

Bit Market Services

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Oggetto : INTESA SANPAOLO: CONSOLIDATED
RESULTS AS AT 30 SEPTEMBER 2015

Testo del comunicato

Vedi allegato.

PRESS RELEASE

**INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2015
PROFITABILITY GREW STRONGLY, EXCEEDING THE BANK'S 2014-2017
BUSINESS PLAN TARGETS.**

**THE CAPITAL BASE WAS STRONG AND WELL ABOVE REGULATORY
REQUIREMENTS: PRO-FORMA COMMON EQUITY RATIO ON A FULLY
LOADED BASIS WAS 13.4% NET OF ACCRUED DIVIDENDS.**

**NET INCOME FOR 9M 2015 WAS OVER €2.7BN, WELL ABOVE THE BANK'S
DIVIDEND COMMITMENT FOR 2015.**

**NET FEE AND COMMISSION INCOME SHOWED SUSTAINED GROWTH (THE
HIGHEST NINE-MONTH FIGURE SINCE THE CREATION OF INTESA
SANPAOLO). ASSETS UNDER MANAGEMENT PERFORMED STRONGLY.**

**PROVISIONS WERE REDUCED IN 9M 2015, REFLECTING AN IMPROVING
CREDIT TREND.**

NPL INFLOW FROM PERFORMING LOANS WAS AT ITS LOWEST SINCE 2007.

**INTESA SANPAOLO CONTINUES TO BE AN ACCELERATOR FOR GROWTH IN
THE REAL ECONOMY IN ITALY. IN THE FIRST NINE MONTHS, MEDIUM/LONG-
TERM NEW LENDING GRANTED BY THE GROUP TO ITALIAN HOUSEHOLDS
AND BUSINESSES AMOUNTED TO MORE THAN €29BN (UP 51% VS 9M 2014),
RISING FROM €8BN IN Q1 TO ABOUT €11BN IN BOTH Q2 AND Q3.
MOREOVER, IN THE FIRST NINE MONTHS OF THE YEAR, THE BANK
FACILITATED THE RETURN TO PERFORMING STATUS OF 13,500 COMPANIES
- 3,500 COMPANIES IN Q1 AND UP TO ABOUT 5,000 COMPANIES IN BOTH Q2
AND Q3 - MAKING A TOTAL OF 22,500 SINCE 2014.**

- **NET INCOME IN 9M 2015 WELL ABOVE THE DIVIDEND COMMITMENT FOR 2015, THE HIGHEST NINE-MONTH FIGURE SINCE 2008:**
 - €2,726M VS €1,203M IN 9M 2014
- **STRONG GROWTH IN PRE-TAX INCOME, THE HIGHEST NINE-MONTH FIGURE SINCE 2008:**
 - €4,436M, UP 52.3% VS 9M 2014
- **SIGNIFICANT INCREASE IN OPERATING MARGIN, THE HIGHEST NINE-MONTH FIGURE SINCE 2007:**
 - €7,276M, UP 12.8% VS 9M 2014
- **SUSTAINED GROWTH IN NET FEES AND COMMISSIONS, THE HIGHEST NINE-MONTH FIGURE SINCE THE CREATION OF INTESA SANPAOLO:**
 - €5,578M, UP 12.6% VS 9M 2014
- **CONTINUOUS COST MANAGEMENT:**
 - OPERATING COSTS AT €6,326M IN 9M 2015, UP 1.3% VS 9M 2014
- **REDUCTION IN PROVISIONS, REFLECTING AN IMPROVING CREDIT TREND AND DESPITE CHARGES RELATING TO THE DEPOSIT GUARANTEE SCHEME AND THE EUROPEAN RESOLUTION FUND:**
 - LOAN LOSS PROVISIONS IN 9M 2015 AT THEIR LOWEST LEVEL SINCE 9M 2011: €2,383M, DOWN 32.4% VS 9M 2014
 - NPL INFLOW FROM PERFORMING LOANS IN 9M 2015 AT ITS LOWEST SINCE 2007; NPL INFLOW DOWN 25% GROSS AND 24% NET VS 9M 2014
 - ABOUT €140M SET ASIDE IN 9M 2015 CONCERNING ESTIMATED CHARGES FOR FULL-YEAR 2015 THAT RELATE TO THE DEPOSIT GUARANTEE SCHEME AND THE EUROPEAN RESOLUTION FUND
- **A STRONG CAPITAL BASE, WELL ABOVE REGULATORY REQUIREMENTS, WITH COMMON EQUITY RATIO, NET OF €1.5BN DIVIDENDS ACCRUED IN 9M 2015, OF:**
 - 13.4% ON A TRANSITIONAL BASIS FOR 2015⁽¹⁾ (“PHASED IN”)
 - 13.4% ON A FULLY LOADED BASIS⁽²⁾

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

(2) Estimated by applying the fully loaded parameters to the financial statements as at 30 September 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 announced distribution of reserves of insurance companies and including 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:	9M 2015	+7.1% AT €13,602M VS €12,695M IN 9M 2014;
	Q3 2015	-9.6% AT €4,197M VS €4,644M IN Q2 2015
OPERATING COSTS:	9M 2015	+1.3% AT €6,326M VS €6,246M IN 9M 2014;
	Q3 2015	-2.3% AT €2,080M VS €2,128M IN Q2 2015
OPERATING MARGIN:	9M 2015	+12.8% AT €7,276M VS €6,449M IN 9M 2014;
	Q3 2015	-15.9% AT €2,117M VS €2,516M IN Q2 2015
INCOME BEFORE TAX FROM CONTINUING OPERATIONS:	9M 2015	+52.3% AT €4,436M VS €2,913M IN 9M 2014;
	Q3 2015	-27% AT €1,125M VS €1,542M IN Q2 2015
NET INCOME:	9M 2015	€2,726M VS €1,203M IN 9M 2014;
	Q3 2015	€722M VS €940M IN Q2 2015
CAPITAL RATIOS:	COMMON EQUITY RATIO AFTER ACCRUED DIVIDENDS: 13.4% PRO-FORMA FULLY LOADED⁽³⁾; 13.4% PHASED IN⁽⁴⁾	

Turin - Milan, 3 November 2015 – At its meeting today, the Management Board of Intesa Sanpaolo approved the consolidated interim statement as at 30 September 2015⁽⁵⁾.

In the first nine months of 2015, the Group achieved a **strong improvement in profitability – to above the 2014-2017 Business Plan targets** – despite prolonged market challenges, and **maintained a solid balance sheet**, as the figures below show:

- **net income well above the dividend commitment for 2015**, up to **€2,726m in 9M 2015** from €1,203m in 9M 2014, **the highest nine-month result since 2008**. The net income for Q3 2015 declined to €722m from €940m in Q2 2015 due to the negative effects of financial market volatility.

(3) Estimated by applying the fully loaded parameters to the financial statements as at 30 September 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 announced distribution of reserves of insurance companies and including 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 the 9M 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 **€4,436m** in 9M 2015, **up 52.3%** versus 9M 2014, **the highest nine-month figure since 2008**
- **significant increase in operating margin** to **€7,276m** in 9M 2015, **up 12.8%** versus 9M 2014, **the highest nine-month figure since 2007**
- **positive and increasing pre-tax income from all business units** in 9M 2015. The Wealth Management area generated €2,132m pre-tax income (up 37.5% vs 9M 2014) with contributions of €874m from Private Banking (up 38.5% vs 9M 2014), €451m from Asset Management (up 61.6% vs 9M 2014) and €807m from Insurance (up 25.9% vs 9M 2014). Banca dei Territori contributed €1,718m (up 21.1% vs 9M 2014), Corporate and Investment Banking €1,499m (up 8.2% vs 9M 2014) and International Subsidiary Banks €419m (down 14.3% vs 9M 2014; up 6.7% when excluding charges of €65m borne by the Hungarian subsidiary in 9M 2014 due to customer reimbursement and €172m borne by the Croatian subsidiary in 9M 2015 due to the conversion of loans denominated in Swiss francs into euros).
- **strong growth in assets under management** of approximately €20bn in 9M 2015, with net inflow of approximately €25bn, of which approximately €10bn were switched from assets previously held under administration. Since year-end 2013, assets under management have increased by approximately €63bn, with net inflow of approximately €56bn, of which approximately €29bn were switched from assets previously held under administration.
- **support to the real economy**, with approximately **€34bn of medium/long-term new lending** in 9M 2015. More than **€29bn of loans** were granted in Italy (**up 51% vs 9M 2014**), with lending increasing to reach approximately €11bn in both Q2 and Q3, compared with €8bn in the first quarter of the year; **more than €23bn of these loans were granted to households and SMEs**, an **increase of 66%** on the same period in 2014. **In the nine months, the Bank facilitated the return from non-performing to performing status of 13,500 Italian companies**, with the number rising to approximately 5,000 in both Q2 and Q3 from 3,500 in Q1 2015, making a total of **22,500 since 2014**.
- **sustained growth in net fees and commissions** to €5,578m in 9M 2015, **up 12.6%** versus 9M 2014, **the highest nine-month figure since the creation of Intesa Sanpaolo**
- **high efficiency**, highlighted by a **cost/income ratio of 46.5%** in 9M 2015, **a figure that places Intesa Sanpaolo in the top tier of its European peers**
- **continuous cost management** with operating costs up 1.3% versus 9M 2014
- **improving credit trend** with **nine-month NPL inflow from performing loans at its lowest since 2007**. Gross inflow was €6.7bn in 9M 2015, from €9bn in 9M 2014 (down 25%). Net inflow was €4.6bn in 9M 2015, from €6.1bn in 9M 2014 (down 24%).

- **decline in provisions reflecting improving credit trend, despite charges that relate to the deposit guarantee scheme and the European resolution fund**
 - **loan loss provisions** of €2,383m in 9M 2015, **down 32.4%** from €3,525m in 9M 2014, **the lowest nine-month figure since 2011**
 - **NPL cash coverage ratio of 47%** at the end of September 2015, the same as at year-end 2014 (Italian peers average: 40% in Q2 2015), **with a cash coverage ratio of the doubtful loan component of 62.8%** at the end of September 2015, the same as at year-end 2014
 - **total NPL coverage ratio of 140% including collateral** at the end of September 2015 (**147% when adding personal guarantees**), with a total coverage ratio of the **doubtful loan component of 140%** (**145% when adding personal guarantees**)
 - **robust reserve buffer on performing loans** amounting to 0.8% at the end of September 2015, in line with year-end 2014
 - about **€140m** set aside in 9M 2015 concerning **estimated charges for full-year 2015 that relate 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 September 2015, net of €1.5bn dividends accrued for the nine months, the **pro-forma fully loaded Common Equity ratio was 13.4%**⁽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 €116bn** and **available unencumbered liquid assets of €77bn at the end of September 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 third 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 €27.6bn (vs €23bn, on average, in Q2 2015, €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.

(6) Estimated by applying the parameters set out under fully loaded Basel 3 to the financial statements as at 30 September 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 announced distribution of reserves of insurance companies and including 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 the 9M 2015 net income after the deduction of accrued dividends.

- **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 €96
 - the **“Intesa Sanpaolo Casa” real estate project**, focused on real estate sale and brokerage, is being implemented with **13 real estate agencies already opened** in the most important cities
 - **Multichannel Bank**
 - **new multichannel processes have been successfully tested, with around 830,000 additional multichannel clients since 2014**, raising the total to **around 5.3 million clients**; 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 multichannel platforms
 - **Private Banking**
 - **new entity Fideuram - Intesa Sanpaolo Private Banking has been fully operational since 1 July 2015**
 - **the Private Banking London branch will be opened at the beginning of December 2015 and Intesa Sanpaolo Private Bank (Suisse) is being strengthened**
 - **the first wave of new products available to the entire division has been launched** (i.e., Fideuram Vita Insieme gathered approximately €800m through the Intesa Sanpaolo Private Banking network)
 - **Asset Management**
 - a **new product range** has been introduced into the **Banca dei Territori division** and the **Private Banking division** (i.e., **“Riserva” and “Best expertise” products**)
 - a **new product range** has been dedicated to the **Insurance Division** (i.e., **“Multiramo” products**)
 - **Insurance**
 - **the steering of product mix towards capital-efficient products is making good progress** (i.e. Unit Linked products represent 57% of the new production, compared with 36% in the first nine months 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 Private Banking division and Giusto Mix - Multiramo for the Banca dei Territori division)
 - **pension fund business has been fully integrated** (Intesa Sanpaolo Previdenza)
 - **Banca 360° for corporate clients**
 - a **new Transaction Banking Group unit** has been set up 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 **1,600 branches with cash desks closing at 1pm and extended hours only available for advisory**, and around **170 branches fully dedicated to advisory services**
 - the new **e-commerce portal** will continue seizing **business potential after EXPO 2015**
 - 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 managerial roles and the innovation of the SME service model
 - **consumer finance has been integrated into the branch network**
 - the **Corporate and Investment Banking Asset Light model is fully operational**, with benefits in terms of cross-selling and reinforcement of distribution under way
 - a **front-line excellence programme** is being implemented in the Corporate and Investment Banking division
 - 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 finalised, with deconsolidation of activities
 - **continuous cost management**
 - the **geographical footprint simplification** continues, with **around 150 branch closures since the beginning of 2015 and around 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 **seven 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 680 dedicated people** in place and **around €7.8bn 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 **€24m** since 2014
- **people and investment as key enablers:**
 - around **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 for integrated management of customer and financial data is being implemented, with first deliveries expected before year-end 2015
 - the **Chief Innovation Officer** is fully operative, and the **“Innovation Centre”**, created to train staff and develop new products, processes and the **“ideal branch”**, is fully operational 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 **Digital factory is fully operational**, with dedicated resources representing all corporate functions, with the aim of innovating and improving top priority processes
 - investment to **renew the layout of 1,000 branches** has already been activated (50 branches to be converted by year-end 2015)

The income statement for the third quarter of 2015

The consolidated income statement for Q3 2015⁽⁸⁾ recorded **operating income** of €4,197m, down 9.6% from €4,644m in Q2 2015 and up 0.9% from €4,160m in Q3 2014.

Net interest income for Q3 2015 amounted to €1,912m, down 3.2% from €1,976m in Q2 2015 and down 9.3% from €2,107m in Q3 2014.

Net fee and commission income were €1,786m, down 9.8% from €1,979m in Q2 2015. Commissions on commercial banking activities were up 4.6%. Commissions on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) declined 14.3% with commissions on distribution of insurance products down 10.4%, those on portfolio management down 12.1% (including performance commissions of €27m in Q3 2015 and €60m in Q2 2015, collected on a yearly basis on target maturity funds) and those on dealing and placement of securities down 37.1%. Net fee and commission income for Q3 2015 increased 8.4% from €1,647m in Q3 2014. Specifically, commissions on commercial banking activities declined by 0.8%, while those on management, dealing and consultancy activities rose by 18.6% with commissions on distribution of insurance products up 28.2%, commissions on portfolio management up 19.5% (performance commissions of approximately €11m were recorded in Q3 2014) and commissions on dealing and placement of securities down 4.6%.

(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 €603m into loans and receivables; the Group also reclassified financial assets available for sale of €5,241m into loans and receivables. If these reclassifications had not been made, the profits/losses on trading for Q3 2015 would have recorded a negative pre-tax impact of €3m (a negative impact of €7m in 9M 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 September 2015 would have included a negative pre-tax direct impact of €784m (with a positive impact of €129 in Q3 2015 and €286m in 9M 2015).

Profits (Losses) on trading yielded €1m profits versus €380m in Q2 2015 (which included €144m dividends from the stake in the Bank of Italy). Profits from customers decreased from €69m to €50m. Trading activities in capital markets and AFS financial assets recorded losses of €15m versus profits of €57m. Trading and treasury activities reported a negative figure of €32m versus profits of €251m (this figure included the aforementioned €144m dividends). A loss of €3m was recorded on trading activities in structured credit products versus profits of €3m. The €1m profits of the Q3 2015 compare with profits of €135m in the corresponding period of 2014, which recorded profits from customers of €53m, profits from capital markets and AFS financial assets of €8m, profits from trading and treasury activities of €65m and profits from structured credit products of €9m.

Income from insurance business amounted to €241m, compared with €282m in Q2 2015 which included 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. The figure for Q3 2014 was €240m.

Other operating income amounted to €216m, compared with €12m in Q2 2015 and €25m in Q3 2014, and included €211m resulting from a successful claim in favour of Intesa Sanpaolo.

Operating costs amounted to €2,080m, down 2.3% from €2,128m in Q2 2015, with decreases in personnel expenses and administrative expenses, down 1.1% and 5.3% respectively, and a 1.1% increase in adjustments. Operating costs for Q3 2015 were in line with the €2,081m of the same quarter of 2014, due to stable personnel expenses, a 1.5% decrease in administrative expenses and a 5.3% increase in adjustments.

As a result, **operating margin** amounted to €2,117m, down 15.9% from €2,516m in Q2 2015 and up 1.8% from €2,079m in Q3 2014. The cost/income ratio was 49.6% in Q3 2015 versus 45.8% in Q2 2015 and 50% in Q3 2014.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to €1,013m, compared with €1,012m in Q2 2015 and €1,335m in Q3 2014. Net provisions for risks and charges amounted to €224m and included charges of €172m following the enactment of a law in Croatia that requires local banks, among which the Group's subsidiary Privredna Banka Zagreb, to offer their customers the option of converting Swiss-franc loans into euros. In the previous quarter, net provisions for risks and charges were €134m, a figure that included estimated charges of €43m for full-year 2015 for the deposit guarantee scheme and around €20m for full-year 2015 for the European resolution fund in addition to those estimated in Q1 2015; in the third quarter of 2014, net provisions for risks and charges totalled €14m. Net adjustments to loans amounted to €769m, compared with €847m in Q2 2015 and €1,257m in Q3 2014. Net impairment losses on other assets were €20m, compared with €31m in Q2 2015 and €64m in Q3 2014.

Profits/losses on investments held to maturity and on other investments generated profits of €21m, compared with €38m in Q2 2015 and €73m in Q3 2014.

Income before tax from continuing operations amounted to €1,125m, down 27% from €1,542m in Q2 2015 and up 37.7% from €817m in Q3 2014.

Consolidated net income for the quarter amounted to €722m, compared with €940m in Q2 2015 and €483m in Q3 2014, after accounting:

- taxes of €354m
- charges (net of tax) for integration and exit incentives of €15m
- charges from purchase cost allocation (net of tax) of €27m
- minority interests of €7m.

The income statement for the first nine months of 2015

The consolidated income statement for 9M 2015 recorded **operating income** of €13,602m, up 7.1% from €12,695m in 9M 2014.

Net interest income for 9M 2015 amounted to €5,859m, down 7% from €6,302m in 9M 2014.

Net fee and commission income amounted to €5,578m, up 12.6% from €4,952m in 9M 2014. Commissions on commercial banking activities declined 2.2%. Commissions on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) rose 26% with commissions on portfolio management up 36.4% (including performance commissions of €117m in 9M 2015 and €57m in 9M 2014, collected on a yearly basis on target maturity funds), commissions on distribution of insurance products up 28% and commissions on dealing and placement of securities down 7.5%.

Profits on trading were €977m (including €144m dividends from the stake in the Bank of Italy), compared with €660m in 9M 2014 (including €161m dividends from the stake in the Bank of Italy). Profits from customers increased from €199m to €277m. Profits from capital markets and AFS financial assets increased from €91m to €131m. Profits from trading and treasury activities (which included the aforementioned dividends) increased from €336m to €571m. Trading activities in structured credit products registered losses of €2m versus profits of €34m.

Income from insurance business amounted to €866m (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 €746m in 9M 2014.

Other operating income amounted to €227m, compared with €12m in 9M 2014, and included €211m resulting from a successful claim in favour of Intesa Sanpaolo.

Operating costs amounted to €6,326m, up 1.3% from €6,246m in 9M 2014, due to personnel expenses rising 1.9%, adjustments rising 6% and administrative expenses declining 1.1%.

As a result, **operating margin** amounted to €7,276m, up 12.8% from €6,449m in 9M 2014. The cost/income ratio was 46.5% in 9M 2015 versus 49.2% in 9M 2014.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to €2,927m, compared with €3,919m in 9M 2014. Net provisions for risks and charges amounted to €484m. This figure included charges of €172m following the enactment of a law in Croatia that requires local banks, among which the Group's subsidiary Privredna Banka Zagreb, to offer their customers the option of converting Swiss-franc loans into euros, as well as estimated charges of €43m for full-year 2015 for the deposit guarantee scheme and approximately €95m for full-year 2015 for the European resolution fund. In the corresponding period of 2014, net provisions for risks and charges were €251m and included charges of €65m following the enactment of a law in Hungary concerning customer reimbursement, which impacted the local banks, among which the Group's Hungarian subsidiary CIB Bank. Net adjustments to loans amounted to €2,383m, compared with €3,525m in 9M 2014. Net impairment losses on other assets were €60m, compared with €143m in 9M 2014.

Profits/losses on investments held to maturity and on other investments generated profits of €87m, compared with €383m in 9M 2014 (including total capital gains of €279m deriving from Pirelli, SIA and NH Hoteles transactions).

Income before tax from continuing operations amounted to €4,436m, up 52.3% from €2,913m in 9M 2014.

Consolidated net income for the first nine months of the year amounted to €2,726m, compared with €1,203m in 9M 2014, after accounting:

- taxes of €1,518m
- charges (net of tax) for integration and exit incentives of €46m
- charges from purchase cost allocation (net of tax) of €86m
- loss after tax from discontinued operations of €1m
- minority interests of €59m.

Balance sheet as at 30 September 2015

As regards the consolidated balance sheet figures, as at 30 September 2015 **loans to customers** amounted to €345bn, up 1.8% from year-end 2014 and up 2.4% from 30 September 2014 (a 1.4 % decrease vs 9M 2014 when taking into account average 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 €34,176m, up 2.6% from €33,316m at year-end 2014. In detail, doubtful loans amounted to €14,484m from €14,218m at year-end 2014, with a doubtful loans to total loans ratio of 4.2% (the same as at year-end 2014) and a cash coverage ratio of 62.8% (the same 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 €18,559m from €17,845m as at year-end 2014. Past due loans decreased to €1,133m from €1,253m at year-end 2014.

Customer financial assets amounted to €837bn (net of duplications between direct deposits and indirect customer deposits), up 1.3% from year-end 2014 and up 0.7% from 30 September 2014. Under customer financial assets, **direct deposits from banking business** amounted to €359bn, down 0.3% from year-end 2014 and down 3.9% from 30 September 2014; **direct deposits from insurance business and technical reserves** amounted to €127bn, up 7.1% from year-end 2014 and up 14.7% from 30 September 2014. Indirect customer deposits amounted to €477bn, up 2.5% from year-end 2014 and up 4.3% from 30 September 2014. **Assets under management** reached €321bn, up 6.6% from year-end 2014 and up 10.5% from 30 September 2014. As for bancassurance, in the first nine months of 2015, the new business for life policies amounted to €19.3bn (0.3% higher than in 9M 2014). Assets under administration and in custody amounted to €156bn, down 5% from year-end 2014 and down 6.5% from 30 September 2014.

Capital ratios as at 30 September 2015 - calculated by applying the transitional arrangements for 2015 and net of €1.5bn dividends accrued for the first nine months of the year - were as follows:

- Common Equity ratio⁽⁹⁾ at 13.4% (13.6% at year-end 2014),
- Tier 1 ratio⁽⁹⁾ at 14.3% (14.2% at year-end 2014),
- total capital ratio⁽⁹⁾ at 17.3% (17.2% at year-end 2014).

The estimated pro-forma common equity ratio for the Group on a **fully loaded basis** was 13.4% (13.3% as at year-end 2014). It was calculated by applying the fully loaded parameters to the financial statements as at 30 September 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 announced distribution of reserves 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).

* * *

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
 - available unencumbered liquid assets of €77bn at the end of September 2015, including eligible assets with Central Banks received as collateral and excluding eligible assets currently used as collateral
 - liquid assets of €116bn at the end of September 2015, made up of available unencumbered liquid assets - excluding eligible assets received as collateral - and eligible assets currently used as collateral
 - the Group's refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment, that amounted, on average, to €27.6bn in the third quarter of 2015 (€23bn, on average, in Q2 2015, €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
 - stable and well-diversified sources of funding, with 73% of direct deposits from the banking business (including securities issued) generated from retail operations

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

- medium/long-term funding of approximately €16bn raised to date, of which €5bn retail
- medium/long-term wholesale issues including benchmark issues of €4.25bn Eurobonds, €1bn covered bonds and US\$1bn Additional Tier 1 issue (more than 80% were placed with foreign investors)
- **low leverage** with
 - leverage ratio (as at 30 September 2015, 6.9% under the transitional definition and 6.5% under the fully phased-in definition) 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 September 2015, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,593 branches - of which 4,290 were in Italy and 1,303 were abroad - with 91,403 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 third quarter of 2015, the Banca dei Territori division recorded:

- operating income of €2,217m, -5.5% versus €2,347m in Q2 2015;
- operating costs of €1,201m, -0.8% versus €1,210m in Q2 2015;
- operating margin of €1,016m, -10.6% versus €1,137m in Q2 2015;
- a cost/income ratio of 54.2% versus 51.6% in Q2 2015;
- net provisions and adjustments of €516m, versus €534m in Q2 2015;
- income before tax from continuing operations of €500m, -17% versus €602m in Q2 2015;
- net income of €291m, -14% versus €339m in Q2 2015.

In the first nine months of 2015, the Banca dei Territori division recorded:

- operating income of €6,916m, -3.1% versus €7,140m in 9M 2014, contributing approximately 51% of the consolidated operating income (56% in 9M 2014);
- operating costs of €3,634m, -1.4% versus €3,686m in 9M 2014;
- operating margin of €3,282m, -5% versus €3,454m in 9M 2014;
- a cost/income ratio of 52.5% versus 51.6% in 9M 2014;
- net provisions and adjustments of €1,564m, versus €2,035m in 9M 2014;
- income before tax from continuing operations of €1,718m, +21.1% versus €1,419m in 9M 2014;
- net income of €989m, +20.9% versus €818m in 9M 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 (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 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
- 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 third quarter of 2015, the Corporate and Investment Banking division recorded:

- operating income of €579m, -31.2% versus €842m in Q2 2015;
- operating costs of €224m, -0.3% versus €225m in Q2 2015;
- operating margin of €355m, -42.5% versus €618m in Q2 2015;
- a cost/income ratio of 38.7% versus 26.7% in Q2 2015;
- net provisions and adjustments of €62m, versus €89m in Q2 2015;
- income before tax from continuing operations of €293m, -44.6% versus €529m in Q2 2015;
- net income of €215m, -42.5% versus €373m in Q2 2015.

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

- operating income of €2,363m, -0.2% versus €2,368m in 9M 2014, contributing approximately 17% of the consolidated operating income (19% in 9M 2014);
- operating costs of €672m, +9.4% versus €614m in 9M 2014;
- operating margin of €1,691m, -3.6% versus €1,754m in 9M 2014;
- a cost/income ratio of 28.4% versus 25.9% in 9M 2014;
- net provisions and adjustments of €192m, versus €373m in 9M 2014;
- no profits/losses on investments held to maturity and on other investments, versus profits of €4m in 9M 2014;
- income before tax from continuing operations of €1,499m, +8.2% versus €1,385m in 9M 2014;
- net income of €1,041m, +10.9% versus €939m in 9M 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 third quarter of 2015, the International Subsidiary Banks division recorded:

- operating income of €538m, -1.1% versus €543m in Q2 2015;
- operating costs of €255m, -0.9% versus €258m in Q2 2015;
- operating margin of €282m, -1.3% versus €286m in Q2 2015;
- a cost/income ratio of 47.5% versus 47.4% in Q2 2015;
- net provisions and adjustments of €236m (including charges of €172m due to the conversion of Swiss-franc loans of Privredna Banka Zagreb into euros), versus €80m in Q2 2015;
- no profits/losses on investments held to maturity and on other investments, versus profits of €1m in Q2 2015;
- income before tax from continuing operations of €46m, versus €207m in Q2 2015;
- net income of €27m, versus €155m in Q2 2015.

In the first nine months of 2015, the International Subsidiary Banks division recorded:

- operating income of €1,585m, +4.1% versus €1,522m in 9M 2014, contributing approximately 12% of the consolidated operating income (12% in 9M 2014);
- operating costs of €766m, +0.5% versus €762m in 9M 2014;
- operating margin of €819m, +7.8% versus €760m in 9M 2014;
- a cost/income ratio of 48.3% versus 50.1% in 9M 2014;
- net provisions and adjustments of €401m (including charges of €172m due to the conversion of Swiss-franc loans of Privredna Banka Zagreb into euros), versus €272m in 9M 2014 (including charges of €65m due to CIB Bank's customer reimbursement);
- profits on investments held to maturity and on other investments of €1m, in line with 9M 2014;
- income before tax from continuing operations of €419m, -14.3% versus €489m in 9M 2014;
- net income of €303m, -18.1% versus €370m in 9M 2014.

(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 third quarter of 2015, the Private Banking division recorded:

- operating income of €397m, -13.7% versus €460m in Q2 2015;
- operating costs of €127m, -4.8% versus €133m in Q2 2015;
- operating margin of €270m, -17.3% versus €327m in Q2 2015;
- a cost/income ratio of 31.9% versus 28.9% in Q2 2015;
- net provisions and adjustments of €10m, versus net release of €2m in Q2 2015;
- income before tax from continuing operations of €260m, -21% versus €329m in Q2 2015;
- net income of €156m, -19.4% versus €193m in Q2 2015.

In the first nine months of 2015, the Private Banking division recorded:

- operating income of €1,284m, +20.5% versus €1,066m in 9M 2014, contributing approximately 9% of the consolidated operating income (8% in 9M 2014);
- operating costs of €387m, +1.8% versus €380m in 9M 2014;
- operating margin of €897m, +30.8% versus €686m in 9M 2014;
- a cost/income ratio of 30.1% versus 35.6% in 9M 2014;
- net provisions and adjustments of €23m, versus €55m in 9M 2014;
- income before tax from continuing operations of €874m, +38.5% versus €631m in 9M 2014;
- net income of €527m, +41.3% versus €373m in 9M 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 third quarter of 2015, the Asset Management division recorded:

- operating income of €181m, -13.8% versus €211m in Q2 2015;
- operating costs of €33m, -5.2% versus €35m in Q2 2015;
- operating margin of €148m, -15.6% versus €176m in Q2 2015;
- a cost/income ratio of 18.3% versus 16.6% in Q2 2015;
- no provisions and adjustments versus net provisions and adjustments of €1m in Q2 2015;
- income before tax from continuing operations of €149m, -14.7% versus €174m in Q2 2015;
- net income of €114m, -11% versus €128m in Q2 2015.

In the first nine months of 2015, the Asset Management division recorded:

- operating income of €552m, +49.6% versus €369m in 9M 2014, contributing approximately 4% of the consolidated operating income (3% in 9M 2014);
- operating costs of €100m, +8.7% versus €92m in 9M 2014;
- operating margin of €452m, +63.2% versus €277m in 9M 2014;
- a cost/income ratio of 18.1% versus 24.9% in 9M 2014;
- net provisions and adjustments of €1m, versus net release of €2m in 9M 2014;
- income before tax from continuing operations of €451m, +61.6% versus €279m in 9M 2014;
- net income of €337m, +90.4% versus €177m in 9M 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 third quarter of 2015, the Insurance division recorded:

- operating income of €281m, -7.9% versus €306m in Q2 2015;
- operating costs of €39m, +3% versus €38m in Q2 2015;
- operating margin of €243m, -9.4% versus €268m in Q2 2015;
- a cost/income ratio of 13.7% versus 12.3% in Q2 2015;
- net provisions and adjustments of €13m, versus €1m in Q2 2015;
- income before tax from continuing operations of €230m, -14% versus €267m in Q2 2015;
- net income of €151m, -20.1% versus €189m in Q2 2015.

In the first nine months of 2015, the Insurance division recorded:

- operating income of €931m, +24.3% versus €749m in 9M 2014, contributing approximately 7% of the consolidated operating income (6% in 9M 2014);
- operating costs of €111m, +2.8% versus €108m in 9M 2014;
- operating margin of €820m, +27.9% versus €641m in 9M 2014;
- a cost/income ratio of 11.9% versus 14.4% in 9M 2014;
- net provisions and adjustments of €13m, versus no provisions and adjustments in 9M 2014;
- income before tax from continuing operations of €807m, +25.9% versus €641m in 9M 2014;
- net income of €544m, +26.5% versus €430m in 9M 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.

* * *

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. Furthermore, following the consolidation of Risanamento, the income statement figures for the first and the second quarter of 2015 and the four quarters of 2014 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 and the four quarters of 2014.

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.

* * *

In order to present more complete information on the results generated in the first nine months of 2015, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the interim statement approved by the Management Board are attached. Please note that the auditing firm is completing the limited auditor review of the consolidated financial statements for the sole purpose of calculating the Common Equity Tier 1.

* * *

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

	30.09.2015	30.09.2014	(millions of euro)	
			Changes amount	%
Net interest income	5,859	6,302	-443	-7.0
Profits (losses) on investments carried at equity	95	23	72	
Net fee and commission income	5,578	4,952	626	12.6
Profits (Losses) on trading	977	660	317	48.0
Income from insurance business	866	746	120	16.1
Other operating income (expenses)	227	12	215	
Operating income	13,602	12,695	907	7.1
Personnel expenses	-3,830	-3,759	71	1.9
Other administrative expenses	-1,963	-1,984	-21	-1.1
Adjustments to property, equipment and intangible assets	-533	-503	30	6.0
Operating costs	-6,326	-6,246	80	1.3
Operating margin	7,276	6,449	827	12.8
Net provisions for risks and charges	-484	-251	233	92.8
Net adjustments to loans	-2,383	-3,525	-1,142	-32.4
Net impairment losses on other assets	-60	-143	-83	-58.0
Profits (Losses) on investments held to maturity and on other investments	87	383	-296	-77.3
Income (Loss) before tax from continuing operations	4,436	2,913	1,523	52.3
Taxes on income from continuing operations	-1,518	-1,592	-74	-4.6
Charges (net of tax) for integration and exit incentives	-46	-29	17	58.6
Effect of purchase price allocation (net of tax)	-86	-148	-62	-41.9
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Income (Loss) after tax from discontinued operations	-1	280	-281	
Minority interests	-59	-221	-162	-73.3
Net income (loss)	2,726	1,203	1,523	
Basic EPS - euro	0.16	0.07		
Diluted EPS - euro	0.16	0.07		

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			Fourth quarter	2014		
	Third quarter	Second quarter	First quarter		Third quarter	Second quarter	First quarter
Net interest income	1,912	1,976	1,971	2,056	2,107	2,100	2,095
Profits (losses) on investments carried at equity	41	15	39	12	6	-19	36
Net fee and commission income	1,786	1,979	1,813	1,813	1,647	1,725	1,580
Profits (Losses) on trading	1	380	596	76	135	381	144
Income from insurance business	241	282	343	186	240	251	255
Other operating income (expenses)	216	12	-1	-10	25	-9	-4
Operating income	4,197	4,644	4,761	4,133	4,160	4,429	4,106
Personnel expenses	-1,257	-1,271	-1,302	-1,359	-1,257	-1,222	-1,280
Other administrative expenses	-643	-679	-641	-810	-653	-673	-658
Adjustments to property, equipment and intangible assets	-180	-178	-175	-191	-171	-166	-166
Operating costs	-2,080	-2,128	-2,118	-2,360	-2,081	-2,061	-2,104
Operating margin	2,117	2,516	2,643	1,773	2,079	2,368	2,002
Net provisions for risks and charges	-224	-134	-126	-291	-14	-182	-55
Net adjustments to loans	-769	-847	-767	-1,043	-1,257	-1,186	-1,082
Net impairment losses on other assets	-20	-31	-9	-94	-64	-67	-12
Profits (Losses) on investments held to maturity and on other investments	21	38	28	5	73	235	75
Income (Loss) before tax from continuing operations	1,125	1,542	1,769	350	817	1,168	928
Taxes on income from continuing operations	-354	-516	-648	-183	-324	-904	-364
Charges (net of tax) for integration and exit incentives	-15	-25	-6	-74	-9	-13	-7
Effect of purchase price allocation (net of tax)	-27	-33	-26	-45	-49	-53	-46
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-
Income (Loss) after tax from discontinued operations	-	-1	-	-4	45	238	-3
Minority interests	-7	-27	-25	4	3	-219	-5
Net income (loss)	722	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

Assets	30.09.2015	31.12.2014	(millions of euro)	
			Changes amount	%
Financial assets held for trading	52,391	53,741	-1,350	-2.5
of which: Insurance Companies	775	785	-10	-1.3
Financial assets designated at fair value through profit and loss	49,998	43,863	6,135	14.0
of which: Insurance Companies	48,877	42,657	6,220	14.6
Financial assets available for sale	133,363	124,176	9,187	7.4
of which: Insurance Companies	72,548	71,604	944	1.3
Investments held to maturity	1,379	1,471	-92	-6.3
Due from banks	33,994	31,611	2,383	7.5
Loans to customers	345,140	339,002	6,138	1.8
Investments in associates and companies subject to joint control	1,792	1,810	-18	-1.0
Property, equipment and intangible assets	12,135	12,399	-264	-2.1
Tax assets	14,815	14,504	311	2.1
Non-current assets held for sale and discontinued operations	27	29	-2	-6.9
Other assets	23,201	24,737	-1,536	-6.2
Total Assets	668,235	647,343	20,892	3.2
Liabilities and Shareholders' Equity	30.09.2015	31.12.2014	Changes amount	%
Due to banks	64,118	51,959	12,159	23.4
Due to customers and securities issued	352,962	354,685	-1,723	-0.5
of which: Insurance Companies	1,460	1,289	171	13.3
Financial liabilities held for trading	44,189	46,381	-2,192	-4.7
of which: Insurance Companies	169	333	-164	-49.2
Financial liabilities designated at fair value through profit and loss	43,657	37,622	6,035	16.0
of which: Insurance Companies	43,657	37,622	6,035	16.0
Tax liabilities	3,394	2,471	923	37.4
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-
Other liabilities	25,043	23,928	1,115	4.7
Technical reserves	81,965	79,701	2,264	2.8
Allowances for specific purpose	4,701	5,364	-663	-12.4
Share capital	8,730	8,725	5	0.1
Reserves	36,435	36,329	106	0.3
Valuation reserves	-1,183	-1,622	-439	-27.1
Equity instruments	875	-	875	-
Minority interests	623	549	74	13.5
Net income (loss)	2,726	1,251	1,475	
Total Liabilities and Shareholders' Equity	668,235	647,343	20,892	3.2

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		
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	52,391	51,996	62,257	53,741	55,430	52,056	52,337
of which: Insurance Companies	775	754	823	785	745	763	834
Financial assets designated at fair value through profit and loss	49,998	49,407	48,620	43,863	40,197	38,459	36,665
of which: Insurance Companies	48,877	48,203	47,361	42,657	39,024	37,303	35,539
Financial assets available for sale	133,363	135,438	138,079	124,176	115,430	118,369	113,429
of which: Insurance Companies	72,548	71,463	74,813	71,604	63,628	61,395	57,098
Investments held to maturity	1,379	1,426	1,470	1,471	1,465	1,455	1,526
Due from banks	33,994	31,147	34,942	31,611	29,726	31,226	28,079
Loans to customers	345,140	344,199	346,029	339,002	337,201	332,146	338,944
Investments in associates and companies subject to joint control	1,792	1,756	1,943	1,810	2,027	2,032	1,951
Property, equipment and intangible assets	12,135	12,210	12,282	12,399	12,377	12,471	12,577
Tax assets	14,815	14,952	14,380	14,504	15,181	15,033	15,011
Non-current assets held for sale and discontinued operations	27	27	29	29	28	170	929
Other assets	23,201	25,841	23,275	24,737	25,604	25,989	25,224
Total Assets	668,235	668,399	683,306	647,343	634,666	629,406	626,672
Liabilities and Shareholders' Equity	2015				2014		
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	64,118	62,493	58,312	51,959	34,990	35,102	42,210
Due to customers and securities issued	352,962	358,854	364,283	354,685	367,297	370,362	367,380
of which: Insurance Companies	1,460	1,319	1,303	1,289	544	568	569
Financial liabilities held for trading	44,189	43,221	54,398	46,381	44,582	41,191	41,494
of which: Insurance Companies	169	138	234	333	416	411	369
Financial liabilities designated at fair value through profit and loss	43,657	43,451	42,088	37,622	35,461	33,441	31,433
of which: Insurance Companies	43,657	43,451	42,088	37,622	35,453	33,433	31,424
Tax liabilities	3,394	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	25,043	26,842	25,907	23,928	24,260	26,065	23,466
Technical reserves	81,965	79,645	82,925	79,701	74,759	70,694	67,210
Allowances for specific purpose	4,701	4,591	5,280	5,364	4,769	4,786	4,453
Share capital	8,730	8,725	8,725	8,725	8,554	8,549	8,549
Reserves	36,435	36,415	37,545	36,329	36,166	36,230	36,778
Valuation reserves	-1,183	-1,449	-1,147	-1,622	-1,308	-1,241	-1,076
Equity instruments	875	-	-	-	-	-	-
Minority interests	623	634	555	549	696	716	596
Net income (loss)	2,726	2,004	1,064	1,251	1,203	720	503
Total Liabilities and Shareholders' Equity	668,235	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	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Operating income	6,916	7,140	2,363	2,368	1,585	1,522	1,284	1,066	552	369	931	749
Operating costs	-3,634	-3,686	-672	-614	-766	-762	-387	-380	-100	-92	-111	-108
Operating margin	3,282	3,454	1,691	1,754	819	760	897	686	452	277	820	641
Net income (loss)	989	818	1,041	939	303	370	527	373	337	177	544	430

Balance sheet (millions of euro)	Banca dei Territori		Corporate and Investment Banking		International Subsidiary Banks		Private Banking		Asset management		Insurance	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Loans to customers	184,533	183,696	84,803	82,385	25,508	24,974	8,438	7,614	223	473	28	13
Direct deposits from banking business	156,166	162,409	106,250	97,709	31,622	30,998	20,591	17,959	8	9	172	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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