolidated balance sheet

(millions of euro)

| Assets | 2011 | | 2010 | | | |
|---|---|---|---|---|---|---|
| | 30/6 | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Financial assets held for trading | 60,555 | 61,094 | 71,896 | 90,513 | 98,469 | 83,976 |
| Financial assets designated at fair value through profit and loss | 36,303 | 36,349 | 35,550 | 33,253 | 32,974 | 33,432 |
| Financial assets available for sale | 68,991 | 64,829 | 61,819 | 60,525 | 55,183 | 55,608 |
| Investments held to maturity | 2,856 | 3,001 | 3,839 | 4,205 | 4,307 | 4,341 |
| Due from banks | 43,194 | 40,408 | 41,476 | 44,022 | 46,878 | 46,181 |
| Loans to customers | 372,361 | 374,519 | 376,087 | 375,438 | 372,167 | 368,204 |
| Investments in associates and companies subject to joint control | 2,694 | 2,817 | 2,712 | 2,360 | 2,348 | 2,328 |
| Property, equipment and intangible assets | 30,734 | 30,840 | 31,012 | 30,526 | 30,716 | 30,609 |
| Tax assets | 7,826 | 8,034 | 8,723 | 7,830 | 8,103 | 7,540 |
| Non-current assets held for sale and discontinued operations | 38 | 35 | 75 | 48 | 35 | 7,741 |
| Other assets | 19,121 | 20,650 | 20,831 | 23,796 | 26,232 | 27,494 |
| Total Assets | 644,673 | 642,576 | 654,020 | 672,516 | 677,412 | 667,454 |

| Liabilities and Shareholders' Equity | 2011 | | 2010 | | | |
|---|---|---|---|---|---|---|
| | 30/6 | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Due to banks | 49,665 | 50,474 | 52,486 | 46,939 | 49,311 | 45,103 |
| Due to customers and securities issued | 387,377 | 390,586 | 396,877 | 404,119 | 408,659 | 400,845 |
| Financial liabilities held for trading | 38,215 | 37,429 | 45,043 | 58,137 | 56,411 | 48,348 |
| Financial liabilities designated at fair value through profit and loss | 24,729 | 25,201 | 26,144 | 26,357 | 26,430 | 27,692 |
| Tax liabilities | 3,284 | 3,328 | 3,239 | 3,018 | 2,843 | 3,753 |
| Liabilities associated with non-current assets held for sale and discontinued operations | - | - | - | - | - | 9,375 |
| Other liabilities | 24,181 | 23,653 | 20,865 | 25,916 | 26,421 | 24,601 |
| Technical reserves | 52,887 | 51,896 | 50,188 | 49,585 | 48,612 | 47,947 |
| Allowances for specific purpose | 4,362 | 4,542 | 4,625 | 4,542 | 4,598 | 4,774 |
| Share capital | 8,546 | 6,647 | 6,647 | 6,647 | 6,647 | 6,647 |
| Reserves | 49,924 | 47,920 | 45,235 | 45,265 | 45,317 | 46,358 |
| Valuation reserves | -937 | -766 | -1,054 | -1,134 | -1,120 | -339 |
| Minority interests | 1,038 | 1,005 | 1,020 | 925 | 1,593 | 1,662 |
| Net income | 1,402 | 661 | 2,705 | 2,200 | 1,690 | 688 |
| Total Liabilities and Shareholders' Equity | 644,673 | 642,576 | 654,020 | 672,516 | 677,412 | 667,454 |

Figures restated, where necessary, 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 (millions of euro) | Banca dei Territori | | Corporate and Investment Banking | | Public Finance | | International Subsidiary Banks | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 |
| Operating income | 4,759 | 5,000 | 2,051 | 1,779 | 196 | 159 | 1,188 | 1,125 | 136 | 137 | 400 | 373 |
| Operating costs | -2,833 | -2,871 | -456 | -427 | -37 | -41 | -576 | -570 | -64 | -65 | -170 | -168 |
| Operating margin | 1,926 | 2,129 | 1,595 | 1,352 | 159 | 118 | 612 | 555 | 72 | 72 | 230 | 205 |
| Net income | 356 | 455 | 837 | 745 | 78 | 64 | 214 | 208 | 37 | 36 | 105 | 59 |

| Balance sheet (millions of euro) | Banca dei Territori | | Corporate and Investment Banking | | Public Finance | | International Subsidiary Banks | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 30.06.2011 | 31.12.2010 | 30.06.2011 | 31.12.2010 | 30.06.2011 | 31.12.2010 | 30.06.2011 | 31.12.2010 | 30.06.2011 | 31.12.2010 | 30.06.2011 | 31.12.2010 |
| Loans to customers | 184,473 | 180,490 | 107,900 | 110,779 | 40,044 | 40,508 | 31,341 | 30,926 | 109 | 153 | 3,059 | 2,851 |
| Direct customer deposits | 214,320 | 218,319 | 86,824 | 97,026 | 5,278 | 5,757 | 30,231 | 30,259 | 12 | 12 | 12,275 | 12,503 |

| Profitability ratios (%) | Banca dei Territori | | Corporate and Investment Banking | | Public Finance | | International Subsidiary Banks | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 | 30.06.2011 | 30.06.2010 |
| Cost / Income | 59.5 | 57.4 | 22.2 | 24.0 | 18.9 | 25.8 | 48.5 | 50.7 | 47.1 | 47.4 | 42.5 | 45.0 |
| ROE [(a)] | 7.2 | 8.2 | 20.4 | 16.2 | 13.5 | 10.4 | 17.7 | 17.4 | 113.1 | 108.4 | 40.3 | 23.4 |
| Economic Value Added adjusted (EVA) [(b)] (in millions of euro) | 61 | 135 | 436 | 298 | 23 | 7 | 57 | 61 | 52 | 52 | 125 | 89 |

Figures restated, 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.

[(b)] Net of merger and restructuring-related charges and effect of purchase price allocation, as per IFRS3.