INTESA SANPAOLO

PRESS RELEASE
INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2009

- **Net income:**
  - **674 million euro for third-quarter 2009 (2009 second quarter: 513 million);**
  - **2,262 million euro for the first nine months 2009 (2008 first nine months: 3,781 million).**
- **Adjusted(*) net income:**
  - **816 million euro for third-quarter 2009, +25% vs 2009 second quarter (653 million);**
  - **2,113 million euro for the first nine months 2009, -37.9% (2008 first nine months: 3,401 million).**
- **Income before tax from continuing operations:**
  - **1,350 million euro for third-quarter 2009, +13.5% vs 2009 second quarter (1,189 million);**
  - **3,552 million euro for the first nine months 2009, -37.1% (2008 first nine months: 5,648 million).**
- **Operating income:**
  - **4,549 million euro for third-quarter 2009, -3.8% vs 2009 second quarter (4,731 million);**
  - **13,416 million euro for the first nine months 2009, -5.4% (2008 first nine months: 14,183 million).**
- **Operating costs:**
  - **2,327 million euro for third-quarter 2009, -0.6% vs 2009 second quarter (2,341 million);**
  - **6,982 million euro for the first nine months 2009, -3.5% (2008 first nine months: 7,237 million).**
- **Operating margin:**
  - **2,222 million euro for third-quarter 2009, -7.0% vs 2009 second quarter (2,390 million);**
  - **6,434 million euro for the first nine months 2009, -7.4% (2008 first nine months: 6,946 million).**
- **Capital ratios as at 30 September 2009: Tier 1 ratio at 8%.**

Torino, Milano, 10 November 2009 – The Management Board of Intesa Sanpaolo met today chaired by Enrico Salza and approved the consolidated interim statement as at 30 September 2009 (1).

During the first nine months of 2009 the Intesa Sanpaolo Group continued to implement the course of action which characterised its management policy **-** above all in the context of the international financial market crisis that started in the second half of 2007 **- prioritising sustainable profitability** driven by strategic decisions concerning not only **revenues** and **costs** but also **liquidity, solidity and a low risk profile**.

Consequently, in the first nine months of 2009, the enactment of **management policies for the medium term** has enabled the Group to generate, quarter after quarter, steady growth in profitability. In the third quarter of the year, compared to the second quarter of 2009, the Group experienced:

- **resilient revenues,** which held up well against the combined negative impact of the elimination of overdraft charges, a further fall in euribor rates to their all-time low penalising net interest income, and the summer season slowdown;
- **decreasing operating costs;** and
- **substantially lower loan adjustments**, though figures remained at high levels, as expected.

Accordingly, **operating margin after loan adjustments** was up 6.9% at 1,399 million euro in the third quarter of 2009 compared to the 1,309 million euro of the previous quarter which, in turn, had marked a 20.2% increase against the 1,089 million euro of the first quarter of the year.

This has delivered robust **consolidated net income** for the Intesa Sanpaolo Group which closed the third quarter of 2009 with a net income of 674 million euro, compared with 513 million euro in the second quarter and 1,075 million euro in the first quarter of 2009 (a figure that benefited from a 511 million euro release of deferred taxes), and the first nine months of 2009 with a net income of 2,262 million euro, compared to 3,781 million euro in the first nine months of 2008 (when around 1.2 billion euro net capital gains had been booked resulting from the disposal of branches and certain equity stakes), despite significant loan adjustments albeit in line with expectations.

Consolidated adjusted(*) net income was 816 million euro for the third quarter of 2009, with respect to the 653 million euro of the second quarter (+25%) and the 644 million euro of the first quarter, thus 2,113 million euro was reported for the first nine months of 2009 against the 3,401 million euro of the same period in 2008 (-37.9%).

The Group's policies, focused on long-lasting relationships with customers, led to growing average volumes of direct **deposits**, +9.4%, and **loans,** +2.5%, compared to September 2008.

(*) Methodological note on calculation of the adjusted net income on page 11.
(1) Methodological note on the scope of consolidation on page 10.

The income statement for the third quarter of 2009

The consolidated income statement for the third quarter of 2009 (2) registered **operating income** of 4,549 million euro, down 3.8% from 4,731 million euro in the second quarter of 2009 and down 1.2% from 4,603 million euro in the third quarter of 2008.

As part of it, in the third quarter of 2009 **net interest income** was 2,605 million euro, down 6.3% from 2,779 million euro in the second quarter of 2009 and down 14.4% from 3,045 million euro in the third quarter of 2008. The decline was driven by the elimination of overdraft charges, effective as of the third quarter of 2009, which impacted some 90 million euro, and the continued substantial fall in euribor rates, which weighed heavily on net interest income - following the Group's strategy aimed at prioritising a stronger liquidity position in a still highly uncertain economic environment - although attentive pricing and partial hedging against lowering interest rates were implemented.

Net fee and commissions amounted to 1,363 million euro, up 1.7% from 1,340 million euro in the second quarter of 2009 and down 2.7% from 1,401 million euro in the third quarter of 2008. Compared with the previous quarter, commissions on commercial banking activities increased by 13.1%, also as a result of approximately 40 million euro deriving from the introduction of the commitment fee; commissions on management, dealing and consultancy services (which include portfolio management, distribution of insurance products, placement of securities, etc.) fell by 4.1% with those on portfolio management and distribution of insurance products rising by 6% and 6.7% respectively. Compared to the same period in 2008, commissions on commercial banking activities rose by 6.7% and those on management, dealing and consultancy services declined by 7.1% with a 12.4% increase taking place in commissions on distribution of insurance products.

Profits on trading amounted to 447 million euro also due to a capital gain of 114 million euro from the disposal of stakes in Natixis and Banca Generali, included in financial assets available for sale, and the recovery in financial markets which was of benefit in the valuation of financial assets held for trading (with a 39 million euro positive impact on structured credit products). Trading income was 439 million euro for the second quarter of 2009 (which had registered a 4 million euro positive effect for structured credit products) and 17 million euro for the third quarter of 2008 (negatively impacted by 33 million euro on structured credit products). Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale, trading profits would have recorded a positive pre-tax impact of 148 million euro.

Income from insurance business was 116 million euro compared to the 124 million euro of the second quarter of 2009 and the 43 million euro of the same period last year.

Operating costs amounted to 2,327 million euro, down 0.6% from the 2,341 million euro of the second quarter of 2009. Administrative expenses decreased by 7.9% while personnel expenses and adjustments increased by 2.9% and 7% respectively. A 3% drop was registered against the 2,398 million euro of the third quarter of 2008, due to the decline in personnel expenses (-0.4%), administrative expenses (-4.3% despite higher taxes from the intra-group VAT) and adjustments (-16%).

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(2) During the preparation of the interim statement as 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 as at 1 July 2008, reclassified financial assets held for trading of 4,140 million euro into loans and receivables and of 235 million euro into financial assets available for sale. If this reclassification had not been made, the profits/losses on trading for the third quarter of 2009 would have recorded a positive pre-tax impact of 148 million euro (with a positive impact of 80 million euro in the first nine months of 2009 and a negative impact of 459 million euro in full-year 2008). The Group also reclassified financial assets available for sale of 6,244 million euro into loans and receivables. Had these reclassifications not been made, a negative pre-tax impact of 543 million euro would have been recorded directly in the shareholders' equity as at 30 September 2009 (with a positive impact of 167 million euro in the third quarter of 2009 and 319 million euro in the first nine months of 2009).

As a result, **operating margin** totalled 2,222 million euro, down 7% from 2,390 million euro in the previous quarter of 2009 and up 0.8% from 2,205 million euro in the same period last year. The cost/income ratio was 51.2% in the third quarter of 2009, 49.5% in the second quarter of 2009 and 52.1% in the third quarter of 2008.

No **goodwill impairment** was recorded in the period, as was the case with the second quarter of 2009 and the third quarter of 2008.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 885 million euro against the 1,216 million euro of the second quarter of 2009 and the 970 million euro of the third quarter of 2008. Net provisions for risks and charges amounted to 66 million euro (63 million euro in the previous quarter and 76 million euro in the same period in 2008). Net adjustments to loans totalled 823 million euro compared to 1,081 million euro in the second quarter of 2009 (a figure which was also the result of prudent loan classifications as substandard) and 854 million euro in the third quarter of 2008. Net impairment losses on other assets recorded a net recovery of 4 million euro against net losses of 72 million euro in the second quarter of 2009 and 40 million euro in the third quarter of 2008.

Profits/losses on investments held to maturity and on other investments were a positive 13 million euro; 15 million euro profits were recorded in the second quarter of 2009 and 177 million euro in the third quarter of 2008.

Income before tax from continuing operations amounted to 1,350 million euro, up 13.5% from the 1,189 million euro posted in the three months to 30 June 2009 and down 4.4% from 1,412 million euro in the third quarter of 2008.

Consolidated net income was 674 million euro - in comparison with the 513 million euro of the second quarter of 2009 and the 674 million euro of the third quarter of 2008 - after accounting for:

- taxes of 510 million euro;
- integration charges (net of tax) of 44 million euro;
- charges from purchase cost allocation (net of tax) of 98 million euro;
- loss after tax from discontinued operations of 5 million euro;
- a minority interest of 19 million euro.

Excluding the main non-recurring items, net income was 816 million euro for the third quarter of 2009, 653 million euro for the second quarter of 2009 and 865 million euro for the third quarter of 2008.

<u>The income statement for the first nine months of 2009</u>

The consolidated income statement for the first nine months of 2009 registered **operating income** of 13,416 million euro, down 5.4% from 14,183 million euro in the first nine months of 2008.

As part of this, in the first nine months of 2009 **net interest income** amounted to 8,071 million euro, down 7.7% from 8,740 million euro for the same period of 2008.

Net fee and commission income was 3,958 million euro, registering a 13.7% decrease from 4,586 million euro in the first nine months of 2008. Commissions on commercial banking activities were down 4.4% and those on management, dealing and consultancy activities (which include portfolio management, distribution of insurance products, placement of securities, etc.) fell 23.7%.

Profits on trading for the period were 993 million euro - with a negative impact of 36 million euro on structured credit products - nearly three times as high as the 301 million euro profits on trading in the same period last year (that had recorded a negative impact of 236 million euro from the crisis on structured credit products). Without the IAS reclassification of financial assets held for trading into loans and receivables and financial assets available for sale, trading profits would have recorded a positive pre-tax impact of 80 million euro.

Income from insurance business amounted to 304 million euro against the 229 million euro of the first nine months of 2008.

Operating costs amounted to 6,982 million euro, down 3.5% from 7,237 million euro in the first nine months of 2008. In detail: personnel expenses fell 3.4%, administrative expenses were down 0.3% despite higher taxes from the intra-group VAT and adjustments dropped 17.7%.

Consequently, **operating margin** was 6,434 million euro, down 7.4% compared to the 6,946 million euro of the same period in 2008, with the cost/income ratio at 52% compared to 51% in the first nine months of 2008.

As with the first nine months of 2008, no **goodwill impairment** was recorded in the period.

Net **provisions** and adjustments (net provisions for risks and charges, net adjustments to loans, net impairment losses on other assets) amounted to 2,910 million euro compared to the 1,772 million euro of the first nine months of 2008. Net provisions for risks and charges were 198 million euro compared to 154 million euro in the first nine months of 2008. Net adjustments to loans were 2,637 million euro compared to 1,567 million euro in the first nine months of 2008. Net impairment losses on other assets were 75 million euro compared to 51 million euro in the same period last year.

Profits/losses on investments held to maturity and on other investments were a positive 28 million euro compared to profits of 474 million euro for the same period last year which had benefited from the 268 million euro capital gain made on the disposal of Agos.

Income before tax from continuing operations posted 3,552 million euro, down 37.1% compared to the 5,648 million euro of the first nine months of 2008.

Consolidated net income amounted to 2,262 million euro, against 3,781 in the first nine months of 2008 (which also included a net capital gain of approximately 930 million euro from the disposal of 198 branches) after accounting for:
- taxes of 834 million euro, which benefited from a 511 million euro release of deferred taxes in the first quarter relating to detaxation of intangibles with a finite life and brand name;
- integration charges (net of tax) of 130 million euro;
- charges from purchase cost allocation (net of tax) of 295 million euro;
- income after tax from discontinued operations of 45 million euro which included net capital gains of 63 million euro from the disposal of CR Orvieto and 17 branches;
- a minority interest of 76 million euro.

Excluding the main non-recurring items, net income was 2,113 million euro against the 3,401 million euro of the first nine months of 2008.

Balance sheet as at 30 September 2009

As regards the consolidated balance sheet figures, as at 30 September 2009 **loans to customers** amounted to 378 billion euro, down 1.5% from the figure as at 30 September 2008 (up 2.5% taking into account average volumes instead of those at the end of period) and down 4.4% from the figure as at 31 December 2008. Total **non-performing loans** (doubtful, substandard, restructured and past due) - net of adjustments - amounted to 17,968 million euro, up 55.9% compared to the 11,524 million euro as at 31 December 2008. In detail, doubtful loans increased from 3,968 to 4,859 million euro; the incidence on total loans was 1.3% (1% as at year-end 2008 and 1.2% as at 30 June 2009) with a coverage ratio of 68% (70% as at year-end 2008 and 69% as at 30 June 2009). Total coverage was 125% taking into account **collateral and guarantees** to doubtful loans in addition to specific provisions. Substandard loans increased from 5,291 to 9,017 million euro, mainly due to prudent classifications of loans in the second quarter which however have high collateral coverage and thus required limited provisioning. Restructured loans rose from 399 to 1,994 million euro mainly on the grounds of a single loan classified as restructured in the second quarter which did not require provisioning. Loans past due increased from 1,866 to 2,098 million euro.

Customer financial assets were 1,006 billion euro (after netting referred to items included in both direct and indirect customer deposits), down 2.4% from 30 September 2008 and up 2.3% from 31 December 2008. Under customer financial assets, **direct customer deposits** amounted to 434 billion euro, up 0.3% from 30 September 2008 and up 0.7% from year-end 2008 while indirect customer deposits amounted to 598 billion euro, down 4.1% from 30 September 2008 and up 3.7% from year-end 2008. **Assets under management** totalled 223 billion euro, down 5.3% from 30 September 2008 and up 4.3% from year-end 2008. As for bancassurance, in the first nine months of 2009 new business for life policies amounted to 9.1 billion euro

(54.6% higher than the first nine months of 2008). Assets under administration and in custody amounted to 375 billion euro, down 3.3% from 30 September 2008 and up 3.2% from 31 December 2008.

Capital ratios as at 30 September 2009 have been calculated without assuming any dividend distribution since, while confirming resumption of dividend payment on ordinary shares, it would be premature to quantify its size. Applying the Basel 2 Foundation approach, capital ratios are: 7.2% for the Core Tier 1 ratio (6.3% as at 31 December 2008), 8% for the Tier 1 ratio (7.1% at year-end 2008) and 11.6% for the total capital ratio (10.2% at year-end 2008).

At their meetings of 29 September 2009, the Management Board and the Supervisory Board within their respective competences decided, in light of the results achieved by the Group and the foreseeable trend of the economy,

- not to issue the Tremonti Bonds;
- to confirm the intention to maintain the Group's **Core Tier 1** ratio and Tier 1 ratio **at structural levels not lower than 7%** and 8% respectively in the coming years even if lending activity starts growing again, with no need for a rights issue, and **resuming dividend payment** on ordinary shares for 2009 payable in 2010;
- to take a substantial capital **strengthening** action **immediately -** up to a further **40 basis points -** with a 1.5 billion euro Tier 1 issue which was successfully launched in October;
- to replace **in the short term** the "provisional" effect of **100 basis points** that would have been provided by the Tremonti Bonds with structural effects of at least the same size resulting from capital management transactions - being disposals, either partial or full, partnerships, listings - on non-core assets, which are expected to take place by the time of the shareholders' meeting in April 2010;
- to pursue additional capital management actions able to further strengthen the capital base by at least **another 100 basis points**, if needed.

An additional positive effect is expected from the application of Basel 2 Advanced, with a potential benefit - subject to the Bank of Italy's approval and estimated on the basis of the current economic situation - of about 25 basis points for the Core Tier 1 ratio achievable in 2010.

Thus **pro-forma capital ratios -** reckoning also the effects from the ongoing finalisation of the sale of 50% of Findomestic and the purchase of 50% of Intesa Vita - should exceed 9.6% for the Core Tier 1 ratio, 10.8% for the Tier 1 ratio and 14.4% for the total capital ratio.

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As fully detailed when disclosing results for 2007 and 2008, Intesa Sanpaolo is only indirectly exposed to the US subprime mortgage crisis through structured credit products which were negatively affected by the dramatic decline in prices from the fourth quarter of 2007 - with impact on profits on trading mainly in terms of write-downs - to the first quarter of 2009 inclusive, whilst starting recovering as of the second quarter of 2009 with positive effects on profits on trading, as commented upon previously in the income statement section. The Group had a **gross and net risk exposure** to structured credit products with underlying **US subprime** of 39 million euro as at 30 September 2009. Full and detailed information concerning structured credit products held by the Group, with particular reference to its exposure in the financial crisis, is included, as usual, in the Interim Statement as at 30 September 2009 approved by the Management Board as well as in the specific slides of the presentation of results made available to the market.

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As at 30 September 2009, the Intesa Sanpaolo Group's **operating structure** had a total network of 7,983 branches - of which 6,090 in Italy and 1,893 abroad - with 106,307 employees, 2,483 lower than at 31 December 2008.

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Breakdown of results by business area

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

Operations with individual and SME customers are performed through the Parent Company Intesa Sanpaolo and the network banks (Banca di Credito Sardo, Banca di Trento e Bolzano, Banco di Napoli, Carifirenze, Casse del Centro, Cassa dei Risparmi di Forlì e della Romagna, Cassa di Risparmio del Veneto, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Cassa di Risparmio del Friuli Venezia Giulia and Banca dell'Adriatico). Intesa Sanpaolo Private Banking is the Group company which serves private customers. To serve non-profit entities Banca Prossima was set up, operational since November 2007 through the Group's branches, with regional centres and a team of specialists. This Division also includes product companies, namely Mediocredito Italiano, the Group company specialised in industrial credit, the insurance companies EurizonVita, Sud Polo Vita, Intesa Vita and Intesa Previdenza, the fiduciary service company SIREFID, and Setefi, the company specialised in management of electronic payment systems.

In December 2008, the Bank approved a project for a further organisational strengthening of this Division with the aim of improving the effectiveness of local commercial actions, while maintaining strict cost control. Following the reorganisation, the territorial structure comprises 8 Regional Departments coordinating 22 Areas/Network Banks, designed to ensure optimum geographical coverage, homogeneous size in terms of number of branches and staff allocation as well as adequate decision-making autonomy.

In the third quarter of 2009, the Banca dei Territori Division registered:
- operating income of 2,518 million euro, down 8.5% compared with 2,752 million euro in the second quarter of 2009;
- operating costs of 1,503 million euro, up 1.9% from 1,475 million euro in the second quarter of 2009;
- operating margin of 1,015 million euro, down 20.5% compared to 1,277 million euro in the previous quarter;
- a cost/income ratio of 59.7% versus 53.6% in the second quarter of 2009;
- net provisions and adjustments of 452 million euro compared to 568 million euro in the previous quarter;
- income before tax from continuing operations of 563 million euro, down 20.6% from 709 million euro in the second quarter of 2009;
- net income of 259 million euro, down 34.7% from 397 million euro in the second quarter of 2009.

In the first nine months of 2009, the Banca dei Territori Division registered:
- operating income of 7,848 million euro (down 12.6% compared to 8,979 million euro in the first nine months of 2008) accounting for 58% of the consolidated operating income (63% in the same period last year);
- operating costs down 5.3% to 4,488 million euro from 4,739 million euro in the first nine months of 2008;
- operating margin of 3,360 million euro, down 20.8% compared to 4,240 million euro in the first nine months of 2008;
- a cost/income ratio of 57.2% versus 52.8% in the same period of 2008;
- net provisions and adjustments of 1,428 million euro compared to 1,040 million euro in the same period of 2008;
- income before tax from continuing operations of 1,932 million euro, a decrease of 39.6% from 3,199 million euro in the first nine months of 2008;
- net income of 1,038 million euro declining 30.4% from 1,491 million euro in the first nine months of 2008.

Eurizon Capital, the company specialised in providing collective and individual asset management products to the Group's internal banking networks, is developing synergies with the Banca dei Territori Division. The company is also focused on strengthening its presence in the "open architecture" segment through specific distribution agreements with other networks and institutional investors. Eurizon Capital controls the subsidiaries Eurizon Capital (Luxembourg) and Eurizon Alternative Investments which promote and manage, respectively, funds incorporated under Luxembourg law and alternative funds. The Intesa Sanpaolo Group also has a presence in the asset management sector in China where it owns a 49.9% stake in Penghua Fund Management, an asset management company.

In the third quarter of 2009, Eurizon Capital registered:
- operating income of 62 million euro, up 2.8% against 60 million euro in the second quarter of 2009;
- operating costs of 30 million euro, down 2.1% from 31 million euro in the previous quarter;
- operating margin of 31 million euro, up 8% from 29 million euro in the previous quarter;
- a cost/income ratio of 49.1% versus 51.6% in the second quarter of 2009;
- income before tax from continuing operations of 30 million euro, in line with the second quarter of 2009;
- net income of 12 million euro, down 2.9% from 13 million euro in the second quarter of 2009.

In the first nine months of 2009, Eurizon Capital registered:
- operating income of 190 million euro, down 30.1% from 272 million euro in the first nine months of 2008 and accounting for 1% of the Group's consolidated figure (2% in the first nine months of 2008);
- operating costs of 92 million euro, down 17.1% from 111 million euro in the first nine months of 2008;
- operating margin of 98 million euro, down 39.1% compared to 161 million euro in the same period last year;
- a cost/income ratio of 48.4% versus 40.8% in the first nine months of 2008;
- income before tax from continuing operations of 98 million euro, down 38.8% from 160 million euro in the first nine months of 2008;
- net income of 42 million euro, down 25% from 56 million euro in the first nine months of 2008.

The **Corporate & Investment Banking** Division includes:
- Large & International Corporate, which presides over relations with large corporates in Italy (mainly with a turnover exceeding 500 million euro) and foreign corporate customers;
- Mid-Corporate Italia, dedicated to Italian corporate customers with a turnover exceeding 150 million euro and mainly up to 500 million euro;
- Global Services, responsible for foreign branches, representative offices and international subsidiaries specialised in corporate banking (Société Européenne de Banque, Intesa Sanpaolo Bank Ireland and ZAO Banca Intesa) and for providing specialised assistance and support to Italian corporate internationalisation and export;
- Financial Institutions, which is in charge of relations with Italian and foreign financial institutions, management of transactional services related to payment systems, custody and settlement of securities as custodian and correspondent bank;
- Banca IMI, which is in charge of carrying out investment banking activity, that is the creation of products of structured finance and M&A consultancy services to the Group's clients, and the capital markets activities for the Group's clients and institutional operators in market making activities;
- Merchant Banking, which operates in the private equity area also through Private Equity International (PEI) and IMI Investimenti companies.

This Division also comprises the activities of Leasint, Mediofactoring and proprietary trading.

In the third quarter of 2009, the Corporate & Investment Banking Division registered:
- operating income of 1,059 million euro, down 2% from 1,081 million euro in the previous quarter;
- operating costs of 233 million euro, in line with 230 million euro in the previous quarter;
- operating margin of 826 million euro, down 2.9% from 851 million euro in the second quarter of 2009;
- a cost/income ratio of 22% versus 21.3% in the second quarter of 2009;
- net provisions and adjustments of 178 million euro, halved compared to 375 million euro in the second quarter of 2009;
- income before tax from continuing operations of 648 million euro, up 36.6% from 474 million euro in the previous quarter;
- net income of 445 million euro, an 18.2% increase compared to 376 million euro in the second quarter of 2009.

In the first nine months of 2009, the Corporate & Investment Banking Division registered:
- operating income of 2,961 million euro, up 52.2% from 1,946 million euro in the same period in 2008, accounting for 22% of the Group's consolidated figure (the contribution was 14% in the same period of 2008);
- operating costs of 693 million, in line with 698 million euro in the same period in 2008;
- operating margin of 2,268 million euro, up 81.7% from 1,248 million euro in the first nine months of 2008;
- a cost/income ratio of 23.4% versus 35.9% in the first nine months of 2008;
- net provisions and adjustments of 731 million euro compared to 308 million euro in the same period in 2008;
- income before tax from continuing operations of 1,536 million euro, up 62.5% from 945 million euro in the same period of 2008;
- net income of 1,096 million euro, a 70.5% increase on the 643 million euro of the first nine months of 2008.

Public Finance provides services to government, public entities, local authorities, public utilities, general contractors, public and private healthcare structures and develops activities related to lending and day-to-day banking operations, project financing, securitisations and financial advisory, with the aim of promoting cooperation between public and private entities and supporting initiatives and investment projects in large infrastructures, healthcare, research and public utilities in general. Public finance activities are performed through Banca Infrastrutture Innovazione e Sviluppo.

In the third quarter of 2009, Public Finance registered:
- operating income of 93 million euro, down 26.5% compared with 126 million euro in the second quarter of 2009;
- operating costs of 19 million euro, basically unchanged compared to the previous quarter;
- operating margin of 74 million euro, down 31.6% from 107 million euro in the second quarter of 2009;
- a cost/income ratio of 20.8% versus 14.9% in the second quarter of 2009;
- a net recovery of 2 million euro in net provisions and adjustments compared to net adjustments equal to 77 million euro in the second quarter of 2009;
- income before tax from continuing operations of 76 million euro, more than doubling the 30 million euro of the previous quarter;
- net income of 43 million euro, three times higher than the 14 million euro of the previous quarter.

In the first nine months of 2009, Public Finance registered:
- operating income of 334 million euro, up 39.7% compared to 239 million euro of the same period in 2008, representing 2% of the Group's consolidated operating income (the same as in the first nine months of 2008);
- operating costs of 58 million euro, down 4.9% from 61 million euro in the same period in 2008;
- operating margin of 276 million euro, up 55.1% from 178 million euro in the first nine months of 2008;
- a cost/income ratio of 17.4% versus 25.5% in the same period of 2008;
- net provisions and adjustments of 78 million euro against 125 million euro in the first nine months of 2008;
- income before tax from continuing operations of 198 million euro, almost a fourfold rise compared to 53 million euro in the first nine months of 2008;
- net income of 111 million euro, up from 16 million euro in the same period last year.

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 mainly active in retail banking. It is responsible for defining the Group's development strategy related to its direct presence abroad, as well as exploring and analysing new growth opportunities in markets where the Group already has a presence, and in new markets. This Division also coordinates operations of international subsidiary banks and their relations with the Parent Company's head office departments and the Corporate & Investment Banking Division's branches and offices abroad. The Division is made up of the three following Departments which are in charge of the different geographical areas of the Group's international presence: i) the SEE Banking Area which includes the banking subsidiaries in South-Eastern Europe, Privredna Banka Zagreb in Croatia, Banca Intesa Beograd in Serbia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Intesa Sanpaolo Bank Albania and Intesa Sanpaolo Bank Romania; ii) the CEE Banking Area which includes the banking subsidiaries in Central-Eastern Europe, Banka Koper in Slovenia, VUB Banka in Slovakia, CIB Bank in Hungary; iii) the CIS and South Mediterranean Banking Areas, which include the subsidiaries KMB Bank in the Russian Federation, Pravex-Bank in Ukraine and Bank of Alexandria in Egypt.

In the third quarter of 2009, International Subsidiary Banks Division registered:
- operating income of 553 million euro, down 1.8% from 563 million euro in the second quarter of 2009;
- operating costs of 277 million euro, down 4.9% from 291 million euro in the previous quarter;
- operating margin of 276 million euro, up 1.5% from 272 million euro in the previous quarter;
- a cost/income ratio of 50.1% versus 51.7% in the second quarter of 2009;
- net provisions and adjustments of 155 million euro against 164 million euro in the previous quarter;
- income before tax from continuing operations of 122 million euro, up 14.3% compared to 107 million euro in the previous quarter;
- net income of 92 million euro, up 12.6% compared to 81 million euro in the second quarter of 2009.

In the first nine months of 2009, the International Subsidiary Banks Division registered:
- operating income of 1,643 million euro, down 1.5% compared to 1,668 million euro in the same period in 2008 (excluding foreign exchange effects, operating income rose by 5.7%) and accounted for 12% of the Group's consolidated figure (the same as in the first nine months of 2008);
- operating costs of 853 million euro, down 3.5% compared to 884 million euro in the first nine months of 2008;
- operating margin of 790 million euro, in line with 784 million euro in the corresponding period of 2008 (excluding foreign exchange effects, operating margin was up 7.4%);
- a cost/income ratio of 51.9% versus 53% in the first nine months of 2008;
- net provisions and adjustments of 463 million euro compared to 156 million euro in the corresponding period of 2008;
- income before tax from continuing operations of 327 million euro, halved compared to the 632 million euro of the same period in 2008;
- net income of 254 million euro, halved compared to 504 million euro of the same period last year.

Banca Fideuram, through its network of private bankers, performs asset gathering activities serving customers with a medium to high savings potential. In the third quarter of 2009, Banca Fideuram registered:
- operating income of 146 million euro, up 2.2% from 143 million euro in the second quarter of 2009;
- operating costs of 84 million euro, up 5% compared to 81 million euro in the second quarter of 2009;
- operating margin of 62 million euro, down 1.4% from 63 million euro in the previous quarter;
- a cost/income ratio of 57.7% versus 56.2% in the second quarter of 2009;
- net provisions and adjustments of 10 million euro;
- income before tax from continuing operations of 52 million euro, down 2.2% from 54 million euro in the second quarter of 2009;
- net income of 20 million euro, up 3.2% from 19 million euro in the second quarter of 2009.

In the first nine months of 2009, Banca Fideuram registered:
- operating income of 443 million euro, down 11.9% from 503 million euro in the first nine months of 2008 contributing 3% to the Group's consolidated figure (4% in the first nine months of 2008);
- operating costs of 244 million euro, down 1.2% compared with 247 million euro in the first nine months of 2008;
- operating margin of 199 million euro, down 22.3% from 256 million euro in the same period in 2008;
- a cost/income ratio of 55.1% versus 49.1% in the same period in 2008;
- net provisions and adjustments of 29 million euro;
- income before tax from continuing operations of 170 million euro, down 23.8% compared to 223 million euro in the first nine months of 2008;
- net income of 67 million euro, down 9.5% compared to 74 million euro in the corresponding period of 2008.

The 2009 outlook

The performance in the first nine months confirmed the effective implementation of the actions outlined for 2009 and disclosed to the market at the time of the 2008 results presentation. Those actions, in turn, reflected management policies with a medium-term focus which have enabled the Group to:
- **manage revenue generation,** in particular by counteracting the pressure on net interest income due to market yields at their all-time low by means of attentive pricing and partial hedging against a declining interest rate environment;
- **continue the downward trend of operating costs**, in spite of the impact of the introduction of non-deductible intra-group VAT;
- **maintain a low risk profile** due to the conservative risk management underlying both the relatively contained net adjustments to loans and the positive trend of trading profits linked to well performing financial markets.

In light of the results for the first nine months and the contribution of approximately 260 million euro from the finalisation of the Findomestic sale expected to take place in the fourth quarter of the year, it seems reasonable that **consolidated net income** for 2009 could be higher than that recorded in 2008.

* * *

For consistency purposes, the income statement data for 2008 were restated following the change in the scope of full consolidation which was determined mainly by the acquisition of control of Pravex-Bank which entered the scope of full consolidation in the income statement of the third quarter of 2008. For the first and second quarters of 2008 the relevant items were consolidated line by line and their contribution to net income was recorded under minority interests.

Still for consistency purposes, the balance sheet data for the first quarter of 2008 were restated consolidating line by line the items relating to Pravex-Bank, the control of which was acquired in June 2008.

* * *

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

in the first quarter 2009: 1) 511 million euro fiscal benefit from the release of deferred taxes relating to detaxation of intangibles with a finite life and brand name, recorded under taxes on income from continuing operations, 2) 68 million euro integration charges and related tax savings, which resulted in net integration charges of 48 million euro, 3) 95 million euro charges from purchase cost allocation, net of tax and 4) 83 million euro capital gains made on the disposal of CR Orvieto and 17 branches and related taxes, which resulted in a net capital gain of 63 million euro under income after tax from discontinued operations;

in the second quarter 2009: 1) 60 million euro integration charges and related tax savings, which resulted in net integration charges of 38 million euro, and 2) 102 million euro charges from purchase cost allocation, net of tax;

in the third quarter 2009: 1) 61 million euro integration charges and related tax savings, which resulted in net integration charges of 44 million euro, and 2) 98 million euro charges from purchase cost allocation, net of tax;

in the first quarter 2008: 1) 444 million euro integration charges and related tax savings, which resulted in net integration charges of 321 million euro, 2) 131 million euro charges from purchase cost allocation, net of tax, and 3) 1,372 million euro capital gains deriving from the sale of 198 branches and related taxes, which resulted in a net capital gain of 953 million euro under income after tax from discontinued operations;

in the second quarter 2008: 1) 67 million euro from the IMI-SIR settlement registered under the caption other operating income and related taxes, 2) 268 million euro capital gain made on the disposal of Agos under profits on investments held to maturity and related taxes, 3) 98 million euro integration charges and related tax savings, which resulted in net integration charges of 68 million euro, 4) 153 million euro charges from purchase cost allocation, net of tax, and 5) 20 million euro adjustments, net of tax savings, related to the disposal of 198 branches under income after tax from discontinued operations.

in the third quarter 2008: 1) 59 million euro from the IMI-SIR settlement registered under the caption other operating income and related taxes, 2) 122 million euro integration charges and related tax savings, which resulted in net integration charges of 86 million euro, and 3) 148 million euro charges from purchase cost allocation, net of tax.

* * *

In order to present more complete information regarding the results generated in the first nine months of 2009, 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.

* * *

This press release contains certain forward-looking statements and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. The Intesa Sanpaolo Group's ability to achieve its projected results is dependent on many factors which are outside management's control. Actual results may differ materially from 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. The following important factors could cause the Group's actual results to differ materially from those projected or implied in any forward-looking statements:

- the Group's ability to successfully integrate the employees, products, services and systems of the merger of Banca Intesa S.p.A. and Sanpaolo IMI S.p.A. as well as other recent mergers and acquisitions;
- the impact of regulatory decisions and changes in the regulatory environment;
- the impact of political and economic developments in Italy and other countries in which the Group operates;
- the impact of fluctuations in currency exchange and interest rates; and
- the Group's ability to achieve the expected return on the investments and capital expenditures it has made in Italy and in foreign countries.

The foregoing factors should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Accordingly, there can be no assurance that the Group will achieve its projected results.

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Gruppo Intesa Sanpaolo

Reclassified consolidated statement of income

(in millions of euro)

	30.09.2009	30.09.2008	Changes	
			amount	%
Net interest income	8,071	8,740	-669	-7.7
Dividends and profits (losses) on investments carried at equity	48	108	-60	-55.6
Net fee and commission income	3,958	4,586	-628	-13.7
Profits (Losses) on trading	993	301	692	
Income from insurance business	304	229	75	32.8
Other operating income (expenses)	42	219	-177	-80.8
Operating income	13,416	14,183	-767	-5.4
Personnel expenses	-4,159	-4,304	-145	-3.4
Other administrative expenses	-2,341	-2,347	-6	-0.3
Adjustments to property, equipment and intangible assets	-482	-586	-104	-17.7
Operating costs	-6,982	-7,237	-255	-3.5
Operating margin	6,434	6,946	-512	-7.4
Goodwill impairment	-	-	-	-
Net provisions for risks and charges	-198	-154	44	28.6
Net adjustments to loans	-2,637	-1,567	1,070	68.3
Net impairment losses on other assets	-75	-51	24	47.1
Profits (Losses) on investments held to maturity and on other investments	28	474	-446	-94.1
Income (Loss) before tax from continuing operations	3,552	5,648	-2,096	-37.1
Taxes on income from continuing operations	-834	-1,797	-963	-53.6
Merger and restructuring-related charges (net of tax)	-130	-475	-345	-72.6
Effect of purchase cost allocation (net of tax)	-295	-432	-137	-31.7
Income (Loss) after tax from discontinued operations	45	976	-931	-95.4
Minority interests	-76	-139	-63	-45.3
Net income	2,262	3,781	-1,519	-40.2
Basic EPS - euro	0.18	0.30		
Diluted EPS - euro	0.18	0.30		

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

Gruppo Intesa Sanpaolo

Quarterly development of the reclassified consolidated statement of income

(in millions of euro)

	2009			2008				
	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Average of the quarters
Net interest income	2,605	2,779	2,687	2,890	3,045	2,897	2,798	2,908
Dividends and profits (losses) on investments carried at equity	18	36	-6	30	13	29	66	35
Net fee and commission income	1,363	1,340	1,255	1,286	1,401	1,558	1,627	1,468
Profits (Losses) on trading	447	439	107	-354	17	244	40	-13
Income from insurance business	116	124	64	171	43	107	79	100
Other operating income (expenses)	-	13	29	-49	84	92	43	43
Operating income	4,549	4,731	4,136	3,974	4,603	4,927	4,653	4,539
Personnel expenses	-1,400	-1,360	-1,399	-1,442	-1,405	-1,441	-1,458	-1,437
Other administrative expenses	-759	-824	-758	-1,031	-793	-801	-753	-845
Adjustments to property, equipment and intangible assets	-168	-157	-157	-226	-200	-194	-192	-203
Operating costs	-2,327	-2,341	-2,314	-2,699	-2,398	-2,436	-2,403	-2,484
Operating margin	2,222	2,390	1,822	1,275	2,205	2,491	2,250	2,055
Goodwill impairment	-	-	-	-1,065	-	-	-	-266
Net provisions for risks and charges	-66	-63	-69	-164	-76	-45	-33	-80
Net adjustments to loans	-823	-1,081	-733	-999	-854	-401	-312	-642
Net impairment losses on other assets	4	-72	-7	-898	-40	-3	-8	-237
Profits (Losses) on investments held to maturity and on other investments	13	15	-	-208	177	284	13	67
Income (Loss) before tax from continuing operations	1,350	1,189	1,013	-2,059	1,412	2,326	1,910	897
Taxes on income from continuing operations	-510	-489	165	1,617	-488	-701	-608	-45
Merger and restructuring-related charges (net of tax)	-44	-38	-48	-182	-86	-68	-321	-164
Effect of purchase cost allocation (net of tax)	-98	-102	-95	-656	-148	-153	-131	-272
Income (Loss) after tax from discontinued operations	-5	-15	65	60	11	-5	970	259
Minority interests	-19	-32	-25	-8	-27	-41	-71	-37
Net income	674	513	1,075	-1,228	674	1,358	1,749	638

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

Gruppo Intesa Sanpaolo

Reclassified consolidated balance sheet

(in millions of euro)

Assets	30.09.2009	31.12.2008	Changes	
			amount	%
Financial assets held for trading	77,653	61,080	16,573	27.1
Financial assets designated at fair value through profit and loss	21,927	19,727	2,200	11.2
Financial assets available for sale	35,803	29,083	6,720	23.1
Investments held to maturity	4,772	5,572	-800	-14.4
Due from banks	48,113	56,371	-8,258	-14.6
Loans to customers	377,896	395,189	-17,293	-4.4
Investments in associates and companies subject to joint control	3,058	2,845	213	7.5
Property, equipment and intangible assets	31,552	32,406	-854	-2.6
Tax assets	6,825	7,495	-670	-8.9
Non-current assets held for sale and discontinued operations	638	1,520	-882	-58.0
Other assets	23,371	24,845	-1,474	-5.9
Total Assets	631,608	636,133	-4,525	-0.7

Liabilities and Shareholders' Equity	30.09.2009	31.12.2008	Changes	
			amount	%
Due to banks	43,829	51,745	-7,916	-15.3
Due to customers and securities issued	407,556	405,778	1,778	0.4
Financial liabilities held for trading	45,330	45,870	-540	-1.2
Financial liabilities designated at fair value through profit and loss	26,424	25,119	1,305	5.2
Tax liabilities	3,084	4,461	-1,377	-30.9
Liabilities associated with non-current assets held for sale and discontinued operations	-	1,021	-1,021	
Other liabilities	24,593	26,368	-1,775	-6.7
Technical reserves	22,510	20,248	2,262	11.2
Allowances for specific purpose	5,224	5,469	-245	-4.5
Share capital	6,647	6,647	-	-
Reserves	43,612	41,166	2,446	5.9
Valuation reserves	-589	-1,412	-823	-58.3
Minority interests	1,126	1,100	26	2.4
Net income	2,262	2,553	-291	-11.4
Total Liabilities and Shareholders' Equity	631,608	636,133	-4,525	-0.7

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

Gruppo Intesa Sanpaolo

Quarterly development of the Reclassified consolidated balance sheet

(in millions of euro)

Assets	2009			2008			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Financial assets held for trading	77,653	74,750	78,862	61,080	49,560	54,853	53,273
Financial assets designated at fair value through profit and loss	21,927	20,958	20,218	19,727	20,479	20,915	20,499
Financial assets available for sale	35,803	32,802	32,493	29,083	30,687	36,906	38,763
Investments held to maturity	4,772	5,241	5,461	5,572	5,763	5,976	5,709
Due from banks	48,113	50,218	47,672	56,371	75,160	71,077	69,881
Loans to customers	377,896	386,324	387,486	395,189	383,664	370,907	359,434
Investments in associates and companies subject to joint control	3,058	2,983	2,975	2,845	2,889	2,809	2,857
Property, equipment and intangible assets	31,552	31,778	32,126	32,406	34,947	34,844	33,103
Tax assets	6,825	7,239	7,439	7,495	4,159	4,158	3,766
Non-current assets held for sale and discontinued operations	638	638	434	1,520	4,379	4,704	4,568
Other assets	23,371	25,511	24,138	24,845	22,428	20,823	17,198
Total Assets	631,608	638,442	639,304	636,133	634,115	627,972	609,051

Liabilities and Shareholders' Equity	2009			2008			
	30/9	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks	43,829	47,301	48,049	51,745	64,135	62,786	71,223
Due to customers and securities issued	407,556	416,530	411,113	405,778	406,647	392,328	366,401
Financial liabilities held for trading	45,330	41,327	48,749	45,870	27,946	29,831	29,988
Financial liabilities designated at fair value through profit and loss	26,424	25,922	25,151	25,119	25,837	26,512	26,905
Tax liabilities	3,084	2,908	4,568	4,461	3,998	4,040	4,929
Liabilities associated with non-current assets held for sale and discontinued operations	-	-	-	1,021	2,408	2,735	2,480
Other liabilities	24,593	26,565	25,845	26,368	24,054	29,821	27,023
Technical reserves	22,510	20,803	19,799	20,248	21,151	21,783	22,540
Allowances for specific purpose	5,224	5,242	5,452	5,469	6,064	6,531	6,601
Share capital	6,647	6,647	6,647	6,647	6,647	6,647	6,647
Reserves	43,612	43,548	43,697	41,166	41,098	41,109	41,154
Valuation reserves	-589	-1,041	-1,905	-1,412	-714	-299	-49
Minority interests	1,126	1,102	1,064	1,100	1,063	1,041	1,460
Net income	2,262	1,588	1,075	2,553	3,781	3,107	1,749
Total Liabilities and Shareholders' Equity	631,608	638,442	639,304	636,133	634,115	627,972	609,051

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

Gruppo Intesa Sanpaolo

Breakdown of financial highlights and financial ratios by business area

Income statement (in millions of euro)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Operating income	7,848	8,979	2,961	1,946	334	239	1,643	1,668	190	272	443	503
Operating costs	-4,488	-4,739	-693	-698	-58	-61	-853	-884	-92	-111	-244	-247
Operating margin	3,360	4,240	2,268	1,248	276	178	790	784	98	161	199	256
Net income	1,038	1,491	1,096	643	111	16	254	504	42	56	67	74

Balance sheet (in millions of euro)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.09.2009	31.12.2008	30.09.2009	31.12.2008	30.09.2009	31.12.2008	30.09.2009	31.12.2008	30.09.2009	31.12.2008	30.09.2009	31.12.2008
Loans to customers	185,389	192,950	103,076	112,837	41,214	38,829	29,578	29,847	-	-	1,868	1,802
Direct customer deposits	222,646	218,225	108,416	91,813	5,253	5,202	27,611	28,212	-	-	6,664	6,583

Profitability ratios (%)	Banca dei Territori		Corporate and Investment Banking		Public Finance		International Subsidiary Banks		Eurizon Capital		Banca Fideuram	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Cost / Income	57.2	52.8	23.4	35.9	17.4	25.5	51.9	53.0	48.4	40.8	55.1	49.1
ROE [(a)]	14.0	19.2	17.7	10.0	15.1	2.5	17.6	33.2	80.2	66.2	31.3	28.7
Economic Value Added (EVA) (in millions of euro)	679	1,545	487	74	40	-48	57	271	65	107	107	135

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

[(a)] Ratio between Net income and Allocated capital. Figure for the period is annualised.