INTESA SANPAOLO

# PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AT DECEMBER 31st 2013

**VERY STRONG BALANCE SHEET: INTESA SANPAOLO, "NOT ADDICTED" TO THE ECB AND ONE OF THE FEW BANKS IN THE WORLD ALREADY BASEL 3 COMPLIANT IN TERMS OF CAPITAL RATIOS AND LIQUIDITY, FURTHER IMPROVES ITS LEADING POSITION.**

**PROPOSED CASH DIVIDENDS IN LINE WITH PREVIOUS YEAR'S LEVELS.**

**ROBUST EARNINGS DESPITE THE CHALLENGING ENVIRONMENT, REFLECTING STRONG INCREASE IN COMMISSIONS AND ASSETS UNDER MANAGEMENT.**

**PARTICULARLY RIGOROUS AND CONSERVATIVE PROVISIONING POLICY, EVEN AMID SIGNS OF STABILISING CREDIT TRENDS, ALSO LEVERAGING THE GAIN ON THE STAKE IN THE BANK OF ITALY.**

**BALANCE SHEET FURTHER STRENGTHENED, AHEAD OF UPCOMING ASSET QUALITY REVIEW (AQR) AND STRESS TEST EXERCISE ON EUROPEAN BANKS TO BE CONDUCTED DURING 2014.**

**SIGNIFICANT EXCESS CAPITAL ALLOWS AMPLE STRATEGIC FLEXIBILITY: ~€11BN CAPITAL BUFFER AHEAD OF THE AQR AND ~€8BN EXCESS CAPITAL.**

- **STRONG CAPITAL BASE, WHICH CONTINUES TO IMPROVE AND IS WELL ABOVE REGULATORY REQUIREMENTS. PRO-FORMA BASEL 3 COMMON EQUITY, NET OF DIVIDENDS ACCRUED IN 2013:**
  - **12.3% FULLY LOADED CET1 RATIO(1)**
  - **EQUIVALENT TO APPROXIMATELY €8 BILLION OF EXCESS CAPITAL(2)**
  - **CORRESPONDING TO APPROXIMATELY €11BILLION OF CAPITAL BUFFER AHEAD OF THE AQR(3)**
- **PROPOSED CASH DIVIDEND(4) OF €5 CENTS PER ORDINARY SHARE AND SAVINGS SHARE:**
  - **DIVIDEND YIELD(5) OF 2.2% PER ORDINARY SHARE AND 2.6% PER SAVINGS SHARE**
- **ROBUST NET INCOME EXCLUDING IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS:**
  - **€1,218 MILLION FOR FULL YEAR**
  - **€578 MILLION FOR THE FOURTH QUARTER**
- **STRONG GROWTH IN NET COMMISSIONS:**
  - **UP 12.8% FOR THE YEAR**
  - **UP 9.6% IN THE FOURTH QUARTER VERSUS THE PREVIOUS THREE MONTHS**
- **PARTICULARLY RIGOROUS AND CONSERVATIVE PROVISIONING POLICY:**
  - **NPL COVERAGE RATIO FURTHER STRENGTHENED UP TO 46%, WITH A COVERAGE OF THE DOUBTFUL LOAN COMPONENT UP TO 62.5% (128% AND 129%, RESPECTIVELY, INCLUDING COLLATERAL)**
  - **ROBUST RESERVE BUFFER ON PERFORMING LOANS FURTHER REINFORCED**
- **IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS:**
  - **PRUDENT IMPAIRMENT OF €5.8 BILLION IN Q4 AND IN FULL-YEAR 2013, MAINLY RELATED TO NON-CASH BASED OPERATIONS**
  - **ACCOUNTING EFFECT ONLY AND NO IMPACT ON CASH-FLOW, LIQUIDITY, SOLIDITY, CAPITAL RATIOS AND FUTURE PROFITABILITY**

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(1) Estimated by: applying the parameters set out under fully phased-in Basel 3 to the financial statements as at December 31st 2013; considering the total absorption of deferred tax assets (DTAs) related to goodwill realignment and the expected absorption by 2019 of DTAs on losses carried forward, the benefit deriving from the stake in the Bank of Italy (86bps), the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 13bps); and including the expected benefits from the optimisation actions on capital sources and requirements and from the absorption of sovereign risk shock (equal overall to one basis point).

(2) Compared to Basel 3 compliance level for Global SIFIs of 9.5% (4.5% Common Equity + 2.5% conservation buffer + 2.5% current maximum Global SIFI buffer).

(3) Compared to the capital adequacy threshold of 8% being applied in the AQR. The capital buffer does not include the benefit deriving from the stake in the Bank of Italy.

(4) To be distributed from the Extraordinary Reserve.

(5) At the Intesa Sanpaolo stock price on March 26th 2014.

**HIGHLIGHTS:**

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|---|---|---|
| **CAPITAL RATIOS:** | **PRO-FORMA BASEL 3 COMMON EQUITY ON A FULLY LOADED BASIS AT 12.3%** | |
| | **CORE TIER 1 AT 11.9%** UNDER SAME COMPUTATION OF INSURANCE INVESTMENTS, AT 11.3% CONSIDERING NEW COMPUTATION | |
| | **TIER 1 AT 12.8%** UNDER SAME COMPUTATION OF INSURANCE INVESTMENTS, AT 12.2% CONSIDERING NEW COMPUTATION | |
| **OPERATING INCOME:** | FY 2013: | **-8.9%** AT €16,295M VS €17,881M IN 2012; |
| | Q4 2013: | -4.9% AT €3,944M VS €4,146M IN Q3 2013 |
| **OPERATING COSTS:** | FY 2013: | **-6.3%** AT €8,352M VS €8,913M IN 2012; |
| | Q4 2013: | +7.9% AT €2,202M VS €2,041M IN Q3 2013 |
| **OPERATING MARGIN:** | FY 2013: | **-11.4%** AT €7,943M VS €8,968M IN 2012; |
| | Q4 2013: | -17.2% AT €1,742M VS €2,105M IN Q3 2013 |
| **INCOME BEFORE TAX FROM CONTINUING OPERATIONS:** | FY 2013: | **-31.1%** AT €2,489M(6) VS €3,610M IN 2012; |
| | Q4 2013: | +16.5% AT €664M(6) VS €570M IN Q3 2013 |
| **NET INCOME:** | FY 2013: | **-€4,550M** VS €1,605M IN 2012; |
| | Q4 2013: | -€5,190M VS €218M IN Q3 2013 |
| **NET INCOME EXCLUDING IMPAIRMENT OF GOODWILL/INTANGIBLES:** | FY 2013: | **€1,218M** VS €1,605M IN 2012; |
| | Q4 2013: | €578M VS €218M IN Q3 2013 |

*Turin - Milan, March 28th 2014* – At its meeting yesterday, the Intesa Sanpaolo Management Board approved the parent company and consolidated draft financial statements for the year ended December 31st 2013(7).

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(6) This figure includes extraordinary profits of 2,558 million euro deriving from the recognition of the new shares held in the capital of the Bank of Italy, which were issued by the Central Bank following the amendments to its Statute approved by the extraordinary shareholders' assembly of December 23rd 2013. On the basis of the relevance of both the legislative measures and the amendments to the Statute, the Intesa Sanpaolo Group deems that the new shares, into which the new capital of the Bank is divided, represent new financial instruments that are unlike those held before the reform insofar as they carry substantially different legal and economic rights. This being a unique circumstance, it has been deemed proper that the decision be supported by qualified professional opinion for the purpose of precisely defining the legal and accounting issues of the transaction. Competent authorities are still carrying out in-depth assessments concerning the application of IAS/IFRS to the transaction. The outcome may entail another categorisation of the transaction leading to the recognition of the benefit through shareholders' equity, instead of through profit and loss, leaving total profitability unchanged. This benefit has had no impact on the Core Tier 1 ratio, having been sterilised through prudential filters. The Intesa Sanpaolo Group acknowledges that in-depth assessments are under way. However, on the grounds of opinion received, the Group has reached the aforementioned conclusions that the new shares in the capital of the Bank of Italy are financial instruments substantially different from the previous ones and therefore must be recognised at fair value through profit and loss.

(7) Methodological note on the scope of consolidation on page 19.

In 2013, the Group's results reflected a challenging economic environment and the adoption of a particularly rigorous and conservative policy. The Intesa Sanpaolo Group **further reinforced a rock solid balance sheet**. Specifically, the Group remained focused on further strengthening provisions, even though there have been signs of stabilisation in credit trends, ahead of the upcoming asset quality review (AQR) and stress test exercise that regulatory authorities will carry out on European Banks throughout 2014:

- **additional improvement on top of an already solid capital base**: **further strengthening of capital ratios** (already well above regulatory requirements) at December 31st 2013, net of dividends accrued in 2013. The **pro-forma Basel 3 common equity ratio on a fully loaded basis increased to 12.3%**(8) from 10.6% at year-end 2012, **one of the highest levels of major European banks, equivalent to an excess capital of approximately eight billion euro**(9) **and a capital buffer of approximately 11 billion euro ahead of the AQR**(10). The Core Tier 1 ratio - excluding the benefit deriving from the stake in the Bank of Italy - increased to 11.9% from 11.2% at year-end 2012 under rules on deduction of insurance investments in force until December 31st 2012, and was 11.3% under the new computation rules(11);
- **significant excess capital allowing ample strategic flexibility**, also in the context of the 2014-2017 Business Plan approved yesterday: **growth, payback to shareholders, virtually unlimited buffer versus any AQR exercise/other regulation**;
- **strong liquidity position and funding capability**: **liquid assets of 124 billion euro** and **large availability of unencumbered eligible assets with Central Banks, corresponding to liquidity of 88 billion euro at the end of December 2013**; **already compliant with Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements**, well ahead of deadlines (2019 and 2018 respectively); Intesa Sanpaolo is **"not addicted" to the ECB**: in 2013, the three-year **LTRO** of 36 billion euro put in place in the 2011-2012 period **was fully repaid ahead of its due date**;
- **current accounts and deposits up 4.5%** from year-end 2012;
- **strong increase in assets under management:** an increase of approximately 27 billion euro in 2013;
- **sustained performance in net fees and commissions:** 6,149 million euro in 2013, up 12.8% versus 2012;

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(8) Estimated by: applying the parameters set out under fully phased-in Basel 3 to the financial statements as at December 31st 2013; considering the total absorption of deferred tax assets (DTAs) related to goodwill realignment and the expected absorption by 2019 of DTAs on losses carried forward, the benefit deriving from the stake in the Bank of Italy (86bps), the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 13bps); and including the expected benefits from the optimisation actions on capital sources and requirements and from the absorption of sovereign risk shock (equal overall to one basis point).

(9) Compared to Basel 3 compliance level for Global SIFIs of 9.5% (4.5% Common Equity + 2.5% conservation buffer + 2.5% current maximum Global SIFI buffer).

(10) Compared to the capital adequacy threshold of 8% being applied in the AQR. The capital buffer does not include the benefit deriving from the stake in the Bank of Italy.

(11) Until year-end 2012, Basel 2 transitional regulations applied by the Bank of Italy allowed banks to deduct their insurance investments, made prior to July 20th 2006, from their total regulatory capital. Effective January 1st 2013, this no longer applies and banks are now required to deduct 50% of these investments from Tier 1 and 50% from Tier 2.

- **high efficiency**, highlighted by the **cost/income ratio of 51.3%** in 2013, **top level amongst European peers**;

- **continued aggressive reduction in structural costs**: -6.3% in 2013 versus 2012, with **nominal savings of 561 million euro**;

- **rigorous and conservative provisioning policy**:
  - **loan loss provisions** of 7,131 million euro in 2013, up 51.3% compared to 2012,
  - a **NPL coverage ratio up to 46%** at year-end 2013 from 42.7% at year-end 2012 (Italian peers average: 37% in Q4 2013), **with a coverage of the doubtful loan component up to 62.5% at year-end 2013 from 60.5%** at year-end 2012,
  - a **total NPL coverage ratio of 128%**, including collateral, at year-end 2013 (**137% adding also personal guarantees**), with a total coverage of the **doubtful loan** component of **129%** (**137%** adding also personal guarantees),
  - a **robust reserve buffer on performing loans**, increased to 80bps at year-end 2013 from 76bps at year-end 2012 (Italian peers average: 59bps in Q4 2013);

- **signs of stabilising credit trends** with gross NPL inflow from performing loans of 15.6 billion euro in 2013 versus 15.4 billion euro in 2012;

- **prudent criteria in the impairment test**, reflecting the conservative forecasts for the medium-term scenario set out in the Group's 2014-2017 Business Plan due to the monetary policy framework and the highly uncertain developments in the European economy in the coming years. This has led to a significant **impairment of goodwill and other intangible assets of approximately 6.8 billion euro before tax** (impairment of 51%) **-** including approximately 4.7 billion euro related to goodwill (impairment of 55%), 0.5 billion euro to brand name (21%) and 1.6 billion euro to core deposits (elimination) **-** and approximately **5.8 billion euro after tax.** Of this amount, approximately 3.9 billion euro was posted by the Banca dei Territori division, 1.1 billion euro by the Corporate and Investment Banking division, 0.7 billion euro by the International Subsidiary Banks division, and 29 million euro by Banca Fideuram. **This impairment mainly relates to non-cash based operations, and has an accounting effect only and no impact on the Group's cash flow, liquidity, capital solidity and capital ratios or effect on its future profitability**;

- **<u>cash dividends in line with previous year's levels</u>**: the Management Board yesterday adopted a proposal, to be submitted at the next Ordinary Shareholders' Meeting, regarding the **distribution of approximately 822 million euro cash** to be taken from reserves, paying out **five euro cents on ordinary shares and on savings shares**, before tax. Specifically, the proposal envisages the distribution of a total amount of 822,044,844.10 euro to be drawn on the Extraordinary Reserve, deriving from five euro cents on each of the 15,508,406,321 ordinary shares and five euro cents on each of the 932,490,561 savings shares; no distribution will be made to own shares held by the Bank at record date. This assignment of reserves shall be subject to the same tax regime as the distribution of dividends and if approved at the Shareholders' Meeting, will start from May 22nd 2014 (with coupon presentation on May 19th and record date on May 21st). The dividend yield is 2.2% per ordinary share and 2.6% per savings share, based on the Intesa Sanpaolo stock price on March 26th 2014.

## <u>The income statement for the fourth quarter of 2013</u>

The consolidated income statement for Q4 2013[12] recorded **operating income** of 3,944 million euro, down 4.9% from 4,146 million euro in Q3 2013 and down 12.2% from 4,494 million euro in Q4 2012.

**Net interest income** for Q4 2013 amounted to 2,038 million euro, up 0.3% from 2,031 million euro in Q3 2013 and down 6.6% from 2,181 million euro in Q4 2012.

(12) During the preparation of the interim statement at September 30th 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 at July 1st 2008, reclassified financial assets held for trading of 1,113 million euro into loans and receivables and 32 million euro into financial assets available for sale; the Group also reclassified financial assets available for sale of 5,482 million euro into loans and receivables. If these reclassifications had not been made, the profits/losses on trading for the fourth quarter of 2013 would have recorded 35 million euro as positive pre-tax impact (a positive impact of 94 million euro in full-year 2013, a positive impact of 135 million euro in full-year 2012, a negative impact of 11 million euro in full-year 2011, a positive impact of 92 million euro in full-year 2010 and of 72 million euro in full-year 2009, and a negative impact of 459 million euro in full-year 2008) and the shareholders' equity would have included 1,281 million euro as negative pre-tax direct impact at December 31st 2013 (with a positive impact of 176 million euro in the fourth quarter of 2013 and 553 million euro in full-year 2013).

**Net fee and commission income** amounted to 1,625 million euro, up 9.6% from 1,483 million euro in Q3 2013. In detail, commissions on commercial banking activities were up 6.7%, and those on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) were up 19%. Under the latter, commissions on portfolio management were up 33.5% (an increase also due to approximately 130 million euro performance commissions), those on dealing and placement of securities were up 13.4%, and those on distribution of insurance products were up 3%. Net fee and commission income in Q4 2013 increased by 9.9% from the 1,479 million euro of Q4 2012. In detail, commissions on commercial banking activities were up 11.2%, and those on management, dealing and consultancy activities were up 20%. Under the latter, commissions on distribution of insurance products were up 30%, those on portfolio management were up 28.4% (approximately 75 million euro performance commissions were booked in Q4 2012), and those on dealing and placement of securities were down 14.1%.

**Profits on trading** were 70 million euro (including capital gains of 84 million euro made on the sale of the stake in Assicurazioni Generali) from 401 million euro in Q3 2013 (including capital gains of overall 193 million euro on the senior note buy-back and the exchange of own subordinated notes). Profits from customers decreased to 45 million euro from 92 million euro. Profits from capital markets and AFS financial assets amounted to 13 million euro from five million euro. Profits from proprietary trading and treasury activities decreased to 11 million euro from 295 million euro (the former including the capital gain of 84 million euro, the latter the capital gain of 193 million euro, both mentioned above). Profits from structured credit products decreased to one million euro from nine million euro. Profits on trading of 70 million euro for Q4 2013 are compared with profits of 682 million euro in Q4 2012 (which included a capital gain of 110 million euro on the exchange of own subordinated notes and 342 million euro related to the valuation of derivatives contracts mandatorily reclassified as trading). The fourth quarter of 2012 had booked profits from customers of 88 million euro, profits from capital markets and AFS financial assets of 95 million euro, profits from proprietary trading and treasury activities of 478 million euro (including the aforementioned 110 million euro capital gain and 342 million euro valuation of derivatives contracts), and profits from structured credit products of 21 million euro. Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale made in past years, profits on trading in Q4 2013 would have recorded a positive pre-tax impact of 35 million euro.

**Income from insurance business** amounted to 143 million euro, compared with 204 million euro in Q3 2013 and 159 million euro in Q4 2012.

**Operating costs** amounted to 2,202 million euro, up 7.9% versus the 2,041 million euro of Q3 2013 due to increases in administrative expenses and adjustments of 21.8% and 11.1% respectively and a decrease of 0.2% in personnel expenses. Operating costs for the quarter were down 4.1%, compared with 2,297 million euro in Q4 2012 due a decrease by 10% in personnel expenses and increases by 3.8% in administrative expenses and by 4.4% in adjustments.

As a result, **operating margin** amounted to 1,742 million euro, down 17.2% from 2,105 million euro in Q3 2013 and down 20.7% from 2,197 million euro in Q4 2012. The cost/income ratio was at 55.8% in Q4 2013 versus 49.2% in Q3 2013 and 51.1% in Q4 2012.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 3,519 million euro, compared with 1,500 million euro in Q3 2013 and 1,707 million euro in Q4 2012. Net provisions for risks and charges amounted to 249 million euro, compared with one million euro in Q3 2013 and 105 million euro in Q4 2012. Net adjustments to loans came to 3,100 million euro, compared with 1,467 million euro in Q3 2013 and 1,461 million euro in Q4 2012. Net impairment losses on other assets came to 170 million euro, compared with 32 million euro in Q3 2013 and 141 million euro in Q4 2012.

**Profits/losses on investments held to maturity and on other investments** generated profits of 2,441 million euro (including the benefit of 2,558 million euro deriving from the stake in the Bank of Italy), compared with losses of 35 million euro in Q3 2013 (including the impairment of 28 million euro on the investment in Telco) and 104 million euro in Q4 2012 (including the impairment of 107 million euro on the investment in Telco).

**Income before tax from continuing operations** came to 664 million euro, compared with 570 million euro in Q3 2013 (up 16.5%) and 386 million euro in Q4 2012 (up 72%).

**Impairment** (net of tax) **of goodwill and other intangible assets** amounted to 5,797 million euro. No impairment was recorded in the previous quarter or in the corresponding quarter of 2012.

**Consolidated net loss** of 5,190 million euro was recorded in the quarter, compared with a net income of 218 million euro in Q3 2013 and a net loss of 83 million euro in Q4 2012, after accounting:

- a tax credit of 27 million euro;
- charges (net of tax) for integration and exit incentives of 42 million euro;
- charges from purchase cost allocation (net of tax) of 75 million euro;
- losses pertaining to minority interests of 33 million euro.

**Consolidated net income**, **excluding impairment of goodwill and other intangible assets**, was at 578 million euro, compared with a net income of 218 million euro in Q3 2013 and a net loss of 83 million euro in Q4 2012.

## The income statement for 2013

The consolidated income statement for 2013 recorded **operating income** of 16,295 million euro, down 8.9% from 17,881 million euro in 2012.

**Net interest income** for 2013 was 8,132 million euro, down 13.8% from 9,430 million euro in 2012.

**Net fee and commission income** amounted to 6,149 million euro, up 12.8% from 5,451 million euro in 2012. In detail, commissions on commercial banking activities were up 8.4%, and those on management, dealing and consultancy activities were up 23.1%. Under the latter, commissions on distribution of insurance products were up 32.6%, those on portfolio management were up 26.2%, and those on dealing and placement of securities were up 2.2%.

**Profits on trading** were 1,161 million euro. This figure included capital gains of 193 million euro made on the buy-back and exchange of subordinated and senior notes and 84 million euro made on the sale of the stake in Assicurazioni Generali. Profits on trading for 2012 had recorded 2,182 million euro, a figure which included total capital gains of 805 million euro made on the buy-back and exchange of subordinated and senior notes and the sale of the London Stock Exchange stake, as well as 342 million euro related to the valuation of derivatives contracts mandatorily reclassified as trading. In 2013, profits from customers amounted to 308 million euro from 333 million euro; profits from capital markets and AFS financial assets decreased to 175 million euro from 356 million euro (including a 94 million euro capital gain on the disposal of the London Stock Exchange stake); profits from proprietary trading and treasury activities decreased to 601 million euro (including total capital gains of 277 million euro made on buy-back and exchange of subordinated and senior notes, and on disposal) from 1,396 million euro (including 711 million euro capital gains on the buy-back and exchange of subordinated and senior notes, and 342 million euro related to the valuation of derivatives contracts mandatorily reclassified as trading); and profits from structured credit products amounted to 77 million euro from 96 million euro. Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale made in past years, trading profits in 2013 would have recorded a positive pre-tax impact of 94 million euro.

**Income from insurance business** amounted to 796 million euro, compared with 828 million euro in 2012.

**Operating costs** were down 6.3% to 8,352 million euro versus 8,913 million euro in 2012 due to a 9.6% reduction in personnel expenses, a 3.2% decrease in administrative expenses and a 6.6% increase in adjustments.

As a result, **operating margin** amounted to 7,943 million euro, down 11.4% from 8,968 million euro in 2012. The cost/income ratio was 51.3% in 2013, compared with 49.8% in 2012.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 7,862 million euro, compared with 5,241 million euro in 2012. Net provisions for risks and charges amounted to 314 million euro, compared with 245 million euro in 2012. Net adjustments to loans came to 7,131 million euro, compared with 4,714 million euro in 2012. Net impairment losses on other assets came to 417 million euro, compared with 282 million euro in 2012.

**Profits/losses on investments held to maturity and on other investments** generated profits of 2,408 million euro (including the benefit of 2,558 million euro deriving from the stake in the Bank of Italy), compared with losses of 117 million euro in 2012.

**Income before tax from continuing operations** came to 2,489 million euro, compared with 3,610 million euro in 2012 (down 31.1%).

**Impairment** (net of tax) **of goodwill and other intangible assets** amounted to 5,797 million euro. No impairment was recorded in 2012.

**Consolidated net loss** of 4,550 million euro was recorded for 2013, compared with a net income of 1,605 million euro posted in 2012, after accounting:
- taxes of 875 million euro;
- charges (net of tax) for integration and exit incentives of 80 million euro;
- charges from purchase cost allocation (net of tax) of 294 million euro;
- minority interests of 7 million euro.

**Consolidated net income**, **excluding impairment of goodwill and other intangible assets**, was at 1,218 million euro, down 24.1% versus the 1,605 million euro of 2012.

## Balance sheet at December 31st 2013

As regards the consolidated balance sheet figures, as at December 31st 2013 **loans to customers** amounted to 344 billion euro, down 8.7% compared to December 31st 2012 (down 5.9% taking into account average volumes instead of those at the end of the period, mainly as a result of the reduction in loans to large corporates). Total **non-performing loans** (doubtful, substandard, restructured and past due) - net of adjustments - amounted to 31,075 million euro, up 9.1% from 28,472 million euro at year-end 2012. In detail, doubtful loans rose to 12,960 million euro from 11,202 million euro at year-end 2012, with a doubtful loans to total loans ratio of 3.8% (3% as at year-end 2012) and a coverage ratio of 62.5% (60.5% as at year-end 2012). Taking into account **collateral and guarantees** to doubtful loans in addition to specific provisions, the total coverage ratio was 129% including collateral and 137% adding also personal guarantees. Substandard loans increased to 13,841 million euro from 11,495 million euro at year-end 2012. Restructured loans decreased to 2,315 million euro from 2,863 million euro at year-end 2012. Past due loans decreased to 1,959 million euro from 2,912 million euro at year-end 2012.

**Customer financial assets** amounted to 803 billion euro (net of duplications between direct deposits and indirect customer deposits), up 1.1% from year-end 2012. Under customer financial assets, **direct deposits from banking business** amounted to 372 billion euro, down 2.2% from year-end 2012 (with current accounts and deposits up 4.5%); **direct deposits from insurance business and technical reserves** amounted to 93 billion euro, up 14.3% from year-end 2012. Indirect customer deposits amounted to 430 billion euro, up 4% from year-end 2012. **Assets under management** totalled 259 billion euro, up 11.7% from year-end 2012. As for bancassurance, in 2013, new business for life policies amounted to 19 billion euro (67.4% higher than in 2012). Assets under administration and in custody amounted to 172 billion euro, down 5.8% from year-end 2012.

As at December 31st 2013, **capital ratios** were 11.9% for the Core Tier 1 ratio (year-end 2012: 11.2%), 12.8% for the Tier 1 ratio (year-end 2012: 12.1%) and 14.8% for the total capital ratio (year-end 2012: 13.6%). Capital ratios were calculated by applying the Basel 2 Foundation approach and the internal models to residential mortgages and corporate and retail SME portfolios (with floor at 85%), deducting the nominal value of the savings shares, and in accordance with regulations for insurance investment deduction in force until December 31st 2012. On the basis of the new computation of insurance investments(13), the Core Tier 1 ratio was at 11.3%, the Tier 1 ratio at 12.2% and the total capital ratio at 14.8%. The capital ratios are net of the dividend accrued in the year 2013 and do not include the benefit deriving from the stake in the Bank of Italy.

The estimated pro-forma common equity ratio for the Group on a **Basel 3 fully loaded basis** stands at 12.3%. It has been calculated by: applying the parameters set out under fully phased-in Basel 3 to the financial statements as at December 31st 2013; considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and the expected absorption by 2019 of DTAs on losses carried forward, the benefit deriving from the stake in the Bank of Italy (86bps), the effect of the Danish compromise (under which insurance investments are risk weighed instead of being deducted from capital, with a benefit of 13bps); and including the expected benefits from the optimisation actions on capital sources and requirements and from the absorption of sovereign shock risk (equal to overall one basis point).

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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
  - large availability of unencumbered eligible assets with Central Banks (including eligible assets received as collateral and excluding eligible assets currently used as collateral), corresponding to liquidity of 88 billion euro at year-end 2013,
  - high level of liquid assets (made up of eligible assets available - excluding eligible assets received as collateral - and eligible assets currently used as collateral) equal to 124 billion euro at year-end 2013,
  - the Group's refinancing operations with the ECB to optimise the cost of funding amounting to 19.5 billion euro at year-end 2013. These comprise standard open-market operations with maturities ranging from one week to three months, after the early repayment in full of the 36 billion euro borrowed under the three-year LTRO put in place in the 2011-2012 period,
  - stable and well-diversified sources of funding, with approximately 80% of direct deposits from the banking business (including securities issued) generated from retail operations,

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(13) Until year-end 2012, Basel 2 transitional regulations applied by the Bank of Italy allowed banks to deduct their insurance investments, made prior to July 20th 2006, from their total regulatory capital. Effective January 1st 2013, this no longer applies and banks are now required to deduct 50% of these investments from Tier 1 and 50% from Tier 2.

- medium/long-term funding of approximately 31 billion euro raised in 2013, which included approximately 18 billion euro retail placements. So far in 2014, approximately seven billion euro has been raised, including two billion euro retail placements and approximately 60% of 2014 wholesale bond maturities have already been covered;
- 5.15 billion euro of eurobonds, 1.75 billion euro of covered bonds, 4.75 billion dollars of US bonds placed on international markets in 2013. The total demand - approximately 85% from foreign investors - on average exceeded the issue target by over 130%. So far in 2014, 0.75 billion euro of eurobonds, 1.25 billion euro of covered bonds, 2.5 billion dollars of US bonds, 650 million CNY of Renminbi-denominated bonds have been placed on international markets (the demand - approximately 85% from foreign investors - on average exceeded the target by over 90%);

● **low leverage** with

- much lower leverage and one of the best ratios of tangible net shareholders' equity to tangible assets amongst major European banking groups,

● a **low risk profile** with

- the Group's securities portfolio at the end of December 2013 comprising Greek bonds (issued by the central and local governments) of 34 million euro, Irish bonds of 81 million euro and Portuguese bonds of 37 million euro.

* * *

The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of 3 million euro as at December 31st 2013. Full and detailed information concerning structured credit products held by the Group is included - as usual - in the report approved by the Management Board.

* * *

As at December 31st 2013, the Intesa Sanpaolo Group's **operating structure** had a total network of 6,227 branches - of which 4,766 were in Italy and 1,461 abroad - with 93,845 employees.

* * *

**<u>Breakdown of results by business area</u>**

The **Corporate and Investment Banking** division includes:

- Global Industries, in charge of managing relationships with 200 corporates (of which 50 Italian and 150 foreign) with global reach, which operate in six key industries with high growth potential (oil & gas, power & utilities, automotive, infrastructures, telecom & media, luxury & consumer goods);
- Corporate and Public Finance, in charge of managing relationships with around 700 large to mid-sized Italian corporates and providing services to government, public entities, local authorities, universities, public utilities, general contractors, and public and private healthcare providers;
- International, in charge of managing relationships with corporates with a foreign-based parent company, that are not part of the Global Industries segment, and also responsible for foreign Public Finance clients. Furthermore, the department is responsible for foreign branches, representative offices and foreign subsidiaries carrying out corporate banking (Société Européenne de Banque and Intesa Sanpaolo Bank Ireland), and provides specialist support toward the internationalisation of Italian corporates and export development;
- Global Banking & Transaction, in charge of: relationships with financial institutions, management of transactional services, trade and export finance products and services, as well as custody and settlement of Italian securities (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.

The division also comprises the management of the Group's proprietary trading.

In the fourth quarter of 2013, the Corporate and Investment Banking division recorded:

- operating income of 741 million euro, down 4.2% from 773 million euro in Q3 2013;
- operating costs of 212 million euro, up 2.9% from 206 million euro in Q3 2013;
- operating margin of 529 million euro, down 6.8% from 567 million euro in Q3 2013;
- a cost/income ratio of 28.6% versus 26.6% in Q3 2013;
- net provisions and adjustments of 490 million euro from 63 million euro in Q3 2013;
- losses on investments held to maturity and on other investments of 29 million euro, compared with profits of 16 million euro in Q3 2013;
- income before tax from continuing operations of 10 million euro from 521 million euro in Q3 2013;
- impairment (net of tax) of goodwill and other intangible assets of 1,134 million euro versus no impairment recorded in the previous quarter;
- net loss of 1,218 million euro, compared with net income of 352 million euro in Q3 2013;
- net loss, excluding impairment of goodwill and other intangible assets, of 84 million euro, compared with a net income of 352 million euro in Q3 2013.

In 2013, the Corporate and Investment Banking division recorded:

- operating income of 3,360 million euro, contributing approximately 21% of the consolidated operating income (20% in 2012), down 6.4% from 3,590 million euro in 2012;
- operating costs of 807 million euro, down 3.9% from 840 million euro in 2012;
- operating margin of 2,553 million euro, down 7.2% from 2,750 million euro in 2012;
- a cost/income ratio of 24% versus 23.4% in 2012;
- net provisions and adjustments of 820 million euro from 629 million euro in 2012;
- losses on investments held to maturity and on other investments of 15 million euro, in line with 2012;
- income before tax from continuing operations of 1,718 million euro, down 18.4% from 2,106 million euro in 2012;
- impairment (net of tax) of goodwill and other intangible assets of 1,134 million euro versus no impairment recorded in 2012;
- net loss of 69 million euro, compared with a net income of 1,453 million euro in 2012;
- net income, excluding impairment of goodwill and other intangible assets, of 1,065 million euro, down 26.7% from 1,453 million euro in 2012.

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);
- businesses with a turnover between 2.5 and 350 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, Intesa Sanpaolo Vita and Intesa Sanpaolo Previdenza operating in the insurance and pension business, the fiduciary service company SIREFID, Intesa Sanpaolo Personal Finance operating in the consumer credit business, Setefi operating in electronic payments as well as Leasint and Mediofactoring, companies operating, respectively, in the leasing and in the factoring business.

In the fourth quarter of 2013, the Banca dei Territori division recorded:

- operating income of 2,752 million euro, up 0.7% from 2,734 million euro in Q3 2013;
- operating costs of 1,341 million euro, up 4% from 1,290 million euro in Q3 2013;
- operating margin of 1,411 million euro, down 2.3% from 1,444 million euro in Q3 2013;
- a cost/income ratio of 48.7% versus 47.2% in Q3 2013;
- net provisions and adjustments of 2,265 million euro, compared with 1,221 million euro in Q3 2013;
- loss before tax from continuing operations of 853 million euro, compared with an income of 223 million euro in Q3 2013;
- impairment (net of tax) of goodwill and other intangible assets of 3.912 million euro versus no impairment recorded in the previous quarter;

- net loss of 4,430 million euro, compared with a net income of 87 million euro in Q3 2013;
- net loss, excluding impairment of goodwill and other intangible assets, of 518 million euro, compared with a net income of 87 million euro in Q3 2013.

In 2013, the Banca dei Territori division recorded:
- operating income of 11,134 million euro, contributing approximately 68% of the consolidated operating income (61% in 2012), up 2.6% from 10,848 million euro in 2012;
- operating costs of 5,282 million euro, down 8.7% from 5,783 million euro in 2012;
- operating margin of 5,852 million euro, up 15.5% from 5,065 million euro in 2012;
- a cost/income ratio improving to 47.4% versus 53.3% in 2012;
- net provisions and adjustments of 5,608 million euro, compared with 3,415 million euro in 2012;
- income before tax from continuing operations of 244 million euro, compared with 1,650 million euro in 2012;
- impairment (net of tax) of goodwill and other intangible assets of 3,912 million euro versus no impairment recorded in 2012;
- net loss of 3,954 million euro, compared with a net income of 753 million euro in 2012;
- net loss, excluding impairment of goodwill and other intangible assets, of 42 million euro, compared with a net income of 753 million euro in 2012.

**Eurizon Capital**, the company specialising in providing collective and individual asset management products to the Group's internal banking networks, is developing increasingly 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. The following subsidiaries report to Eurizon Capital: Eurizon Capital SA (Luxembourg), a company specialising in managing Luxembourg mutual funds with low tracking error; VUB Asset Management (Slovakia), a company 50.12% owned by Eurizon Capital SA, to whom the Hungarian CIB IFM and the Croatian PBZ Invest report (the asset management hub in Eastern Europe); and Epsilon Associati SGR, a company specialising in managing structured products and mutual funds using quantitative methods which is 51% owned by Eurizon Capital and 49% owned by Banca IMI. Eurizon Capital owns a 49% stake in a Chinese asset management company, Penghua Fund Management.

In the fourth quarter of 2013, Eurizon Capital recorded:
- operating income of 141 million euro, up 67.2% from 84 million euro in Q3 2013;
- operating costs of 36 million euro, up 46.6% from 24 million euro in Q3 2013;
- operating margin of 105 million euro, up 75.6% from 60 million euro in Q3 2013;
- a cost/income ratio improving to 25.5% versus 28.6% in Q3 2013;
- net provisions and adjustments showing a net release of 11 million euro, compared with no provisions and adjustments recorded in Q3 2013;
- income before tax from continuing operations of 116 million euro, nearly double the 60 million euro of Q3 2013;
- net income of 53 million euro, up 46.7% from 36 million euro in Q3 2013.

In 2013, Eurizon Capital recorded:
- operating income of 389 million euro, contributing approximately 2% of the consolidated operating income (the same as in 2012), up 28.8% from 302 million euro in 2012;
- operating costs of 111 million euro, down 5.9% from 118 million euro in 2012;
- operating margin of 278 million euro, up 51,1% from 184 million euro in 2012;
- a cost/income ratio improving to 28.5% versus 39.1% in 2012;
- net provisions and adjustments showing a net release of 14 million euro, compared with net provisions and adjustments of four million euro in 2012;
- income before tax from continuing operations of 292 million euro, up 62.2% from 180 million euro in 2012;
- net income of 160 million euro, up 60% from 100 million euro in 2012.

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 that are 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 three 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; 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 fourth quarter of 2013, the International Subsidiary Banks division recorded:
- operating income of 552 million euro, up 0.6% from 549 million euro in Q3 2013;
- operating costs of 298 million euro, up 7.8% from 276 million euro in Q3 2013;
- operating margin of 255 million euro, down 6.6% from 273 million euro in Q3 2013;
- a cost/income ratio of 54% versus 50.3% in Q3 2013;
- net provisions and adjustments of 447 million euro, compared with 153 million euro in Q3 2013;
- losses on investments held to maturity and on other investments of one million euro, compared with losses of seven million in Q3 2013;
- loss before tax from continuing operations of 194 million euro, compared with income of 113 million euro in Q3 2013. Excluding the negative contribution from the subsidiaries in Hungary and in Ukraine, the fourth and the third quarter of 2013 would close, respectively, with income of one million euro and 137 million euro;
- impairment (net of tax) of goodwill and other intangible assets of 722 million euro versus no impairment recorded in Q3 2013;
- net loss of 969 million euro, compared with a net income of 76 million euro in Q3 2013. Excluding the negative contribution from the subsidiaries in Hungary and in Ukraine, the

fourth and the third quarter of 2013 would close, respectively, with a net loss of 722 million euro and a net income of 114 million euro;
- net loss, excluding impairment of goodwill and intangible assets, of 247 million euro, compared with a net income of 76 million euro in Q3 2013. Excluding the negative contribution from the subsidiaries in Hungary and in Ukraine, the fourth and the third quarter of 2013 would close, respectively, with a net loss of 14 million euro and a net income of 114 million euro.

In 2013, the International Subsidiary Banks division recorded:
- operating income of 2,165 million euro, contributing approximately 13% of the consolidated operating income (12% in 2012), down 0.8% from 2,183 million euro in 2012;
- operating costs of 1,156 million euro, up 0.5% from 1,150 million euro in 2012;
- operating margin of 1,009 million euro, down 2.3% from 1,033 million euro in 2012;
- a cost/income ratio of 53.4% versus 52.7% in 2012;
- net provisions and adjustments of 979 million euro, compared with 1,030 million euro in 2012;
- losses on investments held to maturity and on other investments of 11 million euro, compared with profits of two million euro in 2012;
- income before tax from continuing operations of 19 million euro, compared with five million euro in 2012. Excluding the negative contribution from the subsidiaries in Hungary and in Ukraine, full-year 2013 and full-year 2012 would close, respectively, with income of 432 million euro and 546 million euro (down 20.9%);
- impairment (net of tax) of goodwill and other intangible assets of 722 million euro versus no impairment recorded in 2012;
- net loss of 880 million euro, compared with a net loss of 189 million euro in 2012. Excluding the negative contribution from the subsidiaries in Hungary and in Ukraine, full-year 2013 and full-year 2012 would close, respectively, with a net loss of 376 million euro and a net income of 443 million euro.
- net loss, excluding impairment of goodwill and other intangible assets, of 158 million euro, compared with a net loss of 189 million euro in 2012. Excluding the negative contribution from the subsidiaries in Hungary and in Ukraine, full-year 2013 and full-year 2012 would close, respectively, with net income of 332 million euro and 443 million euro (down 25%).

**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 fourth quarter of 2013, Banca Fideuram recorded:
- operating income of 250 million euro, up 9.6% from 228 million euro in Q3 2013;
- operating costs of 92 million euro, up 20.2% from 77 million euro in Q3 2013;
- operating margin of 157 million euro, up 4.2% from 151 million euro in Q3 2013;
- a cost/income ratio of 36.8% versus 33.8% in Q3 2013;
- net provisions and adjustments of 33 million euro, compared with 13 million euro in Q3 2013;
- losses on investments held to maturity and on other investments of three million euro versus a zero balance of profits/losses in Q3 2013;

- income before tax from continuing operations of 122 million euro, down 11.7% from 138 million euro in Q3 2013;
- impairment (net of tax) of goodwill and other intangible assets of 29 million euro versus no impairment recorded in the previous quarter;
- net income of 13 million euro, down 82.3% from 72 million euro in Q3 2013;
- net income, excluding impairment of goodwill and other intangible assets, of 42 million euro, down 41.8% from 72 million euro in Q3 2013.

In 2013, Banca Fideuram recorded:

- operating income of 895 million euro, contributing approximately 5% of the consolidated operating income (the same as in 2012), up 7.1% from 836 million euro in 2012;
- operating costs of 322 million euro, down 7.5% from 348 million euro in 2012;
- operating margin of 573 million euro, up 17.4% from 488 million euro in 2012;
- a cost/income ratio improving to 36% versus 41.6% in 2012;
- net provisions and adjustments of 84 million euro, compared with 105 million euro in 2012;
- losses on investments held to maturity and on other investments of two million euro, compared with losses of 15 million euro in 2012;
- income before tax from continuing operations of 487 million euro, up 32.3% from 368 million euro in 2012;
- impairment (net of tax) of goodwill and other intangible assets of 29 million euro versus no impairment recorded in 2012;
- net income of 218 million euro, up 36.3% from 160 million euro in 2012;
- net income, excluding impairment of goodwill and other intangible assets, of 247 million euro, up 54.4% from 160 million euro in 2012.

## The outlook for 2014

In 2014, the Intesa Sanpaolo Group will continue to prioritise the delivery of sustainable results. Profitability targets will be combined with close attention to the profile of risk and liquidity, as well as with the Group’s excellent capital position.

Repricing actions are also planned for 2014 and will make it possible to partially limit the impact of an expected negative environment on market rates. The Group’s efficiency, productivity and asset quality will be constantly addressed.

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For consistency purposes, the balance sheet figures of the first three quarters of 2012 were restated consolidating line by line the items related to a summary of assets and liabilities from SediciBanca, a bank belonging to the Delta Group whose purchase was completed in December 2012.

Income statement and balance sheet figures for the four quarters of 2012 and the first two quarters of 2013 relating to the business areas were restated to consider the change in the scope of the Banca dei Territori division and the Corporate and Investment Banking division, approved by the Management Board on May 21st 2013. Specifically, the scope of the Banca dei Territori division was extended to include businesses with consolidated turnover between 150 and 350 million euro and product factories operating in the leasing and the factoring business.

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*In order to present more complete information on the results generated in 2013, the reclassified income statement and the reclassified balance sheet included in the Report on operations approved by the Management Board are attached. Please note that the reclassified income statement and the reclassified balance sheet are not subject to auditing by the auditing company. Notice is hereby given that the Intesa Sanpaolo parent company and consolidated financial statements for the year ended December 31st 2013 will be available for shareholders and the market by April 8th 2014. They will be submitted for approval of the Supervisory Board at its meeting scheduled for April 7th 2014 and for examination of the auditing firm in charge of auditing the annual report.*

* * *

**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.**

* * *



*Investor Relations*
*+39.02.87943180*
*investor.relations@intesasanpaolo.com*

*Media Relations*
*+39.02.87963531*
*stampa@intesasanpaolo.com*

*group.intesasanpaolo.com*

# Intesa Sanpaolo Group

## Reclassified consolidated statement of income

(millions of euro)

| | 2013 | 2012 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Net interest income | 8,132 | 9,430 | -1,298 | -13.8 |
| Dividends and profits (losses) on investments carried at equity | -49 | 39 | -88 | |
| Net fee and commission income | 6,149 | 5,451 | 698 | 12.8 |
| Profits (Losses) on trading | 1,161 | 2,182 | -1,021 | -46.8 |
| Income from insurance business | 796 | 828 | -32 | -3.9 |
| Other operating income (expenses) | 106 | -49 | 155 | |
| Operating income | 16,295 | 17,881 | -1,586 | -8.9 |
| Personnel expenses | -4,827 | -5,338 | -511 | -9.6 |
| Other administrative expenses | -2,828 | -2,921 | -93 | -3.2 |
| Adjustments to property, equipment and intangible assets | -697 | -654 | 43 | 6.6 |
| Operating costs | -8,352 | -8,913 | -561 | -6.3 |
| Operating margin | 7,943 | 8,968 | -1,025 | -11.4 |
| Net provisions for risks and charges | -314 | -245 | 69 | 28.2 |
| Net adjustments to loans | -7,131 | -4,714 | 2,417 | 51.3 |
| Net impairment losses on other assets | -417 | -282 | 135 | 47.9 |
| Profits (Losses) on investments held to maturity and on other investments | 2,408 | -117 | 2,525 | |
| Income (Loss) before tax from continuing operations | 2,489 | 3,610 | -1,121 | -31.1 |
| Taxes on income from continuing operations | -875 | -1,523 | -648 | -42.5 |
| Charges (net of tax) for integration and exit incentives | -80 | -134 | -54 | -40.3 |
| Effect of purchase price allocation (net of tax) | -294 | -299 | -5 | -1.7 |
| Impairment (net of tax) of goodwill and other intangible assets | -5,797 | - | 5,797 | - |
| Income (Loss) after tax from discontinued operations | - | - | - | - |
| Minority interests | 7 | -49 | 56 | |
| Net income (loss) | -4,550 | 1,605 | -6,155 | |

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

# Intesa Sanpaolo Group

## Quarterly development of the reclassified consolidated statement of income

(millions of euro)

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Fourth quarter | Third quarter | Second quarter | First quarter | Fourth quarter | Third quarter | Second quarter | First quarter |
| Net interest income | 2,038 | 2,031 | 2,041 | 2,022 | 2,181 | 2,317 | 2,431 | 2,501 |
| Dividends and profits (losses) on investments carried at equity | -2 | -6 | 2 | -43 | 11 | -27 | 29 | 26 |
| Net fee and commission income | 1,625 | 1,483 | 1,575 | 1,466 | 1,479 | 1,333 | 1,322 | 1,317 |
| Profits (Losses) on trading | 70 | 401 | 235 | 455 | 682 | 623 | 161 | 716 |
| Income from insurance business | 143 | 204 | 218 | 231 | 159 | 216 | 195 | 258 |
| Other operating income (expenses) | 70 | 33 | 15 | -12 | -18 | -19 | -7 | -5 |
| Operating income | 3,944 | 4,146 | 4,086 | 4,119 | 4,494 | 4,443 | 4,131 | 4,813 |
| Personnel expenses | -1,201 | -1,204 | -1,156 | -1,266 | -1,334 | -1,295 | -1,353 | -1,356 |
| Other administrative expenses | -811 | -666 | -688 | -663 | -781 | -711 | -735 | -694 |
| Adjustments to property, equipment and intangible assets | -190 | -171 | -169 | -167 | -182 | -160 | -155 | -157 |
| Operating costs | -2,202 | -2,041 | -2,013 | -2,096 | -2,297 | -2,166 | -2,243 | -2,207 |
| Operating margin | 1,742 | 2,105 | 2,073 | 2,023 | 2,197 | 2,277 | 1,888 | 2,606 |
| Net provisions for risks and charges | -249 | -1 | -38 | -26 | -105 | -69 | -34 | -37 |
| Net adjustments to loans | -3,100 | -1,467 | -1,398 | -1,166 | -1,461 | -1,198 | -1,082 | -973 |
| Net impairment losses on other assets | -170 | -32 | -147 | -68 | -141 | -43 | -39 | -59 |
| Profits (Losses) on investments held to maturity and on other investments | 2,441 | -35 | -3 | 5 | -104 | -5 | -2 | -6 |
| Income (Loss) before tax from continuing operations | 664 | 570 | 487 | 768 | 386 | 962 | 731 | 1,531 |
| Taxes on income from continuing operations | 27 | -264 | -274 | -364 | -291 | -454 | -152 | -626 |
| Charges (net of tax) for integration and exit incentives | -42 | -5 | -21 | -12 | -99 | -11 | -10 | -14 |
| Effect of purchase price allocation (net of tax) | -75 | -72 | -73 | -74 | -79 | -71 | -76 | -73 |
| Impairment (net of tax) of goodwill and other intangible assets | -5,797 | - | - | - | - | - | - | - |
| Income (Loss) after tax from discontinued operations | - | - | - | - | - | - | - | - |
| Minority interests | 33 | -11 | -3 | -12 | - | -12 | -23 | -14 |
| Net income (loss) | -5,190 | 218 | 116 | 306 | -83 | 414 | 470 | 804 |

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

# Intesa Sanpaolo Group

## Reclassified consolidated balance sheet

(millions of euro)

| Assets | 31.12.2013 | 31.12.2012 | Changes amount | Changes % |
|---|---|---|---|---|
| Financial assets held for trading | 49,013 | 63,546 | -14,533 | -22.9 |
| of which: Insurance Companies | 864 | 1,125 | -261 | -23.2 |
| Financial assets designated at fair value through profit and loss | 37,655 | 36,887 | 768 | 2.1 |
| of which: Insurance Companies | 36,670 | 35,748 | 922 | 2.6 |
| Financial assets available for sale | 115,302 | 97,209 | 18,093 | 18.6 |
| of which: Insurance Companies | 54,278 | 43,527 | 10,751 | 24.7 |
| Investments held to maturity | 2,051 | 2,148 | -97 | -4.5 |
| Due from banks | 26,673 | 36,533 | -9,860 | -27.0 |
| Loans to customers | 343,991 | 376,625 | -32,634 | -8.7 |
| Investments in associates and companies subject to joint control | 1,991 | 2,633 | -642 | -24.4 |
| Property, equipment and intangible assets | 12,527 | 19,828 | -7,301 | -36.8 |
| Tax assets | 14,921 | 12,673 | 2,248 | 17.7 |
| Non-current assets held for sale and discontinued operations | 108 | 98 | 10 | 10.2 |
| Other assets | 22,051 | 25,402 | -3,351 | -13.2 |
| Total Assets | 626,283 | 673,582 | -47,299 | -7.0 |

| Liabilities and Shareholders' Equity | 31.12.2013 | 31.12.2012 | Changes amount | Changes % |
|---|---|---|---|---|
| Due to banks | 52,244 | 73,352 | -21,108 | -28.8 |
| Due to customers and securities issued | 366,941 | 377,358 | -10,417 | -2.8 |
| of which: Insurance Companies | 534 | 68 | 466 | |
| Financial liabilities held for trading | 39,268 | 52,195 | -12,927 | -24.8 |
| of which: Insurance Companies | 348 | 79 | 269 | |
| Financial liabilities designated at fair value through profit and loss | 30,733 | 27,047 | 3,686 | 13.6 |
| of which: Insurance Companies | 30,723 | 27,038 | 3,685 | 13.6 |
| Tax liabilities | 2,236 | 3,494 | -1,258 | -36.0 |
| Liabilities associated with non-current assets held for sale and discontinued operations | - | - | - | - |
| Other liabilities | 23,328 | 30,617 | -7,289 | -23.8 |
| Technical reserves | 62,236 | 54,660 | 7,576 | 13.9 |
| Allowances for specific purpose | 4,239 | 4,953 | -714 | -14.4 |
| Share capital | 8,546 | 8,546 | - | - |
| Reserves | 41,593 | 40,861 | 732 | 1.8 |
| Valuation reserves | -1,074 | -1,692 | -618 | -36.5 |
| Minority interests | 543 | 586 | -43 | -7.3 |
| Net income | -4,550 | 1,605 | -6,155 | |
| Total Liabilities and Shareholders' Equity | 626,283 | 673,582 | -47,299 | -7.0 |

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

# Intesa Sanpaolo Group

## Quarterly development of the reclassified consolidated balance sheet

(millions of euro)

| Assets | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | 31/12 | 30/9 | 30/6 | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Financial assets held for trading | 49,013 | 53,337 | 55,905 | 61,556 | 63,546 | 70,034 | 66,080 | 60,328 |
| of which: Insurance Companies | 864 | 754 | 1,006 | 953 | 1,125 | 1,102 | 1,257 | 1,331 |
| Financial assets designated at fair value through profit and loss | 37,655 | 37,636 | 37,042 | 36,747 | 36,887 | 36,546 | 37,842 | 35,971 |
| of which: Insurance Companies | 36,670 | 36,541 | 35,947 | 35,722 | 35,748 | 35,486 | 36,763 | 35,015 |
| Financial assets available for sale | 115,302 | 102,969 | 103,944 | 97,030 | 97,209 | 88,317 | 88,408 | 85,224 |
| of which: Insurance Companies | 54,278 | 46,526 | 45,097 | 42,454 | 43,527 | 41,709 | 41,082 | 40,623 |
| Investments held to maturity | 2,051 | 2,120 | 2,140 | 2,150 | 2,148 | 2,224 | 2,222 | 2,266 |
| Due from banks | 26,673 | 32,891 | 31,570 | 38,569 | 36,533 | 36,580 | 35,826 | 32,431 |
| Loans to customers | 343,991 | 349,671 | 358,404 | 371,561 | 376,625 | 375,037 | 375,183 | 378,280 |
| Investments in associates and companies subject to joint control | 1,991 | 2,606 | 2,634 | 2,629 | 2,633 | 2,721 | 2,722 | 2,599 |
| Property, equipment and intangible assets | 12,527 | 19,369 | 19,502 | 19,630 | 19,828 | 19,763 | 19,869 | 20,025 |
| Tax assets | 14,921 | 13,691 | 13,508 | 12,661 | 12,673 | 12,873 | 13,382 | 12,406 |
| Non-current assets held for sale and discontinued operations | 108 | 102 | 102 | 112 | 98 | 101 | 100 | 99 |
| Other assets | 22,051 | 25,376 | 23,034 | 24,462 | 25,402 | 24,808 | 25,104 | 23,319 |
| Total Assets | 626,283 | 639,768 | 647,785 | 667,107 | 673,582 | 669,004 | 666,738 | 652,948 |

| Liabilities and Shareholders' Equity | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | 31/12 | 30/9 | 30/6 | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Due to banks | 52,244 | 64,993 | 67,522 | 72,775 | 73,352 | 74,787 | 83,831 | 75,958 |
| Due to customers and securities issued | 366,941 | 359,589 | 368,419 | 375,956 | 377,358 | 373,471 | 365,667 | 368,685 |
| of which: Insurance Companies | 534 | 558 | 81 | 132 | 68 | 106 | 117 | 343 |
| Financial liabilities held for trading | 39,268 | 40,517 | 44,353 | 49,736 | 52,195 | 55,779 | 54,921 | 47,907 |
| of which: Insurance Companies | 348 | 73 | 85 | 93 | 79 | 68 | 26 | 23 |
| Financial liabilities designated at fair value through profit and loss | 30,733 | 30,027 | 29,257 | 28,130 | 27,047 | 26,278 | 24,854 | 24,496 |
| of which: Insurance Companies | 30,723 | 30,016 | 29,246 | 28,120 | 27,038 | 25,938 | 24,417 | 23,637 |
| Tax liabilities | 2,236 | 3,594 | 2,983 | 3,979 | 3,494 | 3,297 | 2,936 | 3,154 |
| Liabilities associated with non-current assets held for sale and discontinued operations | - | - | - | - | - | - | - | - |
| Other liabilities | 23,328 | 27,574 | 24,564 | 26,207 | 30,617 | 27,410 | 28,812 | 24,641 |
| Technical reserves | 62,236 | 59,088 | 56,633 | 55,552 | 54,660 | 53,468 | 52,310 | 53,023 |
| Allowances for specific purpose | 4,239 | 4,319 | 4,404 | 4,825 | 4,953 | 4,865 | 4,895 | 5,149 |
| Share capital | 8,546 | 8,546 | 8,546 | 8,546 | 8,546 | 8,546 | 8,546 | 8,546 |
| Reserves | 41,593 | 41,600 | 41,563 | 42,419 | 40,861 | 40,906 | 40,882 | 41,800 |
| Valuation reserves | -1,074 | -1,305 | -1,443 | -1,894 | -1,692 | -2,158 | -2,862 | -1,953 |
| Minority interests | 543 | 586 | 562 | 570 | 586 | 667 | 672 | 738 |
| Net income | -4,550 | 640 | 422 | 306 | 1,605 | 1,688 | 1,274 | 804 |
| Total Liabilities and Shareholders' Equity | 626,283 | 639,768 | 647,785 | 667,107 | 673,582 | 669,004 | 666,738 | 652,948 |

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

# Intesa Sanpaolo Group

## Breakdown of financial highlights by business area

| Income statement (millions of euro) | Corporate and Investment Banking | | Banca dei Territori | | Banche Estere | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Operating income | 3,360 | 3,590 | 11,134 | 10,848 | 2,165 | 2,183 | 389 | 302 | 895 | 836 |
| Operating costs | -807 | -840 | -5,282 | -5,783 | -1,156 | -1,150 | -111 | -118 | -322 | -348 |
| Operating margin | 2,553 | 2,750 | 5,852 | 5,065 | 1,009 | 1,033 | 278 | 184 | 573 | 488 |
| Net income | -69 | 1,453 | -3,954 | 753 | -880 | -189 | 160 | 100 | 218 | 160 |

| Balance sheet (millions of euro) | Corporate and Investment Banking | | Banca dei Territori | | Banche Estere | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| Loans to customers | 90,907 | 102,982 | 209,626 | 223,887 | 27,249 | 29,312 | 281 | 226 | 4,730 | 3,985 |
| Direct deposits from banking business | 113,956 | 107,372 | 194,316 | 203,548 | 30,462 | 31,163 | 7 | 7 | 7,256 | 6,673 |

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

# Intesa Sanpaolo S.p.a.

## Reclassified statement of income

(in millions of euro)

| | 2013 | 2012 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Net interest income | 1,522 | 2,475 | -953 | -38.5 |
| Dividends | 1,929 | 1,211 | 718 | 59.3 |
| Net fee and commission income | 2,118 | 1,865 | 253 | 13.6 |
| Profits (Losses) on trading | 661 | 1,359 | -698 | -51.4 |
| Other operating income (expenses) | 259 | 96 | 163 | |
| Operating income | 6,489 | 7,006 | -517 | -7.4 |
| Personnel expenses | -1,737 | -1,912 | -175 | -9.2 |
| Other administrative expenses | -1,487 | -1,555 | -68 | -4.4 |
| Adjustments to property, equipment and intangibles assets | -128 | -129 | -1 | -0.8 |
| Operating costs | -3,352 | -3,596 | -244 | -6.8 |
| Operating margin | 3,137 | 3,410 | -273 | -8.0 |
| Net provisions for risks and charges | -107 | -52 | 55 | |
| Net adjustments to loans | -2,530 | -1,463 | 1,067 | 72.9 |
| Net impairment losses on other assets | -196 | -83 | 113 | |
| Profits (Losses) on investments held to maturity and on other investments | 1,492 | -164 | 1,656 | |
| Income (Loss) before tax from continuing operations | 1,796 | 1,648 | 148 | 9.0 |
| Taxes on income from continuing operations | 280 | -221 | 501 | |
| Charges (net of tax) for integration and exit incentives | -38 | -86 | -48 | -55.8 |
| Effect of purchase price allocation (net of tax) | -58 | -59 | -1 | -1.7 |
| Impairment (net of tax) of goodwill, other intangible assets and controlling interests | -5,893 | -370 | 5,523 | |
| Income (Loss) after tax from discontinued operations | - | - | - | - |
| Net income | -3,913 | 912 | -4,825 | |

Figures restated on a consistent basis.

# Intesa Sanpaolo S.p.a.

## Reclassified balance sheet

(in millions of euro)

| Assets | 31.12.2013 | 31.12.2012 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Financial assets held for trading | 17,402 | 21,752 | -4,350 | -20.0 |
| Financial assets designated at fair value | 334 | 522 | -188 | -36.0 |
| Financial assets available for sale | 41,119 | 35,982 | 5,137 | 14.3 |
| Investments held to maturity | 300 | 300 | - | - |
| Due from banks | 83,979 | 96,147 | -12,168 | -12.7 |
| Loans to customers | 192,364 | 217,406 | -25,042 | -11.5 |
| Equity investments | 29,092 | 32,738 | -3,646 | -11.1 |
| Property, equipment and intangible assets | 4,846 | 7,863 | -3,017 | -38.4 |
| Tax assets | 10,027 | 9,052 | 975 | 10.8 |
| Non-current assets held for sale and discontinued operations | 71 | 71 | - | - |
| Other assets | 13,624 | 16,466 | -2,842 | -17.3 |
| Total Assets | 393,158 | 438,299 | -45,141 | -10.3 |

| Liabilities and Shareholders' Equity | 31.12.2013 | 31.12.2012 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Due to banks | 107,099 | 120,428 | -13,329 | -11.1 |
| Due to customers and securities issued | 220,836 | 240,465 | -19,629 | -8.2 |
| Financial liabilities held for trading | 11,378 | 15,547 | -4,169 | -26.8 |
| Financial liabilities designated at fair value | - | - | - | - |
| Tax liabilities | 496 | 1,557 | -1,061 | -68.1 |
| Liabilities associated with non-current assets held for sale and discontinued operations | - | - | - | - |
| Other liabilities | 11,533 | 13,797 | -2,264 | -16.4 |
| Allowances for specific purpose | 2,053 | 2,406 | -353 | -14.7 |
| Share capital | 8,546 | 8,546 | - | - |
| Reserves | 35,124 | 35,012 | 112 | 0.3 |
| Valuation reserves | 6 | -371 | 377 | |
| Net income | -3,913 | 912 | -4,825 | |
| Total Liabilities and Shareholders' Equity | 393,158 | 438,299 | -45,141 | -10.3 |

Figures restated on a consistent basis.