INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: CLARIFICATION OVER THE GROUP PASSING THE EU-WIDE STRESS TEST

Torino, Milano, 23 July 2010 – The Intesa Sanpaolo Group passed the stress test carried out by the CEBS on the 91 major European banking groups. **Under a what-if adverse scenario with an additional sovereign shock, the Group would register a Tier 1 ratio of 8.2% at year-end 2011** compared to the 8.3% ratio of year-end 2009 and the minimum level of 6% required for the purposes of this stress test, **with a buffer of approximately 8.5 billion euro of Tier 1 capital against the threshold of the minimum capital adequacy ratio required for the purposes of this exercise**.

Under a what-if adverse scenario with an additional sovereign shock, the **Core Tier 1 ratio would stand at 7.1% at year-end 2011,** the same level as at year-end 2009.

That result does not imply any implementation of contingency actions on costs (in particular, a level of capital budget investment exceeding 1.5 billion euro is being maintained) **nor does it take into account the expected benefit of more than 150 basis points from possible capital management actions** on non-core assets (e.g. partial or full disposals, partnerships, listings) just reckoning the net benefit of about 40 basis points from the Group's capital management actions and acquisitions either finalised or in their finalisation stage after 31 December 2009.

Furthermore, that result has been achieved in spite of a **write-down of sovereign bonds held for trading based on assumptions** (haircut provided by supervisory authorities) **of losses on securities with a residual life of 5 years**, whereas **the Group's portfolio** of government bonds held for trading **has an average residual life of just around one year, as the annex shows**.

That result stems from the course of action that the Intesa Sanpaolo Group has continued to implement since its foundation aimed at achieving sustainable profitability driven by strategic decisions concerning not only revenues and costs but also liquidity, capital solidity and a low risk profile.

The what-if stress exercise (under the adverse scenario with an additional sovereign shock) showed, in fact, that the Intesa Sanpaolo Group **is able to preserve its sustainable profitability** generating resources of 17.8 billion euro for the 2010-2011 period thus broadly absorbing losses of overall 14.3 billion euro envisaged in the stress test due to loan adjustments, impairment on AFS equity instruments and trading losses.

Self-financing under the stress scenario (adverse scenario with an additional sovereign shock) assumes a **dividend pay-out** of a total amount of approximately 1.3 billion euro for the years 2010 and 2011, consistent with capital ratios exceeding 7% for the Core Tier 1 ratio and 8% for the Tier 1 ratio within a stress scenario. Under the benchmark scenario, which brings the Core Tier 1 ratio to 8.5% and the Tier 1 ratio to 9.8% at year-end 2011, self-financing assumes a dividend pay-out of a total amount of approximately 2 billion euro for the years 2010 and 2011, in line with both the approximately one billion euro pay-out in 2010 for year 2009 and the calculation of capital ratios as at 31 March 2010 which had taken into account the dividend accrued in the first quarter of the year assuming the quarterly quota of the amount paid for year 2009.

Under the what-if stress scenario (adverse scenario with an additional sovereign shock) the Core Tier 1 ratio stands at 7.1% at year-end 2011, the same level as at year-end 2009 as a result of on one hand a net negative impact of about 40 basis points following the what-if stress scenario and on the other of a net positive impact of equal size generated by **the Group's capital management actions and acquisitions either finalised or in their finalisation stage after 31 December 2009** detailed below:

- sale of the securities services business to State Street Corporation, finalised on 22 June 2010 (positive impact of 37 basis points on the Core Tier 1 ratio),
- purchase of 50 branches from Banca Monte dei Paschi di Siena, finalised on 11 June 2010 (negative impact of 9 basis points on the Core Tier 1 ratio),
- sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole group, in the finalisation stage (expected positive impact of about 20 basis points on the Core Tier 1 ratio),
- purchase of 50% of Intesa Vita from the Generali group, in the finalisation stage (expected negative impact of 7 basis points on the Core Tier 1 ratio).

STRESS-TEST RESULTS (ADVERSE SCENARIO WITH AN ADDITIONAL SOVEREIGN SHOCK) FOR THE INTESA SANPAOLO GROUP

31 December 2009	**€bn**	**% RWA**
Core Tier 1 Capital	25.7	7.1
Tier 1 Capital	30.2	8.3
Total Regulatory Capital	42.8	11.8
Risk-Weighted Assets	361.8	
Cumulated impacts from stress test on 2010-2011 P&L	**€bn**	
Total losses envisaged	**14.3**	
Of which: Impairment on the banking book	11.8	
Of which: Net adjustments on loans	*10.7*	
Impairment on AFS equity instruments	*1.1*	
Trading Losses	2.5	
Loss-absorbing resources from recurring operations	**17.8**	
Post-stress results	**€bn**	**% RWA**
Core Tier 1	26.6	7.1
Tier 1 Capital	31.1	8.2
Total Regulatory Capital	40.6	10.8
Risk-Weighted Assets	377.5	

Investor Relations
+39.02.87943180
investor.relations@intesasanpaolo.com

Media Relations
+39.02.87963531
stampa@intesasanpaolo.com

group.intesasanpaolo.com

<u>Intesa Sanpaolo Group's portfolio of government bonds held for trading</u>

Country	2010-2011 cumulated haircut provided by supervisors assuming a residual life of 5 years	Group's gross exposure (euro m)	Actual residual life for the Group (years)
Austria	5.6%	51	6.59
Belgium	6.9%	40	6.22
Bulgaria	11.8%		
Cyprus	6.7%		
Czech Republic	11.4%		
Denmark	5.2%		
Estonia	11.8%		
Finland	6.1%		
France	6.0%	389	2.08
Germany	4.7%	194	3.92
Greece	23.1%	292	2.67
Hungary	11.8%	122	2.45
Iceland	11.8%		
Ireland	12.8%		
Italy	7.4%	22,560	1.09
Latvia	11.8%		
Liechtenstein	11.8%		
Lithuania	11.8%		
Luxembourg	7.6%		
Malta	6.4%		
Netherlands	5.2%		
Norway	5.7%		
Poland	12.3%		
Portugal	14.1%		
Romania	11.8%		
Slovakia	5.0%	82	3.44
Slovenia	4.2%		
Spain	12.0%	10	5.75
Sweden	6.7%		
United Kingdom	10.7%	1,080	0.18