INTESA SANPAOLO

# PRESS RELEASE

## INTESA SANPAOLO: CONSOLIDATED RESULTS AT JUNE 30th 2012

**CAPITAL RATIOS:**

**STRONG CAPITAL BASE, WELL ABOVE REQUIREMENTS:**
**10.7% CORE TIER 1 RATIO; 11.7% TIER 1 RATIO;**
**10.1% PRO-FORMA EBA CAPITAL RATIO**

**OPERATING INCOME:**

**GROWTH (+2.6%) TO €8,944M VS €8,720M IN H1 2011;**
**€4,131M IN Q2, -14.2% VS €4,813M IN Q1**

**OPERATING COSTS:**

**SIGNIFICANT REDUCTION (-1.9%) TO €4,450M VS €4,536M IN H1 2011;**
**€2,243M IN Q2, +1.6% VS €2,207M IN Q1**

**OPERATING MARGIN:**

**SIGNIFICANT GROWTH (+7.4%) TO €4,494M VS €4,184M IN H1 2011;**
**€1,888 IN Q2,-27.6% VS €2,606M IN Q1**

**INCOME BEFORE TAX FROM CONTINUING OPERATIONS:**

**DECLINING, DUE TO PRUDENT PROVISIONING, TO €2,262M**
**VS €2,544M IN H1 2011 (-11.1%);**
**€731M IN Q2, -52.3% VS €1,531M IN Q1**

**NET INCOME:**

**DECREASING (-9.1%) TO €1,274M VS €1,402M IN H1 2011;**
**€470M IN Q2, -41.5% VS €804M IN Q1**

**ADJUSTED NET INCOME [1]:**

**€1,039M VS €1,234M IN H1 2011;**
**€289M IN Q2 VS €750M IN Q1.**

*Torino, Milano, August 3rd 2012* – The Intesa Sanpaolo Management Board in today's meeting approved the consolidated half-year report as at June 30th 2012 [2].

In the first half of 2012, the Group delivered **positive results** in a challenging environment, **prioritising sustainable profitability**:

---

(1) Methodological note on calculation of adjusted net income on page 16.
(2) Methodological note on the scope of consolidation on page 16.

- **very strong and further improving capital base**: **further strengthening of capital ratios** (already well above regulatory requirements) at the end of June 2012, net of the dividends accrued in the semester. The **Core Tier 1 ratio increased to 10.7%** from 10.1% at the end of 2011 and the **pro-forma EBA ratio to 10.1%**(3), compared with the 9.2% ratio as a result of the EBA exercise conducted on the September 2011 figures and the 9% threshold, **top level amongst European peers**;
- **high liquidity and strong funding capability**: **liquid assets of 111 billion euro** and a **broad availability of unencumbered assets eligible with Central Banks, corresponding to liquidity of 50 billion euro**, at the end of June 2012; **already in compliance with the Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements,** well ahead of deadlines (2015 and 2018 respectively); **direct deposits from banking business** up 2.5% from year-end 2011;
- **credit supporting the economy:** growth in loans to small and medium enterprises and mid corporates in Italy (up 0.4 billion euro, up 0.4%, versus the first half of 2011);
- **robust net income**: **1,274 million euro** in the first half of 2012; **adjusted net income equal to 1,039 million euro**;
- **increasing operating income**: up 2.6% versus the first half of 2011 (with net interest income up 3.6%) **to 8.9 billion euro**, **the highest level in the past eight semesters**;
- **further reduction in operating costs**: down 1.9% versus the first half of 2011, following five consecutive years of decrease;
- **high efficiency**, with the **cost/income ratio down to 49.8%, top level amongst European peers**;
- **strong operating margin growth**: up 7.4% versus the first half of 2011, **to 4.5 billion euro, the highest level in the past eight semesters**;
- **rigorous and prudent provisioning policy** in a deteriorating credit environment, with
  - **loan loss provisions** of approximately 2.1 billion euro in the semester, up 37% compared with the first half of 2011, in the presence of a 20% increase in the new doubtful and substandard loan inflow,
  - an **increase in the coverage ratio of non-performing loans to 45.2%** (adjusted as a result of the doubtful loan disposal and the new past due regulatory changes) from 44.6% in the first half of 2011,
  - a **strong reserve built on performing loans**, at 2,647 million euro, equal to a prudent 80 basis-point buffer versus the 70 basis-point buffer for the first half of 2011.

The rigorous and prudent provisioning policy is reflected in the **recovery ratio of doubtful loans**, equal on average to 146% of their net book value over the period 2009 - first half of 2012.

---

(3) Estimated on the basis of the Core Tier 1 ratio as at June 30th 2012 and the impact of sovereign risk valuation at fair value based on volumes and prices as at September 30th 2011, and considering a minimum capital requirement constraint (transitional floor) equal to 80% of the capital requirements calculated on the basis of Basel 1 rules, as per EBA exercise. Assuming a transitional floor at 85%, adopted by the Intesa Sanpaolo Group for the calculation of capital ratios (Core Tier 1, Tier 1 and Total capital), the EBA capital ratio would be at 9.8%.

## The income statement for the second quarter of 2012

The consolidated income statement for Q2 2012 (4) recorded **operating income** of 4,131 million euro, down 14.2% from 4,813 million euro in Q1 2012 and down 8.5% from 4,515 million euro in Q2 2011.

In Q2 2012, **net interest income** - 2,431 million euro - was down 2.8% from 2,501 million euro in Q1 2012 and up 2.7% from 2,368 million euro in Q2 2011.

**Net fee and commission income** amounted to 1,322 million euro, up 0.4% from 1,317 million euro in Q1 2012. In detail, fees and commissions on commercial banking activities were up by 4.2% while those on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) were down by 7.8%. Under the latter, fees and commissions on dealing and placement of securities were down 37.9%, those on portfolio management were down 1.1%, and those on distribution of insurance products were up 11.3%. Net fee and commission income in Q2 2012 was down 6.2% compared with 1,410 million euro in Q2 2011. In detail, fees and commissions on commercial banking activities increased by 0.8%, and those on management, dealing and consultancy activities were down 12.1%. As part of the latter, those on dealing and placement of securities were down 24.3%, those on portfolio management down 10.5%, and those on distribution of insurance products down 3.1%.

---

(4) During the preparation of the interim statement at September 30th 2008, in the wake of the global financial crisis, certain amendments to international accounting standards were introduced and adopted by the European Commission. In short, in accordance with these amendments it is possible to reclassify - in specific circumstances considered to be rare - unquoted financial instruments, or no longer quoted, in an active market and no longer held for trading or available for sale: in particular, out of the category “fair value through profit and loss” into the categories “available-for-sale” or the “held-to-maturity” or “loans and receivables”, and out of the category “available-for-sale” into the category “loans and receivables”. The Group, largely basing on the prices at July 1st 2008, reclassified financial assets held for trading of 2,186 million euro into loans and receivables and 40 million euro into financial assets available for sale. If this reclassification had not been made, the profits/losses on trading for the second quarter of 2012 would have recorded 2 million euro as positive pre-tax impact (with a positive impact of 61 million euro in the first half of 2012, a negative impact of 11 million euro in full-year 2011, a positive impact of 92 million euro in full-year 2010 and 72 million euro in full-year 2009, and a negative impact of 459 million euro in full-year 2008). The Group also reclassified financial assets available for sale of 6,066 million euro into loans and receivables. Without these reclassifications, the shareholders’ equity would have included 2,162 million euro as negative pre-tax direct impact at June 30th 2012 (with a negative impact of 456 million euro in the second quarter of 2012 and a positive impact of 86 million euro in the first half of 2012).

**Profits on trading** were 161 million euro (including a capital gain of 94 million euro on the sale of the stake in London Stock Exchange), compared with 716 million euro in Q1 2012 (which posted a capital gain of 274 million euro on the Tier 1 notes buy back). Profits from customers decreased to 65 million from 113 million euro, profits from capital markets and AFS financial assets amounted to 89 million euro (including the aforementioned 94 million capital gain on disposal), compared with 102 million euro, profits from proprietary trading and treasury activities were 2 million euro from 481 million euro (including the aforementioned 274 million euro capital gain on buy back), while profits from structured credit products declined to 5 million euro from 20 million euro. The 161 million euro profits on trading of Q2 2012 are compared to the 541 million euro profits of Q2 2011 (including capital gains of 272 million euro on the sale of the 4% stake in Prada and 154 million euro on the sale of the remaining 25% stake in Findomestic). Q2 2011 profits posted 79 million euro from customers, 441 million euro from capital markets and AFS financial assets (under which the aforementioned capital gains on disposals were posted), 11 million euro from proprietary trading and treasury activities, and 11 million euro from structured credit products. Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale made in past years, trading profits in Q2 2012 would have recorded a positive pre-tax impact of 2 million euro.

**Income from insurance business** amounted to 195 million euro, compared with 258 million euro in Q1 2012 and 165 million euro in Q2 2011.

**Operating costs** were at 2,243 million euro, up 1.6% from 2,207 million euro in Q1 2012, as a result of a 5.9% increase in administrative expenses, and a reduction in personnel expenses and adjustments by 0.2% and 1.3% respectively. Operating costs for Q2 2012 were down 2.2% from 2,294 million euro in the corresponding quarter of 2011, due to decreases by 1.6% in personnel expenses and 4% in administrative expenses, and a 1.3% increase in adjustments.

As a result, **operating margin** amounted to 1,888 million euro, down 27.6% from 2,606 million euro in Q1 2012, and down 15% from 2,221 million euro in Q2 2011. The cost/income ratio was 54.3% in Q2 2012, compared with 45.9% in Q1 2012 and 50.8% in Q2 2011.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 1,155 million euro, compared with 1,069 million euro in Q1 2012 and 960 million euro in Q2 2011. Net provisions for risks and charges amounted to 34 million euro, compared with 37 million euro in Q1 2012 and 80 million euro in Q2 2011. Net adjustments to loans came to 1,082 million euro, compared with 973 million euro in Q1 2012 and 823 million euro in Q2 2011. Net impairment losses on other assets came to 39 million euro, compared with 59 million euro in Q1 2012 (including a 29 million euro impairment on Greek government bonds), and 57 million euro in Q2 2011 (including a 25 million euro impairment on Greek government bonds).

**Profits/losses on investments held to maturity and on other investments** recorded losses of 2 million euro, compared with losses of 6 million euro in Q1 2012 and profits of 19 million euro in Q2 2011.

**Income/loss before tax from continuing operations** recorded an income of 731 million euro, compared with 1,531 million euro in Q1 2012 (down 52.3%) and 1,280 million euro in Q2 2011 (down 42.9%).

**Consolidated net income** was 470 million euro, compared with 804 million euro in Q1 2012 (down 41.5%), and 741 million euro in Q2 2011 (down 36.6%) - after accounting for:
- taxes of 152 million euro (including a tax benefit of 173 million euro related to the refunding, for the fiscal years 2007-2011, of the deduction of Regional Business Tax - *IRAP*- paid on labour cost from Corporate Income Tax - *IRES* - taxable basis);
- charges (net of tax) for integration and exit incentives of 10 million euro;
- charges from purchase cost allocation (net of tax) of 76 million euro;
- minority interests of 23 million euro.

**Adjusted net income** for Q2 2012 - excluding the main non-recurring items - was 289 million euro, compared with 750 million euro in Q1 2012 and 472 million euro Q2 2011.

## The income statement for the first half of 2012

The consolidated income statement for H1 2012 recorded **operating income** of 8,944 million euro, up 2.6% from 8,720 million euro in H1 2012.

In H1 2012, **net interest income** - 4,932 million euro - was up 3.6% from 4,760 million euro in H1 2011.

**Net fee and commission income** amounted to 2,639 million euro, down 5.9% from 2,805 million euro in H1 2011. In detail, fees and commissions on commercial banking activities increased by 0.7% while those on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) decreased by 10.7%. Under the latter, fees and commissions on distribution of insurance products were down 18.6%, those on portfolio management were down 11.3% and those on dealing and placement of securities were up 2.7%.

**Profits on trading** were 877 million euro (including total capital gains of 368 million euro on the Tier 1 notes buy back and the sale of the London Stock Exchange stake), compared with 821 million euro in H1 2011 (including total capital gains of 426 million euro on the sales of stakes in Prada and Findomestic). As part of this, profits from customers amounted to 179 million euro from 189 million euro, those from capital markets and AFS financial assets declined to 191 million euro from 463 million euro, those from proprietary trading and treasury activities rose to 483 million euro from 132 million euro, while profits from structured credit products declined to 25 million euro from 37 million euro. Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale made in past years, trading profits in H1 2012 would have recorded a positive pre-tax impact of 61 million euro.

**Income from insurance business** amounted to 453 million euro compared with 285 million euro in H1 2011.

**Operating costs** decreased to 4,450 million euro, down 1.9% from 4,536 million euro in H1 2011, due to a reduction in personnel expenses and administrative expenses, down 1.4% and 3.9% respectively, and a 3.3% increase in adjustments.

As a result, **operating margin** amounted to 4,494 million euro, up 7.4% from 4,184 million euro in H1 2011. The cost/income ratio was 49.8% in H1 2012, an improvement compared with 52% in H1 2011.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 2,224 million euro, compared with 1,673 million euro in H1 2011. Net provisions for risks and charges amounted to 71 million euro, compared with 94 million euro in H1 2011. Net adjustments to loans came to 2,055 million euro, compared with 1,505 million euro in H1 2011. Net impairment losses on other assets came to 98 million euro (including a 29 million euro impairment on Greek government bonds), compared with 74 million euro in H1 2011 (including a 25 million euro impairment on Greek government bonds).

**Profits/losses on investments held to maturity and on other investments** recorded losses of 8 million euro, compared with profits of 33 million euro in H1 2011.

**Income before tax from continuing operations** recorded 2,262 million euro, compared with 2,544 million euro in H1 2011 (down 11.1%).

**Consolidated net income** was 1,274 million euro, compared with 1,402 million euro in H1 2011 (down 9.1%) - after accounting for:

- taxes of 778 million euro (including a tax benefit of 173 million euro related to the refunding, for the fiscal years 2007-2011, of the deduction of Regional Business Tax - *IRAP* - paid on labour cost from Corporate Income Tax - *IRES* - taxable basis);
- charges (net of tax) for integration and exit incentives of 24 million euro;
- charges from purchase cost allocation (net of tax) of 149 million euro;
- minority interests of 37 million euro.

**Adjusted net income** for H1 2012 - without the main non-recurring items - was 1,039 million euro, compared with 1,234 million euro in H1 2011.

## **Balance sheet at June 30th 2012**

As regards the consolidated balance sheet figures, as at June 30th 2012 **loans to customers** amounted to 375 billion euro, down 0.5% from December 31st 2011 and unchanged compared to June 30th 2011 (down 2.2% taking into account average volumes instead of those at the end of the period, following a reduction in loans to large corporates and an increase in loans to small and medium enterprises and mid corporates). Total **non-performing loans** (doubtful, substandard, restructured and past due) - net of adjustments - amounted to 26,102 million euro, up 15% from 22,696 million euro at year-end 2011. In detail, doubtful loans rose to 9,600 million euro from 8,998 million euro at year-end 2011 (1,640 million euro of gross doubtful loans were sold without recourse in the first quarter of 2012 at a price - equal to their net book value - of approximately 270 million euro). Doubtful loans to total loans ratio was 2.6% (2.4% as at year-end 2011), and the coverage ratio was 62% (slightly down also due to the aforementioned sale from 64% as at year-end 2011). Total coverage was 128% taking into account **collateral and guarantees** to doubtful loans in addition to specific provisions. Substandard loans increased to 10,460 million euro from 9,126 million euro at year-end 2011. Restructured loans decreased to 3,319 million euro from 3,425 million euro at year-end 2011. Past due loans increased to 2,723 million euro from 1,147 million euro at year-end 2011, following regulatory changes to classification criteria (past due over 90 days vs over 180 days until December 31st 2011).

**Customer financial assets** were 775 billion euro (net of duplications between direct deposits and indirect customer deposits), up 1.2% from year-end 2011 and down 5.5% from June 30th 2011. Under customer financial assets, **direct deposits from banking business** amounted to 369 billion euro, a 2.5% increase vs year-end 2011 and a 6% decrease vs June 30th 2011, principally attributable to institutional customers; **direct deposits from insurance business and technical reserves** amounted to 77 billion euro, up 5.1% from year-end 2011 and down 0.5% from June 30th 2011. Indirect customer deposits amounted to 406 billion euro, up 0.1% from year-end 2011 and down 5% from June 30th 2011. **Assets under management** totalled 222 billion euro, up 0.3% from year-end 2011 and down 4.4% from June 30th 2011. As for bancassurance, in H1 2012, new business for life policies amounted to 6.1 billion euro (20.3% lower than in H1 2011). Assets under administration and in custody amounted to 184 billion euro, down 0.2% from year-end 2011 and down 5.7% from June 30th 2011.

As at June 30th 2012, **capital ratios** were 10.7% for the Core Tier 1 ratio (year-end 2011: 10.1%), 11.7% for the Tier 1 ratio (year-end 2011: 11.5%) and 14.2% for the total capital ratio (year-end 2011: 14.3%). Capital ratios have been calculated by applying the Basel 2 Foundation approach, and the internal models to residential mortgages and the corporate portfolio (with floor at 85%), and deducting the nominal value of the savings shares. These capital ratios are net of the dividends accrued in the semester for year 2012, assuming half the amount of the 822 million euro distributed from reserves in 2012 for year 2011.

The following is the estimated impact on the Group's capital ratios from **fully phased-in Basel 3**, based on the information available so far. This impact has been calculated by applying the parameters set for 2019 to the financial statements at June 30th 2012. The estimated impact comprises:

- 2.8 billion euro in total deductions from common equity assuming that the equity investment in the Bank of Italy is deducted and considering the expected absorption of deferred tax assets (DTAs) before the full phasing-in of Basel 3,
- an additional 11.6 billion euro of RWAs due to DTAs and investments in banks, financial entities and insurance companies which are below the deduction limit,
- an additional 2.4 billion euro of RWAs due to DTAs included in risks weighted at 100% (relating to loan adjustments and realignment of intangible assets), and
- an additional 5.4 billion euro of RWAs due to counterparty risks.

The estimated total impact of the above on the Core Tier 1 ratio is approximately 140 basis points (the actual impact is subject to the implementation of the relevant regulations). The impact is reduced to approximately 25 basis points considering the benefit from the optimisation actions on capital sources and requirements, as well as the absorption of sovereign risk shock.

* * *

Thanks to 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
  - a broad availability of unencumbered assets eligible with Central Banks, corresponding to liquidity of 50 billion euro at the end of June 2012. The Group's refinancing operations with the ECB to optimise the cost of funding amounted to 36 billion euro at the end of June 2012, entirely made up of three-year LTRO,
  - high level of liquid assets (made up of eligible assets unencumbered and eligible assets currently used as collateral) of 111 billion euro at the end of June 2012,
  - stable and well-diversified sources of funding, with nearly 80% of direct deposits from the banking business (including securities issued) generated from retail operations,
  - medium-long-term funding at the current date equal to approximately 70% of total 2012 maturities, with approximately 15 billion euro already placed, of which approximately 10 billion euro were retail placement,
  - a 1.5 billion eurobond 18-month issue placed on international markets at the end of January 2012, the first senior unsecured benchmark issue from a eurozone peripheral bank in three months with a demand - 70% from foreign investors - exceeding the one billion euro initial target by 150%. On February 20th 2012, a one billion eurobond 5-year issue was placed on international markets, the first senior unsecured benchmark issue from a eurozone peripheral bank with longer maturity than the ECB's three-year LTRO, with a demand - 70% from foreign investors - exceeding the target by 120%. On July 3rd 2012, a one billion eurobond 3-year issue was placed on international markets, the first senior unsecured benchmark issue from a eurozone peripheral bank since the EU summit of end of June, with a demand - 70% from foreign investors - exceeding the target by 100%;

- **low leverage and an adequate capital base** with
  - much lower leverage and one of the best ratios of tangible net shareholders' equity to tangible assets amongst major European banking groups,
  - a 10.1%[5] pro-forma EBA ratio as at June 30th 2012, compared with the 9.2% ratio as a result of the EBA exercise conducted on European banks' capital adequacy and based on September 2011 figures, and the 9% ratio threshold;
- a **low risk profile** with
  - the Group's securities portfolio at the end of June 2012 comprising Greek bonds (issued by the central and local governments) of 10 million euro, Irish bonds of 181 million euro and Portuguese bonds of 15 million euro.

* * *

The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of 12 million euro as at June 30th 2012. Full and detailed information concerning structured credit products held by the Group is included - as usual - in the half-yearly Report as at June 30th 2012 approved by the Management Board.

* * *

As at June 30th 2012, the Intesa Sanpaolo Group's **operating structure** had a total network of 7,141 branches - of which 5,579 were in Italy and 1,562 abroad - with 99,172 employees.

* * *

(5) Estimated on the basis of the Core Tier 1 ratio as at June 30th 2012 and the impact of sovereign risk valuation at fair value based on volumes and prices as at September 30th 2011, and considering a minimum capital requirement constraint (transitional floor) equal to 80% of the capital requirements calculated on the basis of Basel 1 rules, as per EBA exercise. Assuming a transitional floor at 85%, adopted by the Intesa Sanpaolo Group for the calculation of capital ratios (Core Tier 1, Tier 1 and Total capital), the EBA capital ratio would be at 9.8%.

**<u>Breakdown of results by business area</u>**

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

- Large Corporate Italy, which presides over relations with large Italian corporates (mainly with a turnover exceeding 500 million euro);
- Mid Corporate, dedicated to Italian corporate customers with a turnover exceeding 150 million euro and mainly up to 500 million euro;
- International, responsible for relations with international corporates. This unit also presides over foreign branches, representative offices and international subsidiaries specialising in corporate banking (Société Européenne de Banque and Intesa Sanpaolo Bank Ireland) and provides specialist assistance in support of the internationalisation of Italian corporates and export development;
- Global Banking & Transaction, responsible for relations with Italian and international financial institutions, management of transactional services related to payment systems, custody and settlement of securities, mainly Italian (local custody);
- Banca IMI, which is in charge of investment banking operations, namely the creation of structured finance products and M&A consultancy services to the Group's clients, capital markets activities for the Group's clients and institutional operators in market making activities;
- Merchant Banking, which operates in the private equity area also through Private Equity International (PEI) and IMI Investimenti companies; and
- Banca Infrastrutture Innovazione e Sviluppo, operating in the public finance business, which provides services to government, public entities, local authorities, universities, public utilities, general contractors, public and private healthcare providers.

The Division also comprises the activities of Leasint, Centro Leasing, Mediofactoring and management of the Group's proprietary trading.

In the second quarter of 2012, the Corporate and Investment Banking Division recorded:
- operating income of 1,067 million euro, down 10.3% from 1,189 million euro in Q1 2012;
- operating costs of 251 million euro, up 1.1% from 248 million euro in Q1 2012;
- operating margin of 816 million euro, down 13.3% from 941 million euro in Q1 2012;
- a cost/income ratio of 23.5% versus 20.9% in Q1 2012;
- net provisions and adjustments of 337 million euro, compared with 227 million euro in Q1 2012;
- profits on investments held to maturity and on other investments of 8 million euro, compared with losses of 7 million euro in Q1 2012;
- income before tax from continuing operations of 486 million euro, down 31.1% from 705 million euro in Q1 2012;
- net income of 368 million euro, down 20.7% from 464 million euro in Q1 2012.

In the first half of 2012, the Corporate and Investment Banking Division recorded:
- operating income of 2,256 million euro, contributing approximately 25% of the consolidated operating income (26% in H1 2011), up 0.1% from 2,253 million euro in H1 2011;
- operating costs of 500 million euro, up 1.4% from 493 million euro in H1 2011;
- operating margin of 1,756 million euro, in line with the 1,760 million euro of H1 2011;
- a cost/income ratio of 22.2% versus 21.9% in H1 2011;
- net provisions and adjustments of 565 million euro, compared with 261 million euro in H1 2011;
- a zero balance of profits/losses on investments held to maturity and on other investments, compared with losses of 140 million euro in H1 2011 (which included a 132 million euro impairment on the Telco investment);
- income before tax from continuing operations of 1,191 million euro, down 12.4% from 1,359 million euro in H1 2011;
- net income of 832 million euro, down 9% from 914 million euro in H1 2011.

The **Banca dei Territori** Division comprises:
- retail customers: households (individual customers with financial assets up to 100,000 euro), personal (individual customers with financial assets between 100,000 euro and one million euro), small businesses (enterprises with a turnover under 2.5 million euro and with loan facilities under one million euro);
- SME customers: SMEs with a turnover between 2.5 and 150 million euro; and
- Private customers: individual customers with financial assets exceeding one million euro.

The Division includes Intesa Sanpaolo Private Banking, the Group’s company which serves private banking customers, and Banca Prossima, at the service of non-profit entities and operating through the Group’s branches with regional centres and a team of specialists. In addition, the Banca dei Territori Division comprises product companies, namely Mediocredito Italiano, the Group’s company which specialises in industrial credit, Intesa Sanpaolo Vita and Intesa Sanpaolo Previdenza operating in the insurance and pension business, the fiduciary service company SIREFID, the consumer credit companies Moneta and Neos Finance, and Setefi operating in electronic payments.

In the second quarter of 2012, the Banca dei Territori Division recorded:

- operating income of 2,516 million euro, up 0.3% from 2,508 million euro in Q1 2012;
- operating costs of 1,409 million euro, up 1.1% from 1,394 million euro in in Q1 2012;
- operating margin of 1,107 million euro, down 0.6% from 1,114 million euro in Q1 2012;
- a cost/income ratio of 56% versus 55.6% in Q1 2012;
- net provisions and adjustments of 581 million euro, compared with 589 million euro in Q1 2012;
- income before tax from continuing operations of 525 million euro, up 0.3% from 524 million euro in Q1 2012;
- net income of 362 million euro, up 66.9% from 217 million euro in Q1 2012.

In the first half of 2012, the Banca dei Territori Division recorded:

- operating income of 5,024 million euro, contributing approximately 56% of the consolidated operating income (55% in H1 2011), up 4.9% from 4,788 million euro in H1 2011;
- operating costs of 2,804 million euro, down 2.1% from 2,864 million euro in H1 2011;
- operating margin of 2,220 million euro, up 15.4% from 1,924 million euro in H1 2011;
- a cost/income ratio improving to 55.8% versus 59.8% in H1 2011;
- net provisions and adjustments of 1,171 million euro, compared with 1,066 million euro in H1 2011;
- income before tax from continuing operations of 1,049 million euro, up 22.3% from 858 million euro in H1 2011;
- net income of 579 million euro, up 80.4% from 321 million euro in H1 2011.

**Eurizon Capital**, the company specialised in providing collective and individual asset management products to the Group's internal banking networks, is developing increasingly effective synergies with the Banca dei Territori Division. The company is also focused on strengthening its presence in the "open architecture" segment through specific distribution agreements with other networks and institutional investors. Eurizon Capital controls Eurizon Capital (Luxembourg), a company specialised in managing Luxembourg mutual funds with low tracking error. It also controls Epsilon Associati, a company specialised in managing structured products and mutual funds using quantitative methods which is 51% owned by Eurizon Capital and 49% owned by Banca IMI. Eurizon Capital owns a 49% stake in a Chinese asset management company, Penghua Fund Management.

In the second quarter of 2012, Eurizon Capital recorded:
- operating income of 67 million euro, up 6.8% from 62 million euro in Q1 2012;
- operating costs of 28 million euro, down 4.8% from 29 million euro in Q1 2012;
- operating margin of 39 million euro, up 17.1% from 33 million euro in Q1 2012;
- a cost/income ratio improving to 41.8% versus 46.8% in Q1 2012;
- provisions and adjustments of 2 million euro, compared with no provisions and adjustments in Q1 2012;
- income before tax from continuing operations of 37 million euro, up 11.9% from 33 million euro in Q1 2012;
- net income of 21 million euro, up 26.8% from 17 million euro in Q1 2012.

In the first half of 2012, Eurizon Capital recorded:
- operating income of 129 million euro, accounting for approximately 1% of the consolidated operating income (2% in H1 2011), down 5.1% from 136 million euro in H1 2011;
- operating costs of 57 million euro, down 10.9% from 64 million euro in H1 2011;
- operating margin of 72 million euro, the same amount as in H1 2011;
- a cost/income ratio improving to 44.2% versus 47.1% in H1 2011;
- provisions and adjustments of 2 million euro, compared with no provisions and adjustments in H1 2011;
- income before tax from continuing operations of 70 million euro, down 2.8% from 72 million euro in H1 2011;
- net income of 38 million euro, up 2.7% from 37 million euro in H1 2011.

The **International Subsidiary Banks** Division is responsible for activities in foreign markets where the Group is operational through commercial banking subsidiaries and associates. The Division provides guidelines, coordination and support to subsidiaries abroad that are mainly active in retail banking. 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 made up of three Departments which are in charge of the different geographical areas where it operates: i) the SEE Area which includes the banking subsidiaries in South-Eastern Europe, 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 and Banca CR Firenze Romania; ii) the CEE Area which includes the banking subsidiaries in Central-Eastern Europe, Banka Koper in Slovenia, VUB Banka in Slovakia and CIB Bank in Hungary; iii) the CIS & South Mediterranean Area which includes the banking subsidiaries: Banca Intesa in the Russian Federation, Pravex-Bank in Ukraine and Bank of Alexandria in Egypt.

In the second quarter of 2012, the International Subsidiary Banks Division recorded:
- operating income of 545 million euro, down 0.7% from 548 million euro in Q1 2012;
- operating costs of 289 million euro, up 0.6% from 288 million euro in Q1 2012;
- operating margin of 255 million euro, down 2.1% from 261 million euro in Q1 2012;
- a cost/income ratio of 53% versus 52.6% in Q1 2012;
- net provisions and adjustments of 168 million euro, compared with 213 million euro in Q1 2012;
- profits on investments held to maturity and on other investments of one million euro, unchanged compared with Q1 2012;
- income before tax from continuing operations of 88 million euro, up 81.6% from 49 million euro in Q1 2012;
- net income of 29 million euro, up 22% from 24 million euro in Q1 2012.

In the first half of 2012, the International Subsidiary Banks Division recorded:
- operating income of 1,093 million euro, contributing approximately 12% of the consolidated operating income (14% in H1 2011), down 8% from 1,188 million euro in H1 2011;
- operating costs of 577 million euro, the same amount as in H1 2011;
- operating margin of 516 million euro, down 15.5% from 611 million euro in H1 2011;
- a cost/income ratio of 52.8% versus 48.6% in H1 2011;
- net provisions and adjustments of 381 million euro, compared with 323 million euro in H1 2011;
- profits on investments held to maturity and on other investments of 2 million euro, compared with 4 million euro in H1 2011;
- income before tax from continuing operations of 137 million euro, down 53.1% from 292 million euro in H1 2011;
- net income of 53 million euro, compared with 214 million euro in H1 2011.

**Banca Fideuram** performs asset gathering activities serving customers with a medium to high savings potential through its network of private bankers. This business unit’s operations include Fideuram Vita. In the second quarter of 2012, Banca Fideuram recorded:
- operating income of 174 million euro, down 21.6% from 222 million euro in Q1 2012;
- operating costs of 84 million euro, the same amount as in Q1 2012;
- operating margin of 90 million euro, down 34.8% from 138 million euro in Q1 2012;
- a cost/income ratio of 48.3% versus 37.8% in Q1 2012;
- net provisions and adjustments of 22 million euro, compared with 28 million euro in Q1 2012;
- income before tax from continuing operations of 69 million euro, down 37.8% from 111 million euro in Q1 2012;
- net income of 6 million euro, compared with 59 million euro in Q1 2012.

In the first half of 2012, Banca Fideuram recorded:

- operating income of 397 million euro, contributing approximately 4% of the consolidated operating income (5% in H1 2011), down 3.2% from 410 million euro in H1 2011;
- operating costs of 169 million euro, down 6.1% from 180 million euro in H1 2011;
- operating margin of 228 million euro, down 0.9% from 230 million euro in H1 2011;
- a cost/income ratio improving to 42.6% versus 43.9% in H1 2011;
- net provisions and adjustments of 49 million euro, compared with 29 million euro in H1 2011;
- income before tax from continuing operations of 179 million euro, down 13.9% from 208 million euro in H1 2011;
- net income of 65 million euro, down 38.1% from 105 million euro in H1 2011.

## The outlook for 2012

In 2012, the Group will continue to prioritise sustainable profitability through efficient liquidity allocation, attentive management of all risks and constant pursuit of efficiency and productivity.

In the light of the positive revenue performance in the first half of the year, operating performance for 2012 is expected to remain broadly stable, net of last year’s non-recurring items, also as a consequence of ongoing cost containment actions and constant monitoring of asset quality.

* * *

For consistency purposes, the income statement figures were restated mainly due to two transactions:

1. the acquisition of control of Banca Monte Parma finalised in July 2011. For the first two quarters of 2011, relevant items were consolidated line by line and their contribution to net income was recorded under minority interests;
2. the acquisition of control of Banca Sara finalised in June 2011. The company was included in the scope of full consolidation in the income statement of the third quarter of 2011. For the first two quarters of 2011, relevant items were consolidated line by line and their contribution to net income was recorded under minority interests.

Still for consistency purposes, the balance sheet figures were restated:

1. for the first two quarters of 2011 consolidating line by line the items related to Banca Monte Parma;
2. for the first quarter of 2011 consolidating line by line the items related to Banca Sara.

Lastly, income statement and balance sheet figures relating to business areas were restated for the four quarters of 2011:

1. as a result of the attribution of the Banca Monte Parma contribution to the relevant business units (previously entirely attributed to the Banca dei Territori Division);
2. as a result of the allotment of BIIS (public finance) to the Corporate and Investment Banking Division.

* * *

The adjusted net income was calculated excluding the main non-recurring items listed below:

in the first quarter of 2012: 1) 274 million euro capital gain on the Tier 1 notes buy back, recorded under profits on trading and related taxes, resulting in a net capital gain of 183 million euro, 2) 38 million euro impairment charges relating to Greek risk - of which 2 million euro were recorded under profits (losses) on trading, 7 million euro posted as a negative contribution to income from insurance business and 29 million euro booked under net impairment losses on other assets - and related tax savings, resulting in net impairment charges of 27 million euro, 3) 5 million euro extraordinary tax charge relating to the Group's subsidiary in Slovakia, recorded under other operating income (expenses), and related savings recorded under taxes on income from continuing operations, resulting in net expenses of 4 million euro, 4) 11 million euro extraordinary tax relating to the Group's subsidiary in Hungary, recorded under taxes on income from continuing operations, 5) 20 million euro charges for integration and exit incentives and related tax savings resulting in net charges of 14 million euro, and 6) 73 million euro charges from purchase cost allocation, net of tax;

in the second quarter 2012: 1) 94 million euro capital gain on the sale of the stake in the London Stock Exchange, recorded under profits on trading, and related fiscal effects, resulting in a 105 million euro net capital gain, 2) 6 million euro impairment charges relating to Greek risk, recorded under income from insurance business, and related tax savings, resulting in net impairment charges of 4 million euro, 3) 5 million euro extraordinary tax charge relating to the Group's subsidiary in Slovakia, recorded under other operating income (expenses), and related savings recorded under taxes on income from continuing operations, resulting in net expenses of 4 million euro, 4) 11 million euro extraordinary tax relating to the Group's subsidiary in Hungary, recorded under taxes on income from continuing operations, 5) 173 million euro tax benefit related to the refunding, for the fiscal years 2007-2011, of the deduction of Regional Business Tax (IRAP) paid on labour cost from Corporate Income Tax (IRES) taxable basis, recorded under taxes on income from continuing operations, 6) 14 million euro charges for integration and exit incentives and related tax savings resulting in net charges of 10 million euro, and 7) 76 million euro charges from purchase cost allocation, net of tax;

in the first quarter 2011: 1) 11 million euro extraordinary tax relating to the Group's subsidiary in Hungary, recorded under taxes on income from continuing operations, 2) 6 million euro integration charges and related tax savings resulting in net integration charges of 4 million euro, and 3) 86 million euro charges from purchase cost allocation, net of tax;

in the second quarter 2011: 1) 272 million euro capital gain on the sale of 4% of the Prada equity stake recorded under profits on trading and related taxes resulting in 253 million euro net capital gain, 2) 154 million euro capital gain on the sale of the remaining 25% stake in Findomestic, recorded under profits on trading, related taxes and minority interest, resulting in a net capital gain for the Group of 128 million euro, 3) 25 million euro impairment charges relating to Greek government bonds maturing by 2020 recorded under net impairment losses on other assets, and related tax savings, resulting in net impairment charges of 17 million euro, 4) 146 million euro capital gain on the sale of branches to Crédit Agricole, recorded under profits on investments held to maturity and on other investments, related taxes and minority interests, resulting in a net capital gain for the Group of 145 million euro, 5) 132 million euro impairment charges relating to the Telco investment, recorded under profits on investments held to maturity and on other investments, 6) 11 million euro extraordinary tax relating to the Group's subsidiary in Hungary, recorded under taxes on income from continuing operations, 7) 18 million euro integration charges and related tax savings resulting in net integration charges of 12 million euro, and 8) 85 million euro charges from purchase cost allocation, net of tax;

in the third quarter 2011: 1) 597 million euro impairment charges relating to Greek risk - of which 3 million euro were recorded under profits (losses) on trading, 1 million euro posted as a negative contribution to income from insurance business and 593 million euro booked under net impairment losses on other assets - and related tax savings, resulting in net impairment charges of 427 million euro, 2) 1,100 million euro tax benefit from the recognition of deferred tax assets and the substitute tax charge relating to realignment of intangible assets, recorded under taxes on income from continuing operations, 3) 11 million euro extraordinary tax relating to the Group’s subsidiary in Hungary, recorded under taxes on income from continuing operations, 4) 666 million euro charges for integration and exit incentives and related tax savings resulting in net charges of 483 million euro, and 5) 83 million euro charges from purchase cost allocation, net of tax;

in the fourth quarter 2011: 1) 390 million euro impairment charges relating to Greek risk - of which 66 million euro were recorded under profits (losses) on trading, 3 million euro posted as a negative contribution to income from insurance business and 321 million euro booked under net impairment losses on other assets - and related tax savings, resulting in net impairment charges of 276 million euro, 2) 298 million euro charges relating to the strengthening of the reserve on performing loans, included in net adjustments to loans, and related tax savings resulting in net charges of 216 million euro, 3) 282 million euro charges relating to the strengthening of restructured loan coverage, included in net adjustments to loans, and related tax savings resulting in net charges of 204 million euro, 4) 131 million euro loss on forex mortgages concerning the Group’s subsidiary in Hungary, included in net adjustments to loans, and related tax savings resulting in net charges of 76 million euro, 5) 23 million euro adjustment on the capital gain from the branch sale to Crédit Agricole recorded under profits on investments held to maturity and on other investments, 6) 119 million euro impairment charges on the Telco investment, recorded under profits on investments held to maturity and on other investments, 7) 1,030 million euro fiscal benefit from the recognition of deferred tax assets and the substitute tax charge relating to the realignment of intangible, recorded under taxes on income from continuing operations, 8) 147 million euro charges from the settlement of the dispute with the Italian Revenue Agency (“misuse of a right”) recorded under taxes on income from continuing operations, 9) 76 million euro charges for integration and exit incentives and related tax savings resulting in net charges of 53 million euro, 10) 67 million euro from purchase cost allocation, and 11) 10,233 million goodwill impairment.

* * *

*In order to present more complete information on the results generated in the first half of 2012, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the report approved by the Management Board are attached. Please note that these statements have not been reviewed by the auditing company. The auditing company in charge of performing the limited review of the half-yearly report has not yet completed its analysis.*

* * *

**The manager responsible for preparing the company’s financial reports, Ernesto Riva, 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.**

* * *

The content of this document has a merely informative and provisional nature and is not to be construed as providing investment advice. The statements contained herein have not been independently verified. No representation or warranty, either express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or reliability of the information contained herein. Neither the Company nor any of its representatives shall accept any liability whatsoever (whether in negligence or otherwise) arising in any way in relation to such information or in relation to any loss arising from its use or otherwise arising in connection with this document. By accessing these materials, you agree to be bound by the foregoing limitations.

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*

*Media Relations*
*+39.02.87963531*
*stampa@intesasanpaolo.com*

*group.intesasanpaolo.com*

# Gruppo Intesa Sanpaolo

## Reclassified consolidated statement of income

(millions of euro)

| | 30.06.2012 | 30.06.2011 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Net interest income | 4,932 | 4,760 | 172 | 3.6 |
| Dividends and profits (losses) on investments carried at equity | 55 | 41 | 14 | 34.1 |
| Net fee and commission income | 2,639 | 2,805 | -166 | -5.9 |
| Profits (Losses) on trading | 877 | 821 | 56 | 6.8 |
| Income from insurance business | 453 | 285 | 168 | 58.9 |
| Other operating income (expenses) | -12 | 8 | -20 | |
| Operating income | 8,944 | 8,720 | 224 | 2.6 |
| Personnel expenses | -2,709 | -2,747 | -38 | -1.4 |
| Other administrative expenses | -1,429 | -1,487 | -58 | -3.9 |
| Adjustments to property, equipment and intangible assets | -312 | -302 | 10 | 3.3 |
| Operating costs | -4,450 | -4,536 | -86 | -1.9 |
| Operating margin | 4,494 | 4,184 | 310 | 7.4 |
| Net provisions for risks and charges | -71 | -94 | -23 | -24.5 |
| Net adjustments to loans | -2,055 | -1,505 | 550 | 36.5 |
| Net impairment losses on other assets | -98 | -74 | 24 | 32.4 |
| Profits (Losses) on investments held to maturity and on other investments | -8 | 33 | -41 | |
| Income (Loss) before tax from continuing operations | 2,262 | 2,544 | -282 | -11.1 |
| Taxes on income from continuing operations | -778 | -960 | -182 | -19.0 |
| Charges (net of tax) for integration and exit incentives | -24 | -16 | 8 | 50.0 |
| Effect of purchase price allocation (net of tax) | -149 | -171 | -22 | -12.9 |
| Goodwill impairment (net of tax) | - | - | - | - |
| Income (Loss) after tax from discontinued operations | - | - | - | - |
| Minority interests | -37 | 5 | -42 | |
| Net income (loss) | 1,274 | 1,402 | -128 | -9.1 |

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

# Gruppo Intesa Sanpaolo

## Quarterly development of the reclassified consolidated statement of income

(millions of euro)

| | 2012 | | 2011 | | | |
|---|---|---|---|---|---|---|
| | Second quarter | First quarter | Fourth quarter | Third quarter | Second quarter | First quarter |
| Net interest income | 2,431 | 2,501 | 2,541 | 2,479 | 2,368 | 2,392 |
| Dividends and profits (losses) on investments carried at equity | 29 | 26 | 5 | 26 | 34 | 7 |
| Net fee and commission income | 1,322 | 1,317 | 1,339 | 1,322 | 1,410 | 1,395 |
| Profits (Losses) on trading | 161 | 716 | 173 | -74 | 541 | 280 |
| Income from insurance business | 195 | 258 | 205 | 50 | 165 | 120 |
| Other operating income (expenses) | -7 | -5 | 2 | -3 | -3 | 11 |
| Operating income | 4,131 | 4,813 | 4,265 | 3,800 | 4,515 | 4,205 |
| Personnel expenses | -1,353 | -1,356 | -1,348 | -1,324 | -1,375 | -1,372 |
| Other administrative expenses | -735 | -694 | -841 | -752 | -766 | -721 |
| Adjustments to property, equipment and intangible assets | -155 | -157 | -177 | -159 | -153 | -149 |
| Operating costs | -2,243 | -2,207 | -2,366 | -2,235 | -2,294 | -2,242 |
| Operating margin | 1,888 | 2,606 | 1,899 | 1,565 | 2,221 | 1,963 |
| Net provisions for risks and charges | -34 | -37 | -106 | -18 | -80 | -14 |
| Net adjustments to loans | -1,082 | -973 | -2,043 | -695 | -823 | -682 |
| Net impairment losses on other assets | -39 | -59 | -360 | -635 | -57 | -17 |
| Profits (Losses) on investments held to maturity and on other investments | -2 | -6 | -139 | 7 | 19 | 14 |
| Income (Loss) before tax from continuing operations | 731 | 1,531 | -749 | 224 | 1,280 | 1,264 |
| Taxes on income from continuing operations | -152 | -626 | 976 | 894 | -464 | -496 |
| Charges (net of tax) for integration and exit incentives | -10 | -14 | -53 | -483 | -12 | -4 |
| Effect of purchase price allocation (net of tax) | -76 | -73 | -67 | -83 | -85 | -86 |
| Goodwill impairment (net of tax) | - | - | -10,233 | - | - | - |
| Income (Loss) after tax from discontinued operations | - | - | - | - | - | - |
| Minority interests | -23 | -14 | 7 | -25 | 22 | -17 |
| Net income (loss) | 470 | 804 | -10,119 | 527 | 741 | 661 |

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

# Gruppo Intesa Sanpaolo

## Reclassified consolidated balance sheet

(millions of euro)

| Assets | 30.06.2012 | 31.12.2011 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Financial assets held for trading | 66,080 | 59,963 | 6,117 | 10.2 |
| of which: Insurance Companies | 1,257 | 1,341 | -84 | -6.3 |
| Financial assets designated at fair value through profit and loss | 37,842 | 34,253 | 3,589 | 10.5 |
| of which: Insurance Companies | 36,763 | 33,391 | 3,372 | 10.1 |
| Financial assets available for sale | 88,408 | 68,777 | 19,631 | 28.5 |
| of which: Insurance Companies | 41,082 | 39,194 | 1,888 | 4.8 |
| Investments held to maturity | 2,222 | 2,621 | -399 | -15.2 |
| Due from banks | 35,826 | 35,865 | -39 | -0.1 |
| Loans to customers | 374,953 | 376,744 | -1,791 | -0.5 |
| Investments in associates and companies subject to joint control | 2,795 | 2,630 | 165 | 6.3 |
| Property, equipment and intangible assets | 20,341 | 20,577 | -236 | -1.1 |
| Tax assets | 13,313 | 14,702 | -1,389 | -9.4 |
| Non-current assets held for sale and discontinued operations | 27 | 26 | 1 | 3.8 |
| Other assets | 24,610 | 23,063 | 1,547 | 6.7 |
| Total Assets | 666,417 | 639,221 | 27,196 | 4.3 |

| Liabilities and Shareholders' Equity | 30.06.2012 | 31.12.2011 | Changes | |
|---|---|---|---|---|
| | | | amount | % |
| Due to banks | 83,617 | 78,644 | 4,973 | 6.3 |
| Due to customers and securities issued | 365,639 | 357,410 | 8,229 | 2.3 |
| of which: Insurance Companies | 117 | 403 | -286 | -71.0 |
| Financial liabilities held for trading | 54,921 | 48,740 | 6,181 | 12.7 |
| of which: Insurance Companies | 26 | 29 | -3 | -10.3 |
| Financial liabilities designated at fair value through profit and loss | 24,854 | 22,653 | 2,201 | 9.7 |
| of which: Insurance Companies | 24,417 | 21,955 | 2,462 | 11.2 |
| Tax liabilities | 2,931 | 4,064 | -1,133 | -27.9 |
| Liabilities associated with non-current assets held for sale and discontinued operations | - | - | - | - |
| Other liabilities | 28,811 | 24,225 | 4,586 | 18.9 |
| Technical reserves | 52,310 | 50,761 | 1,549 | 3.1 |
| Allowances for specific purpose | 4,678 | 4,966 | -288 | -5.8 |
| Share capital | 8,546 | 8,546 | - | - |
| Reserves | 40,882 | 49,982 | -9,100 | -18.2 |
| Valuation reserves | -2,704 | -3,298 | -594 | -18.0 |
| Minority interests | 658 | 718 | -60 | -8.4 |
| Net income (loss) | 1,274 | -8,190 | 9,464 | |
| Total Liabilities and Shareholders' Equity | 666,417 | 639,221 | 27,196 | 4.3 |

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

# Gruppo Intesa Sanpaolo

## Quarterly development of the reclassified consolidated balance sheet

(millions of euro)

| Assets | 2012 | | 2011 | | | |
|---|---|---|---|---|---|---|
| | 30/6 | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Financial assets held for trading | 66,080 | 60,328 | 59,963 | 69,934 | 60,584 | 61,141 |
| of which: Insurance Companies | 1,257 | 1,331 | 1,341 | 1,371 | 1,625 | 1,690 |
| Financial assets designated at fair value through profit and loss | 37,842 | 35,971 | 34,253 | 35,212 | 36,303 | 36,349 |
| of which: Insurance Companies | 36,763 | 35,015 | 33,391 | 34,345 | 35,354 | 35,230 |
| Financial assets available for sale | 88,408 | 85,224 | 68,777 | 70,950 | 69,007 | 64,845 |
| of which: Insurance Companies | 41,082 | 40,623 | 39,194 | 40,733 | 41,837 | 41,137 |
| Investments held to maturity | 2,222 | 2,266 | 2,621 | 2,872 | 2,865 | 3,021 |
| Due from banks | 35,826 | 32,431 | 35,865 | 40,449 | 43,258 | 40,449 |
| Loans to customers | 374,953 | 378,050 | 376,744 | 381,192 | 374,979 | 377,252 |
| Investments in associates and companies subject to joint control | 2,795 | 2,672 | 2,630 | 2,732 | 2,694 | 2,817 |
| Property, equipment and intangible assets | 20,341 | 20,465 | 20,577 | 30,876 | 30,798 | 30,903 |
| Tax assets | 13,313 | 12,340 | 14,702 | 11,259 | 7,886 | 8,079 |
| Non-current assets held for sale and discontinued operations | 27 | 26 | 26 | 30 | 38 | 35 |
| Other assets | 24,610 | 22,857 | 23,063 | 21,816 | 19,182 | 20,703 |
| Total Assets | 666,417 | 652,630 | 639,221 | 667,322 | 647,594 | 645,594 |

| Liabilities and Shareholders' Equity | 2012 | | 2011 | | | |
|---|---|---|---|---|---|---|
| | 30/6 | 31/3 | 31/12 | 30/9 | 30/6 | 31/3 |
| Due to banks | 83,617 | 75,744 | 78,644 | 72,978 | 50,182 | 51,087 |
| Due to customers and securities issued | 365,639 | 368,657 | 357,410 | 369,459 | 389,511 | 392,736 |
| of which: Insurance Companies | 117 | 343 | 403 | 216 | 230 | 237 |
| Financial liabilities held for trading | 54,921 | 47,907 | 48,740 | 53,952 | 38,216 | 37,431 |
| of which: Insurance Companies | 26 | 23 | 29 | 76 | 43 | 42 |
| Financial liabilities designated at fair value through profit and loss | 24,854 | 24,496 | 22,653 | 23,558 | 24,729 | 25,201 |
| of which: Insurance Companies | 24,417 | 23,637 | 21,955 | 22,814 | 23,969 | 24,403 |
| Tax liabilities | 2,931 | 3,149 | 4,064 | 4,857 | 3,299 | 3,342 |
| Liabilities associated with non-current assets held for sale and discontinued operations | - | - | - | - | - | - |
| Other liabilities | 28,811 | 24,640 | 24,225 | 26,697 | 24,330 | 23,765 |
| Technical reserves | 52,310 | 53,023 | 50,761 | 52,217 | 52,887 | 51,896 |
| Allowances for specific purpose | 4,678 | 4,945 | 4,966 | 4,978 | 4,405 | 4,561 |
| Share capital | 8,546 | 8,546 | 8,546 | 8,546 | 8,546 | 6,647 |
| Reserves | 40,882 | 41,800 | 49,982 | 49,906 | 49,924 | 47,920 |
| Valuation reserves | -2,704 | -1,805 | -3,298 | -2,827 | -937 | -766 |
| Minority interests | 658 | 724 | 718 | 1,072 | 1,100 | 1,113 |
| Net income (loss) | 1,274 | 804 | -8,190 | 1,929 | 1,402 | 661 |
| Total Liabilities and Shareholders' Equity | 666,417 | 652,630 | 639,221 | 667,322 | 647,594 | 645,594 |

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

# Gruppo Intesa Sanpaolo

## Breakdown of financial highlights by business area

| Income statement (millions of euro) | Corporate and Investment Banking | | Banca dei Territori | | International Subsidiary Banks | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 30.06.2012 | 30.06.2011 | 30.06.2012 | 30.06.2011 | 30.06.2012 | 30.06.2011 | 30.06.2012 | 30.06.2011 | 30.06.2012 | 30.06.201 |
| Operating income | 2,256 | 2,253 | 5,024 | 4,788 | 1,093 | 1,188 | 129 | 136 | 397 | 410 |
| Operating costs | -500 | -493 | -2,804 | -2,864 | -577 | -577 | -57 | -64 | -169 | -180 |
| Operating margin | 1,756 | 1,760 | 2,220 | 1,924 | 516 | 611 | 72 | 72 | 228 | 230 |
| Net income (loss) | 832 | 914 | 579 | 321 | 53 | 214 | 38 | 37 | 65 | 105 |

| Balance sheet (millions of euro) | Corporate and Investment Banking | | Banca dei Territori | | International Subsidiary Banks | | Eurizon Capital | | Banca Fideuram | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 30.06.2012 | 31.12.2011 | 30.06.2012 | 31.12.2011 | 30.06.2012 | 31.12.2011 | 30.06.2012 | 31.12.2011 | 30.06.2012 | 31.12.201 |
| Loans to customers | 150,706 | 149,201 | 183,836 | 187,435 | 30,338 | 30,676 | 101 | 109 | 3,437 | 3,439 |
| Direct deposits from banking business | 94,111 | 90,528 | 200,576 | 197,280 | 31,404 | 30,667 | 8 | 9 | 6,510 | 6,367 |

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