

## PRESS RELEASE

### INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2011

▪ Capital ratios:	as at 30 September 2011, Core Tier 1 ratio at 10.2% Tier 1 ratio at 11.6%
▪ Operating margin:	€5,749m for the first 9 months, +4% (2010 first 9 months: €5,527m) €1,565m for the third quarter, -29.5% (2011 second quarter: €2,221m)
▪ Operating income:	€12,520m for the first 9 months, +1.5% (2010 first 9 months: €12,333m) €3,800m for the third quarter, -15.8% (2011 second quarter: €4,515m)
▪ Operating costs:	€6,771m for the first 9 months, -0.5% (2010 first 9 months: €6,806m) €2,235m for the third quarter, -2.6% (2011 second quarter: €2,294m)
▪ Income before tax from continuing operations:	€2,768m for the first 9 months, -7.6% (2010 first 9 months: €2,997m) €224m for the third quarter, -82.5% (2011 second quarter: €1,280)
▪ Net income:	€1,929m for the first 9 months, -12.3% (2010 first nine months: €2,200m) €527m for the third quarter, -28.9% (2011 second quarter: €741m)
▪ Adjusted <sup>(*)</sup> net income:	€1,739m for the first 9 months, -5.6% (2010 first 9 months: €1,842m) €448m for the third quarter, -15.3% (2011 second quarter: €529m)

Torino, Milano, 8 November 2011 – The Intesa Sanpaolo Management Board, chaired by Andrea Beltratti, in today's meeting approved the consolidated interim statement as at 30 September 2011 <sup>(1)</sup>.

In the first nine months 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 83 billion euro** at the end of September 2011, as well as **immediate compliance with the Basel 3 Net Stable Funding Ratio liquidity requirement**. This focus has also enabled the Group to **comfortably pass the stress test conducted by the EBA** in July. The subsequent EBA exercise carried out in October has moreover confirmed the **adequacy of the Group's capital base** showing that **Intesa Sanpaolo does not need any additional capital**. The above focus will drive sustainable profitability in the medium-term though it may weigh on short-term profits. Management policies have however enabled Intesa Sanpaolo to generate robust profitability again in the third quarter of 2011 thanks to:

- **increasing overall income from net interest and commissions** versus both the second quarter of 2011 and the third quarter of 2010;
- **declining operating costs** versus both the second quarter of 2011 and the third quarter of 2010;
- **decreasing loan adjustments** versus both the second quarter of 2011 and the third quarter of 2010.

This has generated **consolidated net income** of 527 million euro for the third quarter of 2011, down 28.9% from the 741 million euro of the previous quarter (when net income benefited from around 380 million euro of net capital gains on the sale of stakes in Prada and Findomestic) and up 3.3% from the 510 million euro of the third quarter of 2010. Consolidated net income amounted to 1,929 million euro for the first nine months of 2011, down 12.3% on the 2,200 million euro of the first nine months of 2010 (when net income benefited from around 650 million euro of net capital gain on the sale of the securities services business).

**Consolidated adjusted net income** - without the main non-recurring items <sup>(\*)</sup> - was 448 million euro for the third quarter of 2011, down 15.3% from the 529 million euro of the previous quarter and down 29.1% from the 632 million euro of the third quarter of 2010. Consolidated adjusted net income for the first nine months of 2011 was 1,739 million euro, down 5.6% from 1,842 million euro for the same period of 2010.

(\*) Methodological note on calculation of the adjusted net income on page 14.

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

### **The income statement for the third quarter of 2011**

The consolidated income statement for the third quarter of 2011 <sup>(2)</sup> recorded **operating income** of 3,800 million euro, down 15.8% from 4,515 million euro in the second quarter of 2011 and down 6.7% from 4,071 million euro in the third quarter of 2010. Excluding the results from trading activities and the insurance business, which were both heavily impacted in the third quarter of the 2011 by unrealised capital losses due to tension in financial markets, operating income would grow by 0.4% on the previous quarter and by 1.4% on the third quarter of 2010.

In the third quarter of 2011 **net interest income** - 2,479 million euro - was up 4.7% versus the 2,368 million euro of the second quarter of 2011 and up 1.1% versus the 2,453 million euro of the third quarter of 2010.

**Net fee and commission income** amounted to 1,322 million euro, down by 6.2% from 1,410 million euro in the second quarter of 2011. In detail, fees and commissions on commercial banking activities increased by 2% 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 10.9%. Under the latter, commissions on dealing and placement of securities were down by 27.6%, those on portfolio management were down by 4.6% and those on distribution of insurance products were down by 9.3%. Net fee and commission income for the third quarter of 2011 was down by 0.5% from the 1,328 million euro of the third quarter of 2010. In detail, fees and commissions on commercial banking activities increased by 2.6% and those on management, dealing and consultancy activities were down by 3.1%. As part of the latter, commissions on dealing and placement of securities were up by 18.3%, those on portfolio management were down by 4.6% and those on distribution of insurance products down by 16%.

**Profits on trading** were a negative 74 million euro, compared to a positive 541 million euro in the second quarter of 2011. As part of it, profits from customers increased to 87 from 79 million euro, those from capital markets and AFS financial assets were a negative 22 million euro from a positive 441 million euro (which included capital gains of 272 million euro on the sale of around 4% of the stake in Prada and 154 million euro on the disposal of the remaining 25% stake in Findomestic), profits from proprietary trading and treasury activities were a negative 119 million euro from a positive 11 million euro, and those from structured credit products were a negative 20 million euro from a positive 11 million euro. The 74 million euro loss on trading of the third quarter of 2011 is compared to profits of 126 million euro in the third quarter of 2010, which recorded profits of 90 million euro from customers, 1 million euro from capital markets and AFS financial assets, 8 million euro from proprietary trading and treasury activities and 27 million euro from structured credit products. Without the IAS reclassification - made in prior years' financial statements - of financial assets held for trading into loans and receivables and financial assets available for sale, trading profits for the third quarter of 2011 would have recorded a negative pre-tax impact of 218 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 2,665 million euro into loans and receivables and 86 million euro into financial assets available for sale. If this reclassification had not been made, the profits/losses on trading for the third quarter of 2011 would have recorded 218 million euro as negative pre-tax impact (with a negative impact of 195 million euro in the first nine months of 2011, a positive impact of 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 6,405 million euro into loans and receivables. Without these reclassifications, the shareholders' equity would have included 1,909 million euro as negative pre-tax direct impact as at 30 September 2011 (with a negative impact of 861 million in the third quarter of 2011 and 763 million euro in the first nine months of 2011).

**Income from insurance business** was 50 million euro compared to the 165 million euro of the second quarter of 2011 and the 173 million euro of the third quarter of 2010 attributable to unrealised capital losses due to tension in financial markets.

**Operating costs** amounted to 2,235 million euro, down 2.6% from the 2,294 million euro of the previous quarter. Personnel expenses were down 3.7%, administrative expenses down 1.8% and adjustments up 3.9%. A 1% reduction was recorded versus the 2,257 million euro of the third quarter of 2010 which included a 2.9% decrease in personnel expenses and increases of 0.1% in administrative expenses and 12% in adjustments.

As a result, **operating margin** totalled 1,565 million euro, down 29.5% from the 2,221 million euro of the previous quarter and down 13.7% from the 1,814 million euro of the same period of 2010. The cost/income ratio was 58.8% for the third quarter of 2011 versus 50.8% in the second quarter of 2011 and 55.4% in the third quarter of 2010. Excluding profits/losses on trading and income from insurance business, operating margin for the third quarter of 2011 would increase by 4.9% on both the previous quarter and the corresponding quarter of 2010.

No **goodwill impairment** was recorded in the third quarter of 2011, as was the case in the previous quarter and the corresponding 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 1,348 million euro versus 960 million euro in the second quarter of 2011 and 750 million euro in the third quarter of 2010. Net provisions for risks and charges amounted to 18 million euro versus 80 million euro in the previous quarter and 32 million euro in the third quarter of 2010. Net adjustments to loans came to 695 million euro versus the 823 million euro of the previous quarter and the 713 million euro of the third 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 635 million euro (including impairment of 593 million euro on Greek government bonds) compared to 57 million euro in the second quarter of 2011 (which took into account impairment of 25 million euro on Greek government bonds) and 5 million euro in the third quarter of 2010.

**Profits/losses on investments held to maturity and on other investments** were a positive 7 million euro compared to profits of 19 million euro in the second quarter of 2011 (which included a 146 million euro positive effect arising from the disposal of branches to Crédit Agricole and a 132 million euro negative effect due to the impairment on the Telco investment) and the zero balance of the third quarter of 2010.

**Income before tax from continuing operations** amounted to 224 million euro, down 82.5% from 1,280 million in the previous quarter and down 78.9% from 1,064 million euro in the third quarter last year. Excluding profits/losses on trading and income from insurance business as well as impairment on Greek government bonds, income before tax from continuing operations for the third quarter of 2011 would increase by 40.4% versus the second quarter of 2011 and by 9.9% versus the third quarter of 2010.

**Consolidated net income** was 527 million euro - down 28.9% versus 741 million euro in the second quarter of 2011 and up 3.3% versus 510 million euro in the third quarter of 2010 - after accounting for:

- a tax credit of 894 million euro, as a consequence of a tax benefit of 1,100 million euro from the registration of deferred tax assets and the recognition of the substitute tax relating to detaxation of intangibles;
- charges (net of tax) for integration and exit incentives of 483 million euro. This figure includes a non-recurring charge - 471 million euro - fully accounted for in the quarter relating to the exit of around 5,000 employees envisaged in the Master Agreement of 29 July 2011;
- charges from purchase cost allocation (net of tax) of 83 million euro;
- minority interests of 25 million euro.

Net income for the third quarter of 2011 - without the main non-recurring items - was 448 million euro, down 15.3% from 529 million euro in the second quarter of 2011 and down 29.1% from 632 million euro in the third quarter of 2010. Also excluding profits/losses on trading and income from insurance business, net income for the third quarter of 2011 would increase by 35.3% compared to the second quarter of 2011 and by 5.2% compared to the third quarter of 2010.

## **The income statement for the first nine months of 2011**

The consolidated income statement for the first nine months of 2011 recorded **operating income** of 12,520 million euro, up 1.5% from 12,333 million euro in the first nine months of 2010.

As part of this, in the first nine months of 2011 **net interest income** amounted to 7,239 million euro, down by 0.7% from 7,292 million euro in the first nine months of 2010. Net interest income would increase by 1% if the impact of the hedging reduction were excluded.

**Net fee and commission income** amounted to 4,127 million euro, in line with the 4,135 million euro of the first nine months of 2010. Fees and commissions on commercial banking activities increased by 1.2% 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 1.4%. Under the latter, commissions on dealing and placement of securities were down 6.7% - a decrease also due to the decision not to place third-party bonds in the first nine months of 2011 - those on distribution of insurance products were down 6.4% and those on portfolio management were up 0.6%.

**Profits on trading** amounted to 747 million euro versus the 340 million euro of the first nine months of 2010. As part of this, profits from customers increased from 258 to 276 million euro, those from capital markets and AFS financial assets rose from 122 to 440 million euro (including an overall amount of 426 million euro from the sale of the stakes in Prada and Findomestic), profits from proprietary trading and treasury activities were 14 million euro versus a negative 104 million euro while profits from structured credit products decreased from 64 million euro to 17 million euro. Without the IAS reclassification, which was made in prior years' financial statements, of financial assets held for trading into loans and receivables and financial assets available for sale, trading profits for the first nine months of 2011 would have recorded a negative pre-tax impact of 195 million euro.

**Income from insurance business** was 335 million euro, reflecting unrealised capital losses due to tension in financial markets, compared to the 528 million euro of the first nine months of 2010 which benefited from capital gains on the sale of securities.

**Operating costs** amounted to 6,771 million euro, down 0.5% compared to the 6,806 million euro of the same period last year, reflecting decreases of 0.7% in personnel expenses and 1.6% in administrative expenses and an increase of 6.7% in adjustments.

As a result, **operating margin** totalled 5,749 million euro, up 4% from the 5,527 million euro of the first nine months of 2010. The cost/income ratio was 54.1% compared with 55.2% in the first nine months of 2010.

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

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 3,021 million euro from 2,541 million euro in the first nine months of 2010. Net provisions for risks and charges amounted to 112 million euro compared to the 218 million euro of the first nine months of 2010. Net adjustments to loans came to 2,200 million euro, down by 3.3% from the 2,275 million euro of the first nine months of 2010. Net impairment losses came to 709 million euro versus the 48 million euro in the corresponding period of 2010, and included impairment of 618 million euro on Greek government bonds.

**Profits/losses on investments held to maturity and on other investments** were a positive 40 million euro and included a positive effect of 146 million euro from the disposal of branches to Crédit Agricole and a negative impact of 132 million euro due to the impairment on the Telco investment. The figure for the first nine months of 2011 is compared to profits of 11 million euro recorded for the same period last year.

**Income before tax from continuing operations** amounted to 2,768 million euro, down 7.6% from 2,997 million euro in the first nine months of 2010. Excluding profits/losses on trading and income from insurance business as well as impairment on Greek government bonds, there would be an increase of 8.2%.

**Consolidated net income** was 1,929 million euro, down 12.3% versus the 2,200 million euro in the same period last year (which benefited from a net capital gain of 648 million euro on the sale of the securities services business, included under income after tax from discontinued operations, and a fiscal benefit of 86 million euro from the registration of deferred tax assets and the recognition of the substitute tax relating to goodwill detaxation) - after accounting for:

- taxes of 66 million, with a 1,100 million euro tax benefit from the registration of deferred tax assets and the recognition of the substitute tax relating to detaxation of intangibles;
- charges (net of tax) for integration and exit incentives of 499 million euro. The figure includes non-recurring charges - 471 million euro - fully accounted for in the period relating to the exit of around 5,000 employees envisaged in the Master Agreement of 29 July 2011;
- charges from purchase cost allocation (net of tax) of 254 million euro;
- minority interests of 20 million euro.

Net income for the first nine months of 2011 - without the main non-recurring items - was 1,739 million euro, down 5.6% from 1,842 million euro in the first nine months of 2010. Also excluding profits/losses on trading and income from insurance business, net income for the period would increase by 2.8%.

### **Balance sheet as at 30 September 2011**

As regards the consolidated balance sheet figures, as at 30 September 2011 **loans to customers** amounted to 381 billion euro, up 0.8% from 30 September 2010 (up 2.1% taking into account average volumes instead of those at the end of the period) and up 0.6% 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 22,211 million euro, up 4.6% from 21,238 million euro as at year-end 2010. In detail, doubtful loans increased to 8,327 from 7,394 million euro as at 31 December 2010; the ratio to total loans was 2.2% (2% as at 31 December 2010) and the coverage ratio was 64% (the same as at year-end 2010). Total coverage was 128% taking into account **collateral and guarantees** to doubtful loans in addition to specific provisions. Substandard loans increased to 9,269 from 8,966 million euro as at year-end 2010. Restructured loans amounted to 3,466 million euro compared to 3,338 million euro as at year-end 2010. Past due loans decreased to 1,149 from 1,540 million euro as at year-end 2010.

**Customer financial assets** were 779 billion euro (after netting referred to items included in both direct and indirect customer deposits), down 6% from year-end 2010 and down 7.4% from 30 September 2010. Under customer financial assets, **direct customer deposits** amounted to 395 billion euro, a decrease of 7.5% from year-end 2010 and 9.1% from 30 September 2010 mostly due to short-term funding from institutional clients. Indirect customer deposits reached 407 billion euro, down 4.7% from year-end 2010 and down 5.8% from 30 September 2010. **Assets under management** totalled 224 billion euro, down 4% from year-end 2010 and down 5.9% from 30 September 2010. As for bancassurance, in the first nine months of 2011 new business for life policies amounted to 9.6 billion euro (6.2% lower than in the first nine months of 2010). Assets under administration and in custody amounted to 182 billion euro, down 5.6% from year-end 2010 and down 5.7% from 30 September 2010.

As at 30 September 2011 **capital ratios** were 10.2% for the Core Tier 1 ratio (year-end 2010: 7.9%), 11.6% for the Tier 1 ratio (year-end 2010: 9.4%) and 14.7% 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 (with floor at 85%) and deducting the nominal value of the savings shares. The capital ratios include the dividend accrued in the period for year 2011 (the figure assumes 75% of 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 September 2011. The estimated impact comprises:

- 2.8 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 11.3 billion euro of RWAs due to DTAs and investments in banks, financial entities and insurance companies which are below the deduction limit,
- an additional 11.2 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 150 basis points (the actual impact is subject to the implementation of the relevant regulations) which would result in a pro-forma ratio of 8.7%. The impact is reduced to around 80 basis points with the inclusion of the benefit deriving from the optimisation actions on capital sources and requirements envisaged in the 2011-2013/2015 Business Plan.

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Thanks to the strategic decisions taken, **Intesa Sanpaolo** has confirmed its position 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:

- **a robust liquidity profile** with
  - a broad availability of unencumbered assets eligible with Central Banks, corresponding to liquidity of 32 billion euro at the end of September 2011. At the end of September 2011, the Group's refinancing operations with the ECB to optimise the cost of funding amounted to 20 billion euro; this amount was reduced to 18.5 billion early in November,
  - high level of liquid assets (made up of eligible assets unencumbered and eligible assets currently used as collateral) of 83 billion euro at the end of September 2011,
  - ongoing actions to increase liquid assets to around 100 billion euro in the coming months,
  - stable and well-diversified sources of funding, with over 70% of direct customer deposits (including securities issued) generated from retail operations,
  - medium/long-term funds of 40 billion euro raised as at the end of October 2011, equal to the total maturities for 2011, of which 25 billion euro were retail placement - 3 billion euro more than 2012 total retail and wholesale maturities;
- **low leverage and an adequate capital base** with
  - much lower leverage and one of the best ratios of tangible net shareholders' equity to tangible assets amongst 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;
  - the subsequent test on the capital adequacy of European banks conducted by the EBA in October has confirmed that Intesa Sanpaolo does not need any additional capital. Taking into account the capital buffer computed by the EBA against the sovereign risk exposure, the Bank's Core Tier 1 ratio would be at around 9.2%, above the 9% ratio target;
- **a low risk profile** with
  - the Group's securities portfolio at the end of September 2011 comprising Greek bonds (issued by the central and local governments) of 586 million euro (including a Hellenic Railways bond guaranteed by the State) after total impairment equal to around 45% of the nominal value and to around 55% of the book value pre-impairment, with zeroing of AFS reserves. The portfolio also included Irish bonds of 251 million euro and Portuguese bonds of 45 million euro;
  - specifically, as regards Greek government bonds:
    - those maturing by 2020 - included in the international voluntary programme of debt exchange of July 2011 - amounted to 78 million euro, after impairment of 34 million euro and allocation of around 28 million euro charges to insurance products under separate management;
    - bonds maturing after 2020 amounted to 368 million euro, after impairment of 498 million euro and allocation of around 89 million euro charges to insurance products under separate management;
    - the Hellenic Railways bond amounted to 140 million euro after impairment of 85 million euro.

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The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of 27 million euro as at 30 September 2011. Full and detailed information concerning structured credit products held by the Group is included, as usual, in the Interim Statement as at 30 September 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 September 2011, the Intesa Sanpaolo Group's **operating structure** had a total network of 7,323 branches - of which 5,598 were in Italy and 1,725 abroad - with 101,646 employees, 191 lower 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; and
- 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 banking customers, and Banca Prossima, at the service of non-profit entities and operating through the Group's branches with regional centres and a team of specialists. 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 Sanpaolo 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 third quarter of 2011, the Banca dei Territori Division recorded:

- operating income of 2,331 million euro, down 3.1% compared with 2,405 million euro in the second quarter of 2011 – flat excluding income from insurance business impacted by unrealised capital losses originating from financial market tension;
- operating costs of 1,431 million euro, down 1.2% from 1,448 million euro in the second quarter of 2011;
- operating margin of 901 million euro, down 5.9% from 957 million euro in the second quarter of 2011 – an increase of 2.4% excluding the income from insurance business;
- a cost/income ratio of 61.4% versus 60.2% in the second quarter of 2011;
- net provisions and adjustments of 536 million euro, down 14.2% from 625 million euro in the second quarter of 2011 – a decline of 18.7% excluding impairment on Greek government bonds (31 million euro for the third quarter and 4 million euro for the second quarter);
- income before tax from continuing operations of 365 million euro, up 9.9% from 332 million euro in the second quarter of 2011 – an increase of 17.8% excluding impairment on Greek government bonds;
- net income of 96 million euro, up 79% from 53 million euro in the second quarter of 2011 – 118 million euro, double the figure of the second quarter, excluding impairment on Greek government bonds.

In the first nine months of 2011, the Banca dei Territori Division recorded:

- operating income of 7,133 million euro, accounting for 57% of the consolidated operating income (61% in the first nine months of 2010), down 4.5% from 7,468 million euro in the first nine months of 2010 – an increase of 5% excluding contribution from hedging of interest rate risk and income from insurance business;
- operating costs of 4,298 million euro, down 1.6% from 4,369 million euro in the first nine months of 2010;
- operating margin of 2,835 million euro, down 8.5% from 3,099 million euro in the first nine months of 2010 – an increase of 25.6% excluding contribution from hedging of interest rate risk and income from insurance business;
- a cost/income ratio of 60.3% versus 58.5% in the first nine months of 2010;
- net provisions and adjustments of 1,606 million euro, in line with the 1,602 in the first nine months of 2010 – a decrease of 2% excluding impairment of Greek government bonds. Net adjustments to loans declined by 8.5% excluding Banca Monte Parma and Neos;
- income before tax from continuing operations of 1,229 million euro, down 17.9% from 1,497 million euro in the first nine months of 2010;
- net income of 405 million euro, down 38.2% from 655 million euro in the first nine months of 2010 – 489 million euro excluding the IRAP rate increase (59 million euro) and impairment on Greek government bonds.

The territorial network of the Banca dei Territori Division (so excluding the product companies, Banca Monte Parma and the contribution from hedging of interest rate risk) recorded in the first nine months of 2011:

- operating income up by 3.5% to 5,357 million euro from 5,175 million euro in the first nine months of 2010;
- operating costs down by 2.1% to 3,897 million euro from 3,982 million euro in the first nine months of 2010;
- operating margin up by 22.4% to 1,460 million euro from 1,193 million euro in the first nine months of 2010;
- net adjustments to loans down by 13.4% to 1,090 million euro from 1,259 million euro in the first nine months 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. It also includes Epsilon Associati, a company specialised in managing structured products and mutual funds using quantitative methods and 51% owned By Eurizon Capital and the remaining 49% by Banca IMI. Eurizon Capital owns a 49% stake in a Chinese asset management company, Penghua Fund Management.

In the third quarter of 2011, Eurizon Capital recorded:

- operating income of 63 million euro, down 5% from 67 million euro in the second quarter of 2011;
- operating costs of 29 million euro, down 9.4% from 32 million euro in the second quarter of 2011;
- operating margin of 34 million euro, down 0.8% from 35 million euro in the second quarter of 2011;
- a cost/income ratio improving to 46% from 47.8% in the second quarter of 2011;
- income before tax from continuing operations of 34 million euro, down 0.6% from 35 million euro in the second quarter of 2011;
- net income of 18 million euro, down 5.4% from 19 million euro in the second quarter of 2011.

In the first nine months of 2011, Eurizon Capital recorded:

- operating income of 199 million euro, accounting for 2% of the consolidated operating income (the same as in the first nine months of 2010), down 2% from 203 million euro in the first nine months of 2010;
- operating costs of 93 million euro, down 4.1% from 97 million euro in the first nine months of 2010;
- operating margin of 106 million euro, the same figure as in the first nine months of 2010;
- a cost/income ratio improving to 46.7% from 47.8% in the first nine months of 2010;
- income before tax from continuing operations of 106 million euro, up by 1% compared to the 105 million euro of the first nine months of 2010;
- net income of 54 million euro, up 3.8% from 52 million euro in the first nine months 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 the 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, namely 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; and
- 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 third quarter of 2011, the Corporate and Investment Banking Division recorded:

- operating income of 828 million euro, a decrease of 27.8% from 1,147 million euro in the second quarter of 2011 which included a 272 million euro capital gain on Prada;
- operating costs of 201 million euro, down 14.3% from 235 million euro in the second quarter of 2011;
- operating margin of 626 million euro, down 31.3% from 912 million euro in the second quarter of 2011 – a 2.2% decrease excluding the Prada capital gain from the second quarter;
- a cost/income ratio of 24.3% from 20.5% in the second quarter of 2011;
- net provisions and adjustments of 121 million euro, down 2.4% from the 124 million euro of the second quarter of 2011;
- losses on investments held to maturity and on other investments of 1 million euro versus a loss of 138 million in the second quarter of 2011 which included impairment of 132 million euro on the Telco investment;
- income before tax from continuing operations of 504 million euro, down 22.4% from 650 million euro in the second quarter of 2011;
- net income of 330 million euro, down 26.7% from 450 million euro in the second quarter of 2011 – flat excluding the Prada capital gain and the Telco impairment from the second quarter.

In the first nine months of 2011, the Corporate and Investment Banking Division recorded:

- operating income of 2,878 million euro (including the 272 million euro capital gain on Prada), accounting for 23% of the consolidated operating income (21% in the first nine months of 2010). Operating income was up 12.8% from 2,552 million euro in the first nine months of 2010;
- operating costs of 657 million euro, in line with the 653 million euro in the first nine months of 2010;
- operating margin of 2,221 million euro, up 17% from 1,899 million euro in the first nine months of 2010;
- a cost/income ratio improving to 22.8% from the 25.6% of the first nine months of 2010;
- net provisions and adjustments of 346 million euro, up 4.5% from 331 million euro in the first nine months of 2010;
- losses on investments held to maturity and on other investments of 141 million euro (including impairment of 132 million euro on the Telco investment) versus a loss of 4 million in the first nine months of 2010;
- income before tax from continuing operations of 1,734 million euro, up 10.9% from 1,564 million euro in the first nine months of 2010;
- net income of 1,167 million euro, up 13.6% from 1,027 million euro in the first nine months of 2010.

**Public Finance** provides services to government, public entities, local authorities, public utilities, general contractors, public and private healthcare organisations. It develops activities related to lending and day-to-day banking operations, project financing, securitisations and financial advisory services, 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 third quarter of 2011, Public Finance recorded:

- operating income of 55 million euro, declining by 39.4% from the 90 million euro of the previous quarter due to valuation effects on trading activities;
- operating costs of 20 million euro, up 7.4% from 19 million euro in the second quarter of 2011;
- operating margin of 35 million euro, down 51.7% from 72 million euro in the second quarter of 2011;
- a cost/income ratio of 36.4% versus 21.1% in the second quarter of 2011;
- net provisions and adjustments of 459 million euro due to impairment on Greek government bonds versus the 27 million euro of the second quarter of 2011 (which included impairment of 12 million euro on Greek government bonds);
- loss before tax from continuing operations of 424 million euro versus income of 45 million euro for the second quarter of 2011 – an income of 37 million euro excluding impairment on Greek government bonds;
- net loss of 313 million euro compared to net income of 27 million euro for the second quarter of 2011 – a net income of 21 million for the third quarter and 35 million euro for the second quarter excluding impairment on Greek government bonds from both periods.

In the first nine months of 2011, Public Finance recorded:

- operating income of 251 million euro, accounting for 2% of the consolidated operating income (the same as in the first nine months of 2010), up 4.6% from 240 million euro in the first nine months of 2010;
- operating costs of 57 million euro, down 3.4% from 59 million euro in the first nine months of 2010;
- operating margin of 194 million euro, up 7.2% from 181 million euro in the first nine months of 2010;
- a cost/income ratio improving to 22.7% from 24.6% of the first nine months of 2010;
- net provisions and adjustments of 488 million euro (including impairment of 472 million euro on Greek government bonds), versus 18 million euro in the first nine months of 2010;
- loss before tax from continuing operations of 294 million euro versus income of 163 million euro for the first nine months of 2010 – an income of 178 million euro, an increase of 8.9%, excluding impairment on Greek government bonds;
- net loss of 235 million euro compared to net income of 101 million euro for the first nine months of 2010 – a net income of 107 million euro, an increase of 5.9%, excluding impairment on Greek government bonds.

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, including exploring and analysing new growth opportunities in markets where the Group already has a presence, as well as 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 third quarter of 2011, the International Subsidiary Banks Division recorded:

- operating income of 596 million euro, in line with the 598 million euro in the second quarter of 2011;
- operating costs of 284 million euro, down 2.3% from 291 million euro in the second quarter of 2011;
- operating margin of 312 million euro, up 1.7% from 307 million euro in the second quarter of 2011;
- a cost/income ratio improving to 47.7% versus 48.7% in the second quarter of 2011;
- net provisions and adjustments of 136 million euro, down 3.5% from 141 million euro in the second quarter of 2011;
- profits on investments held to maturity and on other investments of one million euro, compared with profits of 2 million euro in the second quarter of 2011;
- income before tax from continuing operations of 178 million euro, up 5.9% from 168 million euro in the second quarter of 2011;
- net income of 130 million euro, up 2.2% from 127 million euro in the second quarter of 2011.

In the first nine months of 2011, the International Subsidiary Banks Division recorded:

- operating income of 1,784 million euro, accounting for 14% of the consolidated operating income (the same contribution as in the first nine months of 2010), up 5.1% from 1,698 million euro in the first nine months of 2010;
- operating costs of 860 million euro, up 0.9% from 852 million euro in the first nine months of 2010;
- operating margin of 924 million euro, up 9.2% from 846 million euro in the first nine months of 2010 (up 11% excluding the exchange rate effect);
- a cost/income ratio improving to 48.2% from 50.2% in the first nine months of 2010;
- net provisions and adjustments of 459 million euro, up 11.7% from 411 million euro in the first nine months of 2010;
- profits on investments held to maturity and on other investments of 5 million euro versus profits of 2 million euro in the first nine months of 2010;
- income before tax from continuing operations of 470 million euro, up 7.6% from 437 million euro in the first nine months of 2010;
- net income of 344 million euro, up 6.2% from 324 million euro in the first nine months of 2010 – 347 million euro, an increase of 7.1%, excluding impairment on Greek government bonds.

**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 third quarter of 2011, Banca Fideuram recorded:

- operating income of 180 million euro, down 13% from 207 million euro in the second quarter of 2011 – an increase of 11.6% excluding income from insurance business which was impacted by unrealised capital losses due to financial market tension;
- operating costs of 87 million euro, down 4.3% from 91 million euro in the second quarter of 2011;
- operating margin of 93 million euro, down 19.9% from 116 million euro in the second quarter of 2011 – an increase of 29.3% excluding income from insurance business;
- a cost/income ratio of 48.3% from 44% in the second quarter of 2011;
- net provisions and adjustments of 105 million euro (including impairment of 101 million euro on Greek government bonds) from 21 million euro in the second quarter of 2011;
- no profits/losses on investments held to maturity and on other investments versus profits of 7 million euro in the second quarter of 2011;
- loss before tax from continuing operations of 12 million euro versus income of 102 million euro in the second quarter of 2011 – an income of 88 million euro excluding impairment on Greek government bonds;
- net loss of 31 million euro compared to net income of 53 million euro for the second quarter of 2011 – a net income of 36 million euro excluding impairment on Greek government bonds and of 59 million euro, versus the 79 million euro of the second quarter, also excluding the economic effect of purchase cost allocation.

In first nine months of 2011, Banca Fideuram recorded:

- operating income of 587 million euro, accounting for 5% of the consolidated operating income (the same contribution as in the first nine months of 2010), up 5.8% from 555 million euro in the first nine months of 2010;
- operating costs of 265 million euro, the same as in the first nine months of 2010;
- operating margin of 322 million euro, up 11% from 290 million euro in the first nine months of 2010;
- a cost/income ratio improving to 45.1% from 47.7% in the first nine months of 2010;
- net provisions and adjustments of 134 million euro (including impairment of 107 million euro on Greek government bonds) versus 52 million euro in the first nine months of 2010;
- profits on investments held to maturity and on other investments of 7 million euro versus the zero balance of the first nine months of 2010;
- income before tax from continuing operations of 195 million euro, down 18.1% from 238 million euro in the first nine months of 2010 – an income of 302 million euro, an increase of 27.2%, excluding impairment on Greek government bonds;
- net income of 73 million euro, down 25.5% versus 98 million euro in the first nine months of 2010 – 145 million euro, an increase of 48%, excluding impairment on Greek government bonds and 215 million euro, versus the 175 million euro of the same period last year, also excluding the economic effect of purchase cost allocation.

### **The outlook for 2011**

In 2011 the Intesa Sanpaolo Group's performance is expected to be consistent 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 the Group's capital base.

\* \* \*

For consistency purposes, the income statement figures were restated mainly due to five transactions:

1. the acquisition of control of Banca Monte Parma finalised in July 2011. For the first two quarters of 2011 and the four quarters of 2010 relevant items were consolidated line by line and their contribution to net income was recorded under minority interests;
2. the acquisition of control of Banca Sara finalised in June 2011. The company was included in the scope of full consolidation in the income statement of the third quarter of 2011. For the first two quarters of 2011 and the four quarters of 2010 relevant items were consolidated line by line and their contribution to net income was recorded under minority interests;
3. 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;
4. 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;
5. 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 first two quarters of 2011 and the four quarters of 2010 consolidating line by line the items related to Banca Monte Parma;
2. for the first quarter of 2011 and the four quarters of 2010 consolidating line by line the items related to Banca Sara;
3. 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;
4. 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;
5. 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 recorded under net impairment losses on other assets, 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 Telco investment, 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 third quarter 2011: 1) 593 million euro impairment charges relating to Greek government bonds, recorded under net impairment losses on other assets, and related tax savings, resulting in net impairment charges of 424 million euro, 2) 1,100 million euro tax benefit from the registration of deferred tax assets and the recognition of the substitute tax relating to detaxation of intangibles, recorded under taxes on income from continuing operations, 3) 11 million euro extraordinary tax relating to the Group's subsidiary in Hungary, recorded under taxes on income from continuing operations, 4) 20 million euro charges from the IRAP rate increase, recorded under taxes on income from continuing operations, 5) 666 million euro charges for integration and exit incentives and related tax savings resulting in net charges of 483 million euro and 6) 83 million euro charges from purchase cost allocation, net of tax;

in the first quarter 2010: 1) 86 million euro fiscal benefit from the registration of deferred tax assets and the recognition of the substitute tax 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 nine months of 2011, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the interim statement approved by the Management Board are attached. Please note that these statements have not been reviewed by the Auditing company.*

\* \* \*

**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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This press release contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Intesa Sanpaolo Group's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

*Investor Relations*  
+39.02.87943180  
[investor.relations@intesasnpaolo.com](mailto:investor.relations@intesasnpaolo.com)

[group.intesasnpaolo.com](http://group.intesasnpaolo.com)

*Media Relations*  
+39.02.87963531  
[stampa@intesasnpaolo.com](mailto:stampa@intesasnpaolo.com)

# Gruppo Intesa Sanpaolo

## Reclassified consolidated statement of income

	30.09.2011	30.09.2010	(millions of euro)	
			Changes amount	%
Net interest income	7,239	7,292	-53	-0.7
Dividends and profits (losses) on investments carried at equity	67	18	49	
Net fee and commission income	4,127	4,135	-8	-0.2
Profits (Losses) on trading	747	340	407	
Income from insurance business	335	528	-193	-36.6
Other operating income (expenses)	5	20	-15	-75.0
Operating income	12,520	12,333	187	1.5
Personnel expenses	-4,071	-4,098	-27	-0.7
Other administrative expenses	-2,239	-2,276	-37	-1.6
Adjustments to property, equipment and intangible assets	-461	-432	29	6.7
Operating costs	-6,771	-6,806	-35	-0.5
Operating margin	5,749	5,527	222	4.0
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-112	-218	-106	-48.6
Net adjustments to loans	-2,200	-2,275	-75	-3.3
Net impairment losses on other assets	-709	-48	661	
Profits (Losses) on investments held to maturity and on other investments	40	11	29	
Income (Loss) before tax from continuing operations	2,768	2,997	-229	-7.6
Taxes on income from continuing operations	-66	-1,092	-1,026	-94.0
Charges (net of tax) for integration and exit incentives	-499	-54	445	
Effect of purchase price allocation (net of tax)	-254	-294	-40	-13.6
Income (Loss) after tax from discontinued operations	-	691	-691	
Minority interests	-20	-48	-28	-58.3
<b>Net income</b>	<b>1,929</b>	<b>2,200</b>	<b>-271</b>	<b>-12.3</b>
Basic EPS - euro	0.14	0.17		
Diluted EPS - euro	0.14	0.17		

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



# Gruppo Intesa Sanpaolo

## Quarterly development of the Reclassified consolidated statement of income

	2011				2010			
	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	
Net interest income	2,479	2,368	2,392	2,408	2,453	2,442	2,397	
Dividends and profits (losses) on investments carried at equity	26	34	7	11	-5	26	-3	
Net fee and commission income	1,322	1,410	1,395	1,517	1,328	1,404	1,403	
Profits (Losses) on trading	-74	541	280	120	126	-4	218	
Income from insurance business	50	165	120	126	173	151	204	
Other operating income (expenses)	-3	-3	11	14	-4	2	22	
Operating income	3,800	4,515	4,205	4,196	4,071	4,021	4,241	
Personnel expenses	-1,324	-1,375	-1,372	-1,430	-1,364	-1,365	-1,369	
Other administrative expenses	-752	-766	-721	-898	-751	-786	-739	
Adjustments to property, equipment and intangible assets	-159	-153	-149	-170	-142	-148	-142	
Operating costs	-2,235	-2,294	-2,242	-2,498	-2,257	-2,299	-2,250	
Operating margin	1,565	2,221	1,963	1,698	1,814	1,722	1,991	
Goodwill impairment	-	-	-	-	-	-	-	
Net provisions for risks and charges	-18	-80	-14	-148	-32	-100	-86	
Net adjustments to loans	-695	-823	-682	-895	-713	-808	-754	
Net impairment losses on other assets	-635	-57	-17	-47	-5	-38	-5	
Profits (Losses) on investments held to maturity and on other investments	7	19	14	262	-	1	10	
Income (Loss) before tax from continuing operations	224	1,280	1,264	870	1,064	777	1,156	
Taxes on income from continuing operations	894	-464	-496	-280	-416	-315	-361	
Charges (net of tax) for integration and exit incentives	-483	-12	-4	-18	-11	-27	-16	
Effect of purchase price allocation (net of tax)	-83	-85	-86	-102	-102	-100	-92	
Income (Loss) after tax from discontinued operations	-	-	-	3	-	663	28	
Minority interests	-25	22	-17	32	-25	4	-27	
<b>Net income</b>	<b>527</b>	<b>741</b>	<b>661</b>	<b>505</b>	<b>510</b>	<b>1,002</b>	<b>688</b>	

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

# Gruppo Intesa Sanpaolo

## Reclassified consolidated balance sheet

Assets	30.09.2011	31.12.2010	(millions of euro)	
			Changes	
			amount	%
Financial assets held for trading	69,934	71,945	-2,011	-2.8
Financial assets designated at fair value through profit and loss	35,212	35,550	-338	-1.0
Financial assets available for sale	70,950	61,835	9,115	14.7
Investments held to maturity	2,872	3,858	-986	-25.6
Due from banks	40,449	41,494	-1,045	-2.5
Loans to customers	381,192	378,827	2,365	0.6
Investments in associates and companies subject to joint control	2,732	2,712	20	0.7
Property, equipment and intangible assets	30,876	31,076	-200	-0.6
Tax assets	11,259	8,769	2,490	28.4
Non-current assets held for sale and discontinued operations	30	75	-45	-60.0
Other assets	21,816	20,884	932	4.5
<b>Total Assets</b>	<b>667,322</b>	<b>657,025</b>	<b>10,297</b>	<b>1.6</b>
Liabilities and Shareholders' Equity	30.09.2011	31.12.2010	Changes	
			amount	%
Due to banks	72,978	52,972	20,006	37.8
Due to customers and securities issued	369,459	399,177	-29,718	-7.4
Financial liabilities held for trading	53,952	45,044	8,908	19.8
Financial liabilities designated at fair value through profit and loss	23,558	26,144	-2,586	-9.9
Tax liabilities	4,857	3,253	1,604	49.3
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-
Other liabilities	26,697	20,941	5,756	27.5
Technical reserves	52,217	50,188	2,029	4.0
Allowances for specific purpose	4,978	4,644	334	7.2
Share capital	8,546	6,647	1,899	28.6
Reserves	49,906	45,235	4,671	10.3
Valuation reserves	-2,827	-1,054	1,773	
Minority interests	1,072	1,129	-57	-5.0
Net income	1,929	2,705	-776	-28.7
<b>Total Liabilities and Shareholders' Equity</b>	<b>667,322</b>	<b>657,025</b>	<b>10,297</b>	<b>1.6</b>

Figures restated where required by international accounting standards and, 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			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	69,934	60,584	61,141	71,945	90,565	98,522	84,023
Financial assets designated at fair value through profit and loss	35,212	36,303	36,349	35,550	33,253	32,974	33,432
Financial assets available for sale	70,950	69,007	64,845	61,835	60,541	55,199	55,627
Investments held to maturity	2,872	2,865	3,021	3,858	4,224	4,326	4,365
Due from banks	40,449	43,258	40,449	41,494	44,132	46,975	46,275
Loans to customers	381,192	374,979	377,252	378,827	378,157	374,901	370,968
Investments in associates and companies subject to joint control	2,732	2,694	2,817	2,712	2,360	2,348	2,328
Property, equipment and intangible assets	30,876	30,798	30,903	31,076	30,589	30,779	30,671
Tax assets	11,259	7,886	8,079	8,769	7,861	8,133	7,564
Non-current assets held for sale and discontinued operations	30	38	35	75	48	35	7,741
Other assets	21,816	19,182	20,703	20,884	23,853	26,291	27,552
<b>Total Assets</b>	<b>667,322</b>	<b>647,594</b>	<b>645,594</b>	<b>657,025</b>	<b>675,583</b>	<b>680,483</b>	<b>670,546</b>
<b>Liabilities and Shareholders' Equity</b>	<b>2011</b>			<b>2010</b>			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	72,978	50,182	51,087	52,972	47,326	49,753	45,503
Due to customers and securities issued	369,459	389,511	392,736	399,177	406,472	410,986	403,229
Financial liabilities held for trading	53,952	38,216	37,431	45,044	58,139	56,413	48,349
Financial liabilities designated at fair value through profit and loss	23,558	24,729	25,201	26,144	26,357	26,430	27,692
Tax liabilities	4,857	3,299	3,342	3,253	3,032	2,857	3,772
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	9,375
Other liabilities	26,697	24,330	23,765	20,941	26,062	26,537	24,704
Technical reserves	52,217	52,887	51,896	50,188	49,585	48,612	47,947
Allowances for specific purpose	4,978	4,405	4,561	4,644	4,557	4,612	4,791
Share capital	8,546	8,546	6,647	6,647	6,647	6,647	6,647
Reserves	49,906	49,924	47,920	45,235	45,265	45,317	46,358
Valuation reserves	-2,827	-937	-766	-1,054	-1,134	-1,120	-339
Minority interests	1,072	1,100	1,113	1,129	1,075	1,749	1,830
Net income	1,929	1,402	661	2,705	2,200	1,690	688
<b>Total Liabilities and Shareholders' Equity</b>	<b>667,322</b>	<b>647,594</b>	<b>645,594</b>	<b>657,025</b>	<b>675,583</b>	<b>680,483</b>	<b>670,546</b>

Figures restated where required by international accounting standards and, 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	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Operating income	7,133	7,468	2,878	2,552	251	240	1,784	1,698	199	203	587	555
Operating costs	-4,298	-4,369	-657	-653	-57	-59	-860	-852	-93	-97	-265	-265
Operating margin	2,835	3,099	2,221	1,899	194	181	924	846	106	106	322	290
Net income	405	655	1,167	1,027	-235	101	344	324	54	52	73	98

  

Balance sheet (millions of euro)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010	30.09.2011	31.12.2010
Loans to customers	187,258	183,240	110,145	110,779	42,482	40,508	31,147	30,926	103	153	4,038	2,851
Direct customer deposits	216,358	220,618	85,734	97,026	5,053	5,757	31,038	30,259	10	12	12,452	12,503

  

Profitability ratios (%)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Cost / Income	60.3	58.5	22.8	25.6	22.7	24.6	48.2	50.2	46.7	47.8	45.1	47.7
ROE <sup>(a)</sup>	5.5	7.5	19.1	14.8	n.m.	10.8	19.3	18.0	109.4	100.8	20.2	28.3
Economic Value Added adjusted (EVA) <sup>(b)</sup> (in millions of euro)	-29	146	568	349	-321	14	110	103	77	75	108	140

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

<sup>(a)</sup> Ratio between Net income and Allocated capital. Figure for the period is annualised.

<sup>(b)</sup> Net of charges for integration and exit incentives and effect of purchase price allocation, as per IFRS3.