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INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 30 JUNE 2015

STRONG GROWTH IN PROFITABILITY, ABOVE THE BANK'S 2014-2017 BUSINESS PLAN TARGETS.

A STRONG CAPITAL BASE, WELL ABOVE REGULATORY REQUIREMENTS: THE PRO-FORMA COMMON EQUITY RATIO ON A FULLY LOADED BASIS IS 13.3%, NET OF ACCRUED DIVIDENDS.

NET INCOME FOR H1 2015 WAS OVER €2BN, ABOVE THE BANK'S DIVIDEND COMMITMENT FOR 2015.

NET FEE AND COMMISSION INCOME GREW AT A SUSTAINED PACE (THE HIGHEST HALF-YEARLY FIGURE SINCE THE CREATION OF INTESA SANPAOLO), WHILE ASSETS UNDER MANAGEMENT PERFORMED STRONGLY.

PROVISIONS WERE REDUCED IN THE SEMESTER, REFLECTING AN IMPROVING CREDIT TREND.

HALF-YEARLY GROSS NPL INFLOW FROM PERFORMING LOANS WAS AT ITS LOWEST SINCE 2007.

INTESA SANPAOLO CONTINUES TO OPERATE AS AN ACCELERATOR FOR THE GROWTH OF THE REAL ECONOMY IN ITALY. IN THE SEMESTER, THE BANK GRANTED €19BN OF MEDIUM/LONG-TERM NEW LENDING TO ITALIAN FAMILIES AND BUSINESSES (UP 41% VS H1 2014), GROWING TO €11BN IN Q2 FROM €8BN IN Q1. MOREOVER, THE BANK HELPED 8,400 COMPANIES GET BACK TO PERFORMING STATUS IN THE FIRST HALF OF THE YEAR, GROWING TO 4,900 IN Q2 FROM 3,500 IN Q1, MAKING A TOTAL OF 17,400 SINCE 2014.

- **NET INCOME IN H1 2015 ALREADY ABOVE THE DIVIDEND COMMITMENT FOR 2015, THE HIGHEST HALF-YEARLY NET INCOME SINCE H1 2008:**
  - **€2,004M VS €720M IN H1 2014**
- **STRONG GROWTH IN PRE-TAX INCOME, THE HIGHEST HALF-YEARLY FIGURE SINCE H1 2008:**
  - **€3,317M, UP 54.2% VS H1 2014**
- **SIGNIFICANT INCREASE IN OPERATING MARGIN, THE HIGHEST HALF-YEARLY FIGURE SINCE THE CREATION OF INTESA SANPAOLO:**
  - **€5,165M, UP 16.7% VS H1 2014**
- **SUSTAINED GROWTH IN NET FEES AND COMMISSIONS, THE HIGHEST HALF-YEARLY FIGURE SINCE THE CREATION OF INTESA SANPAOLO:**
  - **€3,794M, UP 14.6% VS H1 2014**
- **CONTINUED COST MANAGEMENT:**
  - **OPERATING COSTS AT €4,235M IN H1 2015, UP 2.1% VS H1 2014**
- **REDUCTION IN PROVISIONS, REFLECTING AN IMPROVING CREDIT TREND COUPLED WITH AN INCREASE IN COVERAGE, DESPITE CHARGES RELATING TO THE DEPOSIT GUARANTEE SCHEME AND THE EUROPEAN RESOLUTION FUND:**
  - **LOAN LOSS PROVISIONS IN H1 2015 AT THEIR LOWEST LEVEL SINCE H1 2011: €1,614M, DOWN 28.8% VS H1 2014**
  - **GROSS NPL INFLOW FROM PERFORMING LOANS IN H1 2015 AT ITS LOWEST SINCE 2007; NPL INFLOW DOWN 28% NET AND 27% GROSS VS H1 2014**
  - **NPL CASH COVERAGE RATIO INCREASED TO 47.3% (47% AT YEAR-END 2014)**
  - **ABOUT €140M SET ASIDE IN H1 2015 CONCERNING ESTIMATED CHARGES FOR FULL-YEAR 2015 RELATING TO THE DEPOSIT GUARANTEE SCHEME AND THE EUROPEAN RESOLUTION FUND**
- **A STRONG CAPITAL BASE WHICH IS WELL ABOVE REGULATORY REQUIREMENTS. THE COMMON EQUITY RATIO, NET OF €1BN DIVIDENDS ACCRUED IN H1 2015, IS:**
  - **13.4% ON A TRANSITIONAL BASIS FOR 2015[1] ("PHASED IN")**
  - **13.3% ON A FULLY LOADED BASIS[2]**

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(1) Includes H1 2015 net income after the deduction of accrued dividends.

(2) Estimated by applying the fully loaded parameters to the financial statements as at 30 June 2015 considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption of DTAs on losses carried forward, the expected distribution of H1 2015 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 six basis points).

HIGHLIGHTS:

OPERATING INCOME:	H1 2015	**+9.7%** AT €9,400M VS €8,572M IN H1 2014;
	Q2 2015	-2.2% AT €4,648M VS €4,752M IN Q1 2015
OPERATING COSTS:	H1 2015	**+2.1%** AT €4,235M VS €4,148M IN H1 2014;
	Q2 2015	+0.5% AT €2,123M VS €2,112M IN Q1 2015
OPERATING MARGIN:	H1 2015	**+16.7%** AT €5,165M VS €4,424M IN H1 2014;
	Q2 2015	-4.4% AT €2,525M VS €2,640M IN Q1 2015
INCOME BEFORE TAX FROM CONTINUING OPERATIONS:	H1 2015	**+54.2%** AT €3,317M VS €2,151M IN H1 2014;
	Q2 2015	-12.2% AT €1,551M VS €1,766M IN Q1 2015
NET INCOME:	H1 2015	**€2,004M** VS €720M IN H1 2014;
	Q2 2015	€940M VS €1,064M IN Q1 2015
CAPITAL RATIOS:	COMMON EQUITY RATIO AFTER ACCRUED DIVIDENDS: **13.3% PRO-FORMA FULLY LOADED**(3) **;** **13.4% PHASED IN**(4)	

Turin - Milan, 31 July 2015 – At its meeting today, the Management Board of Intesa Sanpaolo approved the consolidated half-yearly report as at 30 June 2015(5).

In the first half of 2015, the Group has achieved a **strong improvement in profitability - above the 2014-2017 Business Plan targets -** despite prolonged market challenges, and has **confirmed that its balance sheet remains solid**, as the figures below show:

- **net income already above the dividend commitment for 2015**, up to **€2,004m in H1 2015** from €720m in H1 2014, **the highest half-yearly result since H1 2008**. The net income for Q2 2015 declined only marginally, to €940m from €1,064m in Q1 2015, in spite of the severe effects of the Greek crisis on the financial market performance

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(3) Estimated by applying the fully loaded parameters to the financial statements as at 30 June 2015, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption of DTAs on losses carried forward, the expected distribution of H1 2015 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 six basis points).

(4) Includes H1 2015 net income after the deduction of accrued dividends.

(5) Methodological note on the scope of consolidation on page 22.

- **strong growth in pre-tax income** to **€3,317m** in H1 2015, **the highest half-yearly figure since H1 2008**, **up 54.2%** versus H1 2014

- **significant increase in operating margin** to **€5,165m** in H1 2015, **the highest half-yearly figure since the creation of Intesa Sanpaolo, up 16.7%** versus H1 2014

- **positive and increasing pre-tax income from all business units**: in H1 2015, Wealth Management generated €1,494m pre-tax income (up 42.5% vs H1 2014) deriving from contributions of €615m from Private Banking (up 45.4% vs H1 2014), €302m from Asset Management (up 61.5% vs H1 2014) and €577m from Insurance (up 31.7% vs H1 2014). Banca dei Territori contributed €1,218m (up 4% vs H1 2014), Corporate and Investment Banking reached €1,210m (up 12.7% vs H1 2014), and International Subsidiary Banks generated €373m (up 20.3% vs H1 2014)

- **strong growth in assets under management** of approximately €23bn in H1 2015, with net inflow of approximately €22bn, of which approximately €9bn switched from assets previously held under administration. Since year-end 2013, assets under management have increased by approximately €66bn, with net inflow of approximately €52bn, of which approximately €27bn switched from assets previously held under administration

- **support to the real economy** with approximately **€22bn of medium/long-term new lending** in H1 2015. Approximately **€19bn** of these loans were granted **in Italy (up 41% vs H1 2014) -** the rate of lending accelerated in Q2 reaching €11bn, compared with €8bn disbursed in the previous quarter - and of which **more than €15bn were granted to families and SMEs**, representing an **increase of more than 70%** on the same period in 2014. **In the semester,** the Bank helped **8,400 Italian companies return to performing status** from non-performing positions - growing to 4,900 in Q2, compared with 3,500 in the previous quarter - making a total of **17,400 since 2014**

- **sustained growth in net fees and commissions** to €3,794m in H1 2015, **the highest half-yearly figure since the creation of Intesa Sanpaolo**, **up 14.6%** versus H1 2014

- **high efficiency**, highlighted by a **cost/income ratio of 45.1%** in H1 2015, **a figure that places Intesa Sanpaolo in the top tier of its European peers**

- **continued cost management** with operating costs up 2.1% versus H1 2014

- **improving credit trend** with **half-yearly gross NPL inflow from performing loans at its lowest since 2007**. Net inflow was €3bn in H1 2015, from €4.1bn in H1 2014 (down 28%). Gross inflow was €4.6bn in H1 2015, from €6.3bn in H1 2014 (down 27%)

- **decline in provisions reflecting improving credit trend, despite charges relating to the deposit guarantee scheme and the European resolution fund**
  - **loan loss provisions** of €1,614m in H1 2015, **the lowest half-yearly figure since H1 2011**, **down 28.8%** from €2,268m in H1 2014,
  - **increased NPL cash coverage ratio of 47.3%** at the end of June 2015 from 47% at year-end 2014 (Italian peers average: 40.4% in Q1 2015), **with a cash coverage ratio of the doubtful loan component of 63.1%** at the end of June 2015 from 62.8% at year-end 2014,
  - **total NPL coverage ratio of 140% including collateral** at the end of June 2015 (**146% with the addition of personal guarantees**), with a total coverage ratio of the **doubtful loan** component of **140%** (**145%** with the addition of personal guarantees),
  - **robust reserve buffer on performing loans** amounting to 0.8% at the end of June 2015, in line with year-end 2014
  - about **€140m** set aside in H1 2015 concerning **estimated charges for full-year 2015 relating to the deposit guarantee scheme and the European resolution fund**

- **a very solid capital base** with capital ratios well above regulatory requirements. As at 30 June 2015, net of one billion euro dividends accrued for the semester, the **pro-forma fully loaded Common Equity ratio was 13.3%**(6), **one of the highest levels amongst major European banks**. The phased-in Common Equity ratio came in at 13.4%(7)

- **strong liquidity position and funding capability** with **liquid assets of €110bn** and **large availability of unencumbered eligible assets with Central Banks, corresponding to liquidity of €58bn at the end of June 2015. Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements have already been complied with,** well ahead of the implementation timeline (2018). In the second quarter of 2015 the Group's refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment, amounted on average to €23bn (vs €14.8bn, on average, in Q1 2015 and €7.1bn, on average, in 2014), 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

- **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 more than 2,400 branches**, with over 3,000 dedicated relationship managers. Revenues per client have already increased from €70 to €93

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(6) Estimated by applying the parameters set out under fully loaded Basel 3 to the financial statements as at 30 June 2015, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption of DTAs on losses carried forward, the expected distribution of H1 2015 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 six basis points).

(7) Includes H1 2015 net income after the deduction of accrued dividends.

- ▫ the “**Intesa Sanpaolo Casa**” real estate project, focused on real estate sale and brokerage, is being implemented with **eight real estate agencies already opened** and an additional 12 agencies to be opened by the end of 2015 in the major cities
- **Multichannel Bank**
  - ▫ **new multichannel processes have been successfully tested,** and **the number of multichannel clients has increased since 2014 by around 750,000** making a total of **5.2 million**; around 2.4 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 the multichannel platform
- **Private Banking**
  - ▫ **new entity Fideuram - Intesa Sanpaolo Private Banking has been fully operational since 1 July 2015**
  - ▫ **the set-up of a competence centre for High Net Worth Individuals has been completed** and **the first branch reserved for HNWI has been opened**
  - ▫ **international organic expansion** is under way, with the forthcoming opening of a Private Banking branch in London and the strengthening of Intesa Sanpaolo Private Bank (Suisse)
- **Asset Management**
  - ▫ a **new product range** has been included in the Private Banking division (i.e., “**Best expertise” products**)
- **Insurance**
  - ▫ **the steering of product mix towards capital-efficient products** is well underway (i.e. Unit Linked products represent 56% of the new production, compared with 34% in the first half of 2014)
  - ▫ a **new distinctive and innovative product offering** has been launched both in P&C insurance (new products for home, car and motorcycle) and in life insurance (Fideuram Vita Insieme for the Financial Advisor Network and Gusto Mix – Multiramo for the Banca dei Territori branches)
  - ▫ **pension fund business has been fully integrated** (Intesa Sanpaolo Previdenza)
- **Banca 360° for corporate clients**
  - ▫ the set-up of a **new Transaction Banking Group unit** is under way and new **commercial initiatives** are ongoing/ready to be launched
  - ▫ a **new commercial model and** a **product offering for SMEs have been developed**
  - ▫ the **SME Finance hub** is fully operational (new Mediocredito Italiano)

- **Core Growth Bank**
  - **capturing untapped revenue potential**
    - ▫ the roll-out of the “**cash desk service evolution**” project is in progress with around **1,200 branches with cash desks closing at 1pm** and **extended hours only available for advisory service** and around **120 branches fully dedicated to advisory**
    - ▫ a new **e-commerce portal** has been launched, to fully seize **business potential from EXPO 2015**

- a **new service model** has been introduced in **the Banca dei Territori division**, with the creation of three specialised commercial value chains, the creation of approximately 1,200 managerial roles, and the innovation of the SME service model
- **consumer finance has been integrated into the branch network**
- the **new retail branch layout has been piloted** (30-35 branches to be activated by the end of 2015)
- the **Corporate and Investment Banking Asset Light model is fully operational**, with significant benefits in terms of cross-selling and distribution reinforcement under way
- a **front-line excellence programme** is being implemented in the Corporate and Investment Banking division, starting from the Corporate and Public Finance segment and Banca IMI
- a new **organisation is in place within the International of 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 established, with deconsolidation of activities

- **continuous cost management**
  - the **geographical footprint simplification** continues, with an additional **101 branches closed in the second quarter** of 2015, making a **total of approximately 150 branch closures since the beginning of 2015 and 420 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 **four local banks have been merged** into the Parent Company
- **dynamic credit and risk management**
  - the **proactive credit management value chain** is empowered across **all the 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 **675 dedicated people** in place and **approximately €6.5bn of deleveraging has already been 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 around **€22m** since 2014

- **people and investment as key enablers**:
  - around **3,900 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
  - **people satisfaction within the Group** has **increased by 23 percentage points** versus 2013
  - the "**Big Financial Data**" programme for integrated management of customer and financial data is being implemented, with first delivery expected before year-end 2015
  - the **Chief Innovation Officer** is fully operative, and the "**Innovation Centre**", created for training and developing new products, processes and the "ideal branch", is fully up and running at the **new ISP Tower** in Turin
  - a **large-scale digitalisation programme** has been launched with the aim of improving efficiency and service level in top priority operating processes.

The income statement for the second quarter of 2015

The consolidated income statement for Q2 2015[8] recorded **operating income** of €4,648m, down 2.2% from €4,752m in Q1 2015 and up 4.2% from €4,462m in Q2 2014.

Net interest income for Q2 2015 amounted to €1,982m, up 0.3% from €1,976m in Q1 2015 and down 5.9% from €2,107m in Q2 2014.

Net fee and commission income amounted to €1,980m, up 9.2% from 1,814m in Q1 2015. Commissions on commercial banking activities were up 1.3%. Commissions on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) were up 10.6% with commissions on distribution of insurance products rising 26.4%, commissions on portfolio management rising 10.3% (including performance commissions of €60m in Q2 2015 and €30m in Q1 2015, collected on a yearly basis on target maturity funds), and those on dealing and placement of securities declining 13.7%. Net fee and commission income increased by 14.6% in Q2 2015, compared with €1,727m in Q2 2014. Specifically, commissions on commercial banking activities were down 6%, while those on management, dealing and consultancy activities were up 28.6% with commissions on portfolio management rising 40% (performance commissions contributed €43m in Q2 2014), commissions on distribution of insurance products rising 38.4%, and those on dealing and placement of securities declining 17%.

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(8) 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 €690m into loans and receivables; the Group also reclassified financial assets available for sale of €5,282m into loans and receivables. If these reclassifications had not been made, the profits/losses on trading for the second quarter of 2015 would have recorded a negative pre-tax impact of €2m (a negative impact of €4m in the first half of 2015, a positive impact of €60m in full-year 2014, a positive impact of €94m in full-year 2013, a positive impact of €135m in full-year 2012, a negative impact of €11m in full-year 2011, a positive impact of €92m in full-year 2010 and of €73m in full-year 2009, and a negative impact of €460m in full-year 2008) and the shareholders' equity as at 30 June 2015 would have included a negative pre-tax direct impact of €913m (with a negative impact of €58 in the second quarter of 2015 and a positive impact of 157m in the first half of 2015).

Profits on trading were €380m (including €144m dividends from the stake in the Bank of Italy), compared with €596 in Q1 2015. Profits from customers decreased to €69m from €157m. Profits from capital markets and AFS financial assets decreased to €58m from €88m. Profits from trading and treasury activities decreased to €251m (including the aforementioned €144m dividends) from €352m. Profits from structured credit products were €3m versus losses of €2m. Profits on trading of €380m for Q2 2015 are compared with profits on trading of €409m in Q2 2014, which recorded profits from customers of €84m, profits from capital markets and AFS financial assets of €41m, profits from trading and treasury activities of €269m (including €161m dividends from the stake in the Bank of Italy), and profits from structured credit products of €15m.

Income from insurance business amounted to €282m (including a capital gain of €58m deriving from the sale of the stake held by subsidiary Intesa Sanpaolo Vita in Chinese life insurance company Union Life), compared with €343m in Q1 2015 and €251m in Q2 2014.

Operating costs amounted to €2,123m, up 0.5% from €2,112m in Q1 2015, due to increases in administrative expenses and adjustments, up 6.1% and 1.1% respectively, and a 2.3% decrease in personnel expenses. Operating costs for Q2 2015 were up 3.5% from €2,052m in the same quarter of 2014, due to personnel expenses rising 4.2%, administrative expenses rising 1.2% and adjustments rising 7.3%.

As a result, **operating margin** amounted to €2,525m, down 4.4% from €2,640m in Q1 2015 and up 4.8% from €2,410m in Q2 2014. The cost/income ratio was 45.7% in Q2 2015 versus 44.4% in Q1 2015 and 46% in Q2 2014.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to €1,012m, compared with €902m in Q1 2015 and €1,434m in Q2 2014. Net provisions for risks and charges amounted to €134m; these included estimated charges of €43m for full-year 2015 concerning the deposit guarantee scheme, as well as estimated charges of approximately €20m for full-year 2015 concerning the European resolution fund which are in addition to those estimated in Q1 2015. Net provisions for risks and charges were €126m in Q1 2015 (including charges of around €75m for the European resolution fund estimated for full-year 2015) and €181m in Q2 2014 (including charges of €65m following to the enactment of a legislation in Hungary concerning customer reimbursement and impacting the local banking system and, therefore, the Group's Hungarian subsidiary CIB Bank). Net adjustments to loans amounted to €847m, compared with €767m in Q1 2015 and €1,186m in Q2 2014. Net impairment losses on other assets were €31m, compared with €9m in Q1 2015 and €67m in Q2 2014.

Profits/losses on investments held to maturity and on other investments generated profits of €38m, compared with €28m in Q1 2015 and €235m in Q2 2014 (including total capital gains of €220m deriving from SIA and NH Hoteles transactions).

Income before tax from continuing operations amounted to €1,551m, down 12.2% from €1,766m in Q1 2015 and up 28.1% from €1,211m in Q2 2014.

Consolidated net income for the quarter amounted to €940m, compared with €1,064m in Q1 2015 and €217m in Q2 2014, after accounting:
- taxes of €516m
- charges (net of tax) for integration and exit incentives of €25m
- charges from purchase cost allocation (net of tax) of €33m
- minority interests of €37m.

<u>The income statement for the first half of 2015</u>

The consolidated income statement for H1 2015 recorded **operating income** of €9,400m, up 9.7% from €8,572m in H1 2014.

Net interest income for H1 2015 amounted to €3,958m, down 6% from €4,211m in H1 2014.

Net fee and commission income amounted to €3,794m, up 14.6% from €3,310m in H1 2014. Commissions on commercial banking activities were down 3.2%. Commissions on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) were up 29.6% with commissions on portfolio management rising 45.9% (including performance commissions of €90m in H1 2015 and €46m in H1 2014, collected on a yearly basis on target maturity funds), commissions on distribution of insurance products rising 27.9%, and those on dealing and placement of securities declining 8.4%.

Profits on trading were €976m (including €144m dividends from the stake in the Bank of Italy), compared with €555 in H1 2014 (including €161m dividends from the stake in the Bank of Italy). Profits from customers increased to €227m from €146m. Profits from capital markets and AFS financial assets increased to €145m from €83m. Profits from trading and treasury activities (which included the aforementioned dividends) increased to €603m from €301m. Profits from structured credit products decreased to one million euro from €25m.

Income from insurance business amounted to €625m (including a capital gain of €58 million deriving from the sale of the stake held by subsidiary Intesa Sanpaolo Vita in Chinese life insurance company Union Life), compared with €506m in H1 2014.

Operating costs amounted to €4,235m, up 2.1% from €4,148m in H1 2014, due to personnel expenses rising 2.9%, adjustments rising 6.4%, and administrative expenses declining 0.5%.

As a result, **operating margin** amounted to €5,165m, up 16.7% from €4,424m in H1 2014. The cost/income ratio was 45.1% in H1 2015 versus 48.4% in H1 2014.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to €1,914m, compared with €2,583m in H1 2014. Net provisions for risks and charges amounted to €260m, and included estimated charges of €43m for full-year 2015 concerning the deposit guarantee scheme and estimated charges of approximately €95m for full-year 2015 concerning the European resolution fund. Net provisions for risks and charges were €236m in H1 2014, and included charges of €65m following the enactment of a legislation in Hungary concerning customer reimbursement and impacting the local banking system and, therefore, the Group's Hungarian subsidiary CIB Bank. Net adjustments to loans amounted to €1,614m, compared with €2,268m in H1 2014. Net impairment losses on other assets were €40m, compared with €79m in H1 2014.

Profits/losses on investments held to maturity and on other investments generated profits of €66m, compared with €310m in H1 2014 (including total capital gains of €279m deriving from SIA and NH Hoteles transactions).

Income before tax from continuing operations amounted to €3,317m, up 54.2% from €2,151m in H1 2014.

Consolidated net income for the first half of the year amounted to €2,004m, compared with €720m in H1 2014, after accounting:
- taxes of €1,163m
- charges (net of tax) for integration and exit incentives of €31m
- charges from purchase cost allocation (net of tax) of €59m
- minority interests of €60m.

Balance sheet as at 30 June 2015

As regards the consolidated balance sheet figures, as at 30 June 2015 **loans to customers** amounted to €344bn, up 1.5% from 31 December 2014 and up 3.6% from 30 June 2014 (a 1.5 % decrease vs H1 2014 when taking into account average quarterly volumes instead of those at the end of the period). Total **non-performing loans** (doubtful, unlikely to pay, and past due) - net of adjustments - amounted to €33,600m, up 0.9% from €33,316m at year-end 2014. In detail, doubtful loans totalled €14,255m from €14,218m at year-end 2014, with a doubtful loans to total loans ratio of 4.1% (4.2% as at year-end 2014) and a cash coverage ratio of 63.1% (62.8% as at year-end 2014). Adding **collateral and guarantees** to the cash coverage, the total doubtful loan coverage ratio was 140% including collateral and 145% adding also personal guarantees. Loans included in the unlikely to pay category increased to €18,129m from €17,845m as at year-end 2014. Past due loans decreased to €1,216m from €1,253m at year-end 2014.

Customer financial assets amounted to €851bn (net of duplications between direct deposits and indirect customer deposits), up 2.9% from year-end 2014 and up 3.1% from 30 June 2014. Under customer financial assets, **direct deposits from banking business** amounted to €365bn, up 1.4% from year-end 2014 and down 2.9% from 30 June 2014; **direct deposits from insurance business and technical reserves** amounted to €124bn, up 4.9% from year-end 2014 and up 18.8% from 30 June 2014. Indirect customer deposits amounted to €485bn, up 4.1% from year-end 2014 and up 8.1% from 30 June 2014. **Assets under management** reached €324bn, up 7.5% from year-end 2014 and up 15.8% from the end of June 2014. As for bancassurance, in the first half of 2015, the new business for life policies amounted to €13.5bn (7.4% higher than in H1 2014). Assets under administration and in custody amounted to €161bn, down 2.2% from year-end 2014 and down 4.7% from 30 June 2014.

Capital ratios as at 30 June 2015 - calculated by applying the transitional arrangements for 2015 and net of the one billion euro dividends accrued for the first half of the year - were as follows:
- Common Equity ratio(9) at 13.4% (13.6% at year-end 2014),
- Tier 1 ratio(9) at 14% (14.2% at year-end 2014),
- total capital ratio(9) at 17.2% (the same level as at year-end 2014).

The estimated pro-forma common equity ratio for the Group on a **fully loaded basis** stands at 13.3% (the same level as at year-end 2014). It has been calculated by applying the fully loaded parameters to the financial statements as at 30 June 2015, and considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption of DTAs on losses carried forward, the expected distribution of H1 2015 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 six 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 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 €58bn at the end of June 2015
  - 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 €110bn at the end of June 2015
  - the Group’s refinancing operations with the ECB to optimise the cost of funding amounting and support businesses in their investment, amounting, on average, to €23bn in the second quarter of 2015 (vs €14.8bn, on average, in Q1 2015 and €7.1bn, on average, in 2014) and consisting 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
  - stable and well-diversified sources of funding, with 72% of direct deposits from the banking business (including securities issued) generated from retail operations

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(9) Includes H1 2015 net income after the deduction of accrued dividends.

  - medium/long-term funding of approximately €12.4bn raised to date, of which €4.2bn retail
  - benchmark issues of €4.25bn of Eurobonds and €1bn of covered bonds (more than 77% were placed with foreign investors) as regards medium/long-term wholesale funding
- **low leverage** with
  - leverage ratio (6.7% as at 30 June 2015) and tangible net shareholders' equity to tangible assets ratio, both best-in class among major European banking groups;

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As at 30 June 2015, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,608 branches - of which 4,286 were in Italy and 1,322 were abroad - with 92,053 employees.

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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 €350m.

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 second quarter of 2015, the Banca dei Territori division recorded:
- operating income of €2,346m, -0,3% versus €2,352 m in Q1 2015;
- operating costs of €1,210m, -1.0% versus €1,223m in Q1 2015;
- operating margin of €1,136m, +0.6% versus €1,129m in Q1 2015;
- a cost/income ratio of 51.6% versus 52% in Q1 2015;
- net provisions and adjustments of €534m versus €514m in Q1 2015;
- income before tax from continuing operations of €602m, -2.2% versus €616m in Q1 2015;
- net income of €338m, -5.8% versus €359m in Q1 2015.

In the first half of 2015, the Banca dei Territori division recorded:
- operating income of €4,699m, -2.5% versus €4,818m in H1 2014, contributing approximately 50% of the consolidated operating income (56% in H1 2014);
- operating costs of €2,433m, -1.5% versus €2,471m in H1 2014;
- operating margin of €2,266m, -3.5% versus €2,347m in H1 2014;
- a cost/income ratio of 51.8% versus 51.3% in H1 2014;
- net provisions and adjustments of €1,048m versus €1,176m in H1 2014;
- income before tax from continuing operations of €1,218m, +4% versus €1,171m in H1 2014;
- net income of €698m, +4.2% versus €670m in H1 2014.

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

- International Network & Global Industries, which manages relationships with approximately 1,200 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 (Société Européenne de Banque, 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 approximately 700 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
- Global Banking & Transaction, which is responsible for relationships with financial institutions, management of transactional services related to payment systems, trade and export finance products and services, as well as custody and settlement of Italian securities (local custody)
- 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 second quarter of 2015, the Corporate and Investment Banking division recorded:

- operating income of €841m, -10.6% versus €941m in Q1 2015;
- operating costs of €221m, in line with Q1 2015;
- operating margin of €620m, -13.8% versus €720m in Q1 2015;
- a cost/income ratio of 26.2% versus 23.5% in Q1 2015;
- net provisions and adjustments of €89m versus €41m in Q1 2015;
- income before tax from continuing operations of €532m, -21.6% versus €678m in Q1 2015;
- net income of €375m, -17.5% versus €454m in Q1 2015.

In the first half of 2015, the Corporate and Investment Banking division recorded:

- operating income of €1,782m, +2.7% versus €1,735m in H1 2014, contributing around 19% of the consolidated operating income (20% in H1 2014);
- operating costs of €442m, +10.8% versus €399m in H1 2014;
- operating margin of €1,340m, +0.3% versus €1,336m in H1 2014;
- a cost/income ratio of 24.8% versus 23% in H1 2014;
- net provisions and adjustments of €130m versus €266m in H1 2014;
- no profits/losses on investments held to maturity and on other investments versus profits of €4m in H1 2014;
- income before tax from continuing operations of €1,210m, +12.7% versus €1,074m in H1 2014;
- net income of €829m, +14.3% versus €725m in H1 2014.

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, 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.

In the second quarter of 2015, the International Subsidiary Banks division recorded:
- operating income of €542m, +7.3% versus €505m in Q1 2015;
- operating costs of €256m, +1.0% versus €254m in Q1 2015;
- operating margin of €286m, +13.7% versus €251m in Q1 2015;
- a cost/income ratio of 47.3% versus 50.3% in Q1 2015;
- net provisions and adjustments of €80m versus €85m in Q1 2015;
- profits/losses on investments held to maturity and on other investments of €1m, versus losses of €1m in Q1 2015;
- income before tax from continuing operations of €207m, +25% versus €166m in Q1 2015;
- net income of €156m, +29.9% versus €120m in Q1 2015.

In the first half of 2015, the International Subsidiary Banks division recorded:
- operating income of €1,048m, +5.1% versus €997m in H1 2014, contributing approximately 11% of the consolidated operating income (12% in H1 2014);
- operating costs of €511m, +0.8% versus €507m in H1 2014;
- operating margin of €537m, +9.6% versus €490m in H1 2014;
- a cost/income ratio of 48.8% versus 50.9% in H1 2014;
- net provisions and adjustments of €164m versus €180m in H1 2014;
- income before tax from continuing operations of €373m, +20.3% versus €310m in H1 2014;
- net income of €276m, +19.5% versus €231m in H1 2014.

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(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.

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 second quarter of 2015, the Private Banking division recorded:
- operating income of €460m, +7.7% versus €427m in Q1 2015;
- operating costs of €133m, +4.1% versus €127m in Q1 2015;
- operating margin of €327m, +9.2% versus €300m in Q1 2015;
- a cost/income ratio of 28.9% versus 29.8% in Q1 2015;
- net release of €2m versus net provisions and adjustments of €14m in Q1 2015;
- income before tax from continuing operations of €329m, +15.3% versus €285m in Q1 2015;
- net income of €194m, +8.7% versus €178m in Q1 2015.

In the first half of 2015, the Private Banking division recorded:
- operating income of €887m, +25.6% versus €706m in H1 2014, contributing approximately 9% of the consolidated operating income (8% in H1 2014);
- operating costs of €260m, +7.9% versus €241m in H1 2014;
- operating margin of €627m, +34.8% versus €465m in H1 2014;
- a cost/income ratio of 29.3% versus 34.1% in H1 2014;
- net provisions and adjustments of €12m versus €42m in H1 2014;
- income before tax from continuing operations of €615m, +45.4% versus €423m in H1 2014;
- net income of €372m, +50.6% versus €247m in H1 2014.

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 second quarter of 2015, the Asset Management division recorded:
- operating income of €211m, +31.5% versus €160m in Q1 2015;
- operating costs of €35m, +7.9% versus €32m in Q1 2015;
- operating margin of €176m, +37.5% versus €128m in Q1 2015;
- a cost/income ratio of 16.6% versus 20.3% in Q1 2015;
- net provisions and adjustments of €1m versus no provisions and adjustments in Q1 2015;
- income before tax from continuing operations of €174m, +36.5% versus €128m in Q1 2015;
- net income of €128m, +36.4% versus €94m in Q1 2015.

In the first half of 2015, the Asset Management division recorded:
- operating income of €371m, +50.2% versus €247m in H1 2014, contributing approximately 4% of the consolidated operating income (3% in H1 2014);
- operating costs of €68m, +9.7% versus €62m in H1 2014;
- operating margin of €303m, +63.8% versus €185m in H1 2014;
- a cost/income ratio of 18.3% versus 25.1% in H1 2014;
- net provisions and adjustments of €1m versus net release of €2m in H1 2014;
- income before tax from continuing operations of €302m, +61.5% versus €187m in H1 2014;
- net income of €223m, +85.8% versus €120m in H1 2014.

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 second quarter of 2015, the Insurance division recorded:
- operating income of €306m, -11.3% versus €344m in Q1 2015;
- operating costs of €38m, +7% versus €35m in Q1 2015;
- operating margin of €268m, -13.4% versus €309m in Q1 2015;
- a cost/income ratio of 12.3% versus 10.2% in Q1 2015;
- net provisions and adjustments of €1m versus no provisions and adjustments in Q1 2015;
- income before tax from continuing operations of €267m, -13.6% versus €310m in Q1 2015;
- net income of €189m, -7.3% versus €204m in Q1 2015.

In the first half of 2015, the Insurance division recorded:
- operating income of €650m, +27.2% versus €511m in H1 2014, contributing around 7% of the consolidated operating income (6% in H1 2014);
- operating costs of €73m, +1.4% versus €72m in H1 2014;
- operating margin of €577m, +31.4% versus €439m in H1 2014;
- a cost/income ratio of 11.2% versus 14.1% in H1 2014;
- no provisions and adjustments versus net provisions and adjustments of €1m in H1 2014;
- income before tax from continuing operations of €577m, +31.7% versus €438m in H1 2014;
- net income of €393m, +32.8% versus €296m in H1 2014.

The outlook for 2015

In 2015, the Intesa Sanpaolo Group is expected to register an improvement in operating income, driven by net fees and commissions, as well as in operating margin, and in income before tax from continuing operations with a decline in the cost of risk, all within the framework of a sustainable profitability. The commitment to distribute €2 billion cash dividends for 2015, as indicated in the 2014-2017 Business Plan, is confirmed.

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For consistency purposes, the income statement and balance sheet figures for the first quarter of 2015 and the four quarters of 2014 were restated following the termination of the sale-and-purchase agreement signed in January 2014, concerning Ukrainian subsidiary Pravex-Bank. The related items were reconsolidated 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.
Moreover, the income statement and balance sheet figures for 2014 relating to the business areas were restated to take into account the new organisational structure, as defined in the last quarter of 2014, with the creation of three new divisions (Private Banking, Asset Management, and Insurance) and the Capital Light Bank business unit.

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In order to present more complete information on the results generated in the first half of 2015, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the report approved by the Management Board are attached. Please note that these statements have not been reviewed by the auditing company. The auditing company in charge of performing the limited review of the half-yearly report has not yet completed its analysis.

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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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Intesa Sanpaolo Group

Reclassified consolidated statement of income

(millions of euro)

	30.06.2015	30.06.2014	Changes amount	%
Net interest income	3,958	4,211	-253	-6.0
Profits (losses) on investments carried at equity	43	11	32	
Net fee and commission income	3,794	3,310	484	14.6
Profits (Losses) on trading	976	555	421	75.9
Income from insurance business	625	506	119	23.5
Other operating income (expenses)	4	-21	25	
Operating income	9,400	8,572	828	9.7
Personnel expenses	-2,570	-2,497	73	2.9
Other administrative expenses	-1,315	-1,322	-7	-0.5
Adjustments to property, equipment and intangible assets	-350	-329	21	6.4
Operating costs	-4,235	-4,148	87	2.1
Operating margin	5,165	4,424	741	16.7
Net provisions for risks and charges	-260	-236	24	10.2
Net adjustments to loans	-1,614	-2,268	-654	-28.8
Net impairment losses on other assets	-40	-79	-39	-49.4
Profits (Losses) on investments held to maturity and on other investments	66	310	-244	-78.7
Income (Loss) before tax from continuing operations	3,317	2,151	1,166	54.2
Taxes on income from continuing operations	-1,163	-1,276	-113	-8.9
Charges (net of tax) for integration and exit incentives	-31	-20	11	55.0
Effect of purchase price allocation (net of tax)	-59	-99	-40	-40.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Income (Loss) after tax from discontinued operations	-	-	-	-
Minority interests	-60	-36	24	66.7
Net income (loss)	2,004	720	1,284	

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)

	2015		2014			
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,982	1,976	2,063	2,113	2,107	2,104
Dividends and profits (losses) on investments carried at equity	15	28	2	53	-19	30
Net fee and commission income	1,980	1,814	1,814	1,648	1,727	1,583
Profits (Losses) on trading	380	596	77	136	409	146
Income from insurance business	282	343	186	240	251	255
Other operating income (expenses)	9	-5	-14	22	-13	-8
Operating income	4,648	4,752	4,128	4,212	4,462	4,110
Personnel expenses	-1,270	-1,300	-1,356	-1,255	-1,219	-1,278
Other administrative expenses	-677	-638	-808	-650	-669	-653
Adjustments to property, equipment and intangible assets	-176	-174	-189	-170	-164	-165
Operating costs	-2,123	-2,112	-2,353	-2,075	-2,052	-2,096
Operating margin	2,525	2,640	1,775	2,137	2,410	2,014
Net provisions for risks and charges	-134	-126	-294	-12	-181	-55
Net adjustments to loans	-847	-767	-1,043	-1,257	-1,186	-1,082
Net impairment losses on other assets	-31	-9	-84	-64	-67	-12
Profits (Losses) on investments held to maturity and on other investments	38	28	5	73	235	75
Income (Loss) before tax from continuing operations	1,551	1,766	359	877	1,211	940
Taxes on income from continuing operations	-516	-647	-183	-322	-912	-364
Charges (net of tax) for integration and exit incentives	-25	-6	-74	-9	-13	-7
Effect of purchase price allocation (net of tax)	-33	-26	-45	-49	-53	-46
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-
Income (Loss) after tax from discontinued operations	-	-	-	-	-	-
Minority interests	-37	-23	-9	-14	-16	-20
Net income (loss)	940	1,064	48	483	217	503

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

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

(millions of euro)

Assets	30.06.2015	31.12.2014	Changes amount	%
Financial assets held for trading	51,996	53,741	-1,745	-3.2
of which: Insurance Companies	754	785	-31	-3.9
Financial assets designated at fair value through profit and loss	49,407	43,863	5,544	12.6
of which: Insurance Companies	48,203	42,657	5,546	13.0
Financial assets available for sale	135,438	124,176	11,262	9.1
of which: Insurance Companies	71,463	71,604	-141	-0.2
Investments held to maturity	1,426	1,471	-45	-3.1
Due from banks	31,147	31,611	-464	-1.5
Loans to customers	344,199	339,002	5,197	1.5
Investments in associates and companies subject to joint control	1,756	1,810	-54	-3.0
Property, equipment and intangible assets	12,210	12,399	-189	-1.5
Tax assets	14,952	14,504	448	3.1
Non-current assets held for sale and discontinued operations	27	29	-2	-6.9
Other assets	25,841	24,737	1,104	4.5
Total Assets	668,399	647,343	21,056	3.3

Liabilities and Shareholders' Equity	30.06.2015	31.12.2014	Changes amount	%
Due to banks	62,493	51,959	10,534	20.3
Due to customers and securities issued	358,854	354,685	4,169	1.2
of which: Insurance Companies	1,319	1,289	30	2.3
Financial liabilities held for trading	43,221	46,381	-3,160	-6.8
of which: Insurance Companies	138	333	-195	-58.6
Financial liabilities designated at fair value through profit and loss	43,451	37,622	5,829	15.5
of which: Insurance Companies	43,451	37,622	5,829	15.5
Tax liabilities	2,973	2,471	502	20.3
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-
Other liabilities	26,842	23,928	2,914	12.2
Technical reserves	79,645	79,701	-56	-0.1
Allowances for specific purpose	4,591	5,364	-773	-14.4
Share capital	8,725	8,725	-	-
Reserves	36,415	36,329	86	0.2
Valuation reserves	-1,449	-1,622	-173	-10.7
Minority interests	634	549	85	15.5
Net income (loss)	2,004	1,251	753	60.2
Total Liabilities and Shareholders' Equity	668,399	647,343	21,056	3.3

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	2015		2014			
	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	51,996	62,257	53,741	55,430	52,056	52,337
of which: Insurance Companies	754	823	785	745	763	834
Financial assets designated at fair value through profit and loss	49,407	48,620	43,863	40,197	38,459	36,665
of which: Insurance Companies	48,203	47,361	42,657	39,024	37,303	35,539
Financial assets available for sale	135,438	138,079	124,176	115,430	118,369	113,429
of which: Insurance Companies	71,463	74,813	71,604	63,628	61,395	57,098
Investments held to maturity	1,426	1,470	1,471	1,465	1,455	1,526
Due from banks	31,147	34,942	31,611	29,726	31,226	28,079
Loans to customers	344,199	346,029	339,002	337,201	332,146	338,944
Investments in associates and companies subject to joint control	1,756	1,943	1,810	2,027	2,032	1,951
Property, equipment and intangible assets	12,210	12,282	12,399	12,377	12,471	12,577
Tax assets	14,952	14,380	14,504	15,181	15,033	15,011
Non-current assets held for sale and discontinued operations	27	29	29	28	170	929
Other assets	25,841	23,275	24,737	25,604	25,989	25,224
Total Assets	668,399	683,306	647,343	634,666	629,406	626,672

Liabilities and Shareholders' Equity	2015		2014			
	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	62,493	58,312	51,959	34,990	35,102	42,210
Due to customers and securities issued	358,854	364,283	354,685	367,297	370,362	367,380
of which: Insurance Companies	1,319	1,303	1,289	544	568	569
Financial liabilities held for trading	43,221	54,398	46,381	44,582	41,191	41,494
of which: Insurance Companies	138	234	333	416	411	369
Financial liabilities designated at fair value through profit and loss	43,451	42,088	37,622	35,461	33,441	31,433
of which: Insurance Companies	43,451	42,088	37,622	35,453	33,433	31,424
Tax liabilities	2,973	3,371	2,471	3,237	2,729	2,862
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	62	814
Other liabilities	26,842	25,907	23,928	24,260	26,065	23,466
Technical reserves	79,645	82,925	79,701	74,759	70,694	67,210
Allowances for specific purpose	4,591	5,280	5,364	4,769	4,786	4,453
Share capital	8,725	8,725	8,725	8,554	8,549	8,549
Reserves	36,415	37,545	36,329	36,166	36,230	36,778
Valuation reserves	-1,449	-1,147	-1,622	-1,308	-1,241	-1,076
Minority interests	634	555	549	696	716	596
Net income (loss)	2,004	1,064	1,251	1,203	720	503
Total Liabilities and Shareholders' Equity	668,399	683,306	647,343	634,666	629,406	626,672

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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014	30.06.2015	30.06.2014	30.06.2015	30.06.2014	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Operating income	4,699	4,818	1,782	1,735	1,048	997	887	706	371	247	650	511
Operating costs	-2,433	-2,471	-442	-399	-511	-507	-260	-241	-68	-62	-73	-72
Operating margin	2,266	2,347	1,340	1,336	537	490	627	465	303	185	577	439
Net income (loss)	698	670	829	725	276	231	372	247	223	120	393	296

Balance sheet (millions of euro)	Banca dei Territori		Corporate and Investment Banking		International Subsidiary Banks		Private Banking		Asset management		Insurance	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Loans to customers	186,039	183,671	83,466	82,385	25,411	24,974	8,136	7,614	231	473	28	13
Direct deposits from banking business	153,641	162,409	103,661	97,709	31,748	30,998	19,562	17,959	9	9	190	182

The figures from the comparative period have been restated to reflect the changes in the Group's organisational model, which became operational in late 2014.
Figures also restated, where necessary, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.

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