INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 31 MARCH 2019

Q1 2019 RESULTS REFLECT THE GROUP'S SUSTAINABLE PROFITABILITY WHICH DERIVES FROM A SOLID CAPITAL BASE AND STRONG LIQUIDITY POSITION, AND FROM THE BUSINESS MODEL. THE GROUP'S BUSINESS MODEL IS BOTH RESILIENT AND WELL DIVERSIFIED, WITH WEALTH MANAGEMENT & PROTECTION BEING THE FOCUS, FINANCIAL ACTIVITIES PROVIDING NATURAL HEDGING AGAINST THE IMPACT OF MARKET VOLATILITY ON FEE-BASED REVENUES, STRATEGIC FLEXIBILITY IN MANAGING OPERATING COSTS, AND EFFECTIVE PROACTIVE CREDIT MANAGEMENT.

Q1 2019 RESULTS SHOW THAT THE GROUP IS FIRMLY ON TRACK TO DELIVER ON ITS TARGETS. THEY ALSO HIGHLIGHT THE CONTINUED SUPPORT PROVIDED BY THE GROUP TO THE ECONOMY IN THE COUNTRIES IN WHICH IT OPERATES, AND SPECIFICALLY IN ITALY WHERE, MOREOVER, IT IS COMMITTED TO BECOMING A REFERENCE MODEL IN TERMS OF SOCIAL AND CULTURAL RESPONSIBILITY.

Q1 2019 NET INCOME WAS €1,050 MILLION.

THE CAPITAL POSITION WAS SOLID AND WELL ABOVE REGULATORY REQUIREMENTS, EVEN UNDER THE ADVERSE SCENARIO OF THE 2018 EBA/ECB STRESS TEST. PRO-FORMA FULLY LOADED COMMON EQUITY TIER 1 RATIO WAS 13.5%, TAKING INTO ACCOUNT THE DIVIDENDS ACCRUED IN Q1 2019.

PROFITABILITY INCREASED ON Q4 2018: GROSS INCOME UP 30.8%, OPERATING MARGIN UP 33.5%, OPERATING INCOME UP 4.6%. OPERATING COSTS DECREASED: DOWN 13.9% ON Q4 2018 AND 4.5% ON Q1 2018.

CREDIT QUALITY IMPROVED. GROSS NPLs WERE REDUCED AT NO EXTRAORDINARY COST TO SHAREHOLDERS, WITH NPL STOCK DOWN 2.6% ON YEAR-END 2018 AND DOWN AROUND €17 BILLION SINCE THE END OF 2017. IN THE FIRST 15 MONTHS OF THE 2018-2021 BUSINESS PLAN, THE NPL REDUCTION ACHIEVED WAS AS MUCH AS 64% OF THE TARGET SET FOR THE ENTIRE FOUR-YEAR PERIOD. GROSS NPL RATIO STOOD AT 8.5% AND NET NPL RATIO AT 4.1%. NET ADJUSTMENTS TO LOANS WERE DOWN 47.1% ON Q4 2018 AND 23.6% ON Q1 2018. ANNUALISED COST OF RISK IN Q1 2019 DECREASED TO 37 BASIS POINTS.

INTESA SANPAOLO CONTINUES TO OPERATE AS A GROWTH ACCELERATOR IN THE REAL ECONOMY IN ITALY. IN Q1 2019, MEDIUM/LONG-TERM NEW LENDING GRANTED BY THE GROUP TO ITALIAN HOUSEHOLDS AND BUSINESSES AMOUNTED TO AROUND €10.5 BILLION. IN Q1 2019, THE GROUP FACILITATED THE RETURN TO PERFORMING STATUS OF AROUND 5,000 COMPANIES, THUS SAFEGUARDING AROUND 25,000 JOBS. THIS BROUGHT THE TOTAL TO AROUND 98,000 COMPANIES SINCE 2014, WITH AROUND 500,000 JOBS SAFEGUARDED OVER THE SAME PERIOD.

INTESA SANPAOLO IS THE ENGINE OF THE ITALIAN SOCIAL ECONOMY. DIVIDENDS DISTRIBUTED BY THE BANK HAVE ENABLED THE FOUNDATIONS THAT ARE AMONG ITS SHAREHOLDERS TO GRANT MORE THAN HALF OF THE TOTAL FUNDS GRANTED BY ALL ITALIAN BANKING FOUNDATIONS.

THE GROUP'S SOCIAL AND CULTURAL RESPONSIBILITY HAS TRANSLATED, IN ITALY, INTO: INITIATIVES TO REDUCE CHILD POVERTY AND TO SUPPORT PEOPLE IN NEED DELIVERING, SINCE 2018, AROUND 3.9 MILLION MEALS, 116,000 DORMITORY BEDS, 57,000 MEDICINE PRESCRIPTIONS AND 36,000 ITEMS OF CLOTHING; SUPPORT PROVIDED TO FAMILIES WHO HAVE BEEN VICTIMS OF NATURAL DISASTERS, WITH OVER €28 MILLION SUBSIDISED LOANS GRANTED IN Q1 2019 (OVER €225 MILLION SINCE 2018); SUPPORT PROVIDED TO FAMILIES AND BUSINESSES AFFECTED BY THE GENOA BRIDGE COLLAPSE, WITH A €4.5 MILLION PLAFOND FOR MORTGAGE FORGIVENESS (€0.5 MILLION ALREADY FORGIVEN) AND A €50 MILLION PLAFOND FOR RECONSTRUCTION (€1.4 MILLION GRANTED); THE FUND FOR IMPACT, WITH €130,000 ALREADY GRANTED IN THE FIRST MONTH BY "*PER MERITO*" (THE FIRST LINE OF CREDIT WITHOUT COLLATERAL FOR ALL ITALIAN UNIVERSITY STUDENTS); A €5 BILLION CIRCULAR ECONOMY CREDIT PLAFOND TO SUPPORT SUSTAINABLE DEVELOPMENT WITH 102 PROJECTS EVALUATED, OF WHICH 13 HAVE ALREADY BEEN FINANCED FOR AROUND €300 MILLION; THE CIRCULAR ECONOMY LAB WHICH IS RUNNING OPEN INNOVATION PROGRAMS; IN Q1 2019, AROUND 400 START-UPS ANALYSED (AROUND 950 SINCE 2018) AND ACCELERATION PROGRAMS LAUNCHED IN RESPECT OF 36 COACHED START-UPS (147 SINCE 2018); "GIOVANI E LAVORO" PROJECT UNDERWAY, IN PARTNERSHIP WITH GENERATION, AIMED AT INTRODUCING 5,000 YOUNG PEOPLE TO THE ITALIAN LABOUR MARKET; IN Q1 2019, AROUND 175,000 VISITORS TO THE GROUP'S MUSEUMS (500,000 IN 2018), OVER 33,000 STUDENTS PARTICIPATING IN FREE EDUCATIONAL ACTIVITIES (73,000 IN 2018) AND 30 ARTWORKS FROM THE CORPORATE COLLECTION ON LOAN (140 IN 2018), WITH OVER 100 ART HISTORIANS WORKING FULL TIME AT *GALLERIE D'ITALIA*, WHICH ARE AMONG THE TOP MUSEUMS IN ITALY BY NUMBER OF VISITORS, SPECIFICALLY WITH AROUND 180,000 VISITORS WHO ADMIRED THE "ROMANTICISMO" EXHIBITION HELD FROM OCTOBER 2018 TO MARCH 2019 (14 MAJOR EXHIBITIONS HELD IN 2018).

- **ROBUST NET INCOME:**
  - **€1,050M IN Q1 2019 VS €1,038M IN Q4 2018 AND €1,252M IN Q1 2018**

- **GROWTH IN PROFITABILITY ON Q4 2018:**
  - **GROSS INCOME UP 30.8%**
  - **OPERATING MARGIN UP 33.5%**
  - **OPERATING INCOME UP 4.6%**

- **REDUCTION IN OPERATING COSTS:**
  - **DOWN 13.9% ON Q4 2018**
  - **DOWN 4.5% ON Q1 2018**

- **IMPROVEMENT IN CREDIT QUALITY TREND:**
  - **DECREASE IN NPLs, ACHIEVED AT NO EXTRAORDINARY COST TO SHAREHOLDERS**
    - **GROSS NPL REDUCTION: AROUND €17BN SINCE DECEMBER 2017 AND AROUND €30BN SINCE SEPTEMBER 2015 (RESPECTIVELY €6BN AND €19BN, IN APPROXIMATE FIGURES, EXCLUDING THE SALE TO INTRUM FINALISED IN Q4 2018)**
    - **NPL STOCK DOWN 2.6% GROSS AND 1.8% NET ON YEAR-END 2018; NPL TO TOTAL LOAN RATIO OF 8.5% GROSS AND 4.1% NET**
  - **NET ADJUSTMENTS TO LOANS DOWN 47.1% ON Q4 2018 AND 23.6% ON Q1 2018**
  - **ANNUALISED COST OF RISK IN Q1 2019 DOWN TO 37 BASIS POINTS**

- **SOLID CAPITAL POSITION, WELL ABOVE REGULATORY REQUIREMENTS:**
  - **COMMON EQUITY TIER 1 RATIO AS AT 31 MARCH 2019, AFTER THE DEDUCTION OF €840M OF DIVIDENDS ACCRUED IN Q1 2019, OF**
    - **13.5% PRO-FORMA FULLY LOADED** (1) (2)
    - **13.1% PHASED-IN** (2) (**)
  - **COMMON EQUITY TIER 1 RATIO IN THE 2018 EBA/ECB STRESS TEST**
    - **9.7% FULLY LOADED UNDER THE ADVERSE SCENARIO FOR 2020, 10.3% TAKING INTO ACCOUNT THE CAPITAL INCREASE TO SERVE THE INCENTIVE PLAN AND THE CONVERSION OF THE SAVINGS SHARES, BOTH FINALISED IN Q3 2018, AND 11.4% CALCULATED ON A PRO-FORMA BASIS** (***)

____

(1) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2019, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and the expected distribution of the Q1 2019 net income of insurance companies that exceeds the amount of reserves already distributed in the quarter.

(2) After the deduction of accrued dividends, equal to 80% of net income for the quarter, and the coupons accrued on the Additional Tier 1 issues.

(**) Equal to 11.9% excluding the mitigation of the impact of the first time adoption of IFRS 9. This would be 12.4% when taking into account the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital), in respect of which the process of recognition has been launched.

(***) Also taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward.

HIGHLIGHTS:

OPERATING INCOME:	Q1 2019	+4.6% -8.8%	€4,389M FROM €4,196M IN Q4 2018 FROM €4,813M IN Q1 2018
OPERATING COSTS:	Q1 2019	-13.9% -4.5%	€2,204M FROM €2,559M IN Q4 2018 FROM €2,309M IN Q1 2018
OPERATING MARGIN:	Q1 2019	+33.5% -12.7%	€2,185M FROM €1,637M IN Q4 2018 FROM €2,504M IN Q1 2018
GROSS INCOME:	Q1 2019	€1,792M	FROM €1,370M IN Q4 2018 FROM €1,969M IN Q1 2018
NET INCOME:	Q1 2019	€1,050M	FROM €1,038M IN Q4 2018 FROM €1,252M IN Q1 2018

CAPITAL RATIOS: COMMON EQUITY TIER 1 RATIO AFTER DIVIDENDS ACCRUED IN Q1 2019:
13.5% PRO-FORMA FULLY LOADED (3) (4);
13.1% PHASED-IN (4) (**)

---

(3) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2019, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and the expected distribution of the Q1 2019 net income of insurance companies that exceeds the amount of reserves already distributed in the quarter.

(4) After the deduction of accrued dividends, equal to 80% of the net income for the quarter, and the coupons accrued on the Additional Tier 1 issues.

(**) Equal to 11.9% excluding the mitigation of the impact of the first time adoption of IFRS 9. This would be 12.4% when taking into account the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital), in respect of which the process of recognition has been launched.

Turin - Milan, 7 May 2019 – At its meeting today, the Board of Directors of Intesa Sanpaolo approved the consolidated interim statement as at 31 March 2019 (5) (6).

Results for Q1 2019 reflect the Group's **sustainable profitability** which derives from a **solid capital base and strong liquidity position**, and from a **resilient and well-diversified business model** characterised by:

- a **focus on the Wealth Management & Protection** business driven by a **client-centric approach**, and **financial activities providing natural hedging** against the impact of market volatility on fee-based revenues;
- **strategic flexibility in managing operating costs**;
- **effective proactive credit management at no extraordinary cost to shareholders**.

Results for Q1 2019 show that the Group is firmly on track to deliver on its targets. They also highlight **the continued support provided by the Group to the country**, which includes its commitment **to becoming a reference model in terms of social and cultural responsibility**:

- **net income at €1,050m** versus €1,038m in Q4 2018 and €1,252m in Q1 2018;
- **growing profitability on Q4 2018**:
  - **gross income up 30.8%**;
  - **operating margin up 33.5%**;
  - **operating income up 4.6%**;
- **operating costs reduced** by 13.9% on Q4 2018 and 4.5% on Q1 2018;
- **high efficiency**, highlighted by a **cost/income of 50.2%** – **a figure that places Intesa Sanpaolo in the top tier of its European peers**;
- **net adjustments to loans down** 47.1% on Q4 2018 and 23.6% on Q1 2018;
- Q1 2019 annualised **cost of risk down to 37bps** versus the 61bps of full-year 2018;
- **improving credit quality** mainly due to an **effective proactive credit management approach, at no extraordinary cost to shareholders**:
  - gross **NPLs were reduced** by around **€1bn in Q1 2019**, by around **€30bn since September 2015** (the reduction was around €19bn excluding the bad-loan sale to Intrum finalised in Q4 2018) and by around **€17bn since December 2017** (the reduction was around €6bn excluding the Intrum transaction). **In the first 15 months of the 2018-2021 Business Plan, the NPL reduction achieved was as much as 64% of the target set for the entire four-year period**.
  - **NPL stock in March 2019 was down 2.6% gross and 1.8% net on December 2018**;
  - **NPL to total loan ratio** in March 2019 was **8.5% gross and 4.1% net**;

---

(5) In accordance with Article 65-bis and Article 82-ter of the Issuers' Regulation, effective as of 2 January 2017, Intesa Sanpaolo opted for periodical disclosure, on a voluntary basis, of financial information as at 31 March and 30 September of each financial year, in addition to the annual report and the half-yearly report. This information consists of interim statements approved by the Board of Directors, basically providing continuity with the interim statements published in the past.

(6) Methodological note on the scope of consolidation on page 17.

- **sizeable NPL coverage**:
  - **NPL cash coverage ratio of 54.1%** at the end of March 2019, **with a cash coverage ratio of 66.2% for the bad loan component**;
  - **robust reserve buffer on performing loans** amounting to around 0.5% at the end of March 2019;
- **very solid capital position**, with capital ratios well above regulatory requirements. As at 31 March 2019, the **pro-forma fully loaded Common Equity Tier 1 ratio** came in at **13.5%** (7) (8) – **one of the highest levels amongst major European banks** – and the phased-in Common Equity Tier 1 ratio at 13.1% (8) (9) after the deduction of €840m of dividends accrued in the quarter. The aforementioned ratios compare with the SREP requirement for 2019, comprising Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer (10), which set the fully loaded Common Equity Tier 1 ratio at 9.34% and the phased-in Common Equity Tier 1 ratio at 8.96%. Under the adverse scenario of the 2018 EBA/ECB stress test for 2020, the Common Equity Tier 1 ratio stands at 9.7%, calculated on the basis of the balance sheet date as at 31 December 2017, taking the impact of the first time adoption of IFRS 9 into account. It would stand at 10.3% taking into account the capital increase executed on 11 July 2018 to serve the 2018-2021 LECOIP 2.0 Long-term Incentive Plan and the conversion of savings shares into ordinary shares finalised on 7 August 2018, other things being equal, and at 11.4% calculated on a pro-forma basis (***).
- **strong liquidity position and funding capability**, with **liquid assets of €194bn** and **available unencumbered liquid assets of €99bn at the end of March 2019. The Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements have been complied with**. The Group's refinancing operations with the ECB to optimise the cost of funding and to support businesses in their investment amounted to an average of €60.5bn in Q1 2019 (an average of €61.9bn in 2018) and consisted entirely of the TLTRO with a four-year maturity.

___

(7) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2019, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and the expected distribution of the Q1 2019 net income of insurance companies that exceeds the amount of reserves already distributed in the quarter.

(8) After the deduction of accrued dividends, equal to 80% of net income for the quarter, and the coupons accrued on the Additional Tier 1 issues.

(9) Equal to 11.9% excluding the mitigation of the impact of the first time adoption of IFRS 9. This would be 12.4% when taking into account the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital), in respect of which the process of recognition has been launched.

(10) *Countercyclical Capital Buffer* calculated taking into account the exposures as at 31 March 2019 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to the 2019-2020 period, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for H1 2019).

(***) Also taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward.

- **support provided to the real economy**, with around **€12.5bn of medium/long-term new lending** in Q1 2019. **Loans** amounting to around **€10.5bn** were granted **in Italy**, of which around **€9bn was granted to households and SMEs**. **In Q1 2019, the Group facilitated the return** from non-performing **to performing status of** around **5,000 Italian companies, thus safeguarding around 25,000 jobs.** This brought the total to around **98,000 companies since 2014, with around 500,000 jobs safeguarded over the same period**.

- **support provided to the social economy: Intesa Sanpaolo is the engine of the Italian social economy**. Dividends distributed by the Bank have enabled the foundations that are among its shareholders to grant more than half of the total funds granted by all Italian banking foundations.

- **social and cultural responsibility** which, in the presence of solid financials, translated into the actions shown below, carried out by the Group in Italy in Q1 2019:
  - initiatives to **reduce child poverty** and to **support people in need** delivering, since 2018, around **3.9 million meals**, around **116,000 dormitory beds**, around **57,000 medicine prescriptions** and around **36,000 items of clothing**;
  - **support provided to families affected by earthquakes and natural disasters, by forgiving or allowing *moratoria* in respect of mortgages** on damaged properties and granting over €28m subsidised loans in Q1 2019 (over €225m granted since 2018);
  - **support provided to families and businesses affected by the Genoa bridge collapse**, with a €4.5m plafond for mortgage forgiveness (€0.5m already forgiven) and a €50m plafond for reconstruction (€1.4m granted);
  - **activation of the Fund for Impact** in Q4 2018, enabling lending of around €1.2bn to categories that otherwise would have difficulties in accessing credit, despite their potential; launch of the first line of credit without collateral for all Italian university students studying in Italy or abroad (***Per Merito***), with €130,000 already granted in the first month;
  - a **€5bn Circular Economy credit Plafond** for the 2018-2021 period, to support **sustainable development**: **102 projects** have been evaluated, of which 13 already financed for around **€300m**;
  - the **Circular Economy Lab** for corporate clients which is running **Open Innovation Programs**;
  - **around 400 start-ups have been analysed** (around 950 since 2018) and **acceleration programs have been launched with 36 coached start-ups** in Q1 2019 (147 since 2018), introducing them to selected investors and ecosystem players (around 1,200 to date);
  - the Intesa Sanpaolo "Giovani e Lavoro" project is underway, in partnership with Generation, aimed at **training** and **introducing 5,000 young people to the Italian labour market over the next three years**;
  - in the quarter, around **175,000 visitors** to the Group's museums *Gallerie d'Italia* (500,000 in 2018) and over **33,000 students** participating in the free educational activities (73,000 in 2018); the "Romanticismo" exhibition (held from October 2018 to March 2019) was one of the most visited exhibitions in Italy with around **180,000 visitors** (14 major exhibitions were held in 2018); **30 artworks** from the corporate collection **on loan** to Italian and international museums (140 in 2018) and more than **100 art historians** working full time at *Gallerie d'Italia*;

<u>The income statement for the first quarter of 2019</u>

The consolidated income statement for Q1 2019 recorded **net interest income** of €1,756m, up 1.2% from €1,736m in Q4 2018 and down 5.2% from €1,853m in Q1 2018.

Net fee and commission income amounted to €1,886m, down 7% from €2,029m in Q4 2018. Specifically, commissions on commercial banking activities were down 8.7% and commissions on management, dealing and consultancy activities were down 2.6%. The latter, which include portfolio management, distribution of insurance products, dealing and placement of securities, etc., recorded a 10.4% increase in dealing and placement of securities and a 4.7% decrease in both distribution of insurance products and portfolio management (performance fees contributed €1m in Q1 2019 and €12m in Q4 2018). Net fee and commission income for Q1 2019 was down 7% from the €2,027m of Q1 2018. Specifically, commissions on commercial banking activities were up 3% and those on management, dealing and consultancy activities were down 11.7%. The latter recorded decreases of 18.6% in dealing and placement of securities, 13.8% in distribution of insurance products and 9.1% in portfolio management (performance fees contributed €5m in Q1 2018).

Income from insurance business amounted to €291m from €238m in Q4 2018 and €294m in Q1 2018.

Profits on financial assets and liabilities at fair value amounted to €457m from €204m in Q4 2018. Contributions from customers increased from €82m to €142m, those from capital markets increased from €16m to €82m, those from trading and treasury increased from €100m to €217m and those from structured credit products increased from €6m to €16m. Profits on financial assets and liabilities at fair value of €457m for Q1 2019 compare with profits of €609m in Q1 2018 (which included the positive effect of €264m deriving from the fair value measurement and subsequent sale of the NTV investment). In Q1 2018, contributions from customers amounted to €139m, those from capital markets to €285m (including the aforementioned positive effect due to NTV), those from trading and treasury to €183m and those from structured credit products to €2m.

Operating income amounted to €4,389m, up 4.6% from €4,196m in Q4 2018 and down 8.8% from €4,813m in Q1 2018.

Operating costs amounted to €2,204m, a reduction of 13.9% from the €2,559m of Q4 2018 which was affected by the seasonal year-end effect. Personnel expenses were down 8.7%, administrative expenses down 26% and adjustments down 9.4%. Operating costs for Q1 2019 were down 4.5% from the €2,309m of Q1 2018, with decreases of 3.1% in personnel expenses and 10.2% in administrative expenses and an increase of 1.2% in adjustments.

As a result, **operating margin** amounted to €2,185m, up 33.5% from the €1,637m of Q4 2018 and down 12.7% from the €2,504m of Q1 2018. The cost/income ratio for Q1 2019 was 50.2% versus 61% in Q4 2018 and 48% in Q1 2018.

Net adjustments to loans amounted to €369m from €698m in Q4 2018 and €483m in Q1 2018.

Net provisions and net impairment losses on other assets amounted to €30m from €76m in Q4 2018 and €51m in Q1 2018.

Other income amounted to €6m versus €507m in Q4 2018 (which included the capital gain of €443m deriving from the partnership with Intrum) and a negative balance of €2m in Q1 2018.

Income (Loss) from discontinued operations recorded a zero balance, the same as in Q4 2018, versus a €1m income in Q1 2018.

Gross income amounted to €1,792m from €1,370m in Q4 2018 and €1,969m in Q1 2018.

Consolidated net income for the quarter amounted to €1,050m, after accounting:
- taxes on income of €536m;
- charges (net of tax) for integration and exit incentives of €22m;
- effect of purchase price allocation (net of tax) of €40m;
- levies and other charges concerning the banking industry (net of tax) of €146m. This derives from the following pre-tax figures: charges of €199m in relation to the ordinary contribution to the resolution fund estimated for full year 2019, €5m in relation to contributions to the deposit guarantee scheme concerning the international network and €12m in relation to levies incurred by international subsidiaries, and positive fair value differences of €8m regarding the *Atlante* fund. In Q4 2018, this caption amounted to €69m, deriving from the following pre-tax charges: €2m in relation to contributions to the Italian deposit guarantee scheme, €4m in relation to contributions to the deposit guarantee scheme concerning the international network, €13m in relation to levies incurred by international subsidiaries and €80m in relation to the National Interbank Deposit Guarantee Fund Voluntary Scheme. In Q1 2018, this caption amounted to €126m, deriving from the following pre-tax figures: charges of €166m in relation to the ordinary contribution to the resolution fund estimated for full year 2018, €4m in relation to contributions to the deposit guarantee scheme concerning the international network and €11m in relation to levies incurred by international subsidiaries, and positive fair value differences of €1m regarding the *Atlante* fund.
- losses pertaining to minority interests of €2m.

Net income of €1,050m in Q1 2019 compares with the €1,038m of Q4 2018 and €1,252m in Q1 2018.

Balance sheet as at 31 March 2019

As regards the consolidated balance sheet figures, as at 31 March 2019 **loans to customers** amounted to €396bn, up 0.5% on year-end 2018 and down 1.3% on 31 March 2018 (down 0.6% on Q4 2018 and 2.1% on Q1 2018 when taking into account quarterly average volumes [(11)]). Total **non-performing loans** (bad, unlikely-to-pay, and past due) amounted - net of adjustments - to €16,299m, down 1.8% from the €16,591m of year-end 2018. In detail, bad loans decreased to €7,082m from €7,138m as at year-end 2018, with a bad loan to total loan ratio of 1.8% (1.8% as at year-end 2018), and a cash coverage ratio of 66.2% (67.2% as at year-end 2018). Unlikely-to-pay loans decreased to €8,841m from €9,101m as at year-end 2018. Past due loans amounted to €376m from €352m as at year-end 2018.

Customer financial assets amounted to €942bn, up 3.3% on year-end 2018 and down 0.3% on 31 March 2018. Under customer financial assets, **direct deposits from banking business** amounted to €427bn, up 2.9% on year-end 2018 and 0.6% on 31 March 2018. **Direct deposits from insurance business and technical reserves** amounted to €154bn, up 3.3% on year-end 2018 and 0.8% on 31 March 2018. Indirect customer deposits amounted to €514bn, up 3.6% on year-end 2018 and down 1% on 31 March 2018. **Assets under management** amounted to €341bn, up 3.2% on year-end 2018 and 0.4% on 31 March 2018. As for bancassurance, in Q1 2019 the new business for life policies amounted to €3.6bn. Assets held under administration and in custody amounted to €172bn, up 4.3% on year-end 2018 and down 3.6% on 31 March 2018.

Capital ratios as at 31 March 2019, calculated by applying the transitional arrangements for 2019 and taking into account €840m of dividends accrued in Q1 2019, were as follows:

- Common Equity Tier 1 ratio [(12)] at 13.1% (13.5% at year-end 2018 [(13)]),
- Tier 1 ratio [(12)] at 14.8% (15.2% at year-end 2018 [(13)]),
- total capital ratio [(12)] at 17.2% (17.7% at year-end 2018 [(13)]).

---

(11) Excluding the loan to the banks in compulsory administrative liquidation (former Banca Popolare di Vicenza and Veneto Banca).

(12) After the deduction of dividends accrued in Q1 2019, equal to 80% of net income for the quarter, and the coupons accrued on the Additional Tier 1 issues. Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 11.9% for the Common Equity Tier 1 ratio, 13.5% for the Tier 1 ratio and 16.2% for the total capital ratio. These would be 12.4%, 13.9% and 16.7%, respectively, when taking into account the Danish compromise (under which insurance investments are risk weighted instead of being deducted from capital), in respect of which the process of recognition has been launched.

(13) In accordance with the transitional arrangements for 2018. Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 12% for the Common Equity Tier 1 ratio, 13.8% for the Tier 1 ratio and 16.5% for the total capital ratio. These would be 12.5%, 14.2% and 17.1%, respectively, when taking into account the Danish compromise.

The estimated pro-forma Common Equity Tier 1 ratio for the Group on a **fully loaded basis** was 13.5% (13.6% at year-end 2018). It was calculated by applying the fully loaded parameters to the financial statements as at 31 March 2019, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and the expected distribution of the Q1 2019 net income of insurance companies that exceeds the amount of reserves already distributed in the quarter.

* * *

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

Specifically, with regard to the components of the Group's **liquidity**:
- the high level of available unencumbered liquid assets (including eligible assets with Central Banks received as collateral and excluding eligible assets currently used as collateral) amounted to €99bn at the end of March 2019;
- the high level of liquid assets (comprising available unencumbered liquid assets, excluding eligible assets received as collateral, and eligible assets currently used as collateral) amounted to €194bn at the end of March 2019;
- refinancing operations with the ECB to optimise the cost of funding and to support businesses in their investment amounted to an average of €60.5bn in Q1 2019 (an average of €61.9bn in 2018). These refinancing operations consisted entirely of the TLTRO with a four-year maturity.
- the sources of funding were stable and well diversified, with retail funding representing 75% of direct deposits from banking business (including securities issued);
- medium/long-term wholesale funding was €1.4bn in Q1 2019 and included benchmark transactions of €1bn covered bonds and JPY13.2bn senior (around 91% were placed with foreign investors).

The Group's **leverage ratio** as at 31 March 2019 was 6% applying the transitional arrangements for 2019 and 5.4% fully loaded, both best in class among major European banking groups.

* * *

As at 31 March 2019, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,155 branches, consisting of 4,083 branches in Italy and 1,072 abroad, and employed 90,955 people.

* * *

Breakdown of results by business area

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

The division includes Banca 5, a "proximity bank" linked with a non-captive network of points of sale, focused on instant banking and targeting categories of customers who rarely use banking products and services. Moreover, the division includes Banca Prossima operating at the service of non-profit entities through the Group's branches with regional centres and a team of specialists, and Mediocredito Italiano which is the SME Finance Hub.

In the first quarter of 2019, the Banca dei Territori Division recorded:
- operating income of €2,202m, -2.8% versus €2,264m in Q4 2018, -7.9% versus €2,391m in Q1 2018, contributing approximately 50% of the consolidated operating income (50% in Q1 2018 as well);
- operating costs of €1,233m, -9.4% versus €1,361m in Q4 2018, -8.2% versus €1,343m in Q1 2018;
- operating margin of €969m, +7.3% versus €903m in Q4 2018, -7.5% versus €1,048m in Q1 2018;
- a cost/income ratio of 56% versus 60.1% in Q4 2018 and 56.2% in Q1 2018;
- net provisions and adjustments of €240m, versus €312m in Q4 2018 and €385m in Q1 2018;
- gross income of €729m, +23.4% versus €591m in Q4 2018, +10% versus €663m in Q1 2018;
- net income of €459m, +23.1% versus €373m in Q4 2018, +9.5% versus €419m in Q1 2018.

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

- Global Corporate, which manages the relationship with corporate clients with a turnover higher than €350m and national public entities, grouped, in accordance with a sector-based model, in the following nine industries: Automotive & Industrials; Basic Materials & Healthcare; Food & Beverage and Distribution; Retail & Luxury; Infrastructure & Real Estate Partners; Public Finance; Energy; Telecom, Media & Technology; Business Solutions
- International Department, which ensures the development of the division and is responsible for foreign branches, representative offices and foreign subsidiaries carrying out corporate banking (Intesa Sanpaolo Bank Luxembourg, Intesa Sanpaolo Bank Ireland, Intesa Sanpaolo Brasil and Banca Intesa in the Russian Federation)
- Financial Institutions, which is responsible for relationships with financial institutions
- Global Transaction Banking, which is responsible for management of transaction banking services
- Banca IMI, which operates in investment banking (M&A and advisory), structured finance, capital markets and primary markets (equity and debt capital market).

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

In the first quarter of 2019, the Corporate and Investment Banking Division recorded:

- operating income of €840m, +3.5% versus €812m in Q4 2018, -27.6% versus €1,161m in Q1 2018, contributing approximately 19% of the consolidated operating income (24% in Q1 2018);
- operating costs of €253m, -16.1% versus €302m in Q4 2018, -0.4% versus €254m in Q1 2018;
- operating margin of €587m, +15% versus €510m in Q4 2018, -35.3% versus €907m in Q1 2018;
- a cost/income ratio of 30.1% versus 37.1% in Q4 2018 and 21.9% in Q1 2018;
- net provisions and adjustments of €51m, versus €96m in Q4 2018 and €34m in Q1 2018;
- gross income of €536m, +29.5% versus €414m in Q4 2018, -38.6% versus €873m in Q1 2018;
- net income of €363m, +27.7% versus €284m in Q4 2018, -45.7% versus €669m in Q1 2018.

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

In the first quarter of 2019, the International Subsidiary Banks Division recorded:
- operating income of €482m, -4.2% versus €503m in Q4 2018, -0.6% versus €485m in Q1 2018, contributing approximately 11% of the consolidated operating income (10% in Q1 2018);
- operating costs of €238m, -5.7% versus €253m in Q4 2018, +0.4% versus €237m in Q1 2018;
- operating margin of €244m, -2.7% versus €251m in Q4 2018, -1.6% versus €248m in Q1 2018;
- a cost/income ratio of 49.4% versus 50.2% in Q4 2018 and 48.9% in Q1 2018;
- net provisions and adjustments of €2m, versus €97m in Q4 2018 and €6m in Q1 2018;
- gross income of €242m, +53.2% versus €158m in Q4 2018, -0,4% versus €243m in Q1 2018;
- net income of €181m, +36.7% versus €132m in Q4 2018, -0.5% versus €182m in Q1 2018.

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

In the first quarter of 2019, the Private Banking Division recorded:
- operating income of €488m, +5.2% versus €464m in Q4 2018, +0.6% versus €485m in Q1 2018, contributing approximately 11% of the consolidated operating income (10% in Q1 2018);
- operating costs of €148m, -11.8% versus €168m in Q4 2018, +3.5% versus €143m in Q1 2018;
- operating margin of €340m, +14.8% versus €296m in Q4 2018, -0.6% versus €342m in Q1 2018;
- a cost/income ratio of 30.3% versus 36.2% in Q4 2018 and 29.5% in Q1 2018;
- net provisions and adjustments of €19m, versus net recoveries of €5m in Q4 2018 and net provisions and adjustments of €1m in Q1 2018;
- gross income of €330m, +9.4% versus €302m in Q4 2018, -5.4% versus €349m in Q1 2018;
- net income of €232m, +29.8% versus €179m in Q4 2018, -4.1% versus €242m in Q1 2018.

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

In the first quarter of 2019, the Asset Management Division recorded:
- operating income of €180m, +4.9% versus €172m in Q4 2018, -5.8% versus €191m in Q1 2018, contributing approximately 4% of the consolidated operating income (4% in Q1 2018 as well);
- operating costs of €36m, -2.9% versus €37m in Q4 2018, -5.3% versus €38m in Q1 2018;
- operating margin of €144m, +7.1% versus €134m in Q4 2018, -5.9% versus €153m in Q1 2018;
- a cost/income ratio of 20% versus 21.6% in Q4 2018 and 19.9% in Q1 2018;
- no net provisions and adjustments, versus net recoveries of €2m in Q4 2018 and no net provisions and adjustments in Q1 2018;
- gross income of €144m, +5.8% versus €136m in Q4 2018, -5.9% versus €153m in Q1 2018;
- net income of €117m, +4% versus €112m in Q4 2018, -3.3% versus €121m in Q1 2018.

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

In the first quarter of 2019, the Insurance Division recorded:

- operating income of €264m, +19.4% versus €221m in Q4 2018, -18.8% versus €325m in Q1 2018, contributing approximately 6% of the consolidated operating income (7% in Q1 2018);
- operating costs of €45m, -19.8% versus €56m in Q4 2018, +7.1% versus €42m in Q1 2018;
- operating margin of €219m, +32.7% versus €165m in Q4 2018, -22.6% versus €283m in Q1 2018;
- a cost/income ratio of 17% versus 25.4% in Q4 2018 and 12.9% in Q1 2018;
- no net provisions and adjustments, versus provisions and adjustments of €2m in Q4 2018 and no net provisions and adjustments in Q1 2018;
- gross income of €219m, +34.6% versus €163m in Q4 2018, -22.6% versus €283m in Q1 2018;
- net income of €157m, +45.4% versus €108m in Q4 2018, -21.1% versus €199m in Q1 2018.

The outlook for 2019

In 2019, the Group's net income is expected to grow compared with 2018 as a result of growth in revenues, continuous reduction in operating costs and decrease in the cost of risk. The dividend policy for 2019 envisages the distribution of cash dividends corresponding to a payout ratio of 80% of net income.

* * *

For consistency purpose, the income statement figures for the four quarters of 2018 were restated following:
- the adoption of IFRS 16;
- the inclusion of the investment in Autostrade Lombarde into the full scope of consolidation, with the related items consolidated line by line and operating income fully recognised in "other operating income (expenses)" due to the company not being part of the Banking Group (given that Intesa Sanpaolo does not exercise management and control on it), and the corresponding net income included under minority interests;
- the reclassification of operating income of Risanamento, which was fully recognised in "other operating income (expenses)", similarly to Autostrade Lombarde, due to Risanamento, too, not being part of the Banking Group (given that Intesa Sanpaolo does not exercise management and control on it);
- the reclassification of commissions from placement of certificates from "profits (losses) on financial assets and liabilities designated at fair value" to "net fee and commission income";
- the reclassification of expenses relating to personnel transferred to Intrum from "personnel expenses" to "administrative expenses";
- the reclassification of charges concerning the banking industry borne by international subsidiaries from "other operating income (expenses)" to "levies and other charges concerning the banking industry (net of tax)" and "taxes on income".

* * *

In order to present more complete information on the results generated as at 31 March 2019, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the interim statement approved by the Board of Directors are attached. Please note that the auditing firm is completing the activities for the issue of a statement in accordance with Article 26 (2) of Regulation EU no. 575/2013 and ECB Decision no. 2015/656.

* * *

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

* * *

Investor Relations
+39.02.87943180
investor.relations@intesasanpaolo.com

Media Relations
+39.02.87962326
stampa@intesasanpaolo.com

group.intesasanpaolo.com

Intesa Sanpaolo Group

Reclassified consolidated statement of income

(millions of euro)

	31.03.2019	31.03.2018	Changes	
			amount	%
Net interest income	1,756	1,853	-97	-5.2
Net fee and commission income	1,886	2,027	-141	-7.0
Income from insurance business	291	294	-3	-1.0
Profits (Losses) on financial assets and liabilities designated at fair value	457	609	-152	-25.0
Other operating income (expenses)	-1	30	-31	
Operating income	**4,389**	**4,813**	**-424**	**-8.8**
Personnel expenses	-1,387	-1,432	-45	-3.1
Other administrative expenses	-557	-620	-63	-10.2
Adjustments to property, equipment and intangible assets	-260	-257	3	1.2
Operating costs	**-2,204**	**-2,309**	**-105**	**-4.5**
Operating margin	**2,185**	**2,504**	**-319**	**-12.7**
Net adjustments to loans	-369	-483	-114	-23.6
Other net provisions and net impairment losses on other assets	-30	-51	-21	-41.2
Other income (expenses)	6	-2	8	
Income (Loss) from discontinued operations	-	1	-1	
Gross income (loss)	**1,792**	**1,969**	**-177**	**-9.0**
Taxes on income	-536	-541	-5	-0.9
Charges (net of tax) for integration and exit incentives	-22	-19	3	15.8
Effect of purchase price allocation (net of tax)	-40	-44	-4	-9.1
Levies and other charges concerning the banking industry (net of tax)	-146	-126	20	15.9
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	2	13	-11	-84.6
Net income (loss)	**1,050**	**1,252**	**-202**	**-16.1**

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

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated statement of income

(millions of euro)

	2019	2018			
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,756	1,736	1,844	1,838	1,853
Net fee and commission income	1,886	2,029	1,959	2,015	2,027
Income from insurance business	291	238	271	281	294
Profits (Losses) on financial assets and liabilities designated at fair value	457	204	208	448	609
Other operating income (expenses)	-1	-11	-11	25	30
Operating income	**4,389**	**4,196**	**4,271**	**4,607**	**4,813**
Personnel expenses	-1,387	-1,519	-1,415	-1,447	-1,432
Other administrative expenses	-557	-753	-637	-609	-620
Adjustments to property, equipment and intangible assets	-260	-287	-259	-254	-257
Operating costs	**-2,204**	**-2,559**	**-2,311**	**-2,310**	**-2,309**
Operating margin	**2,185**	**1,637**	**1,960**	**2,297**	**2,504**
Net adjustments to loans	-369	-698	-519	-694	-483
Other net provisions and net impairment losses on other assets	-30	-76	-25	-35	-51
Other income (expenses)	6	507	-2	3	-2
Income (Loss) from discontinued operations	-	-	-	-1	1
Gross income (loss)	**1,792**	**1,370**	**1,414**	**1,570**	**1,969**
Taxes on income	-536	-173	-432	-504	-541
Charges (net of tax) for integration and exit incentives	-22	-54	-31	-16	-19
Effect of purchase price allocation (net of tax)	-40	-49	-38	-26	-44
Levies and other charges concerning the banking industry (net of tax)	-146	-69	-90	-93	-126
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-
Minority interests	2	13	10	-4	13
Net income (loss)	**1,050**	**1,038**	**833**	**927**	**1,252**

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

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

(millions of euro)

Assets	31.03.2019	01.01.2019	Changes amount	Changes %
Due from banks	85,515	68,723	16,792	24.4
Loans to customers	395,595	393,550	*2,045*	*0.5*
Loans to customers measured at amortised cost	*394,990*	*392,945*	*2,045*	*0.5*
Loans to customers designated at fair value through other comprehensive income and through profit or loss	*605*	*605*	*-*	*-*
Financial assets measured at amortised cost which do not constitute loans	19,995	14,183	5,812	41.0
Financial assets at fair value through profit or loss	47,626	41,536	*6,090*	*14.7*
Financial assets at fair value through other comprehensive income	66,406	60,441	5,965	9.9
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	155,240	149,546	5,694	3.8
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	702	952	-250	-26.3
Investments in associates and companies subject to joint control	1,075	943	132	14.0
Property, equipment and intangible assets	16,899	17,081	-182	-1.1
Assets owned	15,317	15,452	-135	-0.9
Rights of use acquired under leases	1,582	1,629	-47	-2.9
Tax assets	16,854	17,253	-399	-2.3
Non-current assets held for sale and discontinued operations	1,236	1,297	-61	-4.7
Other assets	22,137	23,811	-1,674	-7.0
Total Assets	**829,280**	**789,316**	**39,964**	**5.1**

(millions of euro)

Liabilities	31.03.2019	01.01.2019	Changes amount	Changes %
Due to banks at amortised cost	123,165	107,815	15,350	14.2
Due to customers at amortised cost and securities issued	416,505	405,960	10,545	2.6
Financial liabilities held for trading	48,433	41,895	6,538	15.6
Financial liabilities designated at fair value	4	4	-	-
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	846	810	36	4.4
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	70,955	67,800	3,155	4.7
Tax liabilities	2,675	2,433	242	9.9
Liabilities associated with non-current assets held for sale and discontinued operations	260	258	2	0.8
Other liabilities	22,675	20,859	1,816	8.7
of which lease payables	1,553	1,603	-50	-3.1
Technical reserves	82,508	80,797	1,711	2.1
Allowances for risks and charges	5,694	6,254	-560	-9.0
of which allowances for commitments and financial guarantees given	*449*	*510*	*-61*	*-12.0*
Share capital	9,085	9,085	-	-
Reserves	41,704	37,690	4,014	10.7
Valuation reserves	-877	-913	-36	-3.9
Valuation reserves pertaining to insurance companies	137	9	128	
Equity instruments	4,103	4,103	-	-
Minority interests	358	407	-49	-12.0
Net income (loss)	1,050	4,050	-3,000	-74.1
Total liabilities and shareholders' equity	**829,280**	**789,316**	**39,964**	**5.1**

Figures restated, where necessary and material, 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	**2019**		**2018**			
	31/3	**1/1**	**31/12**	**30/9**	**30/6**	**31/3**
Due from banks	85,515	68,723	68,723	71,178	69,876	70,646
Loans to customers	395,595	393,550	393,550	395,265	399,704	400,958
Loans to customers measured at amortised cost	394,990	392,945	392,945	394,543	399,083	400,344
Loans to customers designated at fair value through other comprehensive income and through profit or loss	605	605	605	722	621	614
Financial assets measured at amortised cost which do not constitute loans	19,995	14,183	14,183	12,528	12,181	11,688
Financial assets at fair value through profit or loss	47,626	41,536	41,536	41,377	42,158	42,115
Financial assets at fair value through other comprehensive income	66,406	60,441	60,441	67,174	61,836	60,556
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	155,240	149,546	149,546	153,350	152,229	153,550
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	702	952	952	638	682	476
Investments in associates and companies subject to joint control	1,075	943	943	592	602	608
Property, equipment and intangible assets	16,899	17,081	15,474	14,352	14,410	14,400
Assets owned	15,317	15,452				
Rights of use acquired under leases	1,582	1,629				
Tax assets	16,854	17,253	17,253	17,116	17,120	17,354
Non-current assets held for sale and discontinued operations	1,236	1,297	1,297	3,694	3,609	751
Other assets	22,137	23,811	23,823	21,697	21,288	22,046
Total Assets	**829,280**	**789,316**	**787,721**	**798,961**	**795,695**	**795,148**

Liabilities and Shareholders' Equity	**2019**		**2018**			
	31/3	**1/1**	**31/12**	**30/9**	**30/6**	**31/3**
Due to banks at amortised cost	123,165	107,815	107,815	107,551	99,059	98,313
Due to customers at amortised cost and securities issued	416,505	405,960	405,960	417,801	424,836	417,731
Financial liabilities held for trading	48,433	41,895	41,895	39,866	39,482	39,753
Financial liabilities designated at fair value	4	4	4	4	4	4
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	846	810	810	905	1,413	1,394
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	70,955	67,800	67,800	71,069	70,337	69,058
Tax liabilities	2,675	2,433	2,433	2,229	2,145	2,577
Liabilities associated with non-current assets held for sale and discontinued operations	260	258	258	312	261	266
Other liabilities	22,675	20,859	19,264	19,370	20,190	21,073
of which lease payables	1,553	1,603				
Technical reserves	82,508	80,797	80,797	80,449	79,842	82,656
Allowances for risks and charges	5,694	6,254	6,254	6,566	6,877	7,242
of which allowances for commitments and financial guarantees given	449	510	510	490	473	503
Share capital	9,085	9,085	9,085	9,084	8,732	8,732
Reserves	41,704	37,690	37,690	37,949	37,212	40,796
Valuation reserves	-877	-913	-913	-1,631	-1,366	-760
Valuation reserves pertaining to insurance companies	137	9	9	-44	3	429
Equity instruments	4,103	4,103	4,103	4,103	4,103	4,103
Minority interests	358	407	407	366	386	529
Net income (loss)	1,050	4,050	4,050	3,012	2,179	1,252
Total Liabilities and Shareholders' Equity	**829,280**	**789,316**	**787,721**	**798,961**	**795,695**	**795,148**

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

Intesa Sanpaolo Group

Breakdown of financial highlights by business area

(millions of euro)

	Banca dei Territori	Corporate and Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Operating income								
31.03.2019	2,202	840	482	488	180	264	-67	4,389
31.03.2018	2,391	1,161	485	485	191	325	-225	4,813
% change	-7.9	-27.6	-0.6	0.6	-5.8	-18.8	-70.2	-8.8
Operating costs								
31.03.2019	-1,233	-253	-238	-148	-36	-45	-251	-2,204
31.03.2018	-1,343	-254	-237	-143	-38	-42	-252	-2,309
% change	-8.2	-0.4	0.4	3.5	-5.3	7.1	-0.4	-4.5
Operating margin								
31.03.2019	969	587	244	340	144	219	-318	2,185
31.03.2018	1,048	907	248	342	153	283	-477	2,504
% change	-7.5	-35.3	-1.6	-0.6	-5.9	-22.6	-33.3	-12.7
Net income (loss)								
31.03.2019	459	363	181	232	117	157	-459	1,050
31.03.2018	419	669	182	242	121	199	-580	1,252
% change	9.5	-45.7	-0.5	-4.1	-3.3	-21.1	-20.9	-16.1

(millions of euro)

	Banca dei Territori	Corporate and Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Loans to customers								
31.03.2019	209,015	113,007	31,949	9,261	246	-	32,117	395,595
01.01.2019	211,491	110,642	31,538	9,530	228	-	30,121	393,550
% change	-1.2	2.1	1.3	-2.8	7.9	-	6.6	0.5
Direct deposits from banking business								
31.03.2019	193,947	112,511	40,391	33,073	6	-	47,278	427,206
01.01.2019	191,588	102,449	39,384	32,103	6	-	49,552	415,082
% change	1.2	9.8	2.6	3.0	-	-	-4.6	2.9

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