

# Basel 3 Pillar 3

Disclosure as at 30 September 2015





*This is an English translation of the Italian language original "Terzo pilastro di Basilea 3 – Informativa al pubblico al 30 settembre 2015" that has been prepared solely for the convenience of the reader. The Italian language original "Terzo pilastro di Basilea 3 – Informativa al pubblico al 30 settembre 2015" was approved by the Management Board of Intesa Sanpaolo on 3 November 2015 and is available on [group.intesasanpaolo.com](http://group.intesasanpaolo.com)*

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## Basel 3 Pillar 3 Disclosures as at 30 September 2015

**Intesa Sanpaolo S.p.A.**

Registered office: Piazza San Carlo, 156 10121 Torino Secondary registered office: Via Monte di Pietà, 8 20121 Milano Share capital 8,729,881,454.84 Euro. Registration number on the Torino Company Register and Fiscal Code 00799960158 VAT number 10810700152 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, included in the National Register of Banks No. 5361 and Parent Company of "Intesa Sanpaolo", included in the National Register of Banking Groups.



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# Introduction

## Notes to the Basel 3 Pillar 3 disclosure

With effect from 1 January 2014, the reforms of the accord by the Basel Committee ("Basel 3") were implemented in the EU legal framework. Their aim is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, improve risk management and governance, and strengthen banks' transparency and disclosures. In doing so, the Committee maintained the approach founded on three Pillars, which was at the basis of the previous capital accord, known as "Basel 2", supplementing and strengthening it to increase the quantity and quality of intermediaries' available capital as well as introducing counter-cyclical regulatory instruments, provisions on liquidity risk management and financial leverage containment.

In particular, Pillar 3 – which concerns public disclosure obligations on capital adequacy, risk exposure and the general characteristics of related management and control systems, with the aim of better regulating the market – was also reviewed. Amongst other things, the amendments were designed to introduce greater transparency requirements, more information on the composition of regulatory capital and the methods used by banks to calculate capital ratios.

That said, the content of "Basel 3" was incorporated into two EU legislative acts:

- Regulation (EU) No. 575/2013 of 26 June 2013 (CRR), which governs the prudential supervision requirements of Pillar 1 and public disclosure requirements (Pillar 3);
- Directive 2013/36/EU of 26 June 2013 (CRD IV), which, among other things, deals with the access to the activity of credit institutions, freedom of establishment, freedom to provide services, supervisory review process, and additional equity reserves.

EU legislation is complemented by the provisions issued by the Bank of Italy, in particular with Circular no. 285 of 17 December 2013, which contains the prudential supervision regulations applicable to Italian banks and banking groups, reviewed and updated to adjust the internal regulations to the new elements of the international regulatory framework, with special reference to the new regulatory and institutional structure of banking supervision of the European Union and taking into account the needs detected while supervising banks and other intermediaries.

In accordance with the abovementioned provisions, this document has been drawn up on a consolidated basis with reference to a "prudential" scope of consolidation, essentially corresponding to the definition of Banking Group for Regulatory purposes (integrated by the proportional consolidation of the jointly controlled entities).

The prudential scope of consolidation does not differ significantly from that used as at 31 December 2014. There have been no significant changes to the scope of application of internal models for calculating capital requirements compared to the situation as at 31 December 2014.

Under the terms of art. 433 of the CRR, banks publish the disclosures envisaged in European regulations at least once a year, at the same time as the financial statements. They are also required to assess the need to publish some or all these disclosures more frequently, based on the significant characteristics of current activities. In particular, entities must assess whether there is a need to publish disclosures more frequently in relation to "Own Funds" (art. 437), "Capital Requirements" (art. 438), and disclosures regarding risk exposure or other aspects subject to rapid change. In accordance with Article 16 of Regulation (EU) No. 1093/2010, the EBA (European Banking Authority) then issued guidance concerning the need to publish public disclosures more frequently (Guidelines on materiality, proprietary and confidentiality and on disclosure frequency).

Given the above regulatory provisions, when issuing its interim reports for March and September, Intesa Sanpaolo publishes summary disclosures on its "Own Funds", "Capital Requirements" and "Leverage"

(the latter from 2015 as specifically provided for by applicable regulations), included in the half-yearly report with additional information on the use of internal models for credit, market and operational risks. Details on own funds and capital ratios are also published in the Interim Statement as at 30 September 2015. Said document also provides an update on Group liquidity risk.

Given the public importance of this disclosure, the "Basel 3 Pillar 3 disclosure" is signed by the Manager responsible for preparing the Company's financial reports and is subject to the checks and controls established in the Group's "Guidelines for administrative and financial governance", which set out the rules for the application of art. 154 bis of the Consolidated Law on Finance in the Intesa Sanpaolo Group. In particular, the internal control system for accounting and financial information is designed to ensure the ongoing verification of the adequacy and effective implementation of the administrative and accounting procedures at Group level.

All the amounts reported in this disclosure, unless otherwise specified, are stated in millions of euro. Since public disclosure regulations for "Leverage" entered into force on 1 January 2015, the comparative figures as at 31 December 2014 have not been provided for this area.

The Intesa Sanpaolo Group publishes this disclosure (Basel 3 Pillar 3) and subsequent updates on its website, [www.group.intesasanpaolo.com](http://www.group.intesasanpaolo.com).

## Own funds and capital ratios as at 30 September 2015

(millions of euro)

Own funds and capital ratios	30.09.2015	31.12.2014
<b>Own funds</b>		
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	37,848	36,547
Additional Tier 1 capital (AT1) net of regulatory adjustments	2,321	1,700
<b>TIER 1 CAPITAL</b>	<b>40,169</b>	<b>38,247</b>
Tier 2 capital net of regulatory adjustments	8,581	8,043
<b>TOTAL OWN FUNDS</b>	<b>48,750</b>	<b>46,290</b>
<b>Risk-weighted assets</b>		
Credit and counterparty risks	245,456	231,394
Market and settlement risk	14,919	16,476
Operational risks	20,376	21,157
Other specific risks <sup>(a)</sup>	1,017	763
<b>RISK-WEIGHTED ASSETS</b>	<b>281,768</b>	<b>269,790</b>
<b>% Capital ratios</b>		
Common Equity Tier 1 capital ratio	13.4%	13.5%
Tier 1 capital ratio	14.3%	14.2%
Total capital ratio	17.3%	17.2%

<sup>(a)</sup> The caption includes all other elements not contemplated in the foregoing captions that are considered when calculating total capital requirements.

Own funds, risk weighted assets and the capital ratios as at 30 September 2015 were calculated according to the harmonised rules and regulations for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in (EU) Regulation 575/2013 (CRR) of 26 June 2013, which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws, and on the basis of Bank of Italy Circulars.

Regulatory provisions governing own funds envisage the gradual introduction of the new regulatory framework, through a transitional period generally lasting until 2017, during which several elements that will be eligible for full inclusion in or deduction from Common Equity when the framework is fully effective, will only have a partial percentage effect on Common Equity Tier 1 capital. Generally, the residual percentage, after the applicable portion, is included in/deducted from Additional Tier 1 capital (AT1) or Tier 2 capital (T2), or is considered among risk-weighted assets.

Specific transitional provisions have also been established for subordinated instruments that do not meet the requirements envisaged in the new regulatory provisions, aimed at the gradual exclusion of instruments no longer regarded as eligible from Own Funds (over a period of eight years).

Accordingly, the prudential ratios as at 30 September 2015 take account of the adjustments envisaged by the transitional provisions for 2015.

As at 30 September 2015, total Own Funds came to 48,750 million euro, against risk-weighted assets of 281,768 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk. The increase in RWA related to credit risk compared to 31 December 2014 may be attributed, in part, to the impact of the European Commission Decision, which, when published in the specific list, specified the nations for which a regime equivalent to the one prevailing in the European Union for the weighting of exposure to central banks and government bodies is applicable as of 1 January 2015, thereby eliminating the possibility to apply the previously preferential weighting indistinctly for each foreign nation.

With regard to Additional Tier 1 (AT1), it should also be recalled that last September Intesa Sanpaolo issued an Additional Tier 1 capital instrument in the amount of 1 billion dollars. The Additional Tier 1 instrument presents characteristics in line with CRD IV, is perpetual and may be redeemed in advance by the issuer ten years from the issue date and on each coupon payment date thereafter. The coupon, payable semi-annually in arrears on 17 March and 17 September of each year, is equal to 7.7% per annum. If the early redemption option is not exercised on 17 September 2025, a new fixed-rate coupon will be determined for the following five years (until the next recalculation date). As envisaged in the regulations applicable to Additional Tier 1, coupon payment is discretionary and subject to certain limitations.

The total capital ratio stood at 17.3%, while the ratio of the Group's tier 1 capital to its total risk-weighted assets (tier 1 ratio) was 14.3%. The ratio of Common Equity Tier 1 capital (CET1) to risk-weighted assets (the Common Equity ratio) was 13.4%.

It should be noted that Common Equity Tier 1 capital takes account of net income for the period ended 30 September 2015, in that the regulatory requirements for its inclusion have been met (pursuant to article 26(2) of the CRR), and thus also of the related pro-rata dividend, calculated as three-fourths of the dividend that the 2014-2017 Business Plan envisages to be distributed in 2016 (totalling 2 billion euro).

Finally, on the basis of Article 467 (2) of the CRR, adopted by the Bank of Italy in Circular 285, the Intesa Sanpaolo Group has opted to exclude unrealised gains or losses on exposures to central administrations classified among financial assets available for sale (AFS) from its Own Funds. The effect on Common Equity Tier 1 capital as at 30 September 2015 was 3 basis points positive.

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# Own funds

## Qualitative and quantitative disclosure

The harmonised rules for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in (EU) Regulation no. 575/2013 (CRR) of 26 June 2013, which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) into European Union laws, became applicable from 1 January 2014.

These regulatory provisions were adopted in Italy through the following circulars:

- Bank of Italy Circular 285: Supervisory regulations for banks;
- Bank of Italy Circular 286: Instructions for preparing prudential reports for banks and Italian investment companies;
- Bank of Italy Circular no. 154: Credit and financial institutions supervisory reports: Preparation and transmission.

The new regulatory framework requires that Own Funds (or regulatory capital) are made up of the following tiers of capital:

- Tier 1 capital, in turn composed of:
  - o Common Equity Tier 1 Capital (CET1)
  - o Additional Tier 1 Capital (AT1)
- Tier 2 Capital (T2)

Tier 1's predominant element is Common Equity, mainly composed of equity instruments (e.g. ordinary shares net of treasury shares), share premium reserves, profit reserves, valuation reserves, eligible minority interests, plus deducted elements.

In order to be eligible for Common Equity, the equity instruments issued must guarantee absorption of losses on going concern, by satisfying the following characteristics:

- maximum level of subordination;
- option for suspending the payment of dividends/coupons at the full discretion of the issuer and in a non-cumulative manner;
- unredeemability;
- absence of redemption incentives.

At present, with reference to the Intesa Sanpaolo Group, no equity instrument other than ordinary shares and relevant reserves is eligible for inclusion in Common Equity.

A number of prudential filters are also envisaged with effects on Common Equity:

- filter on profits associated with future margins deriving from securitisations;
- filter on cash flow hedge (CFH) reserves;
- filter on profits or losses on liabilities designated at fair value (derivatives or otherwise) associated with changes in own credit rating;
- adjustments to fair value assets associated with the "prudent valuation".

The regulations also envisage a series of elements to be deducted from Common Equity Tier 1:

- goodwill, intangible assets and residual intangible assets;
- deferred tax assets (DTA) associated with future income not deriving from temporary differences (e.g. DTA on losses carried forward);
- expected losses exceeding total adjustments (the shortfall reserve) for positions weighted according to IRB approaches;
- net assets deriving from defined benefit plans;
- exposures for which it is decided to opt for deduction rather than a 1.250% weighting among RWA;
- minor investments in CET1 instruments issued by companies operating in the financial sector (less the amount exceeding the deductible envisaged in the regulations);
- deferred tax assets (DTA) that depend upon future income and which derive from temporary differences (less the amount exceeding the deductible envisaged in the regulations);

- significant investments in CET1 instruments issued by companies operating in the financial sector (less the amount exceeding the deductible envisaged in the regulations).

In general, the Additional Tier 1 Capital (AT1) category includes equity instruments other than ordinary shares (which are eligible for Common Equity) and which meet the regulatory requirements for inclusion in that level of own funds (e.g. savings shares).

Tier 2 capital is mainly composed of eligible subordinated liabilities and any excess of adjustments over and above expected losses (the excess reserve) for positions weighted according to IRB approaches.

As previously specified, the new regulatory framework will be introduced gradually over a transitional period, generally until 2017, during which several elements that, when the framework is in full effect, will be eligible for full inclusion in or deduction from common equity, will only have a partial percent effect on Common Equity Tier 1 capital. Generally, the residual percentage, after the applicable portion, is included in/deducted from Additional Tier 1 capital (AT1) or Tier 2 capital (T2), or is considered among risk-weighted assets.

Specific transitional provisions have also been established for subordinated instruments that do not meet the requirements envisaged in the new regulatory provisions, aimed at the gradual exclusion of instruments no longer regarded as eligible from Own Funds (over a period of eight years, starting in 2014).

### Own funds structure

The structure of the Intesa Sanpaolo Group's Own Funds as at 30 September 2015 is summarised in the table below.

	(millions of euro)	
	30.09.2015	31.12.2014
<b>A. Common Equity Tier 1 (CET1) before the application of prudential filters</b>	<b>44,799</b>	<b>43,067</b>
of which CET1 instruments subject to transitional adjustments	-	-
<b>B. CET1 prudential filters (+ / -)</b>	<b>-869</b>	<b>-465</b>
<b>C. CET1 before items to be deducted and effects of transitional period (A +/- B)</b>	<b>43,930</b>	<b>42,602</b>
<b>D. Items to be deducted from CET 1</b>	<b>-7,576</b>	<b>-7,842</b>
<b>E. Transitional period - Impact on CET1 (+/-), including minority interests subject to transitional adjustments</b>	<b>1,494</b>	<b>1,787</b>
<b>F. Total Common Equity Tier 1 (CET1) (C-D +/-E)</b>	<b>37,848</b>	<b>36,547</b>
<b>G. Additional Tier 1 (AT1) before items to be deducted and effects of transitional period</b>	<b>2,813</b>	<b>2,131</b>
of which AT1 instruments subject to transitional adjustments	1,435	1,640
<b>H. Items to be deducted from AT1</b>	<b>-</b>	<b>-</b>
<b>I. Transitional period - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 pursuant to transitional adjustments</b>	<b>-492</b>	<b>-431</b>
<b>L. Total Additional Tier 1 (AT1) (G - H +/- I)</b>	<b>2,321</b>	<b>1,700</b>
<b>M. Tier 2 ( T2) before items to be deducted and effects of transitional period</b>	<b>8,993</b>	<b>8,354</b>
of which T2 instruments subject to transitional adjustments	1,008	1,464
<b>N. Items to be deducted from T2</b>	<b>-153</b>	<b>-178</b>
<b>O. Transitional period - Impact on T2 (+ / -), including instruments issued by subsidiaries and included in T2 pursuant to transitional adjustments</b>	<b>-259</b>	<b>-133</b>
<b>P. Total Tier 2 (T2) (M - N +/- O)</b>	<b>8,581</b>	<b>8,043</b>
<b>Q. Total own funds (F + L + P)</b>	<b>48,750</b>	<b>46,290</b>

The tables below provide a detailed summary of the various capital levels before regulatory adjustments and transitional regime adjustments, together with the reconciliation between Common Equity Tier 1 and Shareholders' equity. With regard to transitional regime adjustments, note that for the eligibility of:

- grandfathered instruments;
- minority interests;
- unrealised profits or losses on instruments designated at fair value;
- negative amounts resulting from the calculation of expected losses (shortfall reserve);
- IAS 19 filter on valuation reserves for actuarial gains or losses on defined benefit plans;
- other minor captions

the regulations envisage specific treatment allowing gradual entry into force of the rules, to be applied during the transitional period. In this respect, they state specific percentages for deductions and eligibility for Common Equity.

### Reconciliation of Shareholders' equity and Common Equity Tier 1 capital

	(millions of euro)	
	30.09.2015	31.12.2014
Group Shareholders' equity	47,583	44,683
Minority interests	623	549
<b>Shareholders' equity as per the Balance Sheet</b>	<b>48,206</b>	<b>45,232</b>
Presumed pro-rata dividend for Intesa Sanpaolo shareholders per the Business Plan	-1,500	-
<b>Shareholders' equity following presumed distribution to shareholders</b>	<b>46,706</b>	<b>45,232</b>
<b>Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period</b>		
- Capital of savings shares eligible for inclusion in AT1	-485	-485
- Other equity instruments eligible for inclusion in AT1	-884	-
- Minority interests eligible for inclusion in AT1	-9	-6
- Minority interests eligible for inclusion in T2	-6	-5
- Ineligible minority interests on full phase-in	-573	-492
- Ineligible net income for the period	-	-1,251
- Treasury shares included under regulatory adjustments	53	63
- Other ineligible components on full phase-in	-3	11
<b>Common Equity Tier 1 capital (CET1) before regulatory adjustments</b>	<b>44,802</b>	<b>43,056</b>
<b>Regulatory adjustments (including transitional adjustments)</b>	<b>-6,951</b>	<b>-6,520</b>
<b>Common Equity Tier 1 capital (CET1) net of regulatory adjustments</b>	<b>37,848</b>	<b>36,547</b>

<sup>(a)</sup> Net income for 2014 and the related dividend have not been included in Common equity tier 1 capital, as the conditions envisaged in Art. 26, paragraph 2 of Regulation (EU) No 575 of 26 June 2013 (CRR) have not been met for their inclusion.

Further details are provided below on the composition of each capital level making up Own Funds.

## Common Equity Tier 1 Capital (CET1)

	(millions of euro)	
	30.09.2015	31.12.2014
<b>Common Equity Tier 1 capital (CET1)</b>		
Share capital - ordinary shares	8,245	8,240
Share premium reserve	27,349	27,349
Reserves <sup>(a)</sup>	9,129	9,054
Accumulated other comprehensive income	-1,183	-1,622
Net income (loss) for the period <sup>(b)</sup>	2,726	1,251
Net income (loss) for the period not eligible <sup>(b)</sup>	-	-1,251
Presumed pro-rata dividend to Intesa Sanpaolo shareholders in accordance with the Business Plan <sup>(c)</sup>	-1,502	-
Minority interests	35	46
<b>Common Equity Tier 1 capital (CET1) before regulatory adjustments</b>	<b>44,799</b>	<b>43,067</b>
<b>Common Equity Tier 1 capital (CET1): Regulatory adjustments</b>		
Treasury shares	-53	-63
Goodwill	-4,251	-4,237
Other intangible assets	-2,714	-2,861
Deferred tax assets that rely on future profitability and do not arise from temporary differences	-226	-273
Negative amounts resulting from the calculation of expected losses (shortfall reserve)	-23	-112
Defined benefit pension funds assets	-	-
Prudential filters	-	-
- of which Cash Flow Hedge Reserve	1,195	1,362
- of which Gains or Losses due to changes in own credit risk (DVA)	74	-39
- of which Prudent valuation adjustments	-147	-169
- of which Other prudential filters	-	-
CET1 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically, which exceed the threshold of 10% of Common Equity	-	-
Deductions with 10% threshold <sup>(d)</sup>	-1,991	-1,619
- of which Deferred tax assets (DTA) that rely on future profitability and arise from temporary differences	-	-
- of which CET1 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-1,991	-1,619
Deductions with threshold of 15% <sup>(e)</sup>	-	-
Positive or negative elements - other	-309	-296
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>-8,445</b>	<b>-8,307</b>
<b>Total adjustments in the transitional period (CET1)</b>	<b>1,494</b>	<b>1,787</b>
<b>Common Equity Tier 1 (CET1) - Total</b>	<b>37,848</b>	<b>36,547</b>

<sup>(a)</sup> Amount included in CET1.

<sup>(b)</sup> In the calculation of Common Equity Tier 1, contrary to 2014, interim profit as at 30 September 2015 was taken into account, as the eligibility conditions envisaged by art. 26, paragraph 2 of (EU) Regulation 575 of 26 June 2013 (CRR) (audit by independent auditors and authorisation from the supervisory authority) were satisfied.

<sup>(c)</sup> Part of the dividend that it is estimated may be distributed drawing on the 2015 net income, per the Business Plan, and part of the return on the AT1 instruments issued on 17 September 2015 (2 million euro).

<sup>(d)</sup> For details of the calculation of the deduction thresholds, refer to the specific table.

<sup>(e)</sup> The deductions shown refer only to DTA and Significant investments for which 10% was not deducted.

<sup>(f)</sup> The threshold refers to the percentage indicated by the regulations for the transitional period. In 2018 this threshold will be increased to 17.65%.

As already mentioned in the introduction to this disclosure, Common Equity Tier 1 capital takes account of net income for the period ended 30 September 2015, as the regulatory requirements for its inclusion have been met (pursuant to article 26(2) of the CRR), and thus also of the related pro-rata dividend, calculated as three-fourths of the dividend that the 2014-2017 Business Plan envisages to be distributed in 2016 (totalling 2 billion euro).

The “Negative elements – other” mainly include the sterilisation in common equity of deferred tax assets (DTA) associated with tax realignment of a single item of goodwill. Exclusion is gradual. The amount of the filter as at 30 September 2015 is 177 million euro and, based on the Supervisory Provisions, includes three years and the amount attributable to the period. The remaining amounts will gradually be eliminated from the calculation of own funds by 31 December 2016.



## Additional Tier 1 Capital (AT1)

	(millions of euro)	
	30.09.2015	31.12.2014
Additional Tier 1 capital (AT1)		
Saving shares	485	485
Other AT1 instruments	884	-
Minority interests	9	6
<b>Additional Tier 1 capital (AT1) before regulatory adjustments</b>	<b>1,378</b>	<b>491</b>
Additional Tier 1 capital (AT1): Regulatory adjustments		
AT1 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically	-	-
AT1 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-	-
Positive or negative items - other	-	-
<b>Total regulatory adjustments to Additional Tier 1 (AT1)</b>	<b>-</b>	<b>-</b>
<b>Total adjustments in the transitional period, including minority interests (AT1)</b>	<b>-492</b>	<b>-431</b>
<b>AT1 instruments eligible for grandfathering</b>	<b>1,435</b>	<b>1,640</b>
<b>Additional Tier 1 (AT1) - Total</b>	<b>2,321</b>	<b>1,700</b>

The details of instruments making up Additional Tier 1 are provided in the following table. On this subject, it should be noted that:

- on 11 September 2015 Intesa Sanpaolo launched a U.S.\$1 billion Additional Tier 1 issue targeted at the US and Canadian markets. The Additional Tier 1, issued under the U.S.\$ Medium Term Notes Programme of Intesa Sanpaolo, has characteristics in line with CRD IV regulation, is perpetual (with a maturity date tied to the duration of Intesa Sanpaolo, as set in its articles of association) and can be early redeemed by the issuer after 10 years from the issue date and on every interest payment date thereafter. The coupon, payable semi-annually in arrears on 17 March and 17 September of each year from and including 17 March 2016, is equal to 7.7% per annum. If the early redemption option is not exercised on 17 September 2025, a new fixed-rate coupon will be determined for the following five years (until the next reset date). As envisaged in the regulations applicable to Additional Tier 1, coupon payment is discretionary and subject to certain limitations. The re-offer price was set at 100%. Considering its re-offer price, the yield is 7.70% per annum, equal to the yield of the 10-year U.S. Treasury Bill plus 547.4 basis points per annum.

The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments have been reported in Attachment 1 to the Basel 3 Pillar 3 - Disclosure as at 31 December 2014. Attachment 1 as at 30 September 2015 reports only the details of the new instruments issued during the period.

## Additional Tier 1 Capital (AT1) equity instruments as at 30 September 2015

Issuer	Interest rate	S t e p - u p	Issue date	Expiry date	Early redemption as of	C u r r e n c y	Subject to grandfathering	Original amount in currency	Contribution to regulatory capital (millions of euro)
Intesa Sanpaolo	8.375% fixed rate up to 14/10/2019; thereafter 3-month Euribor + 687 b.p./year	YES	14-Oct-2009	perpetual	14-Oct-2019	Eur	YES	1,500,000,000	519
Intesa Sanpaolo	up to 20/6/2018 (excluded): 8.047%; thereafter 3-month Euribor + 4.10%	YES	20-Jun-2008	perpetual	20-Jun-2018	Eur	YES	1,250,000,000	406
Intesa Sanpaolo	9.5% fixed rate	NO	01-Oct-2010	perpetual	01-Jun-2016	Eur	YES	1,000,000,000	335
Intesa Sanpaolo	8.698% up to 24/9/2018 (excluded); thereafter 3-month Euribor + 5.05%	YES	24-Sep-2008	perpetual	24-Sep-2018	Eur	YES	250,000,000	175
<b>Total Additional Tier 1 instruments subject to transitional provisions</b>									<b>1,435</b>
Intesa Sanpaolo	7.70% fixed rate (up to the first call date)	NO	19-Sep-2015	perpetual	17-Sep-2025	Usd	NO	1,000,000,000	884
<b>Total Additional Tier 1 instruments not subject to transitional provisions</b>									<b>884</b>
<b>Total Additional Tier 1 equity instruments</b>									<b>2,319</b>

## Tier 2 Capital (T2)

	(millions of euro)	
	30.09.2015	31.12.2014
Tier 2 Capital (T2)		
T2 Instruments	7,854	6,885
Minority interests	6	5
Excess of provisions over expected losses eligible (excess reserve)	125	-
<b>Tier 2 capital before regulatory adjustments</b>	<b>7,985</b>	<b>6,890</b>
Tier 2 Capital (T2): Regulatory adjustments		
T2 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically	-	-
T2 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-153	-178
Positive or negative items - other	-	-
<b>Total regulatory adjustments to Tier 2 (T2)</b>	<b>-153</b>	<b>-178</b>
<b>Total adjustments in the transitional period, including minority interests (T2)</b>	<b>-259</b>	<b>-133</b>
<b>T2 instruments eligible for grandfathering</b>	<b>1,008</b>	<b>1,464</b>
<b>Tier 2 Capital (T2) - Total</b>	<b>8,581</b>	<b>8,043</b>

The details of instruments making up Tier 2, including those eligible for grandfathering, are provided in the following table.

## Tier 2 (T2) capital instruments as at 30 September 2015

Issuer	Interest rate	S t e p - u p	Issue date	Expiry date	Early redemption as of	C u r r e n c y	Subject to grandfathering	Original amount in currency	Contribution to regulatory capital (millions of euro)
Intesa Sanpaolo (*)	8.375% fixed rate up to 14/10/2019; then 3-month Euribor + 687 bps/year	YES	14-Oct-2009	perpetual	14-Oct-2019	Eur	YES	1,500,000,000	223
Intesa Sanpaolo (*)	up to 20/6/2018 (excluded): 8.047% p.a.; subsequently: 3-month Euribor + 4.10 p.a.	YES	20-Jun-2008	perpetual	20-Jun-2018	Eur	YES	1,250,000,000	173
Intesa Sanpaolo (*)	9.5% fixed rate	NO	01-Oct-2010	perpetual	01-Jun-2016	Eur	YES	1,000,000,000	138
Intesa Sanpaolo	interest paid quarterly according to the formula (3-month Euribor + 1.6%)/4	NO	30-Sep-2010	30-Sep-2017	NO	Eur	NO	805,400,000	129
Intesa Sanpaolo	interest paid quarterly according to the formula (3-month Euribor + 1.60%)/4	NO	10-Nov-2010	10-Nov-2017	NO	Eur	NO	479,050,000	122
Intesa Sanpaolo	interest paid quarterly according to the formula (3-month Euribor + 2%)/4	NO	31-Mar-2011	31-Mar-2018	NO	Eur	NO	373,400,000	112
Intesa Sanpaolo (*)	up to 24/9/2018 (excluded): 8.698% p.a.; subsequently: 3-month Euribor + 5.05 p.a.	YES	24-Sep-2008	perpetual	24-Sep-2018	Eur	YES	250,000,000	75
Intesa Sanpaolo	up to 18/3/2019 (excluded): 5.625% p.a.; subsequently: 3-month Sterling LIBOR + 1.125 p.a.	YES	18-Mar-2004	18-Mar-2024	18-Mar-2019	Gbp	YES	165,000,000	16
Intesa Sanpaolo	interest paid quarterly according to the formula (3-month Euribor + 4%)/4	NO	24-Feb-2009	24-Feb-2016	NO	Eur	NO	635,350,000	10
Intesa Sanpaolo	6.25% fixed rate	NO	12-Nov-2008	12-Nov-2015	NO	Eur	NO	544,546,000	3
Intesa Sanpaolo	5.87% fixed rate	NO	26-Nov-2008	26-Nov-2015	NO	Eur	NO	415,156,000	3
Intesa Sanpaolo	interest paid quarterly according to the formula (3-month Euribor + 4%)/4	NO	12-Mar-2009	12-Mar-2016	NO	Eur	NO	165,050,000	3
Intesa Sanpaolo	6.16% fixed rate	NO	29-Oct-2008	29-Oct-2015	NO	Eur	NO	382,401,000	1
<b>Total Tier 2 instruments subject to transitional provisions</b>									<b>1,008</b>
Intesa Sanpaolo	5.017% fixed rate	NO	26-Jun-2014	26-Jun-2024	NO	Usd	NO	2,000,000,000	1,785
Intesa Sanpaolo	6.663% fixed rate	NO	13-Sep-2013	13-Sep-2023	NO	Eur	NO	1,445,656,000	1,409
Intesa Sanpaolo	3.928% fixed rate	NO	15-Sep-2014	15-Sep-2026	NO	Eur	NO	1,000,000,000	916
Intesa Sanpaolo	5.15% fixed rate	NO	16-Jul-2010	16-Jul-2020	NO	Eur	NO	1,250,000,000	883
Intesa Sanpaolo	5% fixed rate	NO	23-Sep-2009	23-Sep-2019	NO	Eur	NO	1,500,000,000	834
Intesa Sanpaolo	3-moths Euribor + 237 p.b./4	NO	30-Jun-2015	30-Jun-2022	NO	Eur	NO	781,962,000	745
Intesa Sanpaolo	2,855% fixed rate	NO	23-Apr-2015	23-Apr-2025	NO	Eur	NO	500,000,000	500
Intesa Sanpaolo	6.625% fixed rate	NO	08-May-2008	08-May-2018	NO	Eur	NO	1,250,000,000	436
Intesa Sanpaolo	5.75% fixed rate; from 28/05/2013 3-month Euribor + 1.98%	YES	28-May-2008	28-May-2018	NO	Eur	NO	1,000,000,000	133
Intesa Sanpaolo	up to 20/2/2013 (excluded): 3-month Euribor + 0.25% p.a.; subsequently: 3-month Euribor + 0.85% p.a.	YES	20-Feb-2006	20-Feb-2018	NO	Eur	NO	750,000,000	71
Intesa Sanpaolo	6.16 % fixed rate	NO	27-Jun-2008	27-Jun-2018	NO	Eur	NO	120,000,000	66
Intesa Sanpaolo	up to 26/6/2013 (excluded): 4.375% p.a.; subsequently: 3-month Euribor + 1.00% p.a.	YES	26-Jun-2006	26-Jun-2018	NO	Eur	NO	500,000,000	60
Intesa Sanpaolo	3-month Euribor + 0.85%	NO	17-Jul-2007	17-Jul-2017	NO	Eur	NO	30,000,000	11
Intesa Sanpaolo	6.375% fixed rate; from 12/11/2012 3-month Sterling LIBOR	YES	12-Oct-2007	12-Nov-2017	NO	Gbp	NO	250,000,000	2
Intesa Sanpaolo	3,00% fixed rate	NO	30-Jul-2010	30-Oct-2015	NO	Eur	NO	20,000,000	1
Intesa Sanpaolo	3,20% fixed rate	NO	25-Sep-2009	25-Sep-2016	NO	Eur	NO	5,000,000	1
Intesa Sanpaolo	3,50% fixed rate	NO	11-Aug-2009	11-Aug-2016	NO	Eur	NO	5,000,000	1
<b>Total Tier 2 instruments not subject to transitional provisions</b>									<b>7,854</b>
<b>Total Tier 2 instruments</b>									<b>8,862</b>

(\*) Instrument subject to grandfathering in the Additional Tier 1 capital, capped portion pursuant to art. 486 of EU Regulation 575/2013 (CRR).

## Deduction thresholds for DTAs and investments in companies operating in the financial sector

	(millions of euro)	
	30.09.2015	31.12.2014
A. Threshold of 10% for CET1 instruments of financial sector entities where the institution does not have a significant investment	3,835	3,638
B. Threshold of 10% for CET1 instruments of financial sector entities where the institution has a significant investment and for DTA that rely on future profitability and arise from temporary differences	3,835	3,638
C. Threshold of 15% for significant investments and DTA not deducted in the threshold described under point B <sup>(*)</sup>	5,753	5,457

(\*) The threshold refers to the percentage indicated by the regulations for the transitional period. In 2018 this threshold will be increased to 17.65%.

The regulations envisage that for certain regulatory adjustments, such as those for DTAs based on future income and deriving from temporary differences, and for significant and minor investments in CET1 instruments issued by companies in the financial sector, certain thresholds or “deductibles” are specified, calculated on Common Equity estimated using different approaches.

For minor investments in CET1 instruments issued by companies in the financial sector the deduction of amounts exceeding 10% of CET1 prior to deductions deriving from exceeding the thresholds is envisaged. For significant investments in CET1 instruments and DTAs, however, an initial threshold on deductions is envisaged, still calculated as 10% of CET1 prior to deductions deriving from exceeding the thresholds, adjusted to take into account any excess over the threshold described in the previous point. A further threshold is indicated, calculated on 15% of Common Equity adjusted for the above 10% threshold, to be applied in aggregate on amounts not deducted using the first threshold.

All amounts not deducted are weighted among risk-weighted assets in accordance with the percentages envisaged in the regulations for individual cases.

As mentioned previously, these deductions are introduced gradually through the application of specific transitional rules. In addition to applying deductions with an increasing impact, these rules also envisage different treatment, compared to that applied when fully operative, for amounts not deducted.

### Transitional period adjustments as at 30 September 2015

Greater details are provided below on the impact of the transitional regime on the different levels of capital for the period under review.

	Adjustments to CET1			(millions of euro)	
	Amounts eligible /deductible on full phase-in	Adjustments to CET1	Net effect on CET1 at the date	Adjustments to AT1	Adjustments to T2
<b>Instruments eligible for grandfathering</b>	-	-	-	1,435	1,008
<b>Minority interests</b>	35	112	147	-	-
<b>Other adjustments in the transitional period</b>	692	-381	311	-	-
- of which Unrealised gains on assets measured at fair value	692	-381	311	-	-
- of which Unrealised losses on assets measured at fair value	-	-	-	-	-
<b>Regulatory adjustments</b>	-2,633	1,763	-870	-492	-492
- of which Deferred tax assets that rely on future profitability and do not arise from temporary differences	-226	136	-90	-	-
- of which Negative amounts resulting from the calculation of expected losses (shortfall reserve)	-23	14	-9	-7	-7
- of which IAS 19 Reserves	-393	269	-124	-	-
- of which CET1 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically	-	-	-	-	-
- of which Deferred tax assets (DTA) that rely on future profitability and arise from temporary differences	-	-	-	-	-
- of which CET1 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-1,991	1,344	-647	-485	-485
<b>Other filters and adjustments</b>	-	-	-	-	233
<b>Total adjustments in the transitional period and instruments eligible for grandfathering</b>	n.s.	1,494	n.s.	943	749

# Capital requirements

## Qualitative and quantitative disclosure

According to the regulations for the prudential supervision of banks (Bank of Italy Circular 285 of 17 December 2013 and subsequent amendments), which adopt the provisions on capital measurement and capital ratios (Basel 3), the Banking Group's capital must normally amount to at least 10.5% of total risk-weighted assets (total capital ratio) arising from the risks typically associated with banking and financial activity (credit, counterparty, market, and operational risk), weighted according to the regulatory segmentation of borrowers and considering credit risk mitigation techniques and the decrease in operational risk following insurance coverage.

With respect to credit risks, the Group received authorisation to use internal ratings-based approaches effective from the report as at 31 December 2008 on the Corporate portfolio for a scope extending to the Parent Company, network banks in the Banca dei Territori Division and the main Italian product companies. Progressively, the scope of application has been gradually extended to include the SME Retail and Retail Mortgage portfolios, as well as other Italian and international Group companies, as shown in the following table.

Company <sup>(*)</sup>	Corporate FIRB	Corporate AIRB LGD	SME Retail IRB LGD	Mortgage IRB LGD
Intesa Sanpaolo				
Banco di Napoli				
Cassa di Risparmio del Veneto				
Cassa di Risparmio in Bologna				
Cassa di Risparmio del Friuli Venezia Giulia				
Cassa dei Risparmi di Forlì e della Romagna				
Banca dell'Adriatico				
Mediocredito Italiano				n.a.
Gruppo Cassa di Risparmio di Firenze	Dec - 2009	Dec - 2010	Dec - 2012	Jun - 2010
Cassa di Risparmio dell'Umbria	n.a.	Dec - 2010	Dec - 2012	Dec - 2011
Cassa di Risparmio della Provincia di Viterbo	n.a.	Dec - 2010	Dec - 2012	Dec - 2011
Cassa di Risparmio di Rieti	n.a.	Dec - 2010	Dec - 2012	Dec - 2011
Banca Prossima	n.a.	Dec - 2013	Dec - 2013	n.a.
Banca IMI	n.a.	Jun - 2012	n.a.	n.a.
Intesa Sanpaolo Bank Ireland	Mar - 2010	Dec - 2011	n.a.	n.a.
Vseobecna Uverova Banka	Dec - 2010	Jun - 2014	Jun - 2014	Jun - 2012

<sup>(\*)</sup> Changes compared to the situation as at 30 June 2015 include the mergers by incorporation of Banca di Trento e Bolzano and Banca Monte Parma into the Parent Company Intesa Sanpaolo S.p.A..

Dedicated rating approaches have been developed for the Banks and Public Entities Portfolio according to the type of counterparty to be assessed. This was the subject of a pre-validation inspection by the Supervisory Authority conducted in December 2013, followed by an additional validation visit in March 2015. In the same month an AIRB authorisation request was presented to the Supervisory Authority for this portfolio.

The Group is also proceeding with development of the IRB systems for the other segments and the extension of the scope of companies for their application in accordance with a plan presented to the Supervisory Authority.

Furthermore, banks must also comply with capital requirements on market risks calculated on the whole trading portfolio separately for the various types of risk: position risk on debt securities and equities, and concentration risk. Moreover, with reference to the entire financial statements, foreign exchange risk, settlement risk and position risk on commodities must be calculated. The use of internal models to calculate the capital requirement for market risks is permitted; in particular, Intesa Sanpaolo and Banca

IMI apply the internal model to calculate general position risk and specific risk for equities and debt securities. Banca IMI's internal model also includes the position risk on quotas of UCIs (for the Constant Proportion Portfolio Insurance - CPPI component). The scope of validated risks has subsequently been extended to position risk on dividend derivatives and position risk on commodities for Banca IMI, which is the only legal entity in the Group authorised to hold open positions in commodities. In addition, Banca IMI and Intesa Sanpaolo have been using Stressed VaR to calculate the requirement for market risks, since December 2011. Lastly, as from June 2014, capital requirements for the Parent Company's Hedge Fund portfolios are reported according to the internal model. Standardised approaches are used for the other types of risk.

Counterparty risk is calculated independently of the portfolio of allocation. Effective the report as at 31 March 2014, the Parent Company Intesa Sanpaolo and Banca IMI have received authorisation from the Bank of Italy to use the internal counterparty risk model for regulatory purposes. From that reporting date, therefore, the two banks use the internal model to calculate the EAD component of the requirement with respect to default risk and to calculate the new CVA Capital Charge. The advanced measurement approach for counterparty risk is in the development phase for the banks of the Banca dei Territori Division and for Securities Financing Transactions (SFTs), with the aim of launching the validation process for regulatory purposes in 2015.

With regard to Operational Risk, the Group obtained authorisation to use the Advanced Measurement Approaches (AMA – internal model) to determine the associated capital requirement for regulatory purposes, with effect from the report as at 31 December 2009; the scope of application of the advanced approaches is being progressively expanded in accordance with the roll out plan presented to the Management and to the Supervisory Authorities.

As already illustrated in the Section on "Own Funds", the total regulatory capital is made up of the algebraic sum of the elements specified below:

- Tier 1 capital (capable of absorbing losses under going concern conditions). This capital is divided into Common Equity Tier 1 and Additional Tier 1;
- Tier 2 capital (capable of absorbing losses in the event of a crisis).

The elements indicated above are subject to the following limits:

- Common Equity Tier 1 must at all times be equal to at least 4.5% of risk-weighted assets;
- Tier 1 must at all times be equal to at least 6% of risk-weighted assets;
- Own Funds (i.e. the total regulatory capital), equal to Tier 1 plus Tier 2 capital, must at all times be equal to at least 8.0% of risk-weighted assets.

Furthermore, in addition to top-quality capital necessary to satisfy Own Funds requirements, banks are expected to maintain a capital retention reserve amounting to 2.5% of the bank's total risk exposure. The minimum capital requirements requested from 1 January 2014 equal to 7% of the Common Equity Tier 1, including the abovementioned capital retention reserve equal to 2.5%, 8.5% of Tier 1 and 10.5% of Total Capital Ratio.

The Common Equity Tier 1 ratio requirements set by the ECB as part of the Comprehensive Assessment was 8%.

Finally, on 25 February 2015 Intesa Sanpaolo was notified of the ECB's final decision regarding specific capital requirements at the consolidated level. Those requirements are as follows:

- a Common Equity Tier 1 ratio of 9%;
- a Total Capital Ratio of 11.5%.

The adequacy of the internal control system for risks is also illustrated in the annual Internal Capital Adequacy Assessment Process Report, based on the extensive use of internal approaches for the measurement of risks and for the calculation of internal capital and total capital available. The document was approved and presented to the Bank of Italy in April 2015.

## Capital requirements and capital ratios of the Intesa Sanpaolo Group

(millions of euro)

	30.09.2015			31.12.2014		
	Unweighted amounts	Weighted amounts	Requirements	Unweighted amounts	Weighted amounts	Requirements
<b>A. CAPITAL REQUIREMENTS</b>						
<b>A.1 Credit and counterparty risks</b>	<b>544,766</b>	<b>243,961</b>	<b>19,517</b>	<b>521,077</b>	<b>229,873</b>	<b>18,389</b>
1. Standardised approach	251,114	117,312	9,385	227,775	103,830	8,306
2. Internal models (IRB)	2,621	5,801	464	2,342	4,903	392
3. Internal models - Advanced approach and retail exposures	285,586	116,764	9,341	286,470	116,701	9,336
4. Securitisations - banking book	5,445	4,084	327	4,490	4,439	355
<b>A.2 Credit risk adjustment</b>		<b>1,495</b>	<b>120</b>		<b>1,521</b>	<b>122</b>
<b>A.3 Settlement risk</b>		<b>1</b>	<b>-</b>		<b>1</b>	<b>-</b>
<b>A.4 Market risk</b>		<b>14,918</b>	<b>1,193</b>		<b>16,475</b>	<b>1,318</b>
1. Standardised approach		3,190	255		4,168	333
2. Internal models		11,728	938		12,307	985
<b>A.5 Concentration risk</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>A.6 Operational risk</b>		<b>20,376</b>	<b>1,630</b>		<b>21,157</b>	<b>1,693</b>
1. Basic indicator approach		661	53		660	53
2. Standardised approach		3,116	249		3,181	255
3. Advanced measurement approach		16,599	1,328		17,316	1,385
<b>A.7 Other capital requirements</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>A.8 Other calculation elements<sup>(a)</sup></b>		<b>1,017</b>	<b>81</b>		<b>763</b>	<b>61</b>
<b>A.9 Total capital requirements</b>		<b>281,768</b>	<b>22,541</b>		<b>269,790</b>	<b>21,583</b>
<b>B. CAPITAL RATIOS (%)</b>						
<b>B.1 Common Equity Tier 1 ratio</b>			<b>13.4%</b>			<b>13.5%</b>
<b>B.2 Tier 1 ratio</b>			<b>14.3%</b>			<b>14.2%</b>
<b>B.3 Total capital ratio</b>			<b>17.3%</b>			<b>17.2%</b>

<sup>(a)</sup> This caption includes all the other requirements that enter into the calculation of total capital requirements, not considered in previous captions.

In the case of the standardised approach, “unweighted amounts” correspond – in accordance with regulatory provisions – to the exposure value, which takes into account prudential filters, risk mitigation techniques and credit conversion factors. In the case of the internal rating based approach, “unweighted amounts” correspond to “exposure at default” (EAD). For guarantees given and commitments to disburse funds, credit conversion factors are included when determining EAD.

The tables below provide details of the Group’s different capital requirements as at 30 September 2015, with a comparison to the same figures as at 31 December 2014. There have been no significant changes to the scope of application of internal models for calculating capital requirements compared to the situation as at 31 December 2014.

### Capital requirement for Credit and Counterparty Risk

The following table breaks capital requirements down between credit risk and counterparty risk.

(millions of euro)

	Capital requirement	
	30.09.2015	31.12.2014
Credit risk	18,831	17,778
Counterparty risk	686	611
<b>Total capital requirement for credit and counterparty risk</b>	<b>19,517</b>	<b>18,389</b>

Counterparty risk is calculated on both the trading book and the banking book. The relative requirements are presented, for each regulatory portfolio, in the following tables.

## Capital requirement for Credit and Counterparty Risk (Standardised Approach)

(millions of euro)

Regulatory portfolio	Capital requirement	
	30.09.2015	31.12.2014
Exposures to or secured by central governments and central banks	1,327	991
Exposures to or secured by regional governments or local authorities	229	238
Exposures to or secured by public sector organisations	372	330
Exposures to or secured by multilateral development banks	-	-
Exposures to or secured by international organisations	-	-
Exposures to or secured by supervised institutions	1,229	1,074
Exposures to or secured by corporates	2,258	1,904
Retail exposures	1,787	1,534
Exposures secured by real estate property	142	156
Default exposures	389	405
High-risk exposures	20	60
Exposures in the form of covered bonds	4	14
Short-term exposures to corporates or to supervised institutions	-	-
Exposures to UCIs	181	138
Equity exposures	995	988
Other exposures	452	474
<b>Total capital requirement for credit and counterparty risk (Standardised Approach)</b>	<b>9,385</b>	<b>8,306</b>

## Capital requirement for Credit and Counterparty Risk (IRB Approaches)

(millions of euro)

Regulatory portfolio	Capital requirement	
	30.09.2015	31.12.2014
<b>A. Exposures to or secured by corporates (FIRB &amp; AIRB Approach)</b>	<b>8,363</b>	<b>8,282</b>
A.1) Specialised lending	931	885
A.2) Specialised lending - slotting criteria	79	80
A.3) SMEs	2,367	2,517
A.4) Other corporates	4,986	4,800
<b>B. Retail exposures (IRB Approach)</b>	<b>1,044</b>	<b>1,111</b>
B.1) Exposures secured by property: SMEs	70	75
B.2) Exposures secured by property: natural persons	750	794
B.3) Other retail exposures: SMEs	224	242
<b>C. Equity exposures</b>	<b>398</b>	<b>335</b>
C.1) Equity exposures (Simple risk weight approach)	275	209
- Private equity exposures in sufficiently diversified portfolios	4	7
- Exchange-traded equity exposures	37	46
- Other equity exposures	234	156
C.2) Equity exposures (PD/LGD approach)	-	-
C.3) Equity exposures (Exposures subject to fixed weighting factors)	123	126
<b>Total capital requirement for credit and counterparty risk (IRB Approach)</b>	<b>9,805</b>	<b>9,728</b>



## Details of the capital requirement for Credit and Counterparty risk (IRB Approaches) - Specialised lending - slotting criteria

(millions of euro)

Regulatory portfolio	Capital requirement	
	30.09.2015	31.12.2014
<b>A. Specialised lending - slotting criteria</b>	<b>79</b>	<b>80</b>
A.1) Category 1 - 50% - 70% greater than or equal to 2.5 years	7	6
A.2) Category 2 - 70% less than 2.5 years - 90%	20	23
A.3) Category 3 - 115%	32	37
A.4) Category 4 - 250%	20	14
A.5) Category 5 - 0%	-	-
<b>Total capital requirement for credit and counterparty risk (IRB Approach) - slotting criteria</b>	<b>79</b>	<b>80</b>

## Capital requirement for Credit and Counterparty Risk on securitisations – banking book

(millions of euro)

	Capital requirement	
	30.09.2015	31.12.2014
Securitisations - Standardised Approach	207	215
Securitisations - IRB (Rating Based Approach - Supervisory formula approach)	120	140
<b>Total capital requirement for credit and counterparty risk on securitisations</b>	<b>327</b>	<b>355</b>

## Capital requirement for Market Risk

(millions of euro)

	Capital requirement	
	30.09.2015	31.12.2014
<b>Assets included in the regulatory trading book</b>	<b>1,101</b>	<b>1,196</b>
Position risk <sup>(a)</sup>	1,101	1,196
<b>Other assets</b>	<b>92</b>	<b>122</b>
Foreign exchange risk	68	91
Commodity risk	24	31
<b>Total capital requirement for market risk</b>	<b>1,193</b>	<b>1,318</b>

(a) The caption includes capital requirements for exposures to securitisations for 93 million euro.

## Capital requirement for Operational Risk

(millions of euro)

	Capital requirement	
	30.09.2015	31.12.2014
Basic indicator approach	53	53
Standardised approach	249	255
Advanced measurement approach	1,328	1,385
<b>Total capital requirement for operational risk</b>	<b>1,630</b>	<b>1,693</b>

As already noted, almost all the Group companies used the Advanced Measurement Approach (AMA) and – to a lesser extent – the Standardised Approach to determine capital requirements for operational risk. A small remaining number of companies use the Basic Indicator Approach (BIA). For the AMA Approach the requirement is recalculated on a half yearly basis, whereas for the Standardised and the BIA Approaches the requirement is normally only calculated annually, unless one or more Group companies change approach during the year, by migrating towards more evolved models. Compared to December 2014 the decrease in the requirement for the AMA Approach is due to the periodic update of external events data base and to insurance coverage "eligible" for regulatory purposes.



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# Leverage Ratio

## Qualitative and quantitative disclosure

Under the Basel 3 prudential regulations, the Leverage ratio entered definitively into effect on 1 January 2015. The Leverage ratio measures the degree to which Tier 1 capital covers the Banking Group's total exposure. The ratio is calculated by considering assets and off-balance sheet exposures. The objective of the indicator is to contain the degree of indebtedness on banks' accounts by establishing a minimum level of coverage of exposures with equity. The ratio, which is monitored by the authorities, is expressed in percent form and is subject to a regulatory minimum threshold of 3% (the Basel Committee's reference value).

The leverage ratio is calculated quarterly. The indicator is monitored at both the individual and Banking Group level.

The Capital Requirement Regulation (CRR - Regulation 575/2013) grants the Supervisory Authorities of individual countries the right to exercise "national discretion," on the basis of which, inter alia, during the period from 1 January 2015 to 31 December 2017, the Leverage ratio may be calculated at the end of the quarter, instead of using the simple arithmetic mean of monthly leverage ratios over the quarter of reference. Since the Bank of Italy has exercised the above-mentioned national discretion (see Circular 285), the Intesa Sanpaolo Group's Leverage ratio set out below has been calculated in reference to quarter-end data.

In further detail, the Leverage ratio is calculated as the ratio of Tier 1 capital to total exposure. Focusing on the denominator of the ratio, total exposure includes on-balance sheet exposures, net of any components deducted from Tier 1 capital, and off-balance sheet exposures (guarantees and commitments, derivatives, securities financing transactions and transactions with long-term settlement).

During the period from 1 January 2015 to 31 December 2021, the Leverage ratio will be calculated and reported using both of the following elements as capital measures:

- "transitional" Tier 1 capital, i.e. the sum of the entity's Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) capital;
- "full phase-in" Tier 1 capital, i.e. not including the derogations under the transitional provisions and the grandfathering clauses for capital instruments.

The delegated act of the Commission of 10 October 2014 (which became Regulation EU No 61/2015) was published in the Official Journal of the European Union on 17 January 2015. In the delegated act, which amends Regulation 575/2013 (the CRR), the European Commission provides, inter alia, indications aimed at ensuring the consistency of the various interpretations of the methods for calculating the Leverage ratio that make the indicators calculated by the various institutions not comparable with one another. The way in which the denominator of the indicator is determined has been changed, with regard to the determination of the exposure in the form of transactions in securities to be received/delivered (SFTs) and derivatives. The possibility of deducting transactions with a clearing house was introduced, and Member States were allowed to exclude intra-group exposures from calculation of the individual Leverage ratio only.

### Leverage ratio of the Intesa Sanpaolo Group

The following is a summary of the data relating to the calculation of the Intesa Sanpaolo Group's Leverage ratio as at 30 September 2015, in compliance with reporting requirements. The ratio is expressed in percent form and is subject to the regulatory minimum threshold of 3% (the Basel Committee reference value).

#### Leverage ratios

	(millions of euro)
<b>LEVERAGE RATIOS</b>	<b>30.09.2015</b>
Tier 1 capital (TIER 1) - Full phase-in	37,733
Total Exposure - Full phase-in	578,147
<b>LEVERAGE RATIO - FULL PHASE-IN</b>	<b>6.5%</b>
Tier 1 capital (TIER 1) - Transitional	40,169
Total Exposure - Transitional	579,875
<b>LEVERAGE RATIO - TRANSITIONAL</b>	<b>6.9%</b>

The risk of excessive leverage is managed by monitoring the regulatory minimum, in addition to a more conservative internally-set level.

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# Declaration of the Manager responsible for preparing the Company's financial reports

The Manager responsible for preparing the Company's financial reports, Fabrizio Dabbene, declares, pursuant to par. 2 of art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document "Basel 3 - Pillar 3 as at 30 September 2015" corresponds to the corporate records, books and accounts.

November 3, 2015

Fabrizio Dabbene  
Manager responsible for preparing  
the Company's financial reports



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## Attachment 1

Own funds: Terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments issued during the period





1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier	IT0005118838
3	Governing law(s) of the instrument	Italian law
	REGULATORY TREATMENT	
4	Transitional CRR rules	Tier 2
5	Post-transitional CRR rules	Tier 2
6	Eligible at: solo; consolidated; solo & consolidated	Solo & consolidated
7	Instrument type	Debt instrument - Art. 486 CRR
8	Amount recognised in regulatory capital (€/mln)	744
9	Nominal amount of instrument: original amount in currency of issuance (mln)	782
	Nominal amount of instrument: original amount - currency of issuance	Eur
	Nominal amount of instruments: conversion of original amount into euro (€/mln)	782
9a	Issue price	106
9b	Redemption price	100
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	30/06/2015
12	Perpetual or dated	Dated
13	Original maturity date	30/06/2022
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date	N/A
	Contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	3m Euribor + 237 bps
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
	Fully discretionary, partially discretionary or mandatory (in terms of timing) - reasons for discretion	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
	N/A = Not applicable	

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier	XS1222597905
3	Governing law(s) of the instrument	English law, except for subordination provisions
REGULATORY TREATMENT		
4	Transitional CRR rules	Tier 2
5	Post-transitional CRR rules	Tier 2
6	Eligible at: solo; consolidated; solo & consolidated	Solo & consolidated
7	Instrument type	Debt instrument - Art. 486 CRR
8	Amount recognised in regulatory capital (€/mln)	500
9	Nominal amount of instrument: original amount in currency of issuance (mln)	500
	Nominal amount of instrument: original amount - currency of issuance	Eur
	Nominal amount of instruments: conversion of original amount into euro (€/mln)	500
9a	Issue price	100
9b	Redemption price	100
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	23/04/2015
12	Perpetual or dated	Dated
13	Original maturity date	23/04/2025
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date	N/A
	Contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
COUPONS / DIVIDENDS		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	0,02855
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
	Fully discretionary, partially discretionary or mandatory (in terms of timing) - reasons for discretion	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	NO
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation	Senior to Additional Tier 1, Junior to Senior Unsecured
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
	N/A = Not applicable	

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier	
3	Governing law(s) of the instrument	Law of the State of New York, with the exception of aspects pertaining to subordination, which are governed by Italian law.
	REGULATORY TREATMENT	
4	Transitional CRR rules	Additional Tier 1
5	Post-transitional CRR rules	Additional Tier 1
6	Eligible at: solo; consolidated; solo & consolidated	Solo & consolidated
7	Instrument type	Debt security - Art. 52 CRR
8	Amount recognised in regulatory capital (€/mln)	875
9	Nominal amount of instrument: original amount in currency of issuance (mln)	1.000
	Nominal amount of instrument: original amount - currency of issuance	Usd
	Nominal amount of instruments: conversion of original amount into euro (€/mln)	884
9a	Issue price	100
9b	Redemption price	100
10	Accounting classification	Shareholders' equity
11	Original date of issuance	17/09/2015
12	Perpetual or dated	Unredeemable
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date	17/09/2025 (and thereafter at each interest payment date)
	Contingent call dates and redemption amount	Regulatory and Tax Event
16	Subsequent call dates, if applicable	Call exercisable at each interest payment date after 17/09/2025
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	7.70 % (until the first call date)
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
	Fully discretionary, partially discretionary or mandatory (in terms of timing) - reasons for discretion	Fully discretionary. In addition, the payment of interest may be blocked by the regulator at any time.
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Write-down of par value if the CET1 of Intesa Sanpaolo or the Intesa Sanpaolo Group falls below 5.125%.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Temporary
34	If temporary write-down, description of write-up mechanism	If the CET1 of ISP or the Group rises above 5.125%, the issuer may decide to write up par value within the limits of the Maximum Distributable Amount.
35	Position in subordination hierarchy in liquidation	Senior to equity and subordinated to instruments with a lower degree of subordination (i.e. T2).
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
	N/A = Not applicable	
	(*) The eligible amount includes 9 million euro of placement fees deducted from CET 1.	



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