

## SHAREHOLDERS' EQUITY

As at 31 March 2023, the Group's shareholders' equity, including the net income for the period, came to 61,463 million euro compared to the 61,103 million euro at the beginning of the year. The moderate growth is essentially attributable to the performance of reserves. The aggregate incorporates 1,956 million euro in income accrued in the first three months of the current year, on one hand, and the effects (-1,578 million euro) of the buyback of own shares in execution of the buyback programme, on the other.

The Group assigned net income of 4,379 million euro for the year 2022 to reserves, pending distribution in May 2023 of the remaining cash amount to shareholders (1.6 billion euro), for a total payout ratio, including interim dividend and remaining amount, of 70% of 2022 consolidated net income.

### Valuation reserves

	Reserve 31.12.2022	Change of the period	(millions of euro) Reserve 31.03.2023
Financial assets designated at fair value through other comprehensive income (debt instruments)	-1,774	275	-1,499
Financial assets designated at fair value through other comprehensive income (equities)	-258	-50	-308
Property and equipment	1,749	-17	1,732
Foreign investment hedges	-10	2	-8
Cash flow hedges	-466	33	-433
Foreign exchange differences	-1,247	-56	-1,303
Non-current assets held for sale and discontinued operations	-	-	-
Financial liabilities designated at fair value through profit or loss (change in its creditworthiness)	-45	-54	-99
Actuarial profits (losses) on defined benefit pension plans	-238	22	-216
Portion of the valuation reserves connected with investments carried at equity	39	-10	29
Legally-required revaluations	311	-	311
<b>Valuation reserves (excluding valuation reserves pertaining to insurance companies)</b>	<b>-1,939</b>	<b>145</b>	<b>-1,794</b>
<b>Valuation reserves pertaining to insurance companies</b>	<b>-519</b>	<b>99</b>	<b>-420</b>

Banking valuation reserves had a negative value (-1,794 million euro), down on 31 December 2022 (-1,939 million euro), mainly due to reserves on debt securities (+275 million euro). Valuation reserves of the insurance companies amounted to -420 million euro, compared to -519 million euro at the end of 2022.

## OWN FUNDS AND CAPITAL RATIOS

Own funds and capital ratios	(millions of euro)		
	31.03.2023	31.12.2022	
	(*)	IFRS9 "Fully loaded"	IFRS9 "Transitional"
<b>Own funds</b>			
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	40,434	40,019	40,772
Additional Tier 1 capital (AT1) net of regulatory adjustments	7,207	7,207	7,207
<b>TIER 1 CAPITAL</b>	<b>47,641</b>	<b>47,226</b>	<b>47,979</b>
Tier 2 capital net of regulatory adjustments	9,824	9,127	8,381
<b>TOTAL OWN FUNDS</b>	<b>57,465</b>	<b>56,353</b>	<b>56,360</b>
<b>Risk-weighted assets</b>			
Credit and counterparty risks	258,108	259,924	259,528
Market and settlement risk	11,318	10,338	10,338
Operational risks	25,486	25,486	25,486
Other specific risks (a)	163	91	91
<b>RISK-WEIGHTED ASSETS</b>	<b>295,075</b>	<b>295,839</b>	<b>295,443</b>
<b>% Capital ratios</b>			
Common Equity Tier 1 capital ratio	13.7%	13.5%	13.8%
Tier 1 capital ratio	16.1%	16.0%	16.2%
Total capital ratio	19.5%	19.0%	19.1%

(\*) The IFRS 9 transition period ended on 31 December 2022 and the amounts shown in the column as at 31 March 2023 are therefore comparable with the previous IFRS9 fully loaded period.

(a) The caption includes all other elements not contemplated in the foregoing captions that are considered when calculating total capital requirements.

Own Funds, risk-weighted assets and the capital ratios as at 31 March 2023 were calculated according to the harmonised rules and regulations for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013, as amended respectively by Directive 2019/878/EU (CRD V) and by Regulation (EU) 876/2019 (CRR II), which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws, and on the basis of the related Bank of Italy Circulars.

With reference to IFRS 9, the transitional period (2018-2022) introduced by Regulation (EU) no. 2395/2017, of which the Group applied the "static" approach, ended on 31 December 2022.

With regard to the effects of the application of IFRS 17 and the end of the period of application of the deferral approach for IFRS 9 for the insurance companies, refer to the section "Accounting policies" of this document, below.

**Own funds**

As at 31 March 2023, Own funds amounted to 57,465 million euro.

Even if the transitional period of IFRS 9 has ended, own funds take account of the provisions of the 2019 Budget Act, which temporarily called for - up to 2028 - the adjustments upon first-time adoption of the Standard to be applied in instalments for tax purposes, with the recognition of the resulting DTAs. These DTAs were fully included in the elements to be deducted from own funds, over the same time period. Moreover, it is noted that the Intesa Sanpaolo Group did not apply either the new transition regime for IFRS 9 (in force up to 31 December 2024), or the FVOCI prudential filter (ended on 31 December 2022). These were both introduced by Regulation (EU) no. 873/2020 (Quick Fix) in the context of the pandemic.

Own funds also take into account the applicable amount, subject to deduction from CET1, related to the minimum coverage of losses on non-performing exposures, known as Minimum Loss Coverage, based on the provisions of Regulation (EU) 630/2019 of 17 April 2019.

As at 31 March 2023, own funds take account of the deduction following the authorisation from the ECB to purchase own shares for annulment (buyback), as approved by the Shareholders' Meeting on 29 April 2022, for a total amount of 3.4 billion euro<sup>14</sup>.

For the purposes of calculating own funds as at 31 March 2023, the net income for the first quarter was considered, less the related dividend and other foreseeable charges<sup>15</sup>.

<sup>14</sup> As reported in the first chapter of this Report, the initial programme was executed in 2022 for 1.7 billion euro, while the remainder of the programme, also for 1.7 billion euro, was begun on 13 February 2023 and ended on 4 April 2023.

<sup>15</sup> Coupons accrued on the Additional Tier 1 issues.

**Risk-weighted assets**

As at 31 March 2023, risk-weighted assets came to 295,075 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risks.

Common Equity Tier 1 Capital and risk-weighted assets as at 31 March 2023 take account of the impact of the application of the “Danish Compromise” (Art. 49.1 of Regulation (EU) no. 575/2013), as per the specific authorisation received from the ECB in 2019, according to which insurance investments are treated as risk-weighted assets instead of being deducted from capital.

**Solvency ratios**

On the basis of the foregoing, solvency ratios as at 31 March 2023 amounted to a Common Equity ratio of 13.7%, a Tier 1 ratio of 16.1% and a total capital ratio of 19.5%.

Finally, on 15 December 2022, Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2023, following the results of the Supervisory Review and Evaluation Process (SREP). The overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 8.93%, inclusive of the Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer<sup>16</sup> requirements.

**Reconciliation of Shareholders' equity and Common Equity Tier 1 capital**

Captions	(millions of euro)	
	31.03.2023	31.12.2022
Group Shareholders' equity	61,463	61,655
Minority interests	141	166
<b>Shareholders' equity as per the Balance Sheet</b>	<b>61,604</b>	<b>61,821</b>
Interim dividend (a)	1,400	1,400
<b>Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period</b>		
- Other equity instruments eligible for inclusion in AT1	-7,207	-7,207
- Minority interests eligible for inclusion in AT1	-	-
- Minority interests eligible for inclusion in T2	-	-
- Ineligible minority interests on full phase-in	-141	-166
- Ineligible net income for the period (b)	-1,471	-3,165
- Treasury shares included under regulatory adjustments (c)	1,748	169
- Other ineligible components on full phase-in (d)	-3,171	-100
<b>Common Equity Tier 1 capital (CET1) before regulatory adjustments</b>	<b>52,762</b>	<b>52,752</b>
<b>Regulatory adjustments (including transitional adjustments) (e)</b>	<b>-12,328</b>	<b>-11,980</b>
<b>Common Equity Tier 1 capital (CET1) net of regulatory adjustments</b>	<b>40,434</b>	<b>40,772</b>

(a) As at 31 March 2023 and 31 December 2022, the Shareholders' equity as per the Balance Sheet did not include the interim dividend of 1,400 million euro (net of the undistributed portion in respect of the own shares held at the record date).

(b) Common Equity Tier 1 capital as at 31 March 2023 includes the net income for the period, less the related dividend and other foreseeable charges (accrued coupon on Additional Tier 1 instruments, net of the tax effects).

(c) The amount includes, in addition to the book value of own shares, the unused portion of the ceiling for which the Bank has received the buyback authorisations.

(d) The amount as at 31 March 2023 primarily includes the dividend and the portion intended for charitable donations relating to 2022 net income, as approved by the Shareholders' Meeting on 28 April 2023.

(e) The regulatory adjustments as at 31 March 2023 no longer include the impact of the application of the IFRS9 transitional filter – the applicability of which ended in 2022 – and, as at 31 December 2022, take into account – among other things – the book value of own shares and those for which the Group has already received buyback authorisation amounting to 1.7 billion euro.

<sup>16</sup> The Countercyclical Capital Buffer is calculated taking into account the exposure as at 31 March 2023 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 2024, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for H1 2023).