INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 31 DECEMBER 2015

PROFITABILITY GREW STRONGLY, EXCEEDING THE BANK'S 2014-2017 BUSINESS PLAN TARGETS.

PROPOSED CASH DIVIDENDS AMOUNT TO €2.4BN.

THE CAPITAL BASE WAS STRONG AND WELL ABOVE REGULATORY REQUIREMENTS: PRO-FORMA FULLY LOADED COMMON EQUITY RATIO WAS 13.1% NET OF PROPOSED DIVIDENDS.

NET INCOME FOR 2015 WAS €3BN, EXCLUDING EXTRAORDINARY CHARGES FOR THE RESOLUTION FUND; STATED NET INCOME WAS €2,739M.

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

PROVISIONS WERE DOWN, REFLECTING AN IMPROVING CREDIT TREND.

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

NLP STOCK DECLINED.

INTESA SANPAOLO CONTINUES TO BE AN ACCELERATOR FOR GROWTH IN THE REAL ECONOMY IN ITALY. IN 2015, MEDIUM/LONG-TERM NEW LENDING GRANTED BY THE GROUP TO ITALIAN HOUSEHOLDS AND BUSINESSES AMOUNTED TO €41BN (UP 54% VS 2014). IN 2015, THE BANK FACILITATED THE RETURN TO PERFORMING STATUS OF 20,000 COMPANIES - MAKING A TOTAL OF 29,000 SINCE 2014.

- **€2.4BN CASH DIVIDENDS PROPOSED FOR 2015: €14 CENTS PER ORDINARY SHARE AND €15.1 CENTS PER SAVINGS SHARE. DIVIDEND YIELD(*) OF 5.6% PER ORDINARY SHARE AND 6.5% PER SAVINGS SHARE**
- **ROBUST NET INCOME:**
  - **€3BN IN 2015, EXCLUDING EXTRAORDINARY CHARGES FOR THE RESOLUTION FUND(**), UP 76.9% VS €1.7BN IN 2014 (EXCLUDING THE RETROACTIVE TAX RATE INCREASE RELATING TO THE BANK OF ITALY STAKE). THIS IS THE HIGHEST FIGURE SINCE 2007 (EVEN WHEN EXCLUDING IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS FROM NET INCOME FOR 2011 AND 2013).**
  - **STATED NET INCOME AT €2,739M IN 2015 VS €1,251M IN 2014**
- **STRONG GROWTH IN PRE-TAX INCOME, THE HIGHEST FIGURE SINCE 2007:**
  - **€4,597M, UP 40.9% VS 2014**
  - **UP 56.7%, EXCLUDING CHARGES FOR THE RESOLUTION FUND AND THE DEPOSIT GUARANTEE SCHEME IN 2015**
- **SIGNIFICANT INCREASE IN OPERATING MARGIN:**
  - **€8,333M, UP 1.4% VS 2014**
  - **UP 7.6%, EXCLUDING CHARGES FOR THE RESOLUTION FUND AND THE DEPOSIT GUARANTEE SCHEME IN 2015**
- **SUSTAINED GROWTH IN NET FEES AND COMMISSIONS, THE HIGHEST FIGURE SINCE THE CREATION OF INTESA SANPAOLO:**
  - **€7,496M, UP 10.8% VS 2014**
- **CONTINUOUS COST MANAGEMENT:**
  - **OPERATING COSTS AT €8,816M, UP 2.4% VS 2014**
- **REDUCTION IN PROVISIONS, REFLECTING AN IMPROVING CREDIT TREND:**
  - **LOAN LOSS PROVISIONS AT THEIR LOWEST LEVEL SINCE 2010: €3,306M, DOWN 27.6% VS 2014**
  - **NPL INFLOW FROM PERFORMING LOANS AT ITS LOWEST SINCE 2007; NPL INFLOW DOWN 33% NET AND 29% GROSS VS 2014**
  - **NPL STOCK DECLINING, DOWN 3% NET VS SEPTEMBER 2015 AND 1% NET VS DECEMBER 2014; DOWN 2% GROSS VS SEPTEMBER 2015**
- **A STRONG CAPITAL BASE, WELL ABOVE REGULATORY REQUIREMENTS, WITH COMMON EQUITY RATIO, NET OF €2.4BN DIVIDENDS PROPOSED FOR 2015, OF:**
  - **13.1% ON A FULLY LOADED BASIS(1)**
  - **13% ON A TRANSITIONAL BASIS FOR 2015(2) ("PHASED IN")**

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(*) At the Intesa Sanpaolo stock price on 4 February 2016.

(**) The annual ordinary contribution to the resolution fund for 2015 was estimated 70% in cash (approximately €95m, which was booked in the income statement for H1 2015) and 30% as an irrevocable payment commitment (approximately €30m). As a result of the resolution process interventions in November 2015 involving four Italian banks, total extraordinary charges of €376m (€250m net of taxes) were booked in the income statement for Q4 2015. This figure included the ordinary component against the irrevocable payment commitment, as well as additional extraordinary charges equivalent to three annual contributions (approximately €345m).

(1) Estimated by applying the fully loaded parameters to the financial statements as at 31 December 2015, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, and the expected absorption of DTAs on losses carried forward; including the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 14 basis points).

(2) Includes the net income for 2015 net of proposed dividends.

HIGHLIGHTS:

OPERATING INCOME:	FY 2015	+1.9% AT €17,149M VS €16,828M IN 2014; **+5%** EXCLUDING CHARGES FOR THE RESOLUTION FUND AND THE DEPOSIT GUARANTEE SCHEME IN 2015
	Q4 2015	-12.1% AT €3,687M VS €4,195M IN Q3 2015; -3.1% EXCLUDING CHARGES FOR THE RESOLUTION FUND IN Q4 2015
OPERATING COSTS:	FY 2015	**+2.4%** AT €8,816M VS €8,606M IN 2014;
	Q4 2015	+19.7% AT €2,490M VS €2,080M IN Q3 2015
OPERATING MARGIN:	FY 2015	+1.4% AT €8,333M VS €8,222M IN 2014; **+7.6%** EXCLUDING CHARGES FOR THE RESOLUTION FUND AND THE DEPOSIT GUARANTEE SCHEME IN 2015
	Q4 2015	-43.4% AT €1,197M VS €2,115M IN Q3 2015; -25.6% EXCLUDING CHARGES FOR THE RESOLUTION FUND IN Q4 2015
INCOME BEFORE TAX FROM CONTINUING OPERATIONS:	FY 2015	+40.9% AT €4,597M VS €3,263M IN 2014; **+56.7%** EXCLUDING CHARGES FOR THE RESOLUTION FUND AND THE DEPOSIT GUARANTEE SCHEME IN 2015
	Q4 2015	€161M VS €1,125M IN Q3 2015; €537M EXCLUDING CHARGES FOR THE RESOLUTION FUND IN Q4 2015
NET INCOME:	FY 2015	**€2,739M** VS €1,251M IN 2014; **€2,989M** EXCLUDING EXTRAORDINARY CHARGES FOR THE RESOLUTION FUND IN 2015 VS €1,690M IN 2014 EXCLUDING THE RETROACTIVE TAX RATE INCREASE RELATING TO THE STAKE IN THE BANK OF ITALY
	Q4 2015	€13M VS €722M IN Q3 2015; €263M EXCLUDING CHARGES FOR THE RESOLUTION FUND IN Q4 2015
CAPITAL RATIOS:	COMMON EQUITY RATIO AFTER PROPOSED DIVIDENDS: **13.1% PRO-FORMA FULLY LOADED**(3) **;** **13% PHASED IN**(4)	

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(3) Estimated by applying the fully loaded parameters to the financial statements as at 31 December 2015, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, and the expected absorption of DTAs on losses carried forward; including the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 14 basis points).

(4) Includes the net income for 2015 net of proposed dividends.

Turin - Milan, 5 February 2016 – At its meeting today, the Management Board of Intesa Sanpaolo approved the parent company and consolidated results as at 31 December 2015[5].

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

- **robust net income** to **€2,989m in 2015**, **excluding extraordinary charges for the resolution fund**, up 76.9% versus €1,690m in 2014 excluding the retroactive tax rate increase relating to the capital gain recorded in 2013 on the Bank of Italy stake. It is **the highest result since 2007** (even when excluding the impairment of goodwill and other intangible assets from the net income for 2011 and 2013). The **stated net income** was €**2,739m** in 2015 from €1,251m in 2014, and €13m in Q4 2015 from €722m in Q3 2015. The net income for Q4 2015 amounted to €263m, excluding the extraordinary charges for the resolution fund.

- **strong growth in pre-tax income** to **€4,597m** in 2015, **up 40.9% versus 2014 and up 56.7% excluding charges for the resolution fund and the deposit guarantee scheme in 2015, the highest figure since 2007**

- **significant increase in operating margin** to **€8,333m** in 2015, up 1.4% versus 2014 and **up 7.6% excluding charges for the resolution fund and the deposit guarantee scheme in 2015**

- **positive and increasing pre-tax income from all business units** in 2015. The Wealth Management area generated €2,646m pre-tax income (up 30% vs 2014) with contributions of €1,109m from Private Banking (up 32.2% vs 2014), €614m from Asset Management (up 46.9% vs 2014) and €923m from Insurance (up 18.5% vs 2014). Banca dei Territori contributed €2,131m (up 26.5% vs 2014), Corporate and Investment Banking €1,955m (up 12.9% vs 2014) and International Subsidiary Banks €568m (up 8.6% vs 2014).

- **strong growth in assets under management** of approximately €26bn in 2015, with net inflow of approximately €30bn, of which approximately €12bn were switched from assets previously held under administration. Since year-end 2013, assets under management have increased by approximately €69bn, with net inflow of approximately €60bn, of which approximately €30bn were switched from assets previously held under administration.

- **support to the real economy,** with approximately **€48bn of medium/long-term new lending** in 2015. Approximately **€41bn of loans** were granted **in Italy (up 54% vs 2014)**; approximately **€34bn of these loans were granted to households and SMEs,** an **increase of 68%** on 2014. **In 2015, the Bank facilitated the return** from non-performing **to performing status of 20,000 Italian companies**, making a total of **29,000 since 2014.**

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

- **<u>sustained growth in net fees and commissions</u>** to €7,496m in 2015, **up 10.8%** versus 2014, **the highest figure since the creation of Intesa Sanpaolo**

- **<u>high efficiency</u>**, highlighted by a **cost/income ratio of 51.4%** in 2015 **- 49.9% excluding charges for the resolution fund and the deposit guarantee scheme - a figure that places Intesa Sanpaolo in the top tier of its European peers**

- **<u>continuous cost management</u>** with operating costs up 2.4% in 2015, compared with 2014, due to personnel expenses rising 3.9% **-** an increase due to incentives to trigger growth **-** and administrative expenses falling 1%

- **<u>improving credit trend</u>** with **NPL inflow from performing loans at its lowest since 2007**. **Net inflow** was €5.7bn in 2015, from €8.6bn in 2014 (**down 33%**). **Gross inflow** was €8.7bn in 2015, from €12.3bn in 2014 (**down 29%**). **Also NPL stock declined: net NPL stock was down 3% versus September 2015 and 1% versus December 2014, gross NPL stock was down 2% versus September 2015**

- **<u>decline in provisions reflecting improving credit trend</u>**
  - **loan loss provisions** of €3,306m in 2015, **down 27.6%** from €4,568m in 2014, **the lowest figure since 2010**
  - **NPL cash coverage ratio of 47.6%** at year-end 2015, from 47% at year-end 2014, (Italian peers average: 40% in Q3 2015), **with a cash coverage ratio of the doubtful loan component of 61.8%** at the year-end 2015 (62.8% at year-end 2014)
  - **total NPL coverage ratio of 139% including collateral** at the end of December 2015 (**146% when adding also personal guarantees**), with a total coverage ratio of the **doubtful loan** component of **140%** (**147%** when adding also personal guarantees)
  - **robust reserve buffer on performing loans** amounting to 0.7% at the end of December 2015 (0.8% at year-end 2014)

- **<u>a very solid capital base</u>** with capital ratios well above regulatory requirements. As at 31 December 2015, net of €2.4bn dividends proposed for 2015, the **pro-forma fully loaded Common Equity ratio was 13.1%**(6)**, one of the highest levels amongst major European banks**. The phased-in Common Equity ratio came in at 13%(7).

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(6) Estimated by applying the fully loaded parameters to the financial statements as at 31 December 2015, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, and the expected absorption of DTAs on losses carried forward; including the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 14 basis points).

(7) Includes the net income for 2015 net of proposed dividends.

- **<u>strong liquidity position and funding capability</u>** with **liquid assets of €117bn** and **available unencumbered liquid assets of €78bn at the end of December 2015. Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements have already been complied with,** well ahead of the implementation timeline (2018). The Group's refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment, amounted on average to €27.6bn in Q4 2015 (the same as in Q3 2015, vs €23bn, on average, in Q2 2015, €14.8bn, on average, in Q1 2015 and €7.1bn, on average, in 2014), and consisted entirely of the four-year TLTRO funding. Under the TLTRO programme, the Group borrowed €12.6bn in the last four months of 2014, €10bn at the end of March 2015, and €5bn at the end of June 2015.

- **<u>cash dividends of €2.4bn</u>**. The Management Board, at its meeting today, decided to propose at the next Ordinary Shareholders' Meeting **the distribution of €14 cents on ordinary shares and €15.1 cents on savings shares,** before tax. Specifically, the proposal envisages the distribution of a total amount of €2,361,146,684.19, deriving from €14 cents on each of the 15,859,575,782 ordinary shares and €15.1 cents on each of the 932,490,561 savings shares. No distribution will be made to own shares held by the Bank at record date. The dividend payment, if approved at the Shareholders' Meeting, will start from 25 May 2016 (with coupon presentation on 23 May and record date on 24 May). The dividend yield is 5.6% per ordinary share and 6.5% per savings share, and is based on the Intesa Sanpaolo stock price on 4 February 2015.

- **<u>several Business Plan initiatives are already under way and on track</u>**, with the **strong involvement of the Group's people**, as illustrated below:
  - **New Growth Bank**
    - **Banca 5®**
      - the **Banca 5® "specialised" business model has been introduced in more than 65% of branches**, with over 3,000 dedicated relationship managers. Revenues per client have already increased from €70 to €102
      - the "**Intesa Sanpaolo Casa**" real estate project, focused on real estate sale and brokerage, is being implemented with **18 real estate agencies already opened** in the most important cities
    - **Multichannel Bank**
      - **new multichannel processes have been successfully tested, with around 950,000 additional multichannel clients since 2014**, raising the total to **around 5.4 million clients**; 2.9 million mobile Apps have been downloaded by customers. Intesa Sanpaolo ranks number one in Italy in multichannel banking with around 80% of products available via multichannel platforms. **Transactions** through direct channels **increased 50%**, compared with 2014
    - **Private Banking**
      - **new entity Fideuram - Intesa Sanpaolo Private Banking has been fully operational since 1 July 2015**

- ▫ **the Private Banking branch in London is fully up and running** and **Intesa Sanpaolo Private Bank (Suisse) is being strengthened**
- ▫ the **first wave of new products has been launched, available to the entire division** (e.g., Fideuram Private Mix), and the range of **advanced advisory tools** has been extended to Intesa Sanpaolo Private Banking
- ▫ dedicated **High Net Worth Individual boutiques (Milan, Turin)** have been opened with a targeted service model for HNW clientele

- **Asset Management**
  - ▫ a **new product range** has been introduced into the **Banca dei Territori Division** and the **Private Banking Division** (e.g., "**Riserva**" and "**Best expertise"** products)
  - ▫ a **new product range** has been dedicated to the **Insurance Division** (e.g., "Multiramo" products)
  - ▫ a **new product range** has been dedicated to SMEs ("GP Unico Imprese")
- **Insurance**
  - ▫ **the steering of product mix towards capital-efficient products is making good progress** (e.g. Unit Linked products represent 56% of the new production, compared with 39% in 2014)
  - ▫ a **new distinctive and innovative product offering** has been launched both in P&C (e.g., development of a new health offer and a dedicated range for SMEs) and in life insurance ("Synthesis" - Multiramo product for the Private Banking Division)
  - ▫ the **pension fund business has been fully integrated**
- **Banca 360° for corporate clients**
  - ▫ a **new Transaction Banking Group unit** has been set up and **new commercial initiatives** are ongoing/ready to be launched
  - ▫ the **international presence of the Corporate and Investment Banking Division** has been strengthened (e.g., opening of the Washington Office)
  - ▫ a **new commercial model and** a **product offering for SMEs have been developed**
  - ▫ the **SME Finance hub** is fully operational (new Mediocredito Italiano)

- **Core Growth Bank**
  - **capturing untapped revenue potential**
    - ▫ the "**cash desk service evolution**" project is in progress with approximately **44% of the branches having cash desks closing at 1pm** and **extended hours only available for advisory,** and around **4% of the branches fully dedicated to advisory services**
    - ▫ the new **e-commerce portal** will continue seizing **business potential after EXPO 2015**
    - ▫ a **new service model** has been introduced in **the Banca dei Territori Division**, with three specialised commercial value chains, the creation of approximately 1,200 managerial roles and the innovation of the SME service model
    - ▫ the "Programma Filiere" has been launched, including important initiatives in significant economic sectors (Agriculture)
    - ▫ **consumer finance has been integrated into the branch network**

        - the **Corporate and Investment Banking Asset Light model is fully operational**, with benefits in terms of cross-selling and the reinforcement of distribution under way
        - a **front-line excellence programme** is being implemented in the Corporate and Investment Banking Division, reinforcing a sector-oriented business model
        - a new international **organisation is in place within the Corporate and Investment Banking Division** to serve top international clients; the **international strategy of Banca IMI** is being implemented, with a focus on core selected products
        - a **new segmentation** and a **new service model** have been adopted **for affluent clients of the International Subsidiary Banks Division**
        - a **joint venture** in **merchant banking** with a specialised investor (Neuberger) has been finalised, with deconsolidation of activities
    - **continuous cost management**
        - the **geographical footprint simplification** continues, with **around 300 branch closures since the beginning of 2015 and around 570 closures since 2014**
        - the **simplification of legal entities is ongoing**: **the rationalisation of seven product factories**, performing leasing, factoring, specialised finance and advisory activities, **into one** (new Mediocredito Italiano) **has been finalised**, and **seven local banks have been merged** into the Parent Company
    - **dynamic credit and risk management**
        - the **proactive credit management value chain** is empowered across **all divisions**
        - **integrated management of substandard loans** is in place
        - **the Chief Lending Officer Governance area has been reorganised** and structured by business units
        - **separate Risk Management and Compliance functions are now in place**, with a Chief Risk Officer and a Chief Compliance Officer **reporting directly to the CEO**
- **Capital Light Bank**
    - Capital Light Bank is **fully operational** with around **690** dedicated **people** and **around €10bn of deleveraging** already achieved
    - a **new performance management system** is fully operational on each asset class
    - **Re.O.Co.** (Real Estate Owned Company) is **fully up and running**, and has generated an estimated **positive impact** for the Group of **€33m** since 2014
- **people and investment as key enablers**:
    - **more than 4,000 people have already been reallocated** to high priority initiatives
    - the **Investment Plan for Group employees** has been finalised, **registering the highest number of participants** in the Group's history
    - the "**Big Financial Data**" programme fully in line with targets (more than 300 employees involved)
    - the **Chief Innovation Officer** is fully operative, and the "**Innovation Centre**", created to train staff and develop new products, processes and the "ideal branch", is fully operational at the **new ISP Tower** in Turin

- a **large-scale digitalisation programme** has been launched with the aim of improving efficiency and service level in top priority operating processes
- the **Digital factory is fully operational**, with dedicated resources representing all corporate functions, aiming at innovating and improving top priority processes
- investment to **renew the layout of 1,000 branches** has already been activated (50 branches to be converted by the end of February 2016)
- more than **140 agreements with labour unions** have been signed
- more than **3,000 employees** have already adopted **smart working** practices
- an "**Integrated Welfare Programme**" has been launched.

The income statement for the fourth quarter of 2015

The consolidated income statement for Q4 2015(8) recorded **net interest income** of €1,953m, up 2.1% from €1,912m in Q3 2015 and down 5% from €2,056m in Q4 2014.

Net fee and commission income were €1,918m, up 7.4% from €1,786m in Q3 2015. Specifically, commissions on commercial banking activities were down 1.9% and commissions on management, dealing and consultancy activities were up 6.1%. The latter, which include portfolio management, distribution of insurance products, dealing and placement of securities, etc., showed commissions on distribution of insurance products up 10.7%, on portfolio management up 3.4% (including performance commissions of €85m in Q4 2015 and €27m in Q3 2015) and on dealing and placement of securities up 3.6%. Net fee and commission income for Q4 2015 increased 5.8% from €1,813m in Q4 2014. Specifically, commissions on commercial banking activities were down 1.5%, while those on management, dealing and consultancy activities rose by 8.7% with commissions on distribution of insurance products up 23.9%, on portfolio management up 8.9% (performance commissions of €96m were recorded in Q4 2014) and on dealing and placement of securities down 16.5%.

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(8) During the preparation of the interim statement at 30 September 2008, in the wake of the global financial crisis, certain amendments to international accounting standards were introduced and adopted by the European Commission. In short, in accordance with these amendments it is possible to reclassify - in specific circumstances considered to be rare - unquoted financial instruments, or no longer quoted, in an active market and no longer held for trading or available for sale: in particular, out of the category "fair value through profit and loss" into the categories "available-for-sale" or the "held-to-maturity" or "loans and receivables", and out of the category "available-for-sale" into the category "loans and receivables". The Group, largely basing on the prices at 1 July 2008, reclassified financial assets held for trading of €536m into loans and receivables; the Group also reclassified financial assets available for sale of €5,166m into loans and receivables. If these reclassifications had not been made, the profits/losses on trading for Q4 2015 would have recorded a positive pre-tax impact of €9m (a positive impact of €2m in full-year 2015, €60m in full-year 2014, €94m in full-year 2013, €135m in full-year 2012, a negative impact of €11m in full-year 2011, a positive impact of €92m in full-year 2010 and €73m in full-year 2009, and a negative impact of €460m in full-year 2008) and the shareholders' equity as at 31 December 2015 would have included a negative pre-tax direct impact of €684m (with a positive impact of €100m in Q4 2015 and €386m in 2015).

Profits on trading amounted to €57m versus €1m in Q3 2015. Profits from customers decreased from €50m to €44m. Activities in capital markets and AFS financial assets generated profits of €21m versus losses of €15m. Trading and treasury activities reported losses of €10m versus losses of €32m. Profits from structured credit products amounted to €2m versus losses of €3m. Profits of €57m for Q4 2015 compare with profits of €76m in the corresponding period of 2014, which recorded profits from customers of €40m, profits from capital markets and AFS financial assets of €34m, losses from trading and treasury activities of €2m and profits from structured credit products of €4m.

Income from insurance business amounted to €131m, compared with €241m in Q3 2015 and €186m in Q4 2014.

Other operating income/expenses showed a negative balance of €373m due to extraordinary charges of €376m for the resolution fund, compared with a positive balance of €214m in Q3 2015 (including the amount of €211m pertaining to a successful claim) and a negative balance of €10m in Q4 2014.

Operating income amounted, therefore, to €3,687m, down 12.1% from €4,195m in Q3 2015 and down 10.8% from €4,133m in Q4 2014. Excluding the extraordinary charges for the resolution fund in Q4 2015, the operating income decreased 3.1% versus Q3 2015 and was down 1.7% versus Q4 2014.

Operating costs amounted to €2,490m, a 19.7% increase from €2,080m in Q3 2015, with personnel expenses up 18.2% driven by incentives to support growth, administrative expenses up 24.9% and adjustments up 11.7%. Operating costs for Q4 2015 increased 5.5% from €2,360m in the same quarter of 2014, due to personnel expenses up 9.3% and including incentives to support growth, adjustments up 5.2% and administrative expenses down 0.9%.

As a result, **operating margin** amounted to €1,197m, down 43.4% from €2,115m in Q3 2015 and down 32.5% from €1,773m in Q4 2014. The cost/income ratio was 67.5% in Q4 2015 versus 49.6% in Q3 2015 and 57.1% in Q4 2014. Excluding the extraordinary charges for the resolution fund in Q4 2015, the cost/income ratio was 61.3% and the operating margin decreased 25.6% versus Q3 2015 and 11.3% versus Q4 2014.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to €1,087m, compared with €1,011m in Q3 2015 and €1,428m in Q4 2014. Net provisions for risks and charges amounted to €56m, compared with €222m in Q3 2015 and €291m in Q4 2014 (the third quarter of 2015 included charges of €172m due to the enactment of a law in Croatia that requires local banks, including the Group's subsidiary Privredna Banka Zagreb, to offer their customers the option of converting Swiss-franc loans into euros; the fourth quarter of 2014 included charges of approximately €160m resulting from legislative measures enacted in Hungary regarding customer reimbursement, which impacted the local banking system and, therefore, the Group's subsidiary CIB Bank). Net adjustments to loans amounted to €923m, compared with €769m in Q3 2015 and €1,043m in Q4 2014. Net impairment losses on other assets were €108m, compared with €20m in Q3 2015 and €94m in Q4 2014.

Profits/losses on investments held to maturity and on other investments recorded profits of €51m, compared with €21m in Q3 2015 and €5m in Q4 2014.

Income before tax from continuing operations amounted to €161m (€537m, excluding the extraordinary charges for the resolution fund), compared with €1,125m in Q3 2015 and €350m in Q4 2014.

Consolidated net income for the quarter amounted to €13m (€263m, excluding the extraordinary charges for the resolution fund), compared with €722m in Q3 2015 and €48m in Q4 2014, after accounting:

- taxes of €76m
- charges (net of tax) for integration and exit incentives of €37m
- charges from purchase price allocation (net of tax) of €33m
- loss after tax from discontinued operations of €2m
- no minority interests.

The income statement for 2015

The consolidated income statement for 2015 recorded **net interest income** of €7,812m, down 6.5% from €8,358m in 2014.

Net fee and commission income amounted to €7,496m, up 10.8% from €6,765m in 2014. Specifically, commissions on commercial banking activities declined 2.1% and commissions on management, dealing and consultancy activities rose 21.2%. The latter, which include portfolio management, distribution of insurance products, dealing and placement of securities, etc., showed commissions on portfolio management up 30.3% (including performance commissions of €202m in 2015 and €153m in 2014), on distribution of insurance products up 26.9% and on dealing and placement of securities down 2.3%.

Profits on trading were €1,034m (including €144m dividends from the stake in the Bank of Italy), compared with €736m in 2014 (including €161m dividends from the stake in the Bank of Italy). Profits from customers increased from €240m to €321m. Profits from capital markets and AFS financial assets increased from €125m to €152m. Profits from trading and treasury activities (which included the aforementioned dividends) increased from €334m to €561m. Trading activities in structured credit products had a zero balance versus profits of €38m.

Income from insurance business amounted to €997m (including a capital gain of €58m deriving from the sale of the stake held by subsidiary Intesa Sanpaolo Vita in Chinese life insurance company Union Life), compared with €932m in 2014.

Other operating income/expenses showed a negative balance of €286m, versus an income of €2m in 2014, arising from charges of €473m for the resolution fund and €43m for the deposit guarantee scheme. These charges were only partially offset by a €211m income pertaining to a successful claim.

Operating income amounted, therefore, to €17,149m, up 1.9% from €16,828m in 2014. Excluding charges for the resolution fund and the deposit guarantee scheme in 2015, the operating income increased 5% versus 2014.

Operating costs amounted to €8,816m, up 2.4% from €8,606m in 2014, with personnel expenses rising 3.9% and including incentives to support growth, adjustments rising 5.8% and administrative expenses declining 1%.

As a result, **operating margin** amounted to €8,333m, up 1.4% from €8,222m in 2014. The cost/income ratio was 51.4% in 2015 versus 51.1% in 2014. Excluding charges for the resolution fund and the deposit guarantee scheme in 2015, the cost/income ratio was 49.9% and the operating margin increased 7.6% versus 2014.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to €3,874m, down 27.5% from €5,347m in 2014. Net provisions for risks and charges amounted to €400m and included charges of €172m due to the enactment of a law in Croatia requiring local banks, among which the Group's subsidiary Privredna Banka Zagreb, to offer their customers the option of converting Swiss-franc loans into euros. In 2014, net provisions for risks and charges were €542m; this figure included charges of approximately €230m resulting from legislative measures enacted in Hungary in relation to customer reimbursement and affecting the local banking system and, therefore, the Group's subsidiary CIB Bank. Net adjustments to loans amounted to €3,306m, compared with €4,568m in 2014. Net impairment losses on other assets were €168m, compared with €237m in 2014.

Profits/losses on investments held to maturity and on other investments recorded profits of €138m, compared with €388m in 2014 (including total capital gains of €279m deriving from Pirelli, SIA and NH Hoteles transactions).

Income before tax from continuing operations amounted to €4,597m, up 40.9% from €3,263m in 2014, up 56.7% when excluding charges for the resolution fund and the deposit guarantee scheme in 2015.

Consolidated net income for 2015 amounted to €2,739m (€2,989m, excluding the extraordinary charges for the resolution fund), compared with €1,251m in 2014 (€1,690m, excluding the retroactive tax rate increase relating to the stake in the Bank of Italy) after accounting:
- taxes of €1,594m
- charges (net of tax) for integration and exit incentives of €83m
- charges from purchase price allocation (net of tax) of €119m
- loss after tax from discontinued operations of €3m
- minority interests of €59m.

Balance sheet as at 31 December 2015

As regards the consolidated balance sheet figures, as at 31 December 2015 **loans to customers** amounted to €350bn, up 3.2% from year-end 2014 (a 0.8 % decrease vs 2014 when taking into account average volumes instead of those at the end of the period). Total **non-performing loans** (doubtful, unlikely to pay, and past due) - net of adjustments - amounted to €33,086m, down 0.7% from €33,316m at year-end 2014. In detail, doubtful loans increased to €14,973m from €14,218m at year-end 2014, with a doubtful loans to total loans ratio of 4.3% (4.2% as at year-end 2014) and a cash coverage ratio of 61.8% (62.8% as at year-end 2014). When including **collateral and guarantees**, the total doubtful loan coverage ratio was 140% including collateral and 147% adding also personal guarantees. Loans included in the unlikely to pay category decreased to €17,091m from €17,845m as at year-end 2014. Past due loans decreased to €1,022m from €1,253m at year-end 2014.

Customer financial assets amounted to €867bn (net of duplications between direct deposits and indirect customer deposits), up 4.9% from year-end 2014. Under customer financial assets, **direct deposits from banking business** amounted to €372bn, up 3.4% from year-end 2014; **direct deposits from insurance business and technical reserves** amounted to €133bn, up 12.1% from year-end 2014. Indirect customer deposits amounted to €494bn, up 6% from year-end 2014. **Assets under management** reached €328bn, up 8.7% from year-end 2014. As for bancassurance, in 2015, the new business for life policies amounted to €26.7bn (2.4% higher than in 2014). Assets under administration and in custody amounted to €166bn, up 1.1% from year-end 2014.

Capital ratios as at 31 December 2015 - calculated by applying the transitional arrangements for 2015 and net of €2.4bn of dividends proposed for 2015 - were as follows:
- Common Equity ratio(9) at 13% (13.6% at year-end 2014),
- Tier 1 ratio(9) at 13.8% (14.2% at year-end 2014),
- total capital ratio(9) at 16.6% (17.2% at year-end 2014).

The estimated pro-forma common equity ratio for the Group on a **fully loaded basis** was 13.1% (13.3% as at year-end 2014). It was calculated by applying the fully loaded parameters to the financial statements as at 31 December 2015, and considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment and adjustments to loans, the expected absorption of DTAs on losses carried forward and the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of 14 basis points).

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(9) Includes the net income for 2015 net of the proposed dividends.

As a result of the strategic decisions taken, **Intesa Sanpaolo** has confirmed its position as **one of the most solid international banking Groups**. In addition to the asset quality and level of capital ratios commented on above, the Group has continued to build on its key strengths: **robust liquidity** and **low leverage**.

In particular, as regards the components of the Group's **liquidity**:

- available unencumbered liquid assets were €117bn at the end of December 2015, including eligible assets with Central Banks received as collateral and excluding eligible assets currently used as collateral;
- liquid assets amounted to €78bn at the end of December 2015, comprising available unencumbered liquid assets - excluding eligible assets received as collateral - and eligible assets currently used as collateral;
- refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment, amounted, on average, to €27.6bn in the fourth quarter of 2015 (the same as in Q3 2015, compared with €23bn, on average, in Q2 2015, €14.8bn, on average, in Q1 2015 and €7.1bn, on average, in 2014) and consisted entirely of the four-year TLTRO funding (under the TLTRO programme, the Group borrowed €12.6bn in the last four months of 2014, €10bn at the end of March 2015, and €5bn at the end of June 2015);
- the sources of funding were stable and well-diversified, with 70% of direct deposits from the banking business (including securities issued) generated from retail operations;
- medium/long-term funding was approximately €18bn in 2015 (€6bn of which was retail);
- medium/long-term wholesale issues in 2015 included €4.25bn benchmark eurobonds, €2.25bn covered bonds and US$1bn Additional Tier 1 (approximately 80% placed with foreign investors).

The Group's **leverage ratio** as at 31 December 2015 was 6.8% phased in and 6.4% fully loaded, both best-in class among major European banking groups.

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As at 31 December 2015, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,386 branches - of which 4,144 were in Italy and 1,242 were abroad - with 90,807 employees.

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Breakdown of results by business area

The **Banca dei Territori** Division comprises:

- Retail customers (individual customers with financial assets up to €100,000 and businesses/companies with low-complexity needs)
- Personal customers (individual customers with financial assets between €100,000 and €1m)
- SME customers, including companies whose group turnover is below €350m.

The division includes Banca Prossima operating at the service of non-profit entities through the Group's branches with regional centres and a team of specialists, Mediocredito Italiano, which is the SME Finance Hub, and Setefi operating in electronic payments.

In the fourth quarter of 2015, the Banca dei Territori Division recorded:

- operating income of €2,330m, +4.7% versus €2,226m in Q3 2015;
- operating costs of €1,352m, +12.6% versus €1,201m in Q3 2015;
- operating margin of €978m, -4.6% versus €1,025m in Q3 2015;
- a cost/income ratio of 58% versus 54% in Q3 2015;
- net provisions and adjustments of €577m versus €512m in Q3 2015;
- income before tax from continuing operations of €401m, -21.8% versus €513m in Q3 2015;
- net income of €203m, -31.8% versus €298m in Q3 2015.

In 2015, the Banca dei Territori Division recorded:

- operating income of €9,255m, -2.2% versus €9,467m in 2014, contributing approximately 54% of the consolidated operating income (56% in 2014);
- operating costs of €4,986m, +0.4% versus €4,966m in 2014;
- operating margin of €4,269m, -5.2% versus €4,501m in 2014;
- a cost/income ratio of 53.9% versus 52.5% in 2014;
- net provisions and adjustments of €2,138m versus €2,816m in 2014;
- income before tax from continuing operations of €2,131m, +26.5% versus €1,685m in 2014;
- net income of €1,199m, +32% versus €908m in 2014.

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

- International Network & Global Industries, which manages relationships with approximately 1,200 global industrial corporates operating in eight key industries with high growth potential (automotive & industrial; basic resources & diversified; consumer, retail & luxury; healthcare & chemical; infrastructures; oil & gas; power & utilities; telecom, media & technology). Furthermore, this department is responsible for foreign branches, representative offices and foreign subsidiaries carrying out corporate banking (Intesa Sanpaolo Bank Luxembourg, Intesa Sanpaolo Bank Ireland and Intesa Sanpaolo Brasil), and provides specialist assistance in supporting the internationalisation of Italian corporates and export development
- Corporate and Public Finance, which manages relationships with approximately 700 large to mid-sized Italian corporates and provides services to government, public entities, local authorities, universities, public utilities, general contractors, and public and private healthcare providers
- Financial Institutions, which is responsible for relationships with financial institutions
- Global Transaction Banking, which is responsible for management of transaction banking services
- Banca IMI, which operates in investment banking (M&A and advisory), structured finance, capital markets and primary markets (equity and debt capital market).

The division also comprises the management of the Group’s proprietary trading.

In the fourth quarter of 2015, the Corporate and Investment Banking Division recorded:

- operating income of €746m, +28.9% versus €579m in Q3 2015;
- operating costs of €259m, +15.7% versus €224m in Q3 2015;
- operating margin of €487m, +37.3% versus €355m in Q3 2015;
- a cost/income ratio of 34.7% versus 38.7% in Q3 2015;
- net provisions and adjustments of €31m versus €62m in Q3 2015;
- income before tax from continuing operations of €456m, +55.8% versus €293m in Q3 2015;
- net income of €306m, +42.6% versus €215m in Q3 2015.

In 2015, the Corporate and Investment Banking Division recorded:

- operating income of €3,109m, +1.1% versus €3,075m in 2014, contributing approximately 18% of the consolidated operating income (18% in 2014);
- operating costs of €931m, +6.8% versus €872m in 2014;
- operating margin of €2,178m, -1.1% versus €2,203m in 2014;
- a cost/income ratio of 29.9% versus 28.4% in 2014;
- net provisions and adjustments of €223m versus €475m in 2014;
- no profits/losses on investments held to maturity and on other investments versus profits of €4m in 2014;

- income before tax from continuing operations of €1,955m, +12.9% versus €1,732m in 2014;
- net income of €1,347m, +12.8% versus €1,194m in 2014.

The **International Subsidiary Banks**(10) Division is responsible for operations on international markets through commercial banking subsidiaries and associates, and provides guidelines, coordination and support for the Group's subsidiaries. It is responsible for defining the Group's development strategy related to its direct presence abroad, including exploring and analysing new growth opportunities in markets where the Group already has a presence, as well as in new ones. This division also coordinates operations of international subsidiary banks and their relations with the Parent Company's head office departments and the Corporate and Investment Banking division's branches and offices abroad. The division is in charge of the Group's operations in the following geographical areas: i) South-Eastern Europe, through Privredna Banka Zagreb in Croatia, Banca Intesa Beograd in Serbia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Bank Romania; ii) Central-Eastern Europe, through Banka Koper in Slovenia, VUB Banka in Slovakia and CIB Bank in Hungary; iii) CIS & South Mediterranean, through Banca Intesa in the Russian Federation and Bank of Alexandria in Egypt.

In the fourth quarter of 2015, the International Subsidiary Banks Division recorded:
- operating income of €517m, -3.8% versus €538m in Q3 2015;
- operating costs of €268m, +5.1% versus €255m in Q3 2015;
- operating margin of €249m, -11.9% versus €283m in Q3 2015;
- a cost/income ratio of 51.8% versus 47.4% in Q3 2015;
- net provisions and adjustments of €101m versus €236m in Q3 2015(including charges of €172m due to the conversion of Swiss-franc loans of Privredna Banka Zagreb into euros);
- income before tax from continuing operations of €149m versus €47m in Q3 2015;
- net income of €115m versus €28m in Q3 2015.

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(10) The International Subsidiary Banks Division does not include Pravex-Bank in Ukraine and the bad bank of CIB Bank in Hungary. Both are placed in a reporting line to the Capital Light Bank business unit.

In 2015, the International Subsidiary Banks Division recorded:
- operating income of €2,102m, +3.6% versus €2,029m in 2014, contributing approximately 12% of the consolidated operating income (12% in 2014);
- operating costs of €1,033m, -1.1% versus €1,045m in 2014;
- operating margin of €1,069m, +8.6% versus €984m in 2014;
- a cost/income ratio of 49.1% versus 51.5% in 2014;
- net provisions and adjustments of €501m (including charges of €172m due to the conversion of Swiss-franc loans of Privredna Banka Zagreb into euros), versus €461m in 2014 (including charges of approximately €230m due to CIB Bank’s customer reimbursement);
- income before tax from continuing operations of €568m, +8.6% versus €523m in 2014;
- net income of €418m, +11.2% versus €376m in 2014.

The **Private Banking** Division serves the top customer segment (Private and High Net Worth Individuals) through Fideuram and its subsidiaries Fideuram Investimenti, Intesa Sanpaolo Private Banking, Sirefid, Fideuram Fiduciaria, Intesa Sanpaolo Private Bank (Suisse) and Fideuram Asset Management Ireland.

In the fourth quarter of 2015, the Private Banking Division recorded:
- operating income of €396m, -0.2% versus €397m in Q3 2015;
- operating costs of €145m, +14.1% versus €127m in Q3 2015;
- operating margin of €252m, -6.9% versus €270m in Q3 2015;
- a cost/income ratio of 36.5% versus 31.9% in Q3 2015;
- net provisions and adjustments of €17m versus €10m in Q3 2015;
- income before tax from continuing operations of €235m, -9.7% versus €260m in Q3 2015;
- net income of €136m, -12.9% versus €156m in Q3 2015.

In 2015, the Private Banking Division recorded:
- operating income of €1,680m, +15.4% versus €1,456m in 2014, contributing approximately 10% of the consolidated operating income (9% in 2014);
- operating costs of €532m, +0.9% versus €527m in 2014;
- operating margin of €1,148m, +23.6% versus €929m in 2014;
- a cost/income ratio of 31.7% versus 36.2% in 2014;
- net provisions and adjustments of €39m versus €90m in 2014;
- income before tax from continuing operations of €1,109m, +32.2% versus €839m in 2014;
- net income of €663m, +32.9% versus €499m in 2014.

The **Asset Management** Division develops asset management solutions targeted at the Group's customers, commercial networks outside the Group and the institutional clientele through Eurizon Capital. Eurizon Capital controls Eurizon Capital SA (Luxembourg), a company specialising in managing Luxembourg mutual funds with low tracking error and VUB Asset Management (Slovakia) which is 50.12% owned by Eurizon Capital SA and heads up the Hungarian CIB IFM and the Croatian PBZ Invest (Eastern European asset management hub). Eurizon Capital also controls Epsilon Associati SGR, a company specialising in managing structured products and mutual funds using quantitative methods which is 51% owned by Eurizon Capital and 49% owned by Banca IMI. Eurizon Capital owns a 49% stake in a Chinese asset management company, Penghua Fund Management.

In the fourth quarter of 2015, the Asset Management Division recorded:
- operating income of €207m, +14.2% versus €181m in Q3 2015;
- operating costs of €42m, +27.3% versus €33m in Q3 2015;
- operating margin of €165m, +11.3% versus €148m in Q3 2015;
- a cost/income ratio of 20.4% versus 18.3% in Q3 2015;
- net provisions and adjustments of €2m versus no provisions and adjustments in Q3 2015;
- income before tax from continuing operations of €163m, +9.6% versus €149m in Q3 2015;
- net income of €129m, +13% versus €114m in Q3 2015.

In 2015, the Asset Management Division recorded:
- operating income of €759m, +38.8% versus €547m in 2014, contributing approximately 4% of the consolidated operating income (3% in 2014);
- operating costs of €142m, +9.2% versus €130m in 2014;
- operating margin of €617m, +48% versus €417m in 2014;
- a cost/income ratio of 18.7% versus 23.8% in 2014;
- net provisions and adjustments of €3m versus net release of €1m in 2014;
- income before tax from continuing operations of €614m, +46.9% versus €418m in 2014;
- net income of €466m, +72.6% versus €270m in 2014.

The **Insurance** Division develops insurance products tailored for the Group’s clients and coordinates the operations of Intesa Sanpaolo Vita (which controls Intesa Sanpaolo Assicura) and Fideuram Vita.

In the fourth quarter of 2015, the Insurance Division recorded:
- operating income of €171m, -39.3% versus €281m in Q3 2015;
- operating costs of €48m, +25.3% versus €39 m in Q3 2015;
- operating margin of €122m, -49.6% versus €243m in Q3 2015;
- a cost/income ratio of 28.4% versus 13.7% in Q3 2015;
- net provisions and adjustments of €7m versus €13m in Q3 2015;
- income before tax from continuing operations of €116m versus €230m in Q3 2015;
- net income of €86m versus €151m in Q3 2015.

In 2015, the Insurance Division recorded:
- operating income of €1,102m, +18.4% versus €931m in 2014, contributing approximately 6% of the consolidated operating income (6% in 2014);
- operating costs of €160m, +6% versus €151m in 2014;
- operating margin of €942m, +20.8% versus €780m in 2014;
- a cost/income ratio of 14.5% versus 16.2% in 2014;
- net provisions and adjustments of €19m versus €1m in 2014;
- income before tax from continuing operations of €923m, +18.5% versus €779m in 2014;
- net income of €630m, +25.7% versus €501m in 2014.

The outlook for 2016

In 2016, the Intesa Sanpaolo Group is expected to register an improvement in operating income, driven by net fees and commissions and customer loans, as well as in operating margin with continuous cost management, and in income before tax from continuing operations with a decline in the cost of risk, all within the framework of sustainable profitability. The commitment to distribute €3 billion cash dividends for 2016, as indicated in the 2014-2017 Business Plan, is confirmed.

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For consistency purposes, the income statement and balance sheet figures for the first quarter of 2015 and the four quarters of 2014 were restated following the termination of the sale-and-purchase agreement signed in January 2014, concerning Ukrainian subsidiary Pravex-Bank. The related items were reconsolidated line by line while their contribution to the income statement and the balance sheet was previously recorded, respectively, under income/loss from discontinued operations and under relevant assets/liabilities referring to discontinued operations. Furthermore, following the consolidation of Risanamento, the income statement figures for the first and the second quarter of 2015 and the four quarters of 2014 were restated line by line, with the corresponding net income included under minority interests, and so were the balance sheet figures for the first quarter of 2015 and the four quarters of 2014.
The income statement and balance sheet figures for 2014 relating to the business areas were restated to take into account the new organisational structure, as defined in the last quarter of 2014, with the creation of three new divisions (Private Banking, Asset Management, and Insurance) and the Capital Light Bank business unit.

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In order to present more complete information on the results generated in 2015, the reclassified consolidated income statement and the reclassified consolidated balance sheet approved by the Management Board are attached. Please note that the auditing firm is completing the auditor review of the financial statements, as well as the activities for the issue of the statement in accordance with art. 26 (2) of Regulation EU n. 575/2013 and with ECB Decision n. 2015/656. The parent company and consolidated draft financial statements for the year ended 31 December 2015 will be submitted for approval at the Management Board meeting scheduled for 23 February 2016. Intesa Sanpaolo parent company and consolidated financial statements for the year ended 31 December 2015 will be submitted for approval at the Supervisory Board meeting scheduled for 15 March 2016 and for examination of the auditing firm in charge of auditing the annual report and will be made available for shareholders and the market by 16 March 2016.

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The manager responsible for preparing the company's financial reports, Fabrizio Dabbene, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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Intesa Sanpaolo Group

Reclassified consolidated statement of income

(millions of euro)

	2015	2014	Changes	
			amount	%
Net interest income	7,812	8,358	-546	-6.5
Profits (losses) on investments carried at equity	96	35	61	
Net fee and commission income	7,496	6,765	731	10.8
Profits (Losses) on trading	1,034	736	298	40.5
Income from insurance business	997	932	65	7.0
Other operating income (expenses)	-286	2	-288	
Operating income	17,149	16,828	321	1.9
Personnel expenses	-5,316	-5,118	198	3.9
Other administrative expenses	-2,766	-2,794	-28	-1.0
Adjustments to property, equipment and intangible assets	-734	-694	40	5.8
Operating costs	-8,816	-8,606	210	2.4
Operating margin	8,333	8,222	111	1.4
Net provisions for risks and charges	-400	-542	-142	-26.2
Net adjustments to loans	-3,306	-4,568	-1,262	-27.6
Net impairment losses on other assets	-168	-237	-69	-29.1
Profits (Losses) on investments held to maturity and on other investments	138	388	-250	-64.4
Income (Loss) before tax from continuing operations	4,597	3,263	1,334	40.9
Taxes on income from continuing operations	-1,594	-1,775	-181	-10.2
Charges (net of tax) for integration and exit incentives	-83	-103	-20	-19.4
Effect of purchase price allocation (net of tax)	-119	-193	-74	-38.3
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Income (Loss) after tax from discontinued operations	-3	276	-279	
Minority interests	-59	-217	-158	-72.8
Net income (loss)	2,739	1,251	1,488	

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

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated statement of income

(millions of euro)

	2015				2014			
	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,953	1,912	1,976	1,971	2,056	2,107	2,100	2,095
Profits (losses) on investments carried at equity	1	41	15	39	12	6	-19	36
Net fee and commission income	1,918	1,786	1,979	1,813	1,813	1,647	1,725	1,580
Profits (Losses) on trading	57	1	380	596	76	135	381	144
Income from insurance business	131	241	282	343	186	240	251	255
Other operating income (expenses)	-373	214	-54	-73	-10	25	-9	-4
Operating income	3,687	4,195	4,578	4,689	4,133	4,160	4,429	4,106
Personnel expenses	-1,486	-1,257	-1,271	-1,302	-1,359	-1,257	-1,222	-1,280
Other administrative expenses	-803	-643	-679	-641	-810	-653	-673	-658
Adjustments to property, equipment and intangible assets	-201	-180	-178	-175	-191	-171	-166	-166
Operating costs	-2,490	-2,080	-2,128	-2,118	-2,360	-2,081	-2,061	-2,104
Operating margin	1,197	2,115	2,450	2,571	1,773	2,079	2,368	2,002
Net provisions for risks and charges	-56	-222	-68	-54	-291	-14	-182	-55
Net adjustments to loans	-923	-769	-847	-767	-1,043	-1,257	-1,186	-1,082
Net impairment losses on other assets	-108	-20	-31	-9	-94	-64	-67	-12
Profits (Losses) on investments held to maturity and on other investments	51	21	38	28	5	73	235	75
Income (Loss) before tax from continuing operations	161	1,125	1,542	1,769	350	817	1,168	928
Taxes on income from continuing operations	-76	-354	-516	-648	-183	-324	-904	-364
Charges (net of tax) for integration and exit incentives	-37	-15	-25	-6	-74	-9	-13	-7
Effect of purchase price allocation (net of tax)	-33	-27	-33	-26	-45	-49	-53	-46
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-	-
Income (Loss) after tax from discontinued operations	-2	-	-1	-	-4	45	238	-3
Minority interests	-	-7	-27	-25	4	3	-219	-5
Net income (loss)	13	722	940	1,064	48	483	217	503

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

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

(millions of euro)

Assets	31.12.2015	31.12.2014	Changes amount	Changes %
Financial assets held for trading	51,597	53,741	-2,144	-4.0
of which: Insurance Companies	728	785	-57	-7.3
Financial assets designated at fair value through profit and loss	53,663	43,863	9,800	22.3
of which: Insurance Companies	52,519	42,657	9,862	23.1
Financial assets available for sale	131,402	124,176	7,226	5.8
of which: Insurance Companies	75,646	71,604	4,042	5.6
Investments held to maturity	1,386	1,471	-85	-5.8
Due from banks	34,445	31,611	2,834	9.0
Loans to customers	350,010	339,002	11,008	3.2
Investments in associates and companies subject to joint control	1,727	1,810	-83	-4.6
Property, equipment and intangible assets	12,562	12,399	163	1.3
Tax assets	15,021	14,504	517	3.6
Non-current assets held for sale and discontinued operations	27	29	-2	-6.9
Other assets	24,656	24,737	-81	-0.3
Total Assets	676,496	647,343	29,153	4.5

Liabilities and Shareholders' Equity	31.12.2015	31.12.2014	Changes amount	Changes %
Due to banks	59,327	51,959	7,368	14.2
Due to customers and securities issued	365,402	354,685	10,717	3.0
of which: Insurance Companies	1,310	1,289	21	1.6
Financial liabilities held for trading	43,522	46,381	-2,859	-6.2
of which: Insurance Companies	144	333	-189	-56.8
Financial liabilities designated at fair value through profit and loss	47,022	37,622	9,400	25.0
of which: Insurance Companies	47,022	37,622	9,400	25.0
Tax liabilities	2,367	2,471	-104	-4.2
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-
Other liabilities	20,814	23,928	-3,114	-13.0
Technical reserves	84,616	79,701	4,915	6.2
Allowances for specific purpose	4,833	5,364	-531	-9.9
Share capital	8,732	8,725	7	0.1
Reserves	36,446	36,329	117	0.3
Valuation reserves	-1,018	-1,622	-604	-37.2
Equity instruments	877	-	877	-
Minority interests	817	549	268	48.8
Net income (loss)	2,739	1,251	1,488	
Total Liabilities and Shareholders' Equity	676,496	647,343	29,153	4.5

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

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated balance sheet

(millions of euro)

Assets	2015				2014			
	31/12	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	51,597	52,391	51,996	62,257	53,741	55,430	52,056	52,337
of which: Insurance Companies	728	775	754	823	785	745	763	834
Financial assets designated at fair value through profit and loss	53,663	49,998	49,407	48,620	43,863	40,197	38,459	36,665
of which: Insurance Companies	52,519	48,877	48,203	47,361	42,657	39,024	37,303	35,539
Financial assets available for sale	131,402	133,363	135,438	138,079	124,176	115,430	118,369	113,429
of which: Insurance Companies	75,646	72,548	71,463	74,813	71,604	63,628	61,395	57,098
Investments held to maturity	1,386	1,379	1,426	1,470	1,471	1,465	1,455	1,526
Due from banks	34,445	33,994	31,147	34,942	31,611	29,726	31,226	28,079
Loans to customers	350,010	345,140	344,199	346,029	339,002	337,201	332,146	338,944
Investments in associates and companies subject to joint control	1,727	1,792	1,756	1,943	1,810	2,027	2,032	1,951
Property, equipment and intangible assets	12,562	12,135	12,210	12,282	12,399	12,377	12,471	12,577
Tax assets	15,021	14,815	14,952	14,380	14,504	15,181	15,033	15,011
Non-current assets held for sale and discontinued operations	27	27	27	29	29	28	170	929
Other assets	24,656	23,201	25,841	23,275	24,737	25,604	25,989	25,224
Total Assets	676,496	668,235	668,399	683,306	647,343	634,666	629,406	626,672

Liabilities and Shareholders' Equity	2015				2014			
	31/12	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	59,327	64,118	62,493	58,312	51,959	34,990	35,102	42,210
Due to customers and securities issued	365,402	352,962	358,854	364,283	354,685	367,297	370,362	367,380
of which: Insurance Companies	1,310	1,460	1,319	1,303	1,289	544	568	569
Financial liabilities held for trading	43,522	44,189	43,221	54,398	46,381	44,582	41,191	41,494
of which: Insurance Companies	144	169	138	234	333	416	411	369
Financial liabilities designated at fair value through profit and loss	47,022	43,657	43,451	42,088	37,622	35,461	33,441	31,433
of which: Insurance Companies	47,022	43,657	43,451	42,088	37,622	35,453	33,433	31,424
Tax liabilities	2,367	3,394	2,973	3,371	2,471	3,237	2,729	2,862
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	-	-	-	62	814
Other liabilities	20,814	25,043	26,842	25,907	23,928	24,260	26,065	23,466
Technical reserves	84,616	81,965	79,645	82,925	79,701	74,759	70,694	67,210
Allowances for specific purpose	4,833	4,701	4,591	5,280	5,364	4,769	4,786	4,453
Share capital	8,732	8,730	8,725	8,725	8,725	8,554	8,549	8,549
Reserves	36,446	36,435	36,415	37,545	36,329	36,166	36,230	36,778
Valuation reserves	-1,018	-1,183	-1,449	-1,147	-1,622	-1,308	-1,241	-1,076
Equity instruments	877	875	-	-	-	-	-	-
Minority interests	817	623	634	555	549	696	716	596
Net income (loss)	2,739	2,726	2,004	1,064	1,251	1,203	720	503
Total Liabilities and Shareholders' Equity	676,496	668,235	668,399	683,306	647,343	634,666	629,406	626,672

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

Intesa Sanpaolo Group

Breakdown of financial highlights by business area

Income statement (millions of euro)	Corporate and Investment Banking		Banca dei Territori		International Subsidiary Banks		Private Banking		Asset management		Insurance	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Operating income	3,109	3,075	9,255	9,467	2,102	2,029	1,680	1,456	759	547	1,102	931
Operating costs	-931	-872	-4,986	-4,966	-1,033	-1,045	-532	-527	-142	-130	-160	-151
Operating margin	2,178	2,203	4,269	4,501	1,069	984	1,148	929	617	417	942	780
Net income (loss)	1,347	1,194	1,199	908	418	376	663	499	466	270	630	501

Balance sheet (millions of euro)	Corporate and Investment Banking		Banca dei Territori		International Subsidiary Banks		Private Banking		Asset management		Insurance	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Loans to customers	89,691	82,385	184,750	183,701	25,827	24,974	8,971	7,614	372	473	24	13
Direct deposits from banking business	109,915	97,709	159,860	162,409	32,456	30,998	20,922	17,959	9	9	196	182

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