

**PRESS RELEASE***INTESA SANPAOLO: CONSOLIDATED RESULTS AT MARCH 31<sup>st</sup> 2012***CAPITAL RATIOS:**

**STRONG CAPITAL BASE, WELL ABOVE REQUIREMENTS:  
10.5% CORE TIER 1 RATIO; 11.5% TIER 1 RATIO;  
9.6% PRO-FORMA EBA CAPITAL RATIO**

**OPERATING INCOME:**

**DOUBLE DIGIT GROWTH (+14.5%) TO €4,813M VS €4,205M IN Q1 2011;  
+12.8% VS €4,265M IN Q4 2011**

**OPERATING COSTS:**

**SIGNIFICANT REDUCTION (-1.6%) TO €2,207M VS €2,242M IN Q1 2011;  
-6.7% VS €2,366M IN Q4 2011**

**OPERATING MARGIN:**

**STRONG GROWTH (+32.8%) TO €2,606M VS €1,963M IN Q1 2011;  
+37.2% VS €1,899M IN Q4 2011**

**INCOME BEFORE TAX FROM CONTINUING OPERATIONS:**

**NOTABLE INCREASE (+21.1%) TO €1,531M VS €1,264M IN Q1 2011;  
-€749M IN Q4 2011**

**NET INCOME:**

**SOLID GROWTH (+21.6%) TO €804M VS €661M IN Q1 2011;  
-€10,119M IN Q4 2011**

**ADJUSTED NET INCOME <sup>(1)</sup>:**

**€746M, VS €762M IN Q1 2011  
265M FOR Q4 2011;**

**Torino, Milano, May 17<sup>th</sup> 2012** – The Intesa Sanpaolo Management Board has approved the consolidated interim statement as at March 31<sup>st</sup> 2012.

In the first quarter of 2012, the Group delivered **very positive results** in a challenging environment with strong focus on **sustainable profitability**, Intesa Sanpaolo's **key priority**:

- **solid capital position**: further strengthening of capital ratios (already well above regulatory requirements) at the end of March 2012, net of the dividends accrued in the quarter. The **Core Tier 1 ratio increased to 10.5%** from 10.1% at the end of 2011 and the **pro-forma EBA ratio to 9.6%**<sup>(3)</sup>, compared with the 9.2% ratio as a result of the EBA exercise conducted on the September 2011 figures and the 9% threshold;
  - **liquidity**: liquid assets of **109 billion euro** and a broad availability of unencumbered assets eligible with Central Banks, corresponding to liquidity of **59 billion euro**, at the end of March 2012; **already in compliance with the Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements**, well ahead of deadlines (2015 and 2018 respectively); **direct deposits from banking business** up 3.2% from year-end 2011;
  - **credit supporting the economy**: growth in loans to small and medium enterprises and mid corporates in Italy (up 1.5 billion euro; +1.6%) in the first quarter of 2012 versus the first quarter of 2011;
  - **robust net income**: **804 million euro** in the first quarter of 2012, the **highest out of the past seven quarters** and **already equal to the payout for 2011**; **adjusted net income equal to 746 million euro**;
  - **growing operating income**: up 14.5% versus the first quarter of 2011, with **net interest income up 4.6%**;
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- **reduced operating costs**: down 1.6% versus the first quarter of 2011, following five consecutive years of decrease;
- **high efficiency which continues to improve**, with the **cost/income ratio down to 45.9%, best in class amongst European peers**;
- **growth in operating margin**: up 32.8% versus the first quarter of 2011 (up 37.2% versus the previous quarter);
- **rigorous and prudent provisioning policy** in a deteriorating credit environment, with
  - **loan loss provisions** of approximately 970 million euro in the quarter, up 43% compared with the first quarter of 2011, in the presence of a new doubtful and substandard loan inflow increased by 25%,
  - an **increase in the coverage ratio of non-performing loans to 45.5%** (adjusted as a result of the doubtful loan disposal and the new past due regulatory changes) from 44.1% in the first quarter of 2011,
  - a **strong reserve built on performing loans**, stable at 2.7 billion euro, equal to a prudent 80 basis-point buffer.

The rigorous and prudent provisioning policy is reflected in the **recovery ratio** on doubtful loans which increased in the quarter to 151% of their net book value from the 2009-2011 average 149%;

Enrico Cucchiani, the CEO of Intesa Sanpaolo, said: "In a scenario characterized by extreme volatility, great uncertainty and economic indicators which continue to signal a crisis at national and European levels, Intesa Sanpaolo has closed its first quarter with growth in revenues thanks to an increase in volumes in both customer deposits and funding and new loans to support the real economy. Net profit of 804 million euros grew by 21.6%, with operating margin up 32.8%."

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“Above all, Intesa Sanpaolo has further strengthened its capital base, with a Core Tier 1 ratio increased from 10.1% to 10.5%, placing it in a prominent position amongst the largest and most solid European banks,” Cucchiani added.

“Intesa Sanpaolo is therefore well positioned to meet the challenges of an economic environment that is still affected by difficult market conditions, and to support the development of the Italian economy, as well as the needs of families, retail savers and small businesses.”

In 2012, the Group will continue to prioritise sustainable profitability through efficient liquidity allocation, attentive management of all risks and constant pursuit of efficiency and productivity. In the light of the positive revenue performance in the first quarter, 2012 operating performance is expected to remain broadly stable, net of last year’s non-recurring items, also as a consequence of ongoing cost containment actions and constant monitoring of asset quality, which will allow the Group to maintain the cost of credit under control - albeit still at a high level due to deteriorated economic conditions.

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