PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AT SEPTEMBER 30th 2014

INTESA SANPAOLO IS A WINNER, AMONG EUROPEAN BANKS, BOTH IN THE COMPREHENSIVE ASSESSMENT AND IN PROFITABILITY GROWTH, FULLY IN LINE WITH ITS 2014-2017 BUSINESS PLAN TARGETS.

NET INCOME FOR 9M 2014 AT MORE THAN €1.6BN, EXCLUDING THE RETROACTIVE INCREASE IN TAX RATE IN RELATION TO THE BANK OF ITALY STAKE; STATED NET INCOME AT €1.2BN.

POSITIVE TREND IN NET INTEREST INCOME, SUSTAINED GROWTH IN COMMISSIONS (9M 2014 LEVEL IS THE HIGHEST SINCE 2007) WITH ROBUST PERFORMANCE OF ASSETS UNDER MANAGEMENT.

REDUCTION IN PROVISIONS WHICH REFLECT IMPROVING CREDIT TREND AND INCLUDE ADJUSTMENTS RESULTING FROM THE ASSET QUALITY REVIEW.

NPL INFLOW FROM PERFORMING LOANS IN 9M 2014 AT ITS LOWEST LEVEL SINCE 2011.

- **ROBUST NET INCOME:**
  - **MORE THAN €1.6BN IN 9M 2014, EXCLUDING THE RETROACTIVE INCREASE IN TAX RATE IN RELATION TO THE BANK OF ITALY STAKE**
  - **STATED INCOME AT €1,203M IN 9M 2014, ALMOST DOUBLING THE 9M 2013 FIGURE, DESPITE AN EFFECTIVE TAX RATE AT 52%**
  - **€483M IN Q3 2014**
- **STRONG GROWTH IN PRE-TAX INCOME:**
  - **UP 65.5% VS 9M 2013**
- **SIGNIFICANT INCREASE IN CORE OPERATING MARGIN:**
  - **UP 14.9% VS 9M 2013, EXCLUDING PROFITS ON TRADING**
- **POSITIVE TREND IN NET INTEREST INCOME:**
  - **UP 3.9% VS 9M 2013**
- **SUSTAINED GROWTH IN NET FEES AND COMMISSIONS:**
  - **UP 9.9% VS 9M 2013**
- **CONTINUOUS COST MANAGEMENT:**
  - **OPERATING COSTS UP 1.4% VS 9M 2013**
- **REDUCTION IN PROVISIONS WHICH REFLECT IMPROVING CREDIT TREND AND INCLUDE ADJUSTMENTS DUE TO THE OUTCOME OF THE AQR:**
  - **LOAN LOSS PROVISIONS OF €3,504M IN 9M 2014 VS 4,013M IN 9M 2013 (DOWN 12.7%)**
  - **NPL INFLOW FROM PERFORMING LOANS IN 9M 2014 AT ITS LOWEST LEVEL SINCE 9M 2011, NET DOWN 18% AND GROSS DOWN 17% VS 9M 2013**
- **A FURTHER STRENGTHENING OF A STRONG CAPITAL BASE WHICH IS WELL ABOVE REGULATORY REQUIREMENTS. COMMON EQUITY RATIO, NET OF €750M DIVIDENDS ACCRUED IN THE FIRST NINE MONTHS OF 2014:**
  - **13.3% ON A TRANSITIONAL BASIS FOR 2014(1) ("PHASED IN")**
  - **13% ON A FULLY LOADED BASIS(2), WITH EXCESS CAPITAL(3) OF €10.1BN WHICH COMPARES WITH EXCESS CAPITAL OF €12.7BN AFTER THE AQR(4) AND €10.9BN AFTER THE STRESS TEST(5)**

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(1) Including Q3 net income after deduction of pro-quota dividends; excluding it, phased-in Common Equity ratio at 13.2%.

(2) Estimated applying the parameters set out under fully loaded Basel 3 to the financial statements as at September 30th 2014, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption by 2019 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 nine basis points).

(3) Compared with Basel 3 maximum compliance level for Global SIFIs of 9.5% (4.5% Common Equity + 2.5% conservation buffer + 2.5% current maximum Global SIFI buffer).

(4) Calculated vs the 8% threshold of the AQR (the review on the asset quality of European banks conducted by regulatory authorities); the calculation takes into account the capital gain deriving from the stake in the Bank of Italy and the other capital measures carried out in 2014.

(5) Calculated vs the 5.5% threshold under the adverse scenario of the Stress Test (the exercise on the impact of a negative macroeconomic scenario on European banks' capital, conducted by regulatory authorities); the calculation takes into account the capital gain deriving from the stake in the Bank of Italy and the other capital measures carried out in 2014.

HIGHLIGHTS:

OPERATING INCOME:	Q3 2014	-5.6% AT €4,206M VS €4,457M IN Q2 2014;
	9M 2014	**+3.7%** AT €12,771M VS €12,317M IN 9M 2013
OPERATING COSTS:	Q3 2014	+1.1% AT €2,067M VS €2,045M IN Q2 2014;
	9M 2014	**+1.4%** AT €6,198M VS €6,110M IN 9M 2013
OPERATING MARGIN:	Q3 2014	-11.3% AT €2,139M VS €2,412M IN Q2 2014;
	9M 2014	**+5.9%** AT €6,573M VS €6,207M IN 9M 2013
INCOME BEFORE TAX FROM CONTINUING OPERATIONS:	Q3 2014	-27.2% AT €888M VS €1,220M IN Q2 2014;
	9M 2014	**+65.5%** AT €3,061M VS €1,849M IN 9M 2013
NET INCOME:	Q3 2014	€483M VS €217M IN Q2 2014;
	9M 2014	**€1,203M** VS €640M IN 9M 2013

CAPITAL RATIOS: PRO-FORMA COMMON EQUITY RATIO AFTER ACCRUED DIVIDENDS(6):
13% FULLY LOADED(7);
13.3% PHASED IN(8)

Turin - Milan, November 11th 2014 – At its meeting today, the Intesa Sanpaolo Management Board approved the consolidated interim statement as at September 30th 2014(9).

The Group has achieved a **strong improvement in profitability - fully in line with the 2014-2017 Business Plan targets -** despite prolonged market challenges. Its **balance sheet remains solid**, as highlighted by the **Asset Quality Review** and the **Stress Test**, carried out by the European Central Bank and the European Banking Authority, from which Intesa Sanpaolo has clearly emerged **as one of the best European banks**:

- **robust net income**: **1,642 million euro in the first nine months of 2014, excluding the retroactive increase in tax rate** - from 12% to 26% - on the capital gain from the **Bank of Italy** stake booked in 2013. The **stated net income** amounted to **1,203 million euro in the first nine months of 2014** (**up 88%** vs 9M 2013), **despite an effective tax rate of 52%**, and **483 million euro in the third quarter of 2014**;

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(6) Equal to 750 million euro, which represents the nine-month quota of 1 billion euro dividends envisaged in the 2014-2017 Business Plan for 2014.

(7) Estimated by applying the parameters set out under fully loaded Basel 3 to the financial statements as at September 30th 2014, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption by 2019 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 nine basis points).

(8) Including Q3 net income after deduction of pro-quota dividends; excluding it, phased-in Common Equity ratio at 13.2%.

(9) Methodological note on the scope of consolidation on page 21.

- **<u>strong growth in pre-tax income</u>** at **3,061 million** euro **in the first nine months of 2014**, **up 65.5%** versus the first nine months of 2013;

- **<u>significant increase in core operating margin</u>**: **up 14.9%** versus the first nine months of 2013, excluding profits on trading;

- **<u>positive pre-tax result for all business units</u>,** with a contribution, in the first nine months of 2014, of 891 million euro from Retail Italia(10) (up 138% vs 9M 2013), 493 million euro from Private Banking(11) (up 20%), 422 million euro from Asset Management(12) (up 35%), 640 million euro from Insurance(13) (up 17%), 1,508 million euro from Corporate and Investment Banking (down 12%), and 375 million euro from International Subsidiary Banks (up 60%);

- **<u>strong growth in assets under management</u>**: an increase of approximately 32 billion euro in the first nine months of 2014, with approximately 16 billion euro switched from assets previously under administration;

- **<u>support to the real economy</u>:** approximately 24 billion euro of medium/long-term new lending to families and businesses in the first nine months of 2014;

- **<u>positive trend in net interest income</u>,** 6,314 million euro in the first nine months of 2014, **up 3.9%** versus the first nine months of 2013;

- **<u>sustained growth in net fees and commissions</u>:** 4,960 million euro in the first nine months of 2014, **the highest level since 2007**, **up 9.9%** versus the first nine months of 2013;

- **<u>high efficiency</u>**, highlighted by a **cost/income ratio of 48.5%** in the first nine months of 2014, **a level that puts Intesa Sanpaolo in the top tier amongst European peers**;

- **<u>continuous cost management</u>**: operating costs up 1.4% in the first nine months of 2014, compared with the same period last year, with personnel expenses up 3.6% reflecting the variable portion of remuneration, and administrative expenses down 1.8%;

- **<u>improving credit trend</u>,** with **NPL inflow from performing loans in the first nine months of 2014 at its lowest level since 9M 2011**: net inflow of 6.1 billion euro in the first nine months of 2014 from 7.4 billion euro in the same period of 2013 (down 18%); gross inflow of 9 billion euro from 10.8 billion euro in the same period of 2013 (down 17%);

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(10) Banca dei Territori excluding: Intesa Sanpaolo Private Banking, Insurance, Sirefid and Intesa Sanpaolo Private Bank (Suisse).
(11) Banca Fideuram excluding Fideuram Asset Management Ireland, Intesa Sanpaolo Private Banking, Sirefid and Intesa Sanpaolo Private Bank (Suisse).
(12) Eurizon Capital and Fideuram Asset Management Ireland.
(13) Intesa Sanpaolo Vita, Intesa Sanpaolo Previdenza and Fideuram Vita.

- **<u>reduction in provisions reflecting improving credit trend</u>**:
  - **loan loss provisions** of 3,504 million euro in the first nine months of 2014 - **down 12.7%** from 4,013 million euro in the same period last year - **including the AQR additional provisions**. Adjustments to provisions required under the AQR on non-performing exposures related to the credit sample selected as at December 31st 2013 amounted to 466 million euro: approximately 200 million euro of these have already been included in the provisions for the first half of 2014, approximately 190 million euro have been set aside in the third quarter of 2014, while the remaining portion is no longer due since it relates to loans which have in the meantime turned back to performing exposures or have been repaid or sold or have anyway registered proofed improvement,
  - **NPL cash coverage ratio of 47.2%** at the end of September 2014 from 46% at year-end 2013 (Italian peers average: 37% in Q2 2014), **with the cash coverage ratio of the doubtful loan component up to 63.3%** at the end of September 2014 from 62.5% at year-end 2013,
  - **total NPL coverage ratio of 135% including collateral**, at the end of September 2014 (**156% adding also personal guarantees**), with total coverage of the **doubtful loan** component of **135%** (**155%** adding also personal guarantees),
  - **robust reserve buffer on performing loans**, amounting to 84bps at the end of September 2014 from 80bps at year-end 2013 (Italian peers average: 55bps in Q2 2014);
- **<u>further strengthening of an already solid capital base</u>**: **further improvement in capital ratios** (already well above regulatory requirements) at September 30th 2014, net of dividends accrued in the first nine months for the financial year 2014(14). The **pro-forma Basel 3 Common Equity ratio on a fully loaded basis increased to 13%**(15) from 12.3% at year-end 2013, **one of the highest levels amongst major European banks,** and **equivalent to excess capital**(16) **of 10.1 billion euro. This compares with excess capital of 12.7 billion euro after the AQR**(17) **and 10.9 billion euro after the Stress Test**(18). The phased-in Common Equity ratio came in at 13.3%(19), compared with a pro-forma ratio of 11.9% at year-end 2013;

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(14) Equal to 750 million euro, which represents the nine-month quota of 1 billion euro dividends envisaged in the 2014-2017 Business Plan for 2014.

(15) Estimated applying the parameters set out under fully loaded Basel 3 to the financial statements as at September 30th 2014, considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption by 2019 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 nine basis points).

(16) Compared with Basel 3 maximum compliance level for Global SIFIs of 9.5% (4.5% Common Equity + 2.5% conservation buffer + 2.5% current maximum Global SIFI buffer).

(17) Calculated vs the 8% threshold of the AQR (the review on the asset quality of European banks, conducted by regulatory authorities); the calculation takes into account the capital gain deriving from the stake in the Bank of Italy and the other capital measures carried out in 2014.

(18) Calculated vs the 5.5% threshold under the adverse scenario of the Stress Test (the exercise on the impact of a negative macroeconomic scenario on European Banks' capital, conducted by regulatory authorities); the calculation takes into account the capital gain deriving from the stake in the Bank of Italy and the other capital measures carried out in 2014.

(19) Including Q3 net income after deduction of pro-quota dividends; excluding it, phased-in Common Equity ratio at 13.2%.

- **<u>strong liquidity position and funding capability</u>: liquid assets of 102 billion euro** and **large availability of unencumbered eligible assets with Central Banks, corresponding to liquidity of 81 billion euro at the end of September 2014**; **already compliant with Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements,** well ahead of the implementation timeline (2019 and 2018 respectively). Intesa Sanpaolo is **"not addicted" to the ECB**. In the third quarter of 2014, the Group's refinancing operations with the ECB to optimise the cost of funding amounted, on average, to 3.1 billion euro (9.9 billion, on average, in the first quarter and five billion in the second quarter of 2014). This consisted of standard open-market operations with one-week maturity for 2.8 billion euro and four-year TLTRO funding for 0.3 billion euro. At the end of September 2014, the Group borrowed four billion euro under the TLTRO programme;
- **<u>several Business Plan initiatives are already well underway and on track</u>**, with the **strong involvement of the Group's people.** Among these actions it is worth highlighting:
  - the **new Group organisational structure**, with the creation of **three new Divisions (Private Banking, Asset Management and Insurance)** and the **Capital Light Bank**;
  - the **new organisational structure for the Banca dei Territori division.** A **new service model** has been identified, with the creation of **three specialised commercial value chains**, (Retail, Personal and SMEs), the creation of approximately 1,200 new managerial roles, and the innovation of the SME service model; **the new Sales and Marketing Unit has been created**; a **new generation of Regional Managers and Sales and Marketing Managers** has been appointed who are, on average, ten years younger than the previous generation;
  - the **new organisational structure for the Corporate and Investment Banking division**, based on a sector-oriented model in order to evolve from financial partner to industry advisor and built on **four Departments** (International Network and Global Industries, Corporate and Public Finance, Global Banking & Transaction, Merchant Banking) **and Banca IMI**, the Intesa Sanpaolo Group's investment bank;
  - for the ***New Growth Bank,*** the **Banca 5® "specialised" business model has been introduced in approximately 1,400 branches**, with approximately 2,000 dedicated relationship managers, and revenues per client have already increased from 70 euro to more than 80 euro; **new multichannel processes have been successfully tested** and **the number of multichannel clients has increased by more than 370,000** in the first nine months to **4.8 million** (Intesa Sanpaolo ranks number one in Italy in multichannel banking); a new commercial model and product offering for the **SME Finance Hub** have been developed (new Mediocredito Italiano); the **new Transaction Banking strategy** is being implemented at Group level; and a **dedicated initiative for HNW clients** in the Private Banking Hub has been launched;

- for the ***Core Growth Bank***: **a new segmentation** model **and a new service model** have been adopted **for affluent clients of the International Subsidiary Banks Division**; **cost management** actions are continuing (an additional 13 branches were closed in Q3 2014, reaching a total of 218 branches in the first nine months of 2014); as regards the **simplification of legal entities, seven product factories,** performing leasing, factoring, specialised finance and advisory activities, have already been rationalised **into one company** (new Mediocredito Italiano), **two mergers of local banks have been completed** out of 11 planned by 2015; the **Asset Light** model within **Corporate and Investment Banking** is now fully operational, with benefits in terms of cross selling;
- for the ***Capital Light Bank***: **around 2.5 billion euro of deleveraging** has already been achieved; **the interaction model,** for collateral management, **between Re.O.Co.** (Real Estate Owned Company) and **the loan workout unit has been optimised**;
- **people and investment**: the **"Big Financial Data"** programme for an integrated management of customer and financial data is being implemented; the **"Innovation Center"**, created for training and to develop new products, processes and the "ideal branch", has been launched and is located in the **new Intesa Sanpaolo Tower** in Turin, and a **new Chief Innovation Officer** has been appointed; the **investment plan reserved for Group employees** has also been implemented.

The income statement for the third quarter of 2014

The consolidated income statement for Q3 2014[20] recorded **operating income** of 4,206 million euro, down 5.6% from 4,457 million euro in Q2 2014 and up 1.7% from 4,135 million euro in Q3 2013.

Net interest income for Q3 2014 amounted to 2,110 million euro, up 0.3% from 2,104 million euro in Q2 2014 and up 4.1% from 2,026 million euro in Q3 2013.

Net fee and commission income amounted to 1,649 million euro, down 4.5% from 1,727 million euro in Q2 2014. In detail, commissions on commercial banking activities were down 0.7%, and those on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) were down 7.1%. Under the latter, commissions on dealing and placement of securities were down 45.3%, commissions on distribution of insurance products were down 3.3%, and those on portfolio management were up 3%. Net fee and commission income in Q3 2014 increased by 11.5%, compared with the 1,479 million euro of Q3 2013. In detail, commissions on commercial banking activities were up 4.2%, and those on management, dealing and consultancy activities were up 22.3%. Under the latter, commissions on portfolio management were up 37.8%, those on distribution of insurance products were up 15.8%, and those on dealing and placement of securities were down 10.3%.

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(20) 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 825 million euro into loans and receivables and two million euro into financial assets available for sale; the Group also reclassified financial assets available for sale of 5,692 million euro into loans and receivables. If these reclassifications had not been made, the profits/losses on trading for the third quarter of 2014 would have recorded 15 million euro as positive pre-tax impact (a positive impact of 69 million euro in the first nine months of 2014, a positive impact of 94 million euro in full-year 2013, a positive impact of 135 million euro in full-year 2012, a negative impact of 11 million euro in full-year 2011, a positive impact of 92 million euro in full-year 2010 and of 73 million euro in full-year 2009, and a negative impact of 460 million euro in full-year 2008) and the shareholders' equity at September 30th 2014 would have included 1,048 million euro as negative pre-tax direct impact (with a negative impact of 27 million euro in the third quarter of 2014 and a positive impact of 232 million euro in the first nine months of 2014).

Profits on trading were 136 million euro, compared with 409 million euro in Q2 2014 (including 161 million euro in dividends from the stake in the Bank of Italy). Profits from customers decreased to 53 million euro from 84 million euro. Profits from capital markets and AFS financial assets decreased to eight million euro from of 41 million euro. Profits from proprietary trading and treasury activities decreased to 66 million euro from 268 million euro (the figure for Q2 2014 included the aforementioned 161 million euro in dividends). Profits from structured credit products were down to nine million euro from 15 million euro. Profits on trading of 136 million euro for Q3 2014 are compared with profits on trading of 400 million euro in Q3 2013 (in this quarter, capital gains of 193 million euro were booked deriving from buy-back and exchange transactions on own notes). In the third quarter of 2013, profits from customers amounted to 92 million euro, profits from capital markets and AFS financial assets were five million euro, profits from proprietary trading and treasury activities were 295 million euro and included the aforementioned capital gains, and profits from structured credit products amounted to nine 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, profits on trading in Q3 2014 would have recorded a positive pre-tax impact of 15 million euro.

Income from insurance business amounted to 237 million euro, compared with 248 million euro in Q2 2014 and 203 million euro in Q3 2013.

Operating costs amounted to 2,067 million euro, up 1.1% versus the 2,045 million euro of Q2 2014, with increases in personnel expenses and adjustments, up 3% and up 2.4% respectively, and a 2.7% decrease in administrative expenses. Operating costs for Q3 2014 were up 1.9%, compared with the 2,029 million euro of the same quarter last year, with personnel expenses up 4.3% (including, in Q3 2014, the pro-quota incentives to trigger growth), administrative expenses down 2%, and adjustments down 0.6%

As a result, **operating margin** amounted to 2,139 million euro, down 11.3% from 2,412 million euro in Q2 2014 and up 1.6% from 2,106 million euro in Q3 2013. The cost/income ratio was at 49.1% in Q3 2014 versus 45.9% in Q2 2014 and 49.1% in Q3 2013.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 1,324 million euro, compared with 1,427 million euro in Q2 2014 and 1,498 million euro in Q3 2013. Net provisions for risks and charges amounted to 12 million euro, compared with 181 million euro in Q2 2014 and one million euro in Q3 2013. The figure for Q2 2014 includes 65 million euro set aside following the enactment of a law in Hungary related to the local banking sector and, therefore, also to the Group’s Hungarian subsidiary CIB Bank, which establishes customer reimbursement in relation to the bid/offer spreads applied to retail foreign-currency loans. Net adjustments to loans amounted to 1,248 million euro, compared with 1,179 million euro in Q2 2014 and 1,465 million euro in Q3 2013. Net impairment losses on other assets were 64 million euro, compared with 67 million euro in Q2 2014 and 32 million euro in Q3 2013.

Profits/losses on investments held to maturity and on other investments generated profits of 73 million euro, compared with 235 million euro in Q2 2014 (including 220 million euro capital gains deriving from the transactions involving the stakes in SIA and NH Hoteles), and losses of 35 million euro in Q3 2013.

Income before tax from continuing operations came to 888 million euro, compared with 1,220 million euro in Q2 2014 and 573 million euro in Q3 2013.

Consolidated net income for the quarter amounted to 483 million euro, compared with 217 million euro in Q2 2014 and 218 million euro in Q3 2013, after accounting:
- taxes of 322 million euro;
- charges (net of tax) for integration and exit incentives of nine million euro;
- charges from purchase cost allocation (net of tax) of 49 million euro;
- loss after tax from discontinued operations of 11 million euro;
- minority interests of 14 million euro.

<u>The income statement for the first nine months of 2014</u>

The consolidated income statement for 9M 2014 recorded **operating income** of 12,771 million euro, up 3.7% from 12,317 million euro in 9M 2013.

Net interest income for 9M 2014 amounted to 6,314 million euro, up 3.9% from 6,078 million euro in 9M 2013.

Net fee and commission income amounted to 4,960 million euro, up 9.9% from 4,512 million euro in 9M 2013. In detail, commissions on commercial banking activities were up 4.6%, and those on management, dealing and consultancy activities (including portfolio management, distribution of insurance products, dealing and placement of securities, etc.) were up 21.2%. Under the latter, commissions on portfolio management were up 28.6%, commissions on distribution of insurance products were up 17.8%, and those on dealing and placement of securities were up 12.7%.

Profits on trading were 696 million euro (including 161 million euro in dividends from the stake in the Bank of Italy), compared with 1,090 million euro in 9M 2013 (including 193 million euro in capital gains deriving from buy-back and exchange transactions on own notes). Profits from customers decreased to 199 million euro from 263 million euro. Profits from capital markets and AFS financial assets were down to 91 million euro from 162 million euro. Profits from proprietary trading and treasury activities decreased to 372 million euro (including the aforementioned dividends) from 590 million euro (including the aforementioned capital gains). Profits from structured credit products decreased to 34 million euro from 76 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, profits on trading in 9M 2014 would have recorded a positive pre-tax impact of 69 million euro.

Income from insurance business amounted to 736 million euro, compared with 648 million euro in 9M 2013.

Operating costs amounted to 6,198 million euro, up 1.4% versus the 6,110 million euro of 9M 2013 due to an increase of 3.6% in personnel expenses (including, in 9M 2014, the pro-quota incentives to trigger growth), and decreases of 1.8% and 1.2%, respectively, in administrative expenses and adjustments.

As a result, **operating margin** amounted to 6,573 million euro, up 5.9% from 6,207 million euro in 9M 2013. The cost/income ratio was at 48.5% in 9M 2014, an improvement versus 49.6% in 9M 2013.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 3,895 million euro, compared with 4,325 million euro in 9M 2013. Net provisions for risks and charges amounted to 248 million euro (including 65 million euro set aside as reimbursement payable to customers by subsidiary CIB Bank in relation to the bid/offer spreads applied to retail foreign-currency loans), compared with 65 million euro in 9M 2013. Net adjustments to loans came to 3,504 million euro, compared with 4,013 million euro in 9M 2013. Net impairment losses on other assets came to 143 million euro, compared with 247 million euro in 9M 2013.

Profits/losses on investments held to maturity and on other investments generated profits of 383 million euro (including 279 million euro capital gains deriving from the transactions involving the stakes in Pirelli, SIA and NH Hoteles), compared with losses of 33 million euro in 9M 2013.

Income before tax from continuing operations came to 3,061 million euro, up 65.5% from 1,849 million euro in 9M 2013.

Consolidated net income amounted to 1,203 million euro, up 88% from 640 million euro in 9M 2013, after accounting:
- taxes of 1,598 million euro (including 443 million euro related to the increase in the tax rate on the capital gain from the Bank of Italy stake);
- charges (net of tax) for integration and exit incentives of 29 million euro;
- charges from purchase cost allocation (net of tax) of 148 million euro;
- loss after tax from discontinued operations of 33 million euro;
- minority interests of 50 million euro.

Balance sheet at September 30th 2014

As regards the consolidated balance sheet figures, as at September 30th 2014 **loans to customers** amounted to 337 billion euro, a decrease by 1.9% from December 31st 2013 and by 3.5% from September 30th 2013 (a 7% decrease when taking into account average volumes instead of those at the end of the period). Total **non-performing loans** (doubtful, substandard, restructured and past due) - net of adjustments - amounted to 32,617 million euro, up 5.3% from 30,987 million euro at year-end 2013. In detail, doubtful loans rose to 13,644 million euro from 12,899 million euro at year-end 2013, with a doubtful loans to total loans ratio of 4% (3.8% as at year-end 2013) and a cash coverage ratio of 63.3% (62.5% as at year-end 2013). Taking into account **collateral and guarantees** to doubtful loans in addition to the cash coverage, the total coverage ratio was 135% including collateral and 155% adding also personal guarantees. Substandard loans increased to 15,014 million euro from 13,815 million euro at year-end 2013. Restructured loans amounted to 2,321 million euro from 2,315 million euro at year-end 2013. Past due loans decreased to 1,638 million euro from 1,958 million euro at year-end 2013.

Customer financial assets amounted to 832 billion euro (net of duplications between direct deposits and indirect customer deposits), up 3.5% from year-end 2013 and up 5.9% from September 30th 2013. Under customer financial assets, **direct deposits from banking business** amounted to 373 billion euro, up 0.3% from year-end 2013 and up 2.6% from September 30th 2013; **direct deposits from insurance business and technical reserves** amounted to 111 billion euro, up 18.5% from year-end 2013 and up 23.5% from September 30th 2013. Indirect customer deposits amounted to 457 billion euro, up 6.3% from year-end 2013 and up 8.7% from September 30th 2013. **Assets under management** totalled 291 billion euro, up 12.5% from year-end 2013 and up 16.3% from September 30th 2013. As for bancassurance, in the first nine months of 2014, new business for life policies amounted to 19.2 billion euro (36.7% higher than in the first nine months of 2013). Assets under administration and in custody amounted to 167 billion euro, down 3% from year-end 2013 and down 2.5% from September 30th 2013.

Capital ratios as at September 30th 2014 - calculated by applying Basel 3 transitional arrangements for 2014 and net of the dividends accrued in the first nine months for the financial year 2014(21) - were as follows:

- Common Equity ratio(22) at 13.3% (11.9% pro-forma at year-end 2013),
- Tier 1 ratio(23) at 13.8% (12.3% pro-forma at year-end 2013),
- total capital ratio(24) at 17.5% (15.1% pro-forma at year-end 2013).

The pro-forma capital ratios as at December 31st 2013 excluded the benefit deriving from the Bank of Italy stake in accordance with the regulation then in force.

The estimated pro-forma common equity ratio for the Group on a **Basel 3 fully loaded basis** stands at 13% (year-end 2013: 12.3%). It has been calculated applying the parameters set out under fully loaded Basel 3 to the financial statements as at September 30th 2014 and considering the total absorption of deferred tax assets (DTAs) related to the goodwill realignment, the expected absorption by 2019 of DTAs on losses carried forward, as well as the effect of the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital, with a benefit of nine basis points).

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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
  - large availability of unencumbered eligible assets with Central Banks (including eligible assets received as collateral and excluding eligible assets currently used as collateral), corresponding to liquidity of 81 billion euro at the end of September 2014,
  - high level of liquid assets (made up of eligible assets available - excluding eligible assets received as collateral - and eligible assets currently used as collateral) equal to 102 billion euro at the end of September 2014,
  - the Group's refinancing operations with the ECB to optimise the cost of funding amounting, on average, to 3.1 billion euro in the third quarter of 2014 (9.9 billion, on average, in the first quarter and five billion in the second quarter of 2014). This consisted of standard open-market operations with one-week maturity for 2.8 billion euro and four-year TLTRO funding for 0.3 billion euro (the Group, at the end of September, borrowed four billion euro under the TLTRO programme),
  - stable and well-diversified sources of funding, with 74% of direct deposits from the banking business (including securities issued) generated from retail operations,

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(21) Equal to 750 million euro, which represents the nine-month quota of 1billion euro dividends envisaged in the 2014-2017 Business Plan for 2014.

(22) Including Q3 net income after deduction of pro-quota dividends; excluding it, phased-in Common Equity ratio at 13.2%.

(23) Including Q3 net income after deduction of pro-quota dividends; excluding it, Tier 1 ratio at 13.7%.

(24) Including Q3 net income after deduction of pro-quota dividends; excluding it, total capital ratio at 17.3%.

- medium/long-term funding of approximately 18 billion euro raised so far in 2014, including seven billion euro retail placements, and full year 2014 wholesale bond maturities already fully covered,
- 3.75 billion euro of eurobonds, 1.25 billion euro of covered bonds, 4.5 billion dollars of US bonds and 650 million of Renminbi-denominated bonds placed on international markets in the first nine months of 2014 (the demand - more than 80% from foreign investors - on average exceeded the issue target by over 140%);

● **low leverage** with
- much lower leverage and one of the best ratios of tangible net shareholders' equity to tangible assets amongst major European banking groups,

● a **low risk profile** with
- the Group's securities portfolio at the end of September 2014 including Greek bonds (issued by the central and local governments) of 75 million euro, Irish bonds of 123 million euro and Portuguese bonds of 42 million euro.

* * *

The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of three million euro as at September 30th 2014. Information concerning structured credit products held by the Group is included - as usual - in the Interim Statement approved by the Management Board.

* * *

As at September 30th 2014, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,942 branches - of which 4,533 were in Italy and 1,409 abroad - with 89,588 employees.

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Breakdown of results by business area

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

- Global Industries, in charge of managing relationships with 200 corporates (of which 50 Italian and 150 foreign) with global reach, which operate in six key industries with high growth potential (oil & gas, power & utilities, automotive, infrastructures, telecom & media, luxury & consumer goods);
- Corporate and Public Finance, in charge of managing relationships with around 700 large to mid-sized Italian corporates and providing services to government, public entities, local authorities, universities, public utilities, general contractors, and public and private healthcare providers;
- International, in charge of managing relationships with corporates with a foreign-based parent company, that are not part of the Global Industries segment, and also responsible for foreign Public Finance clients. Furthermore, the department is responsible for foreign branches, representative offices and foreign subsidiaries carrying out corporate banking (Société Européenne de Banque and Intesa Sanpaolo Bank Ireland), and provides specialist support toward the internationalisation of Italian corporates and export development;
- Global Banking & Transaction, in charge of: relationships with financial institutions, management of transactional services, trade and export finance products and services, as well as custody and settlement of Italian securities (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; and
- Merchant Banking, which operates in the private equity area also through Private Equity International (PEI) and IMI Investimenti companies.

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

In the third quarter of 2014, the Corporate and Investment Banking division recorded:

- operating income of 670 million euro, down 26.6% from 914 million euro in Q2 2014;
- operating costs of 216 million euro, up 6.7% from 202 million euro in Q2 2014;
- operating margin of 455 million euro, down 36.1% from 712 million euro in Q2 2014;
- a cost/income ratio of 32.2% versus 22.1% in Q2 2014;
- net provisions and adjustments of 126 million euro from 216 million euro in Q2 2014;
- profits on investments held to maturity and on other investments of 60 million euro from five million euro in Q2 2014;
- income before tax from continuing operations of 388 million euro, down 22.7% from 502 million euro in Q2 2014;
- net income of 273 million euro versus 367 million euro in Q2 2014 (down 25.8%).

In the first nine months of 2014, the Corporate and Investment Banking division recorded:

- operating income of 2,470 million euro, contributing approximately 19% of the consolidated operating income (21% in 9M 2013), down 5.7% from 2,619 million euro in 9M 2013;
- operating costs of 631 million euro, up 6.1% from 595 million euro in 9M 2013;
- operating margin of 1,839 million euro, down 9.1% from 2,024 million euro in 9M 2013;
- a cost/income ratio of 25.5% versus 22.7% in 9M 2013;
- net provisions and adjustments of 443 million euro from 331 million euro in 9M 2013;
- profits on investments held to maturity and on other investments of 112 million euro, compared with 14 million euro in 9M 2013;
- income before tax from continuing operations of 1,508 million euro, down 11.7% from 1,707 million euro in 9M 2013;
- net income of 1,053 million euro versus 1,149 million euro in 9M 2013 (down 8.4%).

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);
- businesses with a turnover between 2.5 and 350 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. The Banca dei Territori division comprises product companies such as Mediocredito Italiano, which is the SME Finance Hub, Intesa Sanpaolo Vita and Intesa Sanpaolo Previdenza operating in the insurance and pension business, the fiduciary service company Sirefid, Intesa Sanpaolo Personal Finance operating in the consumer credit business, Setefi operating in electronic payments.

In the third quarter of 2014, the Banca dei Territori division recorded:

- operating income of 2,742 million euro, down 4.3% from 2,864 million euro in Q2 2014;
- operating costs of 1,328 million euro, up 0.5% from 1,321 million euro in Q2 2014;
- operating margin of 1,414 million euro, down 8.3% from 1,543 million euro in Q2 2014;
- a cost/income ratio of 48.4% versus 46.1% in Q2 2014;
- net provisions and adjustments of 985 million euro from 875 million euro in Q2 2014;
- income before tax from continuing operations of 430 million euro, down 35.6% from 668 million euro in Q2 2014;
- net income of 268 million euro from 387 million euro in Q2 2014 (down 30.9%).

In the first nine months of 2014, the Banca dei Territori division recorded:
- operating income of 8,470 million euro, contributing approximately 66% of the consolidated operating income (68% in 9M 2013), up 1% from 8,383 million euro in 9M 2013;
- operating costs of 4,007 million euro, up 1.5% from 3,948 million euro in 9M 2013;
- operating margin of 4,463 million euro, up 0.6% from 4,435 million euro in 9M 2013;
- a cost/income ratio of 47.3% versus 47.1% in 9M 2013;
- net provisions and adjustments of 2,750 million euro, compared with 3,341 million euro in 9M 2013;
- income before tax from continuing operations of 1,713 million euro, up 56.6% from 1,094 million euro in 9M 2013;
- net income of 1,017 million euro, almost doubled from 527 million euro in 9M 2013.

Eurizon Capital, the company specialising 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 on the open market segment through specific distribution agreements with other networks and institutional investors. Eurizon Capital controls Eurizon Capital SA (Luxembourg), a company specialising in managing Luxembourg mutual funds with low tracking error; VUB Asset Management (Slovakia) - 50.12% owned by Eurizon Capital SA - which heads up the Hungarian CIB IFM and the Croatian PBZ Invest (Eastern European asset management hub); and Epsilon Associati SGR, a company specialising in managing structured products and mutual funds using quantitative methods which is 51% owned by Eurizon Capital and 49% owned by Banca IMI. Eurizon Capital owns a 49% stake in a Chinese asset management company, Penghua Fund Management.

In the third quarter of 2014, Eurizon Capital recorded:
- operating income of 116 million euro, down 17.7% from 140 million euro in Q2 2014;
- operating costs of 30 million euro, down 12.7% from 34 million euro in Q2 2014;
- operating margin of 85 million euro, down 19.4% from 106 million euro in Q2 2014;
- a cost/income ratio of 25.9% versus 24.3% in Q2 2014;
- no provisions and adjustments versus a net release of provisions and adjustments of two million euro in Q2 2014;
- income before tax from continuing operations of 85 million euro, down 20.8% from 108 million euro of Q2 2014;
- net income of 50 million euro, down 25.1% from 67 million euro in Q2 2014.

In the first nine months of 2014, Eurizon Capital recorded:

- operating income of 351 million euro, contributing approximately 3% of the consolidated operating income (2% in 9M 2013), up 41.5% from 248 million euro in 9M 2013;
- operating costs of 92 million euro, up 22.7% from 75 million euro in 9M 2013;
- operating margin of 259 million euro, up 49.7% from 173 million euro in 9M 2013;
- a cost/income ratio improving to 26.2% versus 30.2% in 9M 2013;
- a net release of provisions and adjustments of two million euro versus a net release of three million euro in 9M 2013;
- income before tax from continuing operations of 261 million euro, up 48.3% from 176 million euro in 9M 2013;
- net income of 159 million euro, up 48.6% from 107 million euro in 9M 2013.

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 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, Pravex-Bank in Ukraine (Pravex-Bank is currently included under discontinued operations following the purchase-and-sale agreement concerning this subsidiary, signed in January this year) and Bank of Alexandria in Egypt.

In the third quarter of 2014, the International Subsidiary Banks division recorded:

- operating income of 549 million euro, up 2.4% from 536 million euro in Q2 2014;
- operating costs of 265 million euro, down 0.4% from 266 million euro in Q2 2014;
- operating margin of 284 million euro, up 5.2% from 270 million euro in Q2 2014;
- a cost/income ratio improving to 48.3% versus 49.6% in Q2 2014;
- net provisions and adjustments of 128 million euro, compared with 179 million euro in Q2 2014;
- no profits/losses on investments held to maturity and on other investments, compared with profits of one million euro in Q2 2014;
- income before tax from continuing operations of 157 million euro, up 68% from 94 million euro in Q2 2014. Excluding the negative contribution from the Hungarian subsidiary, the income for Q3 2014 and Q2 2014 would be, respectively, of 159 million euro and 163 million euro (down 2.4%);
- net income of 113 million euro, more than doubled from 45 million euro in Q2 2014. Excluding the negative contribution from the Hungarian subsidiary, the net income would come in at 127 million euro for both the third and the second quarter of 2014.

In the first nine months of 2014, the International Subsidiary Banks division recorded:
- operating income of 1,593 million euro, contributing approximately 12% of the consolidated operating income (13% in 9M 2013), up 0.7% from 1,582 million euro in 9M 2013;
- operating costs of 789 million euro, down 4.1% from 823 million euro in 9M 2013;
- operating margin of 804 million euro, up 5.9% from 759 million euro in 9M 2013;
- a cost/income ratio improving to 49.5% versus 52% in 9M 2013;
- net provisions and adjustments of 431 million euro, compared with 514 million euro in 9M 2013;
- profits on investments held to maturity and on other investments of two million euro versus losses of ten million euro in 9M 2013;
- income before tax from continuing operations of 375 million euro, up 59.6% from 235 million euro in 9M 2013. Excluding the negative contribution from the Hungarian subsidiary, the income for 9M 2014 and 9M 2013 would be, respectively, of 461 million euro and 431 million euro (up 7%);
- net income of 242 million euro, more than doubled from 115 million euro of 9M 2013. Excluding the negative contribution from the Hungarian subsidiary, the net income for 9M 2014 and 9M 2013 would be, respectively, of 367 million euro and 346 million euro (up 6.1%).

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 third quarter of 2014, Banca Fideuram recorded:
- operating income of 262 million euro, up 2.1% from 257 million euro in Q2 2014;
- operating costs of 83 million euro, up 4.2% from 79 million euro in Q2 2014;
- operating margin of 179 million euro, up 1.1% from 177 million euro in Q2 2014;
- a cost/income ratio of 31.7% versus 30.7% in Q2 2014;
- net provisions and adjustments of 13 million euro, compared with 21 million euro in Q2 2014;
- income before tax from continuing operations of 166 million euro, up 6.1% from 156 million euro in Q2 2014;
- net income of 97 million euro versus 91 million euro in Q2 2014 (up 6.1%).

In the first nine months of 2014, Banca Fideuram recorded:
- operating income of 758 million euro, contributing approximately 6% of the consolidated operating income (5% in 9M 2013), up 17.5% from 645 million euro in 9M 2013;
- operating costs of 242 million euro, up 5.7% from 229 million euro in 9M 2013;
- operating margin of 516 million euro, up 24% from 416 million euro in 9M 2013;
- a cost/income ratio improving to 31.9% versus 35.5% in 9M 2013;
- net provisions and adjustments of 52 million euro, unchanged versus 9M 2013;
- no profits/losses on investments held to maturity and on other investments versus profits of one million euro in 9M 2013;
- income before tax from continuing operations of 464 million euro, up 27.1% from 365 million euro in 9M 2013;
- net income of 266 million euro versus 205 million euro in 9M 2013 (up 29.8%).

The outlook for 2014

In 2014, the Intesa Sanpaolo Group will continue to prioritise the delivery of sustainable results, remaining focused on profitability targets as well as the profile of risk and liquidity and the solidity of its capital position.

The Group's efficiency, productivity and asset quality will be addressed constantly. Also for 2014, repricing actions will make it possible to partially limit the impact of an expected negative environment on market rates.

* * *

For consistency purposes, the income statement and balance sheet figures of the four quarters of 2013 were restated mainly as a result of the ongoing disposal of Ukrainian subsidiary Pravex-Bank following the purchase-and-sale agreement signed in January this year: the related items were deconsolidated line by line and their contribution to the income statement and the balance sheet was recorded, respectively, under income/loss from discontinued operations and under relevant assets/liabilities referring to discontinued operations.

Income statement and balance sheet figures for the first two quarters of 2013 relating to the business areas were restated to consider the change in the scope of the Banca dei Territori division and the Corporate and Investment Banking division, approved by the Management Board on May 21st 2013. Specifically, the scope of the Banca dei Territori division was extended to include businesses with consolidated turnover between 150 and 350 million euro and product factories operating in the leasing and the factoring business.

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In order to present more complete information on the results generated in the first nine months of 2014, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the interim statement approved by the Management Board are attached. Please note that these statements and the interim statement have not been reviewed by the auditing company.

* * *

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.

* * *

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This press release contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Intesa Sanpaolo Group's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

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Intesa Sanpaolo Group

Reclassified consolidated statement of income

(millions of euro)

	30.09.2014	30.09.2013	Changes	
			amount	%
Net interest income	6,314	6,078	236	3.9
Dividends and profits (losses) on investments carried at equity	64	-47	111	
Net fee and commission income	4,960	4,512	448	9.9
Profits (Losses) on trading	696	1,090	-394	-36.1
Income from insurance business	736	648	88	13.6
Other operating income (expenses)	1	36	-35	-97.2
Operating income	12,771	12,317	454	3.7
Personnel expenses	-3,739	-3,608	131	3.6
Other administrative expenses	-1,964	-2,001	-37	-1.8
Adjustments to property, equipment and intangible assets	-495	-501	-6	-1.2
Operating costs	-6,198	-6,110	88	1.4
Operating margin	6,573	6,207	366	5.9
Net provisions for risks and charges	-248	-65	183	
Net adjustments to loans	-3,504	-4,013	-509	-12.7
Net impairment losses on other assets	-143	-247	-104	-42.1
Profits (Losses) on investments held to maturity and on other investments	383	-33	416	
Income (Loss) before tax from continuing operations	3,061	1,849	1,212	65.5
Taxes on income from continuing operations	-1,598	-899	699	77.8
Charges (net of tax) for integration and exit incentives	-29	-38	-9	-23.7
Effect of purchase price allocation (net of tax)	-148	-219	-71	-32.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Income (Loss) after tax from discontinued operations	-33	-27	6	22.2
Minority interests	-50	-26	24	92.3
Net income (loss)	1,203	640	563	88.0
Basic EPS - euro	0.07	0.04		
Diluted EPS - euro	0.07	0.04		

Figures restated where required by international accounting standards and, 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)

	2014			2013			
	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	2,110	2,104	2,100	2,032	2,026	2,035	2,017
Dividends and profits (losses) on investments carried at equity	53	-19	30	-2	-6	2	-43
Net fee and commission income	1,649	1,727	1,584	1,620	1,479	1,571	1,462
Profits (Losses) on trading	136	409	151	69	400	236	454
Income from insurance business	237	248	251	142	203	215	230
Other operating income (expenses)	21	-12	-8	70	33	15	-12
Operating income	4,206	4,457	4,108	3,931	4,135	4,074	4,108
Personnel expenses	-1,251	-1,215	-1,273	-1,194	-1,199	-1,149	-1,260
Other administrative expenses	-648	-666	-650	-806	-661	-682	-658
Adjustments to property, equipment and intangible assets	-168	-164	-163	-188	-169	-167	-165
Operating costs	-2,067	-2,045	-2,086	-2,188	-2,029	-1,998	-2,083
Operating margin	2,139	2,412	2,022	1,743	2,106	2,076	2,025
Net provisions for risks and charges	-12	-181	-55	-249	-1	-38	-26
Net adjustments to loans	-1,248	-1,179	-1,077	-3,098	-1,465	-1,390	-1,158
Net impairment losses on other assets	-64	-67	-12	-170	-32	-147	-68
Profits (Losses) on investments held to maturity and on other investments	73	235	75	2,441	-35	-3	5
Income (Loss) before tax from continuing operations	888	1,220	953	667	573	498	778
Taxes on income from continuing operations	-322	-912	-364	28	-264	-271	-364
Charges (net of tax) for integration and exit incentives	-9	-13	-7	-42	-5	-21	-12
Effect of purchase price allocation (net of tax)	-49	-53	-46	-75	-72	-73	-74
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-5,797	-	-	-
Income (Loss) after tax from discontinued operations	-11	-9	-13	-4	-3	-14	-10
Minority interests	-14	-16	-20	33	-11	-3	-12
Net income (loss)	483	217	503	-5,190	218	116	306

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation.

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

(millions of euro)

Assets	30.09.2014	31.12.2013	Changes	
			amount	%
Financial assets held for trading	55,445	49,000	6,445	13.2
of which: Insurance Companies	745	851	-106	-12.5
Financial assets designated at fair value through profit and loss	40,197	35,761	4,436	12.4
of which: Insurance Companies	39,024	34,776	4,248	12.2
Financial assets available for sale	115,391	115,293	98	0.1
of which: Insurance Companies	63,628	54,278	9,350	17.2
Investments held to maturity	1,465	2,051	-586	-28.6
Due from banks	29,437	26,448	2,989	11.3
Loans to customers	337,265	343,789	-6,524	-1.9
Investments in associates and companies subject to joint control	2,170	1,909	261	13.7
Property, equipment and intangible assets	12,104	12,478	-374	-3.0
Tax assets	15,109	14,921	188	1.3
Non-current assets held for sale and discontinued operations	277	583	-306	-52.5
Other assets	24,844	21,946	2,898	13.2
Total Assets	633,704	624,179	9,525	1.5

Liabilities and Shareholders' Equity	30.09.2014	31.12.2013	Changes	
			amount	%
Due to banks	34,495	52,244	-17,749	-34.0
Due to customers and securities issued	367,118	366,974	144	-
of which: Insurance Companies	544	534	10	1.9
Financial liabilities held for trading	44,573	39,219	5,354	13.7
of which: Insurance Companies	416	299	117	39.1
Financial liabilities designated at fair value through profit and loss	35,461	30,733	4,728	15.4
of which: Insurance Companies	35,453	30,723	4,730	15.4
Tax liabilities	3,091	2,236	855	38.2
Liabilities associated with non-current assets held for sale and discontinued operations	211	292	-81	-27.7
Other liabilities	24,194	20,943	3,251	15.5
Technical reserves	74,759	62,236	12,523	20.1
Allowances for specific purpose	4,675	4,239	436	10.3
Share capital	8,554	8,546	8	0.1
Reserves	36,166	41,598	-5,432	-13.1
Valuation reserves	-1,308	-1,074	234	21.8
Minority interests	512	543	-31	-5.7
Net income (loss)	1,203	-4,550	5,753	
Total Liabilities and Shareholders' Equity	633,704	624,179	9,525	1.5

Figures restated where required by international accounting standards and, 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	2014			2013			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	55,445	52,071	52,352	49,000	53,314	55,892	61,543
of which: Insurance Companies	745	763	834	851	731	993	940
Financial assets designated at fair value through profit and loss	40,197	38,459	36,665	35,761	35,876	35,370	34,906
of which: Insurance Companies	39,024	37,303	35,539	34,776	34,781	34,275	33,881
Financial assets available for sale	115,391	118,350	113,424	115,293	102,921	103,921	97,027
of which: Insurance Companies	63,628	61,395	57,098	54,278	46,526	45,097	42,454
Investments held to maturity	1,465	1,455	1,526	2,051	2,120	2,130	2,150
Due from banks	29,437	30,882	28,052	26,448	32,534	31,264	38,277
Loans to customers	337,265	332,211	339,020	343,789	349,440	358,143	371,270
Investments in associates and companies subject to joint control	2,170	2,128	1,951	1,909	2,586	2,614	2,629
Property, equipment and intangible assets	12,104	12,200	12,304	12,478	19,317	19,446	19,573
Tax assets	15,109	14,973	14,938	14,921	13,691	13,508	12,657
Non-current assets held for sale and discontinued operations	277	369	468	583	533	619	585
Other assets	24,844	25,207	24,433	21,946	25,278	22,907	24,349
Total Assets	633,704	628,305	625,133	624,179	637,610	645,814	664,966

Liabilities and Shareholders' Equity	2014			2013			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	34,495	34,557	41,819	52,244	64,993	67,522	72,775
Due to customers and securities issued	367,118	370,175	366,795	366,974	359,878	368,833	376,353
of which: Insurance Companies	544	568	569	534	558	81	132
Financial liabilities held for trading	44,573	41,183	41,482	39,219	40,506	44,318	49,742
of which: Insurance Companies	416	411	369	299	62	50	99
Financial liabilities designated at fair value through profit and loss	35,461	33,441	31,433	30,733	30,027	29,257	28,130
of which: Insurance Companies	35,453	33,433	31,424	30,723	30,016	29,246	28,120
Tax liabilities	3,091	2,593	2,825	2,236	3,594	2,983	3,979
Liabilities associated with non-current assets held for sale and discontinued operations	211	203	212	292	322	353	364
Other liabilities	24,194	25,992	23,394	20,943	24,812	21,858	23,297
Technical reserves	74,759	70,694	67,210	62,236	59,088	56,633	55,552
Allowances for specific purpose	4,675	4,694	4,360	4,239	4,319	4,404	4,825
Share capital	8,554	8,549	8,549	8,546	8,546	8,546	8,546
Reserves	36,166	36,230	37,031	41,598	41,604	41,566	42,421
Valuation reserves	-1,308	-1,241	-1,076	-1,074	-1,305	-1,443	-1,894
Minority interests	512	515	596	543	586	562	570
Net income (loss)	1,203	720	503	-4,550	640	422	306
Total Liabilities and Shareholders' Equity	633,704	628,305	625,133	624,179	637,610	645,814	664,966

Figures restated where required by international accounting standards and, 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		Eurizon Capital		Banca Fideuram	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Operating income	2,470	2,619	8,470	8,383	1,593	1,582	351	248	758	645
Operating costs	-631	-595	-4,007	-3,948	-789	-823	-92	-75	-242	-229
Operating margin	1,839	2,024	4,463	4,435	804	759	259	173	516	416
Net income (loss)	1,053	1,149	1,017	527	242	115	159	107	266	205

Balance sheet (millions of euro)	Corporate and Investment Banking		Banca dei Territori		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Loans to customers	90,204	90,907	200,983	209,556	26,482	27,015	240	281	4,963	4,730
Direct deposits from banking business	106,225	113,956	178,974	193,799	30,934	30,182	8	3	8,196	7,256

Figures restated where required by international accounting standards and, where necessary, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations.