

PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 31 MARCH 2016

NET INCOME FOR Q1 2016 WAS €806M. EXCLUDING ESTIMATED ORDINARY CHARGES FOR THE RESOLUTION FUND FOR FULL YEAR 2016, BOOKED IN THIS QUARTER, NET INCOME WAS €902M.

NET INCOME WAS ALREADY IN EXCESS OF 50% OF THE €3BN DIVIDEND COMMITMENT FOR 2016 WHEN CONSIDERING THE NET CAPITAL GAIN OF AROUND €95M FROM THE DISPOSAL OF SETEFI AND INTESA SANPAOLO CARD (THE SALE-AND-PURCHASE AGREEMENT CONCERNING THIS TRANSACTION WAS EXECUTED A FEW DAYS AGO).

THE CAPITAL BASE WAS STRONG AND WELL ABOVE REGULATORY REQUIREMENTS: PRO-FORMA FULLY LOADED COMMON EQUITY RATIO WAS 13.1% NET OF ACCRUED DIVIDENDS.

STRONG NET INFLOW OF DIRECT DEPOSITS INTO BANCA DEI TERRITORI AND PRIVATE BANKING DIVISIONS.

PROVISIONS WERE DOWN, REFLECTING AN IMPROVING CREDIT TREND.

GROSS NPL INFLOW FROM PERFORMING LOANS DIMINISHED IN THE QUARTER AND WAS AT ITS LOWEST SINCE 2007.

GROSS NPL STOCK DECREASED.

INTESA SANPAOLO CONTINUES TO BE AN ACCELERATOR FOR GROWTH IN THE REAL ECONOMY IN ITALY. IN Q1 2016, MEDIUM/LONG-TERM NEW LENDING GRANTED BY THE GROUP TO ITALIAN HOUSEHOLDS AND BUSINESSES AMOUNTED TO €10BN (UP 34% VS Q1 2015). IN THE QUARTER, THE BANK FACILITATED THE RETURN TO PERFORMING STATUS OF OVER 5,000 COMPANIES – MAKING A TOTAL OF OVER 34,000 SINCE 2014.

- **ROBUST NET INCOME:**
 - €806M IN Q1 2016, VS €13M IN Q4 2015 AND €1,064M IN Q1 2015
 - €902M EXCLUDING RESOLUTION FUND CHARGES, VS €263M IN Q4 2015 AND €1,118M IN Q1 2015
- **PRE-TAX INCOME MORE THAN DOUBLE THE Q4 2015 FIGURE:**
 - €1,424M IN Q1 2016 VS €37M IN Q4 2015, EXCLUDING RESOLUTION FUND CHARGES
- **SIGNIFICANT INCREASE IN OPERATING MARGIN VS Q4 2015:**
 - €2,159M, UP 37% EXCLUDING RESOLUTION FUND CHARGES
- **GROWTH IN OPERATING INCOME VS Q4 2015:**
 - €4,226M, UP 4% EXCLUDING RESOLUTION FUND CHARGES
- **REDUCTION IN OPERATING COSTS:**
 - €2,067M, DOWN 17% VS Q4 2015 AND 2% VS Q1 2015
- **DECREASE IN PROVISIONS, REFLECTING AN IMPROVING CREDIT TREND:**
 - **LOAN LOSS PROVISIONS IN Q1 2016 AT THEIR LOWEST LEVEL SINCE 2011: €694M, DOWN 25% VS Q4 2015 AND 10% VS Q1 2015**
 - **THE LOWEST GROSS NPL INFLOW FROM PERFORMING LOANS IN A QUARTER SINCE 2007: DOWN 23% VS Q4 2015 AND 30% VS Q1 2015**
 - **NPL STOCK DECREASING, DOWN 1% GROSS VS Q4 2015 AND Q1 2015**
- **STRONG NET INFLOW OF DIRECT DEPOSITS INTO THE BANCA DEI TERRITORI AND THE PRIVATE BANKING DIVISIONS: MORE THAN €7BN IN Q1 2016 (VS €4BN IN Q4 2015 AND -€6BN IN Q1 2015)**
- **A STRONG CAPITAL BASE, WELL ABOVE REGULATORY REQUIREMENTS, WITH COMMON EQUITY RATIO, NET OF AROUND €90M DIVIDENDS ACCRUED IN Q1 2016, OF:**
 - **13.1% ON A FULLY LOADED BASIS^{(1) (2)}**
 - **12.9% ON A TRANSITIONAL BASIS FOR 2016⁽²⁾ (“PHASED IN”)**

(1) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2016, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, the expected absorption of DTAs on losses carried forward and the expected distribution of the Q1 2016 net income of insurance companies; including the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 13 basis points).

(2) After deduction of accrued dividends, assumed equal to the net income for the quarter minus accrued coupons on Additional Tier 1 issues.

HIGHLIGHTS:

OPERATING INCOME:	+10.9% +4% -12.8% -11.3%	AT €4,090M VS €3,687M IN Q4 2015, EXCLUDING RESOLUTION FUND CHARGES; VS €4,689M IN Q1 2015, EXCLUDING RESOLUTION FUND CHARGES
OPERATING COSTS:	-17% -2.4%	AT €2,067M VS €2,490M IN Q4 2015; VS €2,118M IN Q1 2015
OPERATING MARGIN:	+69% +37.3% -21.3% -18.4%	AT €2,023M VS €1,197M IN Q4 2015, EXCLUDING RESOLUTION FUND CHARGES; VS €2,571M IN Q1 2015, EXCLUDING RESOLUTION FUND CHARGES
INCOME BEFORE TAX FROM CONTINUING OPERATIONS:	€1,288M €1,424M	VS €161M IN Q4 2015 AND VS €1,769M IN Q1 2015; VS €537M IN Q4 2015 AND VS €1,843M IN Q1 2015, EXCLUDING RESOLUTION FUND CHARGES
NET INCOME:	€306M €902M	VS €13M IN Q4 2015 AND VS €1,064M IN Q1 2015; VS €263M IN Q4 2015 AND VS €1,118M IN Q1 2015, EXCLUDING RESOLUTION FUND CHARGES
CAPITAL RATIOS:	COMMON EQUITY RATIO AFTER ACCRUED DIVIDENDS: 13.1% PRO-FORMA FULLY LOADED^{(3) (4)}; 12.9% PHASED IN⁽⁴⁾	

(3) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2016, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, the expected absorption of DTAs on losses carried forward and the expected distribution of the Q1 2016 net income of insurance companies; including the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 13 basis points).

(4) After deduction of accrued dividends, assumed equal to the net income for the quarter minus accrued coupons on Additional Tier 1 issues.

Turin - Milan, 6 May 2016 – At its meeting today, the Board of Directors of Intesa Sanpaolo approved the consolidated interim statement as at 31 March 2016⁽⁵⁾.

In the first quarter of 2016, the Group achieved a **strong improvement in profitability compared with the fourth quarter of 2015**, despite sharper negative impacts of market volatility in January and February, and **maintained a solid balance sheet**, as the figures below show:

- **robust net income** at **€806m in Q1 2016**. This compares to €13m in Q4 2015 and €1,064m in Q1 2015, the latter benefitting from a particularly positive trend in financial markets. Excluding charges relating to the resolution fund – for which the total estimated ordinary contribution for full year 2016 was booked in the first quarter – the net income was €902m, versus €263m in Q4 2015 and €1,118m in Q1 2015. The net income **was already in excess of 50% of the €3bn dividend commitment for 2016 when considering the net capital gain of around €95m deriving from the disposal of Setefi and Intesa Sanpaolo Card** (the sale-and-purchase agreement concerning this transaction was executed a few days ago).
- **pre-tax income more than double** to **€1,424m** in Q1 2016, compared with €537m in Q4 2015, **when excluding the resolution fund charges**. The stated pre-tax income amounted to €1,288m in Q1 2016 versus €161m in Q4 2015.
- **increasing pre-tax income from all business units** in Q1 2016. The Wealth Management area generated €756m pre-tax income (up 47.3% vs Q4 2015) with contributions of €309m from Private Banking (up 31.5% vs Q4 2015), €117m from Asset Management (down 28.2% vs Q4 2015, up 21.9% excluding performance fees) and €330m from Insurance (up 185.6% vs Q4 2015). Banca dei Territori contributed €493m (up 29.4% vs Q4 2015), Corporate and Investment Banking €520m (up 13.1% vs Q4 2015) and International Subsidiary Banks €227m (up 51.4% vs Q4 2015).
- **significant increase in operating margin** to **€2,023m** in Q1 2016, **up 37.3%** versus Q4 2015 **excluding the resolution fund charges**
- **increase in operating income** to **€4,090m** in Q1 2016, **up 4%** versus Q4 2015 **excluding the resolution fund charges**

(5) Methodological note on the scope of consolidation on page 20.

- **strong net inflow of direct deposits** into the Banca dei Territori and the Private Banking Divisions **exceeding €7bn in Q1 2016**, compared with €4bn in Q4 2015 and a net outflow of €6bn in Q1 2015. This was due to the **increase** in both demand and term **deposits**, attributable to investors' propensity to hold liquidity in the context of high market volatility that characterised the early months of the year and depressed assets under management in both January and February. The gradual stabilisation of financial markets led to a recovery in assets under management in March, reflected in a net inflow into AuM of around €1bn for the quarter, relating mainly to insurance products; the trend of the net inflow in Q1 2016 was also affected by the **limited amount of the Group's retail bonds coming to maturity**: only €1bn euro, compared with €2bn in Q4 2015 and €10bn in Q1 2015. In Q1 2016, the net inflow of direct deposits and assets held under administration into the Banca dei Territori and the Private Banking Divisions and the net inflow into assets under management, amounted to a total of around €7bn – the same as in Q4 2015 (around €7bn) and more than twice the figure for Q1 2015 (around €3bn). Subsequently, improving market conditions led to an **acceleration in the net inflow of assets under management in April**, which reached around €2bn – almost **double the figure for the entire first quarter** – and was largely due to deposits being switched into AuM, while the net inflow of direct deposits into the Banca dei Territori and the Private Banking Divisions amounted to around €3bn. The switch from deposits into AuM is expected to accelerate further thanks to the **launch, scheduled for May, of a range of new mutual funds** designed to minimise the risks deriving from market volatility.
- **support to the real economy**, with approximately **€12bn of medium/long-term new lending** in the first quarter of 2016. Approximately **€10bn of loans** were granted **in Italy (up 34% vs Q1 2015)**; approximately **€9bn of these loans** were granted to households and SMEs, an **increase of 42%** on Q1 2015. **In the first quarter of 2016, the Bank facilitated the return from non-performing to performing status of more than 5,000 Italian companies**, making a total of more than **34,000 since 2014**.
- **high efficiency**, highlighted by a **cost/income ratio of 50.5%** in Q1 2016 - **48.9% excluding resolution fund charges** - a figure that places **Intesa Sanpaolo in the top tier of its European peers**
- **reduction in operating costs**, down 17% from Q4 2015 and down 2.4% from Q1 2015, due to a reduction in personnel expenses and administrative expenses
- **improving credit trend** attributable to **the effective proactive credit management** approach in an improving economic environment, with **gross NPL inflow from performing loans in Q1 2016 strongly diminishing and at its lowest since 2007**. Gross inflow was €1.6bn in Q1 2016, from €2bn in Q4 2015 (down 23%) and from €2.2bn in Q1 2015 (down 30%). In addition, **gross NPL stock decreased**: down 1% versus both December 2015 and March 2015.

- **decrease in provisions, reflecting an improving credit trend:**
 - **loan loss provisions** of €94m in Q1 2016, **down 24.8%** from €23m in Q4 2015 and down 9.5% from €767m from Q1 2015, **the lowest figure since 2011**
 - **NPL cash coverage ratio of 47.1%** at the end of March 2016 versus 47.6% at year-end 2015 (Italian peers average: 40% at year-end 2015), **with a cash coverage ratio of the bad loan component of 61.1%** at the end of March 2016 (61.8% at year-end 2015)
 - **total NPL coverage ratio of 141% including collateral** at the end of March 2016 (139% at year-end 2015) and **149% when adding also personal guarantees** (146% at year-end 2015), with a total coverage ratio of the **bad loan** component of **143%** (140% at year-end 2015) and **151%** when adding also personal guarantees (147% at year-end 2015)
 - **robust reserve buffer on performing loans** amounting to 0.6% at the end of March 2016 (0.7% at year-end 2015)

- **a very solid capital base** with capital ratios well above regulatory requirements. As at 31 March 2016, the **pro-forma fully loaded Common Equity ratio** was **13.1%**⁽⁶⁾⁽⁷⁾, **one of the highest levels amongst major European banks**, and the phased-in Common Equity ratio came in at 12.9%⁽⁷⁾. These are net of around €790m dividends accrued in the quarter (assumed equal to the net income for the quarter minus accrued coupons on Additional Tier 1 issues).

- **strong liquidity position and funding capability** with **liquid assets of €19bn** and **available unencumbered liquid assets of €77bn** at the end of March 2016. **Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements have already been complied with**, well ahead of the implementation timeline (2018). The Group's refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment, amounted on average to €27.6bn in Q1 2016 (€23.2bn, on average, in 2015), and consisted entirely of the four-year TLTRO funding. Under the TLTRO programme, the Group borrowed €12.6bn in the last four months of 2014, €10bn at the end of March 2015, and €5bn at the end of June 2015.

(6) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2016, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, the expected absorption of DTAs on losses carried forward and the expected distribution of the Q1 2016 net income of insurance companies; including the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 13 basis points).

(7) After deduction of accrued dividends, assumed equal to the net income for the quarter minus accrued coupons on Additional Tier 1 issues.

- **several Business Plan initiatives are already under way and on track**, with the strong involvement of the Group's people, as illustrated below:
 - **New Growth Bank**
 - **Banca 5[®]**
 - the Banca 5[®] “specialised” business model has been introduced in around 70% of branches, with 3,600 dedicated relationship managers. Revenues per client have increased from €70 to €105
 - the “Intesa Sanpaolo Casa” real estate project, focused on real estate sale and brokerage, is being implemented with **18 real estate agencies already opened** and five additional agencies to be opened by May in the most important cities
 - **Multichannel Bank**
 - **new multichannel processes have been successfully launched:**
 - **around 1.1 million additional multichannel clients since the beginning of 2014, raising the total to around 5.5 million clients**
 - 3.3 million mobile Apps have been downloaded by customers
 - Intesa Sanpaolo ranks number one in Italy in multichannel banking with around 80% of products available via multichannel platforms
 - **digitisation involves all branches, with paperless transactions at around 60% of the total** at the end of March 2016
 - **the “Online Branch” is fully operational for the “Service To Sale”**, with around 7,000 products sold in the early months of 2016
 - **new digital marketing capabilities** have been built to fully exploit search engines and social media presence
 - **Private Banking**
 - **new entity Fideuram - Intesa Sanpaolo Private Banking has been successfully operational since 1 July 2015**
 - **the Private Banking branch in London is fully up and running and Intesa Sanpaolo Private Bank (Suisse) is being strengthened**
 - **the first wave of new products has been launched, available to the entire division** (e.g., Fideuram Private Mix), and the range of **advanced advisory tools** has been extended to Intesa Sanpaolo Private Banking
 - **five dedicated High Net Worth Individual boutiques** have been opened, with a targeted service model for HNW clientele
 - **Asset Management**
 - the digital platform has been enriched (with e.g., “model portfolio” and “scenario analysis”)
 - a **new product range** has been introduced in the **Banca dei Territori, the Private Banking and the Insurance Divisions**, and a new offer has been dedicated to **international clients** (e.g., “Best expertise”) and to **SMEs** (e.g., *GP Unica Imprese*)

- **Insurance**
 - **the steering of product mix towards capital-efficient products is making good progress** (i.e., Unit Linked products represent 56% of the new production, compared with 39% in 2014)
 - a **new Unit Linked Product with capital protection** has been launched (“Exclusive Insurance”)
 - **offer diversification in P&C business** continues, with products in the healthcare sector (“Infortuni”) and in the home sector (“RC Capofamiglia”) and an offer in the **motor sector** has been consolidated with a new rate based on actual distance covered
 - **products available for the Private Banking Division** have been consolidated (Fideuram Private Mix and Synthesis)
 - **pension fund business has been fully integrated**
- **Banca 360° for corporate clients**
 - a **new Transaction Banking Group unit** has been set up and **new commercial initiatives** are ongoing
 - a **new commercial model and a product offering for SMEs have been developed**
 - the **SME Finance hub** is fully operational (new Mediocredito Italiano)
 - the **international presence of the Corporate and Investment Banking Division** has been strengthened (e.g., opening of the Washington Office)
- **Core Growth Bank**
 - **capturing untapped revenue potential**
 - the **“cash desk service evolution”** project is in progress with over **56% of the branches having cash desks closing at 1pm and extended hours only available for advisory**, and around **7% of the branches fully dedicated to advisory services**
 - the new **e-commerce portal** will continue seizing **business potential after EXPO 2015**
 - the offer aimed at **growth in lending to the private sector** has been reinforced (e.g., new **“Mutuo Giovani”**)
 - a **new service model** has been introduced in the **Banca dei Territori Division**, with three specialised commercial value chains, the creation of approximately 1,200 management roles and the innovation of the SME service model
 - **new advanced analytics / machine learning models** have been adopted to identify high-potential clients
 - the **“Programma Filiere”** has been launched with important initiatives in relevant economic sectors (Agriculture)
 - **consumer finance has been integrated into the branch network of the Banca dei Territori Division**
 - the **Corporate and Investment Banking Asset Light model is fully operational**, with benefits in terms of cross-selling and the reinforcement of distribution under way
 - a **front-line excellence programme** is being implemented in the Corporate and Investment Banking Division, reinforcing a sector-oriented business model
 - a new international **organisation is in place within the Corporate and Investment Banking Division** to serve top international clients; the **international strategy of Banca IMI** is being implemented, with a focus on core selected products
 - a **new segmentation and a new service model** have been adopted **for affluent clients of the International Subsidiary Banks Division**

- a **joint venture in merchant banking** with a specialised investor (Neuberger) has been finalised, with deconsolidation of activities
- **continuous cost management**
 - the **geographical footprint simplification** continues, with **37 branch closures since the beginning of 2016 and 602 closures since 2014**
 - the **simplification of legal entities is ongoing: the rationalisation of seven product factories**, performing leasing, factoring, specialised finance and advisory activities, **into one (new Mediocredito Italiano) has been finalised**, and **eight local banks have been merged** into the Parent Company
- **dynamic credit and risk management**
 - the **proactive credit management value chain** is empowered across **all Divisions**
 - **integrated management of substandard loans** is in place
 - the **Chief Lending Officer Governance area has been reorganised** and structured by business units
 - **separate Risk Management and Compliance functions are now in place**, with a Chief Risk Officer and a Chief Compliance Officer **reporting directly to the CEO**
- **Capital Light Bank**
 - Capital Light Bank is **fully operational** with around **715** dedicated **people** and **around €12bn of deleveraging of non-core assets** already achieved
 - a **new performance management system** is fully operational on each asset class
 - **Re.O.Co.** (Real Estate Owned Company) is **fully up and running**, and has generated an estimated **positive impact** for the Group of **€35m** since 2014
 - the partnership with KKR-Pillarstone is up and running
- **people and investment as key enablers:**
 - **more than 4,000 people** have already been **reallocated** to high priority initiatives
 - the **Investment Plan for Group employees** has been finalised, **registering the highest number of participants** in the Group's history
 - the **“Big Financial Data”** programme fully in line with targets (more than 300 employees involved)
 - the **Chief Innovation Officer** is fully operative, and the **“Innovation Centre”**, created to train staff and develop new products, processes and “ideal branches”, is fully operational at the **new ISP Tower** in Turin
 - a **large-scale digitisation programme** has been launched with the aim of improving efficiency and service level in top priority operating processes; the **Digital Factory is fully operational**, with three main processes already digitised (i.e., mortgages, inheritance planning, proactive credit management)
 - investment to **renew the layout of 1,000 branches** has already been activated (50 branches have been converted to date)
 - more than **160 agreements with labour unions** have been signed
 - more than **4,000 employees** have already adopted **smart working** practices
 - an **“Integrated Welfare Programme”** has been launched.

The income statement for the first quarter of 2016

The consolidated income statement for Q1 2016⁽⁸⁾ recorded **net interest income** of €1,881m, down 3.7% from €1,953m in Q4 2015 and down 4.6% from €1,971m in Q1 2015.

Net fee and commission income amounted to €1,713m, down 10.7% from €1,918m in Q4 2015. Specifically, commissions on commercial banking activities were down 6.1% and commissions on management, dealing and consultancy activities were down 10.4%. The latter, which include portfolio management, distribution of insurance products, dealing and placement of securities, etc., recorded commissions on dealing and placement of securities down 22.9%, portfolio management down 12.6% (zero-contribution of performance fees in Q1 2016 versus €85m in Q4 2015) and distribution of insurance products down 1.5%. Net fee and commission income for Q1 2016 decreased 5.5% from €1,813m in Q1 2015. Specifically, commissions on commercial banking activities were down 2.4%, and those on management, dealing and consultancy activities declined by 9.9% with commissions on dealing and placement of securities down 60.9%, portfolio management down 4.1% (performance fees of €30m were recorded in Q1 2015) and distribution of insurance products up 23.4%.

(8) During the preparation of the interim statement 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 at 1 July 2008, reclassified financial assets held for trading of €500m into loans and receivables; the Group also reclassified financial assets available for sale of €321m into loans and receivables. If these reclassifications had not been made, the profits/losses on trading for Q1 2016 would have recorded a negative pre-tax impact of €19m (a positive impact of €2m in full-year 2015, €60m in full-year 2014, €4m in full-year 2013, €135m in full-year 2012, a negative impact of €1m in full-year 2011, a positive impact of €2m in full-year 2010 and €73m in full-year 2009, and a negative impact of €460m in full-year 2008) and the shareholders' equity as at 31 March 2016 would have included a negative pre-tax direct impact of €22m (with a negative impact of €138m in Q1 2016).

Profits on trading amounted to €228m versus €57m in Q4 2015. Profits from customers increased from €44m to €106m. Activities in capital markets and AFS financial assets increased from €21m to €74m. Trading and treasury activities reported profits of €48m versus losses of €10m. Structured credit products reported a loss of €1 million versus profits of €2 million. Profits of €228m for Q1 2016 compare with profits of €96m in the corresponding period of 2015, which recorded profits from customers of €57m, profits from capital markets and AFS financial assets of €88m, profits from trading and treasury activities of €352m and losses from structured credit products of €2m.

Income from insurance business amounted to €32m, compared with €131m in Q4 2015 and €43m in Q1 2015.

Other operating income/expenses showed a negative balance of €138m, including charges of €136m for the resolution fund, compared with a negative balance of €73m in Q4 2015 (including charges of €76m for the resolution fund) and a negative balance of €73m in Q1 2015 (including charges of €74m for the resolution fund).

Operating income amounted, therefore, to €4,090m, up 10.9% from €3,687m in Q4 2015 and down 12.8% from €4,689m in Q1 2015. Excluding the charges for the resolution fund, the operating income increased 4% versus Q4 2015 and was down 11.3% versus Q1 2015.

Operating costs amounted to €2,067m, down 17% from €2,490m in Q4 2015, a quarter impacted by the seasonal year-end effect. Personnel expenses were down 13.7%, administrative expenses were down 24.7% and adjustments down 10.9%. Operating costs for Q1 2016 decreased 2.4% from €2,118m in the same quarter of 2015, due to personnel expenses down 1.5%, administrative expenses down 5.6% while adjustments were up 2.3%.

As a result, **operating margin** amounted to €2,023m, up 69% from €1,197m in Q4 2015 and down 21.3% from €2,571m in Q1 2015. The cost/income ratio was 50.5% in Q1 2016 versus 67.5% in Q4 2015 and 45.2% in Q1 2015. Excluding the charges for the resolution fund, the cost/income ratio was 48.9% versus 61.3% in Q4 2015 and 44.5% in Q1 2015, and the operating margin increased 37.3% versus Q4 2015 while decreasing 18.4% versus Q1 2015.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to €730m, compared with €1,087m in Q4 2015 and €330m in Q1 2015. Net provisions for risks and charges amounted to €16m, compared with €56m in Q4 2015 and €54m in Q1 2015. Net adjustments to loans amounted to €94m, compared with €23m in Q4 2015 and €767m in Q1 2015. Net impairment losses on other assets were €20m, compared with €108m in Q4 2015 and €9m in Q1 2015.

Profits/losses on investments held to maturity and on other investments recorded losses of €5m, compared with profits of €51m in Q4 2015 and profits of €28m in Q1 2015.

Income before tax from continuing operations amounted to €1,288, compared with €161m in Q4 2015 and €1,769 in Q1 2015. Excluding the charges for the resolution fund, the income amounted to €1,424m in Q1 2016, compared with €537m in Q4 2015 and €1,843m in Q1 2015.

Consolidated net income for the quarter amounted to €806m, compared with €13m in Q4 2015 and €1,064m in Q1 2015, after accounting:

- taxes of €399m
- charges (net of tax) for integration and exit incentives of €13m
- charges from purchase price allocation (net of tax) of €29m
- loss after tax from discontinued operations of €1m
- minority interests of €40m.

Excluding charges for the resolution fund, the net income was €902m in Q1 2016, compared with €263m in Q4 2015 and €1,118m in Q1 2015.

Balance sheet as at 31 March 2016

As regards the consolidated balance sheet figures, as at 31 March 2016 **loans to customers** amounted to €61bn, up 3.1% from year-end 2015 and up 4.3% from end of March 2015 (in line with Q4 2015 and up 1.4% vs Q1 2015 when taking into account average volumes instead of those at the end of the period). Total **non-performing loans** (bad, unlikely to pay, and past due) - net of adjustments - amounted to €3,082m, in line with the €3,086m of year-end 2015. In detail, bad loans increased to €15,123m from €14,973m at year-end 2015, with a bad loans to total loans ratio of 4.2% (4.3% as at year-end 2015) and a cash coverage ratio of 61.1% (61.8% as at year-end 2015). When including **collateral and guarantees**, the total bad loan coverage ratio was 143% including collateral and 151% adding also personal guarantees. Loans included in the unlikely to pay category decreased to €17,078m from €17,091m as at year-end 2015. Past due loans decreased to €81m from €1,022m at year-end 2015.

Customer financial assets amounted to €59bn (net of duplications between direct deposits and indirect customer deposits), down 0.9% from year-end 2015 and 31 March 2015. Under customer financial assets, **direct deposits from banking business** amounted to €380bn, up 2.1% from year-end 2015 and up 2.7% from 31 March 2015; **direct deposits from insurance business and technical reserves** amounted to €136bn, up 2.3% from year-end 2015 and up 7.7% from 31 March 2015. Indirect customer deposits amounted to €478bn, down 3.2% from year-end 2015 and down 3.6% from 31 March 2015. **Assets under management** reached €24bn, down 1% from year-end 2015 and up 0.3% from 31 March 2015. As for bancassurance, in Q1 2016, the new business for life policies amounted to €6.2bn (5.5% lower than in Q1 2015). Assets under administration and in custody amounted to €153bn, down 7.6% from year-end 2015 and down 11% from 31 March 2016.

Capital ratios as at 31 March 2016 - calculated by applying the transitional arrangements for 2016 and net of around €790 million of dividends accrued for the first quarter - were as follows:

- Common Equity ratio⁽⁹⁾ at 12.9% (13% at year-end 2015),
- Tier 1 ratio⁽⁹⁾ at 14.1% (13.8% at year-end 2015),
- total capital ratio⁽⁹⁾ at 17.4% (16.6% at year-end 2015).

(9) After deduction of accrued dividends, assumed equal to the net income for the quarter minus accrued coupons on Additional Tier 1 issues.

The estimated pro-forma common equity ratio for the Group on a **fully loaded basis** was 13.1% (in line with year-end 2015). It was calculated by applying the fully loaded parameters to the financial statements as at 31 March 2016, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, the expected absorption of DTAs on losses carried forward, the expected distribution of the Q1 2016 net income of insurance companies, and the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 13 basis points).

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As a result of 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 its key strengths: **robust liquidity** and **low leverage**.

In particular, as regards the components of the Group's **liquidity**:

- high level of available unencumbered liquid assets which were €19bn at the end of March 2016, including eligible assets with Central Banks received as collateral and excluding eligible assets currently used as collateral;
- high level of liquid assets which amounted to €77bn at the end of March 2016, comprising available unencumbered liquid assets - excluding eligible assets received as collateral - and eligible assets currently used as collateral;
- refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment, amounted, on average, to €27.6bn in the first quarter of 2016 (compared with €23.2bn, on average, in 2015) and consisted entirely of the four-year TLTRO funding (under the TLTRO programme, the Group borrowed €12.6bn in the last four months of 2014, €10bn at the end of March 2015, and €5bn at the end of June 2015);
- the sources of funding were stable and well-diversified, with 70% of direct deposits from the banking business (including securities issued) generated from retail operations;
- medium/long-term funding has reached approximately €8bn since the beginning of the year (€3bn of which is retail funding);
- medium/long-term wholesale issues have included, since the beginning of the year, the following benchmark operations: €1.25bn Additional Tier 1, US\$1.5bn subordinated Tier 2 and €1.25bn covered bonds (almost 90% placed with foreign investors).

The Group's leverage ratio as at 31 March 2016 was 6.7% phased in and 6.4% fully loaded, both best in class among major European banking groups.

* * *

As at 31 March 2016, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,338 branches - of which 4,104 were in Italy and 1,234 were abroad - with 90,519 employees.

* * *

Breakdown of results by business area

The **Banca dei Territori** Division comprises:

- Retail customers (individual customers with financial assets up to €100,000 and businesses/companies with low-complexity needs)
- Personal customers (individual customers with financial assets between €100,000 and €1m)
- SME customers, including companies whose group turnover is below €50m.

The division includes Banca Prossima operating at the service of non-profit entities through the Group's branches with regional centres and a team of specialists, Mediocredito Italiano, which is the SME Finance Hub, and Setefi operating in electronic payments.

In the first quarter of 2016, the Banca dei Territori Division recorded:

- operating income of €2,151m, -7.1% versus €2,315m in Q4 2015, -8.1% versus €2,340m in Q1 2015, contributing approximately 53% of the consolidated operating income (50% in Q1 2015);
- operating costs of €1,201m, -11.5% versus €1,357m in Q4 2015, -2.4% versus €1,230m in Q1 2015;
- operating margin of €950m, -0.9% versus €958m in Q4 2015, -14.4% versus €1,110m in Q1 2015;
- a cost/income ratio of 55.8% versus 58.6% in Q4 2015 and 52.6% in Q1 2015;
- net provisions and adjustments of €457m, versus €577m in Q4 2015 and €14m in Q1 2015;
- income before tax from continuing operations of €493m, +29.4% versus €381m in Q4 2015, -17.3% versus €596m in Q1 2015;
- net income of €285m, +51.3% versus €188m in Q4 2015, -17.4% versus €345m in Q1 2015.

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

- International Network & Global Industries, which manages relationships with global industrial corporates operating in eight key industries with high growth potential (automotive & industrial; basic resources & diversified; consumer, retail & luxury; healthcare & chemical; infrastructures; oil & gas; power & utilities; telecom, media & technology). Furthermore, this department is responsible for foreign branches, representative offices and foreign subsidiaries carrying out corporate banking (Intesa Sanpaolo Bank Luxembourg, Intesa Sanpaolo Bank Ireland and Intesa Sanpaolo Brasil), and provides specialist assistance in supporting the internationalisation of Italian corporates and export development
- Corporate and Public Finance, which manages relationships with large to mid-sized Italian corporates and provides services to government, public entities, local authorities, universities, public utilities, general contractors, and public and private healthcare providers
- Financial Institutions, which is responsible for relationships with financial institutions
- Global Transaction Banking, which is responsible for management of transaction banking services

- Banca IMI, which operates in investment banking (M&A and advisory), structured finance, capital markets and primary markets (equity and debt capital market).
The division also comprises the management of the Group's proprietary trading.

In the first quarter of 2016, the Corporate and Investment Banking Division recorded:

- operating income of €780m, +3.6% versus €753m in Q4 2015, -17.7% versus €948m in Q1 2015, contributing approximately 19% of the consolidated operating income (20% in Q1 2015);
- operating costs of €222m, -15.4% versus €262m in Q4 2015, -1.8% versus €226m in Q1 2015;
- operating margin of €558m, +13.7% versus €491m in Q4 2015, -22.7% versus €722m in Q1 2015;
- a cost/income ratio of 28.5% versus 34.8% in Q4 2015 and 23.8% in Q1 2015;
- net provisions and adjustments of €38m, versus €31m in Q4 2015 and €42m in Q1 2015;
- income before tax from continuing operations of €20m, +13.1% versus €460m in Q4 2015, -23.5% versus €680m in Q1 2015;
- net income of €359m, +16.1% versus €309m in Q4 2015, -21.3% versus €456m in Q1 2015.

The **International Subsidiary Banks**⁽¹⁰⁾ Division is responsible for operations on international markets through commercial banking subsidiaries and associates, and provides guidelines, coordination and support for the Group's subsidiaries. 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 in charge of the Group's operations in the following geographical areas: i) South-Eastern Europe, through Privredna Banka Zagreb in Croatia, Banca Intesa Beograd in Serbia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Intesa Sanpaolo Bank Albania and Intesa Sanpaolo Bank Romania; ii) Central-Eastern Europe, through Banka Koper in Slovenia, VUB Banka in Slovakia and CIB Bank in Hungary; iii) CIS & South Mediterranean, through Banca Intesa in the Russian Federation and Bank of Alexandria in Egypt.

(10) The International Subsidiary Banks Division does not include Pravex-Bank in Ukraine and the bad bank of CIB Bank in Hungary. Both are placed in a reporting line to the Capital Light Bank business unit.

In the first quarter of 2016, the International Subsidiary Banks Division recorded:

- operating income of €510m, -1.9% versus €520m in Q4 2015, +0.2% versus €509m in Q1 2015, contributing approximately 12% of the consolidated operating income (11% in Q1 2015);
- operating costs of €245m, -9.1% versus €269m in Q4 2015, -3.5% versus €254m in Q1 2015;
- operating margin of €265m, +5.8% versus €250m in Q4 2015, +3.9% versus €255m in Q1 2015;
- a cost/income ratio of 48% versus 51.8% in Q4 2015 and 49.9% in Q1 2015;
- net provisions and adjustments of €42m, versus €101m in Q4 2015 and €85m in Q1 2015;
- profits on investments held to maturity and on other investments of €4m, versus no profits/losses in Q4 2015 and in Q1 2015;
- income before tax from continuing operations of €227m, +51.4% versus €150m in Q4 2015, +33.5% versus €170m in Q1 2015;
- net income of €171m, +45.9% versus €117m in Q4 2015, +37.9% versus €124m in Q1 2015.

The **Private Banking** Division serves the top customer segment (Private and High Net Worth Individuals) through Fideuram and its subsidiaries Fideuram Investimenti, Intesa Sanpaolo Private Banking, Sirefid, Fideuram Fiduciaria, Intesa Sanpaolo Private Bank (Suisse) and Fideuram Asset Management Ireland.

In the first quarter of 2016, the Private Banking Division recorded:

- operating income of €439m, +10.8% versus €396m in Q4 2015, +2.8% versus €427m in Q1 2015, contributing approximately 11% of the consolidated operating income (9% in Q1 2015);
- operating costs of €124m, -14.2% versus €145m in Q4 2015, -3.1% versus €128m in Q1 2015;
- operating margin of €315m, +25.2% versus €252m in Q4 2015, +5.4% versus €299m in Q1 2015;
- a cost/income ratio of 28.2% versus 36.5% in Q4 2015 and 30% in Q1 2015;
- net provisions and adjustments of €6m, versus €17m in Q4 2015 and €14m in Q1 2015;
- income before tax from continuing operations of €309m, +31.5% versus €235m in Q4 2015, +8.4% versus €285m in Q1 2015;
- net income of €194m, +42.9% versus €136m in Q4 2015, +9% versus €178m in Q1 2015.

The **Asset Management** Division develops asset management solutions targeted at the Group's customers, commercial networks outside the Group and the institutional clientele through Eurizon Capital. Eurizon Capital controls Eurizon Capital SA (Luxembourg), a company specialising in managing Luxembourg mutual funds with low tracking error and VUB Asset Management (Slovakia) which is 50.12% owned by Eurizon Capital SA and heads up the Hungarian CIB IFM and the Croatian PBZ Invest (Eastern European asset management hub). Eurizon Capital also controls 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 first quarter of 2016, the Asset Management Division recorded:

- operating income of €148m, -28.6% versus €207m in Q4 2015, -7.5% versus €160m in Q1 2015, contributing approximately 4% of the consolidated operating income (3% in Q1 2015);
- operating costs of €31m, -26.6% versus €42m in Q4 2015, -3.1% versus €32m in Q1 2015;
- operating margin of €117m, -29.1% versus €165m in Q4 2015, -8.6% versus €128m in Q1 2015;
- a cost/income ratio of 20.9% versus 20.4% in Q4 2015 and 20% in Q1 2015;
- no provisions and adjustments versus €2m net provisions and adjustments in Q4 2015 and no provisions and adjustments in Q1 2015;
- income before tax from continuing operations of €117m, -28.2% versus €163m in Q4 2015, -8.6% versus €128m in Q1 2015;
- net income of €90m, -30.3% versus €129m in Q4 2015, -4.3% versus €94m in Q1 2015.

The **Insurance** Division develops insurance products tailored for the Group's clients and coordinates the operations of Intesa Sanpaolo Vita (which controls Intesa Sanpaolo Assicura) and Fideuram Vita.

In the first quarter of 2016, the Insurance Division recorded:

- operating income of €367m, +114.9% versus €171m in Q4 2015, +6.7% versus €344m in Q1 2015, contributing approximately 9% of the consolidated operating income (7% in Q1 2015);
- operating costs of €37m, -23.7% versus €48m in Q4 2015, +5.7% versus €35m in Q1 2015;
- operating margin of €330m, +169.9% versus €122m in Q4 2015, +6.8% versus €309m in Q1 2015;
- a cost/income ratio of 10.1% versus 28.4% in Q4 2015 and 10.2% in Q1 2015;
- no provisions and adjustments, versus net provisions and adjustments of €7m in Q4 2015 and a net release of €1m in Q1 2015;
- income before tax from continuing operations of €330m, +185.6% versus €116m in Q4 2015, +6.5% versus €310m in Q1 2015;
- net income of €216m, +150.5% versus €86m in Q4 2015, +5.9% versus €204m in Q1 2015.

The outlook for 2016

In 2016, the Intesa Sanpaolo Group is expected to record improvement in operating income alongside the trend of net fees and commissions and customer loans, in operating margin also thanks to continuous cost control, in income before tax from continuing operations with a decrease in the cost of risk, all these within the framework of sustainable profitability. The commitment to distribute €3 billion cash dividends for 2016, as indicated in the 2014-2017 Business Plan, is confirmed.

* * *

For consistency purposes, the income statement and balance sheet figures for the first quarter of 2015 were restated following the termination of the sale-and-purchase agreement signed in January 2014, concerning Ukrainian subsidiary Pravex-Bank. The related items were re consolidated line by line while their contribution to the income statement and the balance sheet was previously recorded, respectively, under income/loss from discontinued operations and under relevant assets/liabilities referring to discontinued operations. Furthermore, following the consolidation of Risanamento, the income statement figures for the first and the second quarter of 2015 were restated line by line, with the corresponding net income included under minority interests, and so were the balance sheet figures for the first quarter of 2015.

* * *

In order to present more complete information on the results generated in the first quarter of 2016, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the interim statement approved by the Board of Directors are attached. Please note that the auditing firm is completing the activities for the issue of the statement in accordance with article 26 (2) of Regulation EU no. 575/2013 and with ECB Decision no. 2015/656.

* * *

The manager responsible for preparing the company's financial reports, Fabrizio Dabbene, 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@intesasanpaolo.com

group.intesasanpaolo.com

Media Relations
+39.02.87962326
stampa@intesasanpaolo.com

Intesa Sanpaolo Group

Reclassified consolidated statement of income

	31.03.2016	31.03.2015	(millions of euro)	
			Changes amount	%
Net interest income	1,881	1,971	-90	-4.6
Profits (losses) on investments carried at equity	74	39	35	89.7
Net fee and commission income	1,713	1,813	-100	-5.5
Profits (Losses) on trading	228	596	-368	-61.7
Income from insurance business	332	343	-11	-3.2
Other operating income (expenses)	-138	-73	65	89.0
Operating income	4,090	4,689	-599	-12.8
Personnel expenses	-1,283	-1,302	-19	-1.5
Other administrative expenses	-605	-641	-36	-5.6
Adjustments to property, equipment and intangible assets	-179	-175	4	2.3
Operating costs	-2,067	-2,118	-51	-2.4
Operating margin	2,023	2,571	-548	-21.3
Net provisions for risks and charges	-16	-54	-38	-70.4
Net adjustments to loans	-694	-767	-73	-9.5
Net impairment losses on other assets	-20	-9	11	
Profits (Losses) on investments held to maturity and on other investments	-5	28	-33	
Income (Loss) before tax from continuing operations	1,288	1,769	-481	-27.2
Taxes on income from continuing operations	-399	-648	-249	-38.4
Charges (net of tax) for integration and exit incentives	-13	-6	7	
Effect of purchase price allocation (net of tax)	-29	-26	3	11.5
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Income (Loss) after tax from discontinued operations	-1	-	1	-
Minority interests	-40	-25	15	60.0
Net income (loss)	806	1,064	-258	-24.2

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)				
	2016		2015		
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,881	1,953	1,912	1,976	1,971
Profits (losses) on investments carried at equity	74	1	41	15	39
Net fee and commission income	1,713	1,918	1,786	1,979	1,813
Profits (Losses) on trading	228	57	1	380	596
Income from insurance business	332	131	241	282	343
Other operating income (expenses)	-138	-373	214	-54	-73
Operating income	4,090	3,687	4,195	4,578	4,689
Personnel expenses	-1,283	-1,486	-1,257	-1,271	-1,302
Other administrative expenses	-605	-803	-643	-679	-641
Adjustments to property, equipment and intangible assets	-179	-201	-180	-178	-175
Operating costs	-2,067	-2,490	-2,080	-2,128	-2,118
Operating margin	2,023	1,197	2,115	2,450	2,571
Net provisions for risks and charges	-16	-56	-222	-68	-54
Net adjustments to loans	-694	-923	-769	-847	-767
Net impairment losses on other assets	-20	-108	-20	-31	-9
Profits (Losses) on investments held to maturity and on other investments	-5	51	21	38	28
Income (Loss) before tax from continuing operations	1,288	161	1,125	1,542	1,769
Taxes on income from continuing operations	-399	-76	-354	-516	-648
Charges (net of tax) for integration and exit incentives	-13	-37	-15	-25	-6
Effect of purchase price allocation (net of tax)	-29	-33	-27	-33	-26
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-
Income (Loss) after tax from discontinued operations	-1	-2	-	-1	-
Minority interests	-40	-	-7	-27	-25
Net income (loss)	806	13	722	940	1,064

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

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

Assets	31.03.2016	31.12.2015	(millions of euro)	
			Changes amount	%
Financial assets held for trading	54,786	51,597	3,189	6.2
of which: Insurance Companies	721	728	-7	-1.0
Financial assets designated at fair value through profit and loss	54,480	53,663	817	1.5
of which: Insurance Companies	53,358	52,519	839	1.6
Financial assets available for sale	142,884	131,402	11,482	8.7
of which: Insurance Companies	78,393	75,646	2,747	3.6
Investments held to maturity	1,317	1,386	-69	-5.0
Due from banks	33,540	34,445	-905	-2.6
Loans to customers	361,035	350,010	11,025	3.1
Investments in associates and companies subject to joint control	1,754	1,727	27	1.6
Property, equipment and intangible assets	12,139	12,562	-423	-3.4
Tax assets	14,597	15,021	-424	-2.8
Non-current assets held for sale and discontinued operations	304	27	277	
Other assets	23,390	24,656	-1,266	-5.1
Total Assets	700,226	676,496	23,730	3.5
Liabilities and Shareholders' Equity	31.03.2016	31.12.2015	Changes amount	%
Due to banks	60,343	59,327	1,016	1.7
Due to customers and securities issued	373,170	365,402	7,768	2.1
of which: Insurance Companies	1,361	1,310	51	3.9
Financial liabilities held for trading	48,936	43,522	5,414	12.4
of which: Insurance Companies	95	144	-49	-34.0
Financial liabilities designated at fair value through profit and loss	48,031	47,022	1,009	2.1
of which: Insurance Companies	48,031	47,022	1,009	2.1
Tax liabilities	2,580	2,367	213	9.0
Liabilities associated with non-current assets held for sale and discontinued operations	283	-	283	-
Other liabilities	25,145	20,814	4,331	20.8
Technical reserves	86,664	84,616	2,048	2.4
Allowances for specific purpose	4,796	4,833	-37	-0.8
Share capital	8,732	8,732	-	-
Reserves	39,184	36,446	2,738	7.5
Valuation reserves	-1,387	-1,018	369	36.2
Equity instruments	2,118	877	1,241	
Minority interests	825	817	8	1.0
Net income (loss)	806	2,739	-1,933	-70.6
Total Liabilities and Shareholders' Equity	700,226	676,496	23,730	3.5

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

Assets	2016		2015		
	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	54,786	51,597	52,391	51,996	62,257
of which: Insurance Companies	721	728	775	754	823
Financial assets designated at fair value through profit and loss	54,480	53,663	49,998	49,407	48,620
of which: Insurance Companies	53,358	52,519	48,877	48,203	47,361
Financial assets available for sale	142,884	131,402	133,363	135,438	138,079
of which: Insurance Companies	78,393	75,646	72,548	71,463	74,813
Investments held to maturity	1,317	1,386	1,379	1,426	1,470
Due from banks	33,540	34,445	33,994	31,147	34,942
Loans to customers	361,035	350,010	345,140	344,199	346,029
Investments in associates and companies subject to joint control	1,754	1,727	1,792	1,756	1,943
Property, equipment and intangible assets	12,139	12,562	12,135	12,210	12,282
Tax assets	14,597	15,021	14,815	14,952	14,380
Non-current assets held for sale and discontinued operations	304	27	27	27	29
Other assets	23,390	24,656	23,201	25,841	23,275
Total Assets	700,226	676,496	668,235	668,399	683,306
Liabilities and Shareholders' Equity	2016	2015			
	31/3	31/12	30/9	30/6	31/3
Due to banks	60,343	59,327	64,118	62,493	58,312
Due to customers and securities issued	373,170	365,402	352,962	358,854	364,283
of which: Insurance Companies	1,361	1,310	1,460	1,319	1,303
Financial liabilities held for trading	48,936	43,522	44,189	43,221	54,398
of which: Insurance Companies	95	144	169	138	234
Financial liabilities designated at fair value through profit and loss	48,031	47,022	43,657	43,451	42,088
of which: Insurance Companies	48,031	47,022	43,657	43,451	42,088
Tax liabilities	2,580	2,367	3,394	2,973	3,371
Liabilities associated with non-current assets held for sale and discontinued operations	283	-	-	-	-
Other liabilities	25,145	20,814	25,043	26,842	25,907
Technical reserves	86,664	84,616	81,965	79,645	82,925
Allowances for specific purpose	4,796	4,833	4,701	4,591	5,280
Share capital	8,732	8,732	8,730	8,725	8,725
Reserves	39,184	36,446	36,435	36,415	37,545
Valuation reserves	-1,387	-1,018	-1,183	-1,449	-1,147
Equity instruments	2,118	877	875	-	-
Minority interests	825	817	623	634	555
Net income (loss)	806	2,739	2,726	2,004	1,064
Total Liabilities and Shareholders' Equity	700,226	676,496	668,235	668,399	683,306

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)	Banca dei Territori		Corporate and Investment Banking		International Subsidiary Banks		Private Banking		Asset management		Insurance	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Operating income	2,151	2,340	780	948	510	509	439	427	148	160	367	344
Operating costs	-1,201	-1,230	-222	-226	-245	-254	-124	-128	-31	-32	-37	-35
Operating margin	950	1,110	558	722	265	255	315	299	117	128	330	309
Net income (loss)	285	345	359	456	171	124	194	178	90	94	216	204

Balance sheet (millions of euro)	Banca dei Territori		Corporate and Investment Banking		International Subsidiary Banks		Private Banking		Asset management		Insurance	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015	31.03.2016	31.12.2015	31.03.2016	31.12.2015	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Loans to customers	186,490	184,750	95,485	89,691	25,709	25,827	9,823	8,971	233	372	25	24
Direct deposits from banking business	164,168	159,860	109,545	109,915	31,611	32,456	22,300	20,922	8	9	193	196

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