



Distribution of an interim dividend for the year 2022 by Intesa Sanpaolo S.p.A. pursuant to Article 2433-bis of the Italian Civil Code

Board of Directors 4 November 2022





*This is an English translation of the original Italian document "Distribuzione da parte di Intesa Sanpaolo S.p.A. di un acconto sul dividendo dell'esercizio 2022 ai sensi dell'art. 2433-bis del Codice Civile". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on [group.intesasanpaolo.com](http://group.intesasanpaolo.com). This document contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Intesa Sanpaolo Group's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions. All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date of approval of this document. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.*



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# Board of Directors, Manager responsible for preparing the Company's financial reports and Independent Auditors

## Board of Directors

Chair	Gian Maria GROS-PIETRO
Deputy Chair	Paolo Andrea COLOMBO
Managing Director and Chief Executive Officer	Carlo MESSINA <sup>(a)</sup>
Directors	Franco CERUTI Roberto FRANCHINI <sup>(*)</sup> Anna GATTI Liana LOGIURATO Maria MAZZARELLA Fabrizio MOSCA <sup>(*)</sup> Milena Teresa MOTTA <sup>(*)</sup> Luciano NEBBIA Bruno Maria PARIGI Bruno PICCA Alberto Maria PISANI <sup>(**)</sup> Livia POMODORO Maria Alessandra STEFANELLI Paola TAGLIAVINI Daniele ZAMBONI Maria Cristina ZOPPO <sup>(*)</sup>

## Manager responsible for preparing the company's financial reports

Fabrizio DABBENE

## Independent Auditors

EY S.p.A.

(a) General Manager  
(\*) Member of the Management Control Committee  
(\*\*) Chair of the Management Control Committee





Directors' report on the distribution of  
an interim dividend pursuant to Article  
2433- bis of the Italian Civil Code





## Remarks on the distribution of an interim dividend

The 2022-2025 Business Plan – presented on 4 February 2022 – confirmed the Group’s strong commitment to sustainable value creation and distribution over the Plan period, envisaging a dividend payout of 70% of the stated consolidated net income for each year of the Plan, and an additional capital return through a buyback.

As in 2021, in 2022 the Board of Directors intends to exercise the power granted by Article 29.5 of the Articles of Association to approve an interim dividend in the manner and form prescribed by law.

Article 2433-bis, paragraphs 1 and 2, of the Italian Civil Code establishes that the distribution of interim dividends is only permitted for companies whose financial statements are subject to independent audit, if that distribution is envisaged by the Articles of Association and approved by the directors, after the independent auditors have issued a positive opinion on the financial statements of the previous year and these have been approved. It is also established, in paragraph 3, that the distribution of interim dividends is not permitted when the latest approved financial statements show losses for the year or previous years.

The distribution must be approved by the directors on the basis of financial statements and a report that confirms that the Company’s assets and liabilities and financial position allow for the distribution. An opinion on those documents must have been obtained from the external auditor.

With regard to the quantification of the amount of the interim dividend, paragraph 4 of the above-mentioned Article of the Italian Civil Code establishes that the distribution cannot exceed the lower of the amount of profit made from the end of the prior year, less the share to be allocated to the legal or statutory reserve, and the amount of the available reserves.

In consideration of the above, and in view of the power granted under Article 29.5 of the Articles of Association, it is noted that the Financial Statements of Intesa Sanpaolo S.p.A. as at 31 December 2021:

- did not show any losses for the year or for previous years;
- were subject to independent audit by EY S.p.A., which issued its positive opinion on 22 March 2022;
- were approved by the Shareholders’ Meeting on 29 April 2022.

In the case of Intesa Sanpaolo S.p.A., the distribution of the interim dividend is determined on the basis of the financial statements as at 30 June 2022, prepared in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards – IFRS endorsed by the European Union (IFRS-EU) used for the preparation of the financial statements as at 31 December 2021, to which reference should be made for a more complete description.

The financial statements comprise the balance sheet as at 30 June 2022, the income statement for the interim period from 1 January to 30 June 2022, the statement of comprehensive income for that period, the statement of changes in shareholders’ equity for the period 1 January to 30 June 2022 and the statement of cash flows for the period 1 January to 30 June 2022.

The amounts reported are compared with the corresponding amounts for the same period last year, except for the balance sheet, which is compared with the corresponding statement as at 31 December 2021.

The available reserves reported in the balance sheet as at 30 June 2022 amounted to 26,968 million euro, while the available net income for the period amounted to 3,485 million euro.

In determining the available net income for the period, and therefore the interim dividend distributable, all the items that contribute to this determination, in accordance with the applicable regulations, have been taken into account.

The table below provides a summary of the relevant data for the determination of the interim dividend distributable.

	(millions of euro)
Net income of Intesa Sanpaolo S.p.A. for the period 1 January - 30 June 2022	3,485
Amount of net income for the period to be allocated to the legal reserve (a)	9
Amount of net income for the period not distributable pursuant to Article 6, paragraph 1, letter a), of Legislative Decree no. 38/2005	546
Net income for the period available (b)	2,930
Available reserves	26,968
Interim dividend distributable (Article 2433-bis, paragraph 4, Italian Civil Code)	2,930
Interim dividend proposed (c)	1,401
Interim dividend per share proposed (euro cents) (c)	7.38

(a) The legal reserve has been increased by the amount of net income for the period to be allocated to it; it represents 20% of the share capital.

(b) Net income for the period 1 January - 30 June 2022.

(c) Following the annulment of all own shares purchased in execution of the buyback programme - disclosed to the market on 24 June 2022 - which started on 4 July 2022 and ended on 11 October 2022, the number of shares constituting the share capital decreased to 18,988,803,160 while the value of the share capital remained unchanged at 10,368,870,930.08 euro.

Accordingly, pursuant to Article 2433-bis, paragraph 4 of the Italian Civil Code, the maximum amount distributable as an interim dividend is 2,930 million euro.

You are reminded that on 24 June 2022, the Board of Directors resolved to implement the programme of purchase of own shares for annulment (buyback) – approved by the Shareholders' Meeting of 29 April 2022 and authorised by the ECB with notice received on 24 June 2022 – for an initial amount of 1,700 million euro and to postpone the decisions to a subsequent date, no later than the approval of the results as at 31 December 2022, regarding the remaining authorised amount (the authorisation concerned a maximum total outlay of 3,400 million euro for a number of Intesa Sanpaolo ordinary shares not exceeding 2,615,384,615).

The execution of the programme, entrusted to a third-party intermediary engaged, with full independence and without any involvement of the Intesa Sanpaolo Group, to carry out the transactions on the regulated Euronext Milan market managed by Borsa Italiana, took place in the period from 4 July to 11 October 2022.

During that period, Intesa Sanpaolo purchased a total of 988,632,803 shares without nominal value, equal to around 4.95% of its pre-annulment share capital, at an average purchase price per share of 1.7195 euro, for a total countervalue of 1,699,999,999.44 euro.

On the dates of 3 August, 7 September and 14 October 2022, the own shares purchased during the period from 4 July to 29 July 2022 (322,814,884 shares), 1 August to 2 September 2022 (387,343,682 shares) and 5 September to 11 October 2022 (278,474,237 shares), respectively, were annulled. As a result, the share capital (which before the launch of the programme was divided into 19,977,435,963 ordinary shares without nominal value) changed its composition, due to the reduction in the number of shares constituting it, while its amount remained unchanged at 10,368,870,930.08 euro.

In consideration of the above, the interim dividend distribution for the year 2022 shall be allocated to each of the 18,988,803,160 ordinary shares constituting the share capital of Intesa Sanpaolo S.p.A. as at the date of this document.

Given that the above-mentioned conditions set forth in paragraphs 1 to 3 of Article 2433-bis of the Italian Civil Code have been met and in light of (i) the information provided in the chapters below on Intesa Sanpaolo S.p.A.'s economic and financial performance in the first six months of 2022, together with the information contained in the paragraph "Subsequent events", (ii) the economic, balance sheet and financial performance of the Intesa Sanpaolo Group in the first nine months of 2022 and (iii) the disclosure provided in the paragraph "Information on the economic prospects and the outlook for the current year", the Board of Directors intends to distribute an interim dividend – in compliance with the provisions of paragraph 4 of Article 2433-bis of the Italian Civil Code – totalling 1,401,373,673.21 euro, resulting from a unit amount of 7.38 euro cents for each ordinary share, before tax, that will be paid on the first available date, namely 23 November 2022 (with coupon presentation on 21 November and record date on 22 November).

Please note that own shares held by the Bank at the record date of 22 November 2022 are not entitled to interim dividends.

Following the distribution of this interim dividend, the Intesa Sanpaolo Group's capital ratios – both those as at 30 September 2022 and those expected to be recorded at year end – will remain well above the minimum requirements set by supervisory regulations and, as regards the Common Equity Tier 1 ratio in particular, also above the minimum level of 12% fully loaded that the Group has set to itself. In addition, there are no recommendations from the regulators regarding the capital requirements applicable to Intesa Sanpaolo that could preclude the proposed distribution.

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*The sections below describe the operating and financial performance of Intesa Sanpaolo S.p.A. during the first half of the year 2022.*

*For the background macroeconomic context, the analysis of the impacts of the military conflict between Russia and Ukraine and the description of the risk control measures put in place by the Group, as well as the analysis of the now residual impacts on operating results and business activities generated by the Covid-19 pandemic, see the specific sections of the Half-yearly Report as at 30 June 2022, published on the corporate website [www.group.intesasanpaolo.com](http://www.group.intesasanpaolo.com).*

*The Half-yearly Report also describes the significant events for Intesa Sanpaolo during the period, consisting of the completion of the integration of the UBI Banca Group, the new Business Plan for the period 2022-2025 presented in February 2022, and the initiatives implemented by the Group in pursuit of its commitment in terms of ESG and sustainability.*

*To enable a better understanding of Intesa Sanpaolo S.p.A.'s performance, the half-yearly comments use aggregates and indicators that can be classed as "Alternative Performance Measures". A description of these measures is provided in the specific section of the Report on operations accompanying the 2021 Consolidated financial statements and in this document no changes have been made to the measures used.*

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# Economic results

## General aspects

The income statement and balance sheet of the Parent Company Intesa Sanpaolo as at and for the year ended 30 June 2022 are presented below in a condensed reclassified format to enable a more immediate interpretation of the results.

In the reclassified income statement, the figures are normally restated, where necessary and if they are material, for ease of comparison. In particular, the amounts are provided as uniformly as possible for the different periods covered, above all in relation to the changes in the scope of reference. This uniformity is achieved through restated figures, which include/exclude the values of the companies that entered or left the scope of reference. For the 2021 figures, as a result of the acquisition of the UBI Banca Group, the restated figures have also been accompanied by the “redetermined” figures in order to align/supplement them through management figures.

Specifically, in this statement, in order to enable a like-for-like comparison, the income statement figures for the previous periods have been redetermined due to the absorption of UBI Sistemi e Servizi S.C.p.A. (12 July 2021, with accounting and tax effects from 1 January 2021), the latter net of the going concern sold to BPER on 22 February 2021 (with accounting and tax effects from that date), the absorption of UBI Factor S.p.A. (25 October 2021, with accounting and tax effects from 1 January 2021), as well as the absorption of UBI Leasing S.p.A. (16 May 2022, with accounting and tax effects from 1 January 2022).

In addition, in order to reduce the volatility of the various income statement captions related to the changes in scope due to the sales/demergers of business lines during the period, the 2021 income components of the above-mentioned going concern sold to BPER, which add to those relating to the former UBI going concern also sold to BPER on 22 February 2021 (with accounting and tax effects from that date), consisting of 455 branches and 132 operating points, those of the “Top Private” and “Service IW Bank” business lines that were partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date), those of the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May 2021, with accounting and tax effects from that date), and those of the 31 branches and 2 operating points of the Parent Company ISP sold to BPER (21 June 2021, effective for accounting and tax purposes from that date), have been reclassified from the original captions to the caption “Income (Loss) from discontinued operations” from 1 January to the effective date of the transaction. Moreover, the income results of the sold/demerged business lines have been determined on the basis of management information.

In addition, for the first three quarters of 2021, to ensure an appropriate commentary on the performances of the captions affected, administrative and personnel expenses were restated for an immaterial amount to reflect the insourcing in 2021 of activities previously outsourced by UBI Sistemi e Servizi S.C.p.A., resulting in the re-hiring of personnel who had been transferred or seconded to external services.

Lastly, with effect from June 2022, the charges relating to several incentive systems for employees of the Banca dei Territori Division, where funded through fee and commission income generated based on deterministic quantification criteria correlated with that income, have been reclassified from personnel expenses to net fee and commission income, in line with the accounting treatment envisaged for the incentive systems for non-employee financial advisors. To improve the comparability of the comparison periods, the past periods have been restated to align them to this presentation.

As a result of the above, the comments below refer to the redetermined values, in order to enable like-for-like comparisons.

Breakdowns of restatements and reclassifications made as compared to the layout established in Bank of Italy Circular 262 – in addition to the above-mentioned redeterminations – are provided in separate tables included in the attachments, as also required by Consob in its Communication 6064293 of 28 July 2006.

In summary, the reclassifications and aggregations involved the following:

- dividends relating to investments carried at equity, as well as those received and paid within the framework of securities lending, which have been reallocated to Profits (losses) on financial assets and liabilities designated at fair value;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, which have been allocated among Net interest income owing to the close correlation;
- periodic fees and commissions on current accounts with positive balances applied to customers (excluding the retail customers and SMEs segment), in accordance with the provisions of the term sheets, which are accounted for as interest income, inasmuch as they cover the financing cost incurred by the Bank;
- the costs of several incentive systems for employees of the Group’s distribution networks, where funded by fee and commission income generated by the networks in question on the basis of deterministic quantification criteria correlated to the revenues concerned, which are reclassified from personnel expenses to fee and commission expense by analogy to the accounting treatment of incentive systems for non-employee financial advisors;
- the costs of a one-off donation to Intesa Sanpaolo personnel, excluding executives and similar personnel, to mitigate the impact of inflation, which were reclassified from personnel expenses to other income (expenses);
- profits (losses) on trading, fair value adjustments in hedge accounting and profits (losses) on financial assets and liabilities measured at fair value through profit or loss, profits (losses) on disposal or repurchase of financial assets measured at fair



- value through other comprehensive income and on sale or repurchase of financial liabilities, which have been reallocated to the single caption Profits (losses) on financial assets and liabilities designated at fair value;
- the share of the premium on the issue of the certificates paid to the networks for their placement, which is reclassified from Profits (Losses) on assets and liabilities designated at fair value to Net fee and commission income;
  - the recoveries of expenses, taxes and duties, which have been subtracted from Other administrative expenses, instead of being included among Other income;
  - Profits and losses on disposal or repurchase of financial assets measured at amortised cost, in the form of loans and debt securities with public entities, non-financial companies and others as counterparties, which have been allocated to Net adjustments to loans;
  - Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, the effects on the income statement of the changes in contracts and the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single item Net adjustments to loans;
  - the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been reclassified to Net interest income, as a phenomenon deriving directly from the application of the amortised cost criterion, in the absence of changes in projected future cash flows;
  - Net impairment losses on equity investments in associates, as well as property and equipment and intangible assets (including property and other assets resulting from the enforcement of guarantees or purchase at auction and intended for sale on the market in the near future), which have been reclassified to Other net provisions and net impairment losses on other assets, which consequently include – in addition to the provisions for risks and charges, other than those relating to commitments and guarantees – the valuation effects of the assets other than loans, with the sole exception of impairment losses on intangible assets that have been reclassified, after tax, to Impairment of goodwill and other intangible assets;
  - realised profits (losses) on financial assets measured at amortised cost other than loans, on equity investments and on other investments, which have been reallocated to Other income (expenses). Accordingly, in addition to the income and expenses not strictly related to operations, this caption represents the summary of the effects from the realisation of assets other than loans. Profits (Losses) realised on debt securities represent an exception; in view of their business model, which involves management closely correlated with the other financial instruments, they are classified to Profits (Losses) on financial assets and liabilities designated at fair value;
  - Charges (net of tax) for integration and exit incentives, which are reclassified from Personnel expenses, Other administrative expenses and other captions of the income statement to a separate caption;
  - the Effects of purchase price allocation, net of the tax effect, which are indicated in a specific caption. They represent adjustments, impairment losses and effects from realisation for financial assets and liabilities and property and equipment and intangible assets which were measured at fair value as provided for by IFRS 3;
  - levies and other charges aimed at maintaining the stability of the banking industry, which are reclassified, after tax, to the specific caption;
  - Impairment losses on goodwill, investments in subsidiaries and impairment losses on other intangible assets, which are shown net of tax.

## Reclassified income statement

	30.06.2022	30.06.2021	(millions of euro)	
			Changes	
			amount	%
Net interest income	3,041	3,026	15	0.5
Net fee and commission income	2,788	2,877	-89	-3.1
Profits (Losses) on financial assets and liabilities designated at fair value	1,280	1,048	232	22.1
Other operating income (expenses)	2,456	1,620	836	51.6
<b>Operating income</b>	<b>9,565</b>	<b>8,571</b>	<b>994</b>	<b>11.6</b>
Personnel expenses	-2,564	-2,668	-104	-3.9
Administrative expenses	-951	-1,085	-134	-12.4
Adjustments to property, equipment and intangible assets	-514	-489	25	5.1
<b>Operating costs</b>	<b>-4,029</b>	<b>-4,242</b>	<b>-213</b>	<b>-5.0</b>
<b>Operating margin</b>	<b>5,536</b>	<b>4,329</b>	<b>1,207</b>	<b>27.9</b>
Net adjustments to loans	-618	-772	-154	-19.9
Other net provisions and net impairment losses on other assets	-103	-217	-114	-52.5
Other income (expenses)	141	-14	155	
Income (Loss) from discontinued operations	-	-	-	-
<b>Gross income (loss)</b>	<b>4,956</b>	<b>3,326</b>	<b>1,630</b>	<b>49.0</b>
Taxes on income	-961	-255	706	
Charges (net of tax) for integration and exit incentives	7	-58	65	
Effect of purchase price allocation (net of tax)	-55	-13	42	
Levies and other charges concerning the banking industry (net of tax)	-222	-238	-16	-6.7
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-240	-165	75	45.5
<b>Net income (loss)</b>	<b>3,485</b>	<b>2,597</b>	<b>888</b>	<b>34.2</b>

Figures restated, where necessary and material.



## Reclassified income statement – Redetermined figures

	30.06.2022	30.06.2021	(millions of euro)	
			Redetermined figures	Changes
			amount	%
Net interest income	3,041	3,018	23	0.8
Net fee and commission income	2,788	2,755	33	1.2
Profits (Losses) on financial assets and liabilities designated at fair value	1,280	1,046	234	22.4
Other operating income (expenses)	2,456	1,635	821	50.2
<b>Operating income</b>	<b>9,565</b>	<b>8,454</b>	<b>1,111</b>	<b>13.1</b>
Personnel expenses	-2,564	-2,645	-81	-3.1
Administrative expenses	-951	-993	-42	-4.2
Adjustments to property, equipment and intangible assets	-514	-500	14	2.8
<b>Operating costs</b>	<b>-4,029</b>	<b>-4,138</b>	<b>-109</b>	<b>-2.6</b>
<b>Operating margin</b>	<b>5,536</b>	<b>4,316</b>	<b>1,220</b>	<b>28.3</b>
Net adjustments to loans	-618	-745	-127	-17.0
Other net provisions and net impairment losses on other assets	-103	-217	-114	-52.5
Other income (expenses)	141	-15	156	
Income (Loss) from discontinued operations	-	73	-73	
<b>Gross income (loss)</b>	<b>4,956</b>	<b>3,412</b>	<b>1,544</b>	<b>45.3</b>
Taxes on income	-961	-279	682	
Charges (net of tax) for integration and exit incentives	7	-72	79	
Effect of purchase price allocation (net of tax)	-55	1	-56	
Levies and other charges concerning the banking industry (net of tax)	-222	-225	-3	-1.3
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-240	-165	75	45.5
<b>Net income (loss)</b>	<b>3,485</b>	<b>2,672</b>	<b>813</b>	<b>30.4</b>

The redetermined figures have been prepared to take into account the absorption of UBI Sistemi e Servizi S.C.p.A., UBI Factor S.p.A. and UBI Leasing S.p.A. for the pre-acquisition period and, based on the management data, the reallocation of the contribution from the business lines object of disposal/demerger to income (loss) from discontinued operations.

The income statement of Intesa Sanpaolo S.p.A. for the first half of 2022 posted net income of 3,485 million euro, compared with 2,672 million euro for the corresponding period of the previous year (+813 million euro; +30.4%), while gross income, amounting to 4,956 million euro, was up by 1,544 million euro (+45.3%) compared to 3,412 million in June 2021.

## Net income (loss)

The change in net income for the first half of 2022 was attributable to:

- the increase in operating income of 1,111 million euro (+13.1%), mainly attributable to the increase in dividends (+830 million euro; +54.7%), the higher contribution from profits (losses) on financial assets and liabilities designated at fair value (+234 million euro; +22.4%), net fee and commission income (+33 million euro; +1.2%) and net interest income (+23 million euro; +0.8%);
- a decrease in operating costs of 109 million euro (-2.6%), due to the reduction in personnel expenses (-81 million euro; -3.1%) and in administrative expenses (-42 million euro; -4.2%), partially offset by the increase in depreciation and amortisation (+14 million euro; +2.8%);
- a reduction in net adjustments to loans of 127 million euro (-17%);
- a decrease in other net provisions and net impairment losses on other assets of 114 million euro (-52.5%);
- an increase in other income (expenses) of 156 million euro;
- a decrease in net income from discontinued operations of 73 million euro; in this regard, it should be noted that the 2021 figure included the economic components of the sold/demergered business lines;
- the tax effect of the above-mentioned changes;
- a decrease in charges (net of tax) for integration of 79 million euro;
- an increase in charges related to the effect of purchase price allocation (net of tax) of 56 million euro;
- higher impairment (net of tax) of goodwill, other intangible assets and controlling interests of 75 million euro (+45.5%).

## Net interest income

	30.06.2022	30.06.2021	(millions of euro)	
			Changes	
		Redetermined figures	amount	%
Relations with customers	3,134	3,199	-65	-2.0
Securities issued	-803	-826	-23	-2.8
<b>Customer dealing</b>	<b>2,331</b>	<b>2,373</b>	<b>-42</b>	<b>-1.8</b>
Instruments measured at amortised cost which do not constitute loans	214	220	-6	-2.7
Other financial assets and liabilities designated at fair value through profit or loss	-91	-10	81	
Other financial assets designated at fair value through other comprehensive income	231	155	76	49.0
<b>Financial assets</b>	<b>354</b>	<b>365</b>	<b>-11</b>	<b>-3.0</b>
<b>Relations with banks</b>	<b>268</b>	<b>267</b>	<b>1</b>	<b>0.4</b>
<b>Differentials on hedging derivatives</b>	<b>-161</b>	<b>-242</b>	<b>-81</b>	<b>-33.5</b>
<b>Other net interest income</b>	<b>249</b>	<b>255</b>	<b>-6</b>	<b>-2.4</b>
<b>Net interest income</b>	<b>3,041</b>	<b>3,018</b>	<b>23</b>	<b>0.8</b>

Net interest income was 3,041 million euro, up 23 million euro (+0.8%) on the first half of 2021 (3,018 million euro). Customer dealing contributed 2,331 million euro, down by 42 million euro on June 2021 (-1.8%), of which 65 million euro due to a decrease in relations with customers (-2%), partially offset by a reduction in interest expense on securities issued of 23 million euro (-2.8%). Interest on financial assets amounted to 354 million euro, down 11 million euro (-3%), mainly due to the increase in the negative contribution from other financial assets and liabilities measured at fair value through profit or loss (-81 million euro), partially offset by the higher contribution from financial assets at FVOCI (+76 million euro). The contribution of interbank transactions was +268 million euro, stable with respect to the first half of 2021 (+1 million euro; +0.4%). Differentials on hedging derivatives amounted to -161 million euro, with the negative balance down by 81 million euro (-33.5%) compared to the first half of 2021, mainly due to the changes in interest rates. Lastly, other net interest income decreased slightly to 249 million euro from 255 million euro in June 2021 (-6 million euro; -2.4%). This aggregate includes interest on non-performing assets totalling 204 million euro.

**Net fee and commission income**

	30.06.2022	30.06.2021	(millions of euro)	
			Changes	
		Redetermined figures	amount	%
Guarantees given / received	91	83	8	9.6
Collection and payment services	228	199	29	14.6
Current accounts	598	612	-14	-2.3
Credit and debit cards	140	117	23	19.7
<b>Commercial banking activities</b>	<b>1,057</b>	<b>1,011</b>	<b>46</b>	<b>4.5</b>
Dealing and placement of securities	703	802	-99	-12.3
Currency dealing	2	2	-	-
Portfolio management	55	62	-7	-11.3
Distribution of insurance products	460	424	36	8.5
Other	104	92	12	13.0
<b>Management, dealing and consultancy activities</b>	<b>1,324</b>	<b>1,382</b>	<b>-58</b>	<b>-4.2</b>
<b>Other fee and commission income</b>	<b>407</b>	<b>362</b>	<b>45</b>	<b>12.4</b>
<b>Total</b>	<b>2,788</b>	<b>2,755</b>	<b>33</b>	<b>1.2</b>

Net fee and commission income amounted to 2,788 million euro, up 33 million euro (+1.2%) on the corresponding period of the previous year (2,755 million euro). This performance was driven by the increase for commercial banking (+46 million euro; +4.5%) and other net fee and commission income (+45 million euro; +12.4%), only partly offset by the decline of management, dealing and consultancy activities (-58 million euro; -4.2%).

In the commercial banking component there was an increase in fee and commission income on collection and payment services (+29 million euro), on credit and debit cards (+23 million euro), and on guarantees given and received (+8 million euro), while fee and commission income on current accounts decreased (-14 million euro). The increase in other net fee and commission income was mainly due to other loans and other banking services.

In contrast, for the management, dealing and consultancy activities, there was a lower contribution from the dealing and placement of securities (-99 million euro), only partly offset by the increase in the distribution of insurance products (+36 million euro) and other management and dealing commissions (+12 million euro).

**Profits (Losses) on financial assets and liabilities designated at fair value**

	30.06.2022	30.06.2021 Redetermined figures	(millions of euro) Changes	
			amount	%
Profits (losses) on trading and on financial instruments under fair value option	469	336	133	39.6
Profits (losses) on hedges under hedge accounting	35	45	-10	-22.2
Profits (losses) on assets mandatorily measured at fair value through profit or loss	158	141	17	12.1
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	628	570	58	10.2
Profits (losses) on the buyback of financial liabilities	-10	-46	-36	-78.3
<b>Profits (Losses) on financial assets and liabilities designated at fair value</b>	<b>1,280</b>	<b>1,046</b>	<b>234</b>	<b>22.4</b>

Profits (Losses) on financial assets and liabilities designated at fair value amounted to 1,280 million euro, compared to 1,046 million euro for the first half of the previous year (+234 million euro; +22.4%). The increase was specifically attributable to the higher contribution from profits (losses) on trading and on financial instruments under fair value option (+133 million euro; +39.6%), the increase in profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost (+58 million euro; +10.2%), and the higher contribution from profits (losses) on assets mandatorily measured at fair value through profit or loss (+17 million euro; +12.1%), as well as the lower losses from the repurchase of financial liabilities (-36 million euro; -78.3%). These positive effects were offset by a lower contribution from profits (losses) on hedges under hedge accounting (-10 million euro; -22.2%), affected by the rise in interest rates in the first half of 2022.

**Other operating income (expenses)**

Other net operating income amounted to 2,456 million euro compared to 1,635 million euro in the first half of the previous year, representing an increase of 821 million euro (+50.2%). The aggregate includes dividends from investees, with the remainder comprised of sundry operating income. The change in this caption was almost entirely attributable to dividends, which increased by 830 million euro (+54.7%). Specifically, dividends totalling 2,348 million euro were recognised in the first half of 2022, compared to 1,518 million euro in June 2021, including mainly: Intesa Sanpaolo Vita S.p.A. (904 million euro), Eurizon Capital SGR S.p.A. (755 million euro), Fideuram - Intesa Sanpaolo Private Banking S.p.A. (501 million euro), CIB Bank Ltd (63 million euro), and Bank of Alexandria (56 million euro). Other income, amounting to 108 million euro, was down slightly on the corresponding period of 2021 (-9 million euro; -7.7%).

**Operating income**

As a result of these changes, operating income amounted to 9,565 million euro, up 1,111 million euro (+13.1%) on 8,454 million euro for the first half of the previous year.

## Operating costs

	30.06.2022	30.06.2021	(millions of euro)	
			Changes	
		Redetermined figures	amount	%
Wages and salaries	1,788	1,792	-4	-0.2
Social security charges	475	492	-17	-3.5
Other	301	361	-60	-16.6
<b>Personnel expenses</b>	<b>2,564</b>	<b>2,645</b>	<b>-81</b>	<b>-3.1</b>
Information technology expenses	301	315	-14	-4.4
Management of real estate assets expenses	105	129	-24	-18.6
General structure costs	150	153	-3	-2.0
Professional and legal expenses	110	114	-4	-3.5
Advertising and promotional expenses	36	35	1	2.9
Costs for outsourcing to Group companies	9	10	-1	-10.0
Indirect personnel costs	23	16	7	43.8
Other costs	153	163	-10	-6.1
Indirect taxes and duties	76	76	-	-
Recovery of expenses and charges	-12	-18	-6	-33.3
<b>Administrative expenses</b>	<b>951</b>	<b>993</b>	<b>-42</b>	<b>-4.2</b>
Property and equipment	217	225	-8	-3.6
Intangible assets	297	275	22	8.0
<b>Adjustments</b>	<b>514</b>	<b>500</b>	<b>14</b>	<b>2.8</b>
<b>Operating costs</b>	<b>4,029</b>	<b>4,138</b>	<b>-109</b>	<b>-2.6</b>

Operating costs amounted to 4,029 million euro, down 2.6% on June 2021, due to the reduction in personnel expenses, which decreased from 2,645 million euro to 2,564 million euro (-81 million euro; -3.1%) and other administrative expenses, which fell from 993 million euro to 951 million euro (-42 million euro; -4.2%). In contrast, there was a slight increase in depreciation and amortisation of property and equipment and intangible assets, which totalled 514 million euro compared to 500 million euro in June 2021 (+14 million euro; +2.8%).

With specific regard to personnel expenses, the fall of 81 million euro was mainly due to the reduction in ordinary wages and salaries and related social security contributions, connected to the decrease in the workforce, offset by higher costs for extraordinary and variable components of remuneration and sundry indemnities.

With regard to other administrative expenses, the decrease of 42 million euro was mainly attributable to savings in real estate management expenses (of 24 million euro), as a result of the scale back resulting from the plans to merge and reduce the branch network, and in information technology expenses (of 14 million euro).

The administrative expenses included costs related to the COVID-19 pandemic totalling around 11 million euro, an amount essentially in line with the figure for the corresponding period of 2021, mainly attributable to higher IT costs related to the remoting of business activities and processes required as a result of the continuation of the health emergency, the occupational health-related measures (purchase of PPE, health policies to cover COVID risk and health monitoring) and expenses of social nature related to support to local communities.

Lastly, the increase of 14 million euro in depreciation and amortisation of property and equipment and intangible assets was made up of 22 million euro attributable to intangible assets, offset by the decrease of 8 million euro in property and equipment.

## Operating margin

The changes in operating income and costs described above resulted in an operating margin of 5,536 million euro, compared to 4,316 million euro for the corresponding period of the previous year, representing an increase of 1,220 million euro, or +28.3%.

The cost/income ratio in June 2022 came to 42.1%, down on the figure for the same period of 2021 (48.9%).

## Net adjustments to loans

	30.06.2022	30.06.2021	(millions of euro)	
			Changes	
		Redetermined figures	amount	%
Bad loans	-151	-338	-187	-55.3
Unlikely to pay	-464	-301	163	54.2
Past due loans	-99	-67	32	47.8
<b>Stage 3 loans</b>	<b>-714</b>	<b>-706</b>	<b>8</b>	<b>1.1</b>
<i>of which debt securities</i>	-	-	-	-
<b>Stage 2 loans</b>	<b>107</b>	<b>-53</b>	<b>160</b>	
<i>of which debt securities</i>	-8	-1	7	
<b>Stage 1 loans</b>	<b>-8</b>	<b>-34</b>	<b>-26</b>	<b>-76.5</b>
<i>of which debt securities</i>	3	8	-5	-62.5
<b>Net losses/recoveries on impairment of loans</b>	<b>-615</b>	<b>-793</b>	<b>-178</b>	<b>-22.4</b>
<b>Profits/losses from changes in contracts without derecognition</b>	<b>-1</b>	<b>-17</b>	<b>-16</b>	<b>-94.1</b>
<b>Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given</b>	<b>-2</b>	<b>65</b>	<b>-67</b>	
<b>Net adjustments to loans</b>	<b>-618</b>	<b>-745</b>	<b>-127</b>	<b>-17.0</b>

Adjustments to loans amounted to 618 million euro, down 127 million euro (-17%) from the figure recorded in June 2021 (745 million euro). The decrease was mainly due to net recoveries on Stage 2 and Stage 1 loans (for 186 million euro): these categories were affected, on the one hand, by higher write-downs on counterparties related to the Russia/Ukraine risk and, on the other, by releases due to the reduction in management overlays related to the COVID pandemic to cover the vulnerability of moratoria, in view of the progressive increase in moratoria that have reached the deadline for resuming payments without displaying any significant problem issues. There was also a slight increase in adjustments to non-performing loans in Stage 3 (+8 million euro). With regard to the latter, against the decrease in adjustments to bad loans (-187 million euro; -55.3%), there was an increase in adjustments to unlikely-to-pay loans (+163 million euro; +54.2%) and past-due loans (+32 million euro; +47.8%).

As at 30 June 2022, the ratio of non-performing loans to total gross loans stood at 2.3%, down sharply from 4.5% in June 2021. Based on the EBA methodology, the gross NPL to total loan ratio stood at 1.8% in June 2022. The annualised cost of credit, expressed as the ratio of net adjustments to net loans, stood at 30 basis points in June 2022, down from 37 basis points in June 2021.

In the first half of 2022, the average coverage of non-performing loans stood at 42.5%, down 9.2 percentage points from the June 2021 figure (51.7%), attributable to the de-risking operations carried out in the first six months of 2022. In detail, bad loans required net adjustments of 151 million euro – compared with 338 million euro in June 2021 – and had a coverage ratio of 61.2%. Net impairment losses on unlikely-to-pay loans, totalling 464 million euro, were up from 301 million euro recorded in June 2021, with a coverage ratio of 36.4%. Net impairment losses on past due loans amounted to 99 million euro (67 million euro in June 2021), with a coverage ratio of 16.5%, whereas that of forborne positions among non-performing assets was 35%. Finally, the coverage of performing loans was 0.5% and incorporates the physiological risk inherent in the loan portfolio.

There was also a decrease in losses from changes in contracts without derecognition, which amounted to 1 million euro as at 30 June 2022, compared to 17 million euro in June 2021 (-16 million euro; -94.1%).

Lastly, net provisions for risks and charges for credit risk associated with commitments and financial guarantees given provided a negative contribution of 2 million euro as at 30 June 2022, compared to releases of 65 million euro in June 2021 (-67 million euro).

**Other net provisions and net impairment losses on other assets**

	30.06.2022	30.06.2021	(millions of euro)	
			Redetermined figures	Changes
			amount	%
Other net provisions	-44	-156	-112	-71.8
Net impairment losses on instruments measured at amortised cost and on instruments designated at fair value through other comprehensive income	-55	2	-57	
Net impairment losses on other assets	-4	-63	-59	-93.7
<b>Other net provisions and net impairment losses on other assets</b>	<b>-103</b>	<b>-217</b>	<b>-114</b>	<b>-52.5</b>

Other net provisions and net impairment losses on other assets amounted to 103 million euro, compared to 217 million euro in June 2021, a decrease of 114 million euro, equal to -52.5%. These related to provisions for legal disputes and other charges (44 million euro), net adjustments to debt securities measured at amortised cost not treated as loans and to debt securities measured at fair value through other comprehensive income (55 million euro), and net impairment losses on other assets (4 million euro).

**Other income (expenses)**

Other income (expenses) amounted to 141 million euro (-15 million euro as at 30 June 2021), including a capital gain of 194 million euro from the disposal of Intesa Sanpaolo Formazione and a one-off contribution of 38 million euro to Intesa Sanpaolo personnel, excluding those classified as managers and their equivalent, to mitigate the impact of inflation.

**Income (Loss) from discontinued operations**

Income (loss) from discontinued operations had a zero value as at June 2022, whereas in the comparison period it showed a profit of 73 million euro and included the restatement of the income effects (from the beginning of the year to the sale date) connected to the going concern sold by UBI and UBI Sistemi e Servizi to BPER on 22 February 2021 (with accounting and tax effects from that date), as well as the "Top Private" and "Service IW Bank" business lines that were partially demerged to Intesa Sanpaolo Private Banking and Banca Fideuram respectively (12 April 2021, with accounting and tax effects from that date), the going concern consisting of 17 bank branches and 9 associated operating points (mini-branches) sold to Banca Popolare di Puglia e Basilicata (24 May, with accounting and tax effects from that date) and the going concern of 31 branches and 2 operating points of the Parent Company sold to BPER (21 June 2021, effective for accounting and tax purposes from that date).



**Gross income (loss)**

Gross income consequently amounted to 4,956 million euro, up 1,544 million euro (+45.3%) from the corresponding period of the previous year (3,412 million euro).

**Taxes on income**

Taxes on income calculated on the components contributing to gross income amounted to -961 million euro, compared to -279 million euro in the same period of the previous year.

This caption includes the effect related to the tax relief, pursuant to Article 15, Paragraph 10 of Law Decree no. 185/2008, on the intangible assets recognised in Intesa Sanpaolo's separate financial statements following the merger of UBI Banca, which resulted in a net benefit of 43 million euro in the income statement. In the comparison period, this caption included a net benefit of 453 million euro as a result of the exercise of the option provided for by Article 110, paragraphs 8 and 8-bis, of Law Decree 104/2020 (the "August Decree") to realign the tax values of the Sanpaolo IMI brand name and three goodwill items of the former Banco di Napoli to the higher carrying amounts recognised in the Parent Company's financial statements.

**Charges (net of tax) for integration and exit incentives**

The charges (net of tax) for integration and exit incentives amounted to +7 million euro and mainly related to depreciation and amortisation on property and equipment and intangible assets (-35 million euro) and administrative expenses (-8 million euro), which were more than offset by the release of the discounting effect of allowances relating to charges for integration and exit incentives for personnel included in personnel expenses (+38 million euro), the release of allowances for risks and charges (+10 million euro) and other operating income (+2 million euro). This compares with -72 million euro in June 2021, mainly related to depreciation and amortisation on property and equipment and intangible assets (-41 million euro) and personnel expenses (-28 million euro).

**Effect of purchase price allocation (net of tax)**

The effect of purchase price allocation (net of the tax effect) amounted to -55 million euro, compared to +1 million euro in June 2021. This caption comprises amounts attributable to the revaluation of loans, debts, real estate and the recognition of new intangible assets, in application of IFRS 3, upon recognition of acquisition of investments and/or aggregate assets.

**Levies and other charges concerning the banking industry (net of tax)**

Levies and other charges concerning the banking industry (net of tax) amounted to 222 million euro, down slightly compared to the 225 million euro recorded at the end of June 2021 (-3 million euro; -1.3%). This caption included the amount for the ordinary contribution to the Single Resolution Fund (SRF), net of related tax (contribution of 319.1 million euro, with related tax of 103.2 million euro), the write-downs of the Atlante Fund and the Italian Recovery Fund (6.7 million euro gross, with related tax effect of 2.2 million euro), and the 1.8 million euro gross, with related tax of 0.6 million euro, attributable to the Voluntary Scheme of the Deposit Protection Fund.

**Impairment losses (net of tax) of goodwill, other intangible assets and investments in subsidiaries**

The Impairment of goodwill, other intangible assets and investments in subsidiaries (net of related tax effect), amounted to 240 million euro, and related to the write-down of several controlling investments. Of particular note were the full write-downs of the controlling interests held in Ukraine and Russia, respectively Pravex Bank and Joint Stock Company Banca Intesa, for a total of 116 million euro, as well as the allocation of 82 million euro to cover indirect risks in respect of those interests, in connection with the ongoing conflict, in order to capture the value of the shareholders' equity brought by the subsidiaries to the Group financial statements.

As at June 2021, this caption amounted to -165 million euro, mainly related to impairment on investments in subsidiaries.

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# Balance sheet aggregates

## General aspects

As already stated, to enable like-for-like comparison, the balance sheet figures for the previous period takes account of the changes in the scope of reference.

Specifically, the reclassified balance sheet as at 31 December 2021 has been restated to include the results of the absorption of UBI Leasing S.p.A. (completed on 16 May 2022, with accounting and tax effects from 1 January 2022).

Breakdowns of restatements, aggregations and reclassifications are provided in separate tables included in the attachments to the income and financial situation, as also required by Consob in its Communication 6064293 of 28 July 2006.

As was the case in December 2021, in connection with the payment of the 2021 interim dividend, a specific caption has been added to the corresponding accounting schedule of the reclassified balance sheet, within the shareholders' equity captions. Furthermore, following the update to Bank of Italy Circular 262, which provides that the caption "Cash and cash equivalents" include all "demand" loans, in the technical forms of current accounts and deposits, to banks and central banks (with the exception of the reserve requirement), the specific caption Cash and cash equivalents, previously included in Other assets, was opened accordingly in the reclassified balance sheet.

The aggregations of the captions of the reclassified balance sheet related to:

- the separate presentation of financial assets constituting Due from banks and Loans to customers, regardless of the accounting portfolios to which they have been allocated;
- the separate presentation of financial assets not constituting loans, divided into financial assets measured at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, net of the amounts reclassified to Due from banks and Loans to customers;
- the aggregation in one single caption of Property and equipment and Intangible assets, broken down into the sub-captions Assets owned and Rights of use acquired under lease;
- the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios under Other assets/liabilities;
- the separate presentation of Due to banks at amortised cost;
- the aggregation of Due to customers at amortised cost and Securities issued into one caption;
- the aggregation into one caption (Allowances for risks and charges) of allowances for specific purposes (Employee termination indemnities, Allowances for credit risk associated with commitments and financial guarantees given, Allowances on other commitments and other guarantees given, Post-employment benefits and Other allowances for risks and charges);
- the reclassification of Lease payables to a specific sub-caption of Other liabilities;
- the presentation of Reserves as an aggregate and net of any treasury shares.

## Reclassified balance sheet

Assets	30.06.2022	31.12.2021	(millions of euro) changes	
			amount	%
Cash and cash equivalents	7,801	7,733	68	0.9
Due from banks	137,321	158,963	-21,642	-13.6
Loans to customers	408,465	402,739	5,726	1.4
- Loans to customers measured at amortised cost	406,263	401,053	5,210	1.3
- Loans to customers at fair value through other comprehensive income and through profit or loss	2,202	1,686	516	30.6
Financial assets measured at amortised cost which do not constitute loans	44,599	38,359	6,240	16.3
Financial assets measured at fair value through profit or loss	51,576	50,670	906	1.8
Financial assets measured at fair value through other comprehensive income	43,675	51,410	-7,735	-15.0
Equity investments	23,475	23,382	93	0.4
Property, equipment and intangible assets	11,739	11,943	-204	-1.7
- Assets owned	10,732	10,948	-216	-2.0
- Rights of use acquired under leases	1,007	995	12	1.2
Tax assets	17,310	17,649	-339	-1.9
Non-current assets held for sale and discontinued operations	1,167	1,328	-161	-12.1
Other assets	12,556	9,418	3,138	33.3
<b>Total Assets</b>	<b>759,684</b>	<b>773,594</b>	<b>-13,910</b>	<b>-1.8</b>
Liabilities	30.06.2022	31.12.2021	changes	
			amount	%
Due to banks at amortised cost	174,393	191,260	-16,867	-8.8
Due to customers at amortised cost and securities issued	438,828	445,884	-7,056	-1.6
Financial liabilities held for trading	56,878	57,227	-349	-0.6
Financial liabilities designated at fair value	4,753	3,675	1,078	29.3
Tax liabilities	410	503	-93	-18.5
Liabilities associated with non-current assets held for sale and discontinued operations	88	25	63	
Other liabilities	23,010	15,373	7,637	49.7
of which lease payables	1,022	992	30	3.0
Allowances for risks and charges	4,432	5,256	-824	-15.7
of which allowances for commitments and financial guarantees given	368	367	1	0.3
Share capital	10,369	10,084	285	2.8
Reserves	35,739	35,544	195	0.5
Valuation reserves	118	855	-737	-86.2
Interim dividend	-	-1,399	-1,399	
Equity instruments	7,181	6,260	921	14.7
Net income (loss)	3,485	3,047	438	14.4
<b>Total Liabilities and Shareholders' Equity</b>	<b>759,684</b>	<b>773,594</b>	<b>-13,910</b>	<b>-1.8</b>

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

Comments are provided below on the main balance sheet aggregates as at 30 June 2022 compared with those as at 31 December 2021, restated on a like-for-like basis.

**Loans to customers**

**Loans to customers: breakdown**

	30.06.2022		31.12.2021		(millions of euro) Changes	
		% breakdown		% breakdown	amount	%
Current accounts	11,099	2.7	9,414	2.3	1,685	17.9
Mortgages	232,087	56.7	235,503	58.4	-3,416	-1.5
Advances and other loans	133,416	32.7	126,871	31.5	6,545	5.2
<b>Commercial banking loans</b>	<b>376,602</b>	<b>92.1</b>	<b>371,788</b>	<b>92.2</b>	<b>4,814</b>	<b>1.3</b>
Repurchase agreements	19,813	4.9	17,567	4.4	2,246	12.8
Loans represented by securities	6,491	1.6	6,690	1.7	-199	-3.0
Non-performing loans	5,559	1.4	6,694	1.7	-1,135	-17.0
<b>Loans to customers</b>	<b>408,465</b>	<b>100.0</b>	<b>402,739</b>	<b>100.0</b>	<b>5,726</b>	<b>1.4</b>

As at 30 June 2022, loans to customers totalled around 408.5 billion euro, up on 402.7 billion euro for the previous year (+5.7 billion euro; +1.4%). This was driven by the growth in trade receivables (+4.8 billion euro; +1.3%) and repurchase agreements (+2.2 billion euro; +12.8). Non-performing loans fell further to 5.6 billion euro, partly as a result of the deleveraging transactions carried out in the first half of the year. Loans represented by securities also fell slightly (-0.2 billion euro; -3%).

## Loans to customers: credit quality

	30.06.2022		31.12.2021		(millions of euro) Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Bad loans	1,088	0.3	1,972	0.5	-884
Unlikely to pay	4,031	1.0	4,189	1.0	-158
Past due loans	440	0.1	533	0.1	-93
<b>Non-Performing Loans</b>	<b>5,559</b>	<b>1.4</b>	<b>6,694</b>	<b>1.6</b>	<b>-1,135</b>
<i>Non-performing loans in Stage 3 (subject to impairment)</i>	5,473	1.3	6,605	1.6	-1,132
<i>Non-performing loans designated at fair value through profit or loss</i>	86	-	88	-	-2
<b>Performing loans</b>	<b>396,330</b>	<b>97.0</b>	<b>389,336</b>	<b>96.7</b>	<b>6,994</b>
<i>Stage 2</i>	42,155	10.3	48,441	12.0	-6,286
<i>Stage 1</i>	353,294	86.5	340,055	84.5	13,239
<i>Performing loans designated at fair value through profit or loss</i>	881	0.2	840	0.2	41
<b>Performing loans represented by securities</b>	<b>6,491</b>	<b>1.6</b>	<b>6,690</b>	<b>1.7</b>	<b>-199</b>
<i>Stage 2</i>	975	0.2	822	0.2	153
<i>Stage 1</i>	5,516	1.4	5,868	1.5	-352
<b>Loans held for trading</b>	<b>85</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>66</b>
<b>Total loans to customers</b>	<b>408,465</b>	<b>100.0</b>	<b>402,739</b>	<b>100.0</b>	<b>5,726</b>
<i>of which forbore performing</i>	7,285		7,314		-29
<i>of which forbore non-performing</i>	2,341		2,515		-174
<b>Loans to customers classified as discontinued operations</b>	<b>956</b>		<b>1,167</b>		<b>-211</b>

In terms of loan quality, net non-performing exposures decreased by 17% to 5.6 billion euro compared to 6.7 billion euro as at 31 December 2021, as a result of the deleveraging carried out by the Bank.

The performance of the individual components shows:

- a decrease in bad positions of 44.8% (from 1,972 million euro to 1,088 million euro);
- a reduction in loans classified as “unlikely to pay”, which fell from 4,189 million euro to 4,031 million euro, equal to -3.8%;
- a decrease in past-due loans, which amounted to 440 million euro compared to 533 million euro as at 31 December 2021 (-17.3%).

The non-performing assets percentage of total net loans to customers amounted to 1.4% (1% according to the EBA definition), down on December 2021 (1.6%, 1.2% according to the EBA definition), with a coverage ratio for non-performing loans of 42.5%. Net performing loans, measured at amortised cost (excluding those represented by securities and intragroup loans, of around 11.7 billion euro) amounted to around 389 billion euro, compared to 379 billion euro as at 31 December 2021, representing an increase of 10 billion euro (+2.6%). The related average coverage was 0.5% (Stage 1 at 0.1% and Stage 2 at 3.2%), in line with 31 December 2021 (0.5%, of which Stage 1 at 0.1% and Stage 2 at 3%).

## Other banking business financial assets and liabilities: breakdown

Type of financial instruments	(millions of euro)				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL financial assets	Financial liabilities held for trading (*)
<b>Debt securities issued by Governments</b>					
30.06.2022	13,638	32,800	27,399	<b>73,837</b>	X
31.12.2021	20,098	39,164	22,308	<b>81,570</b>	X
Amount of changes	-6,460	-6,364	5,091	<b>-7,733</b>	X
Change (%)	-32.1	-16.2	22.8	<b>-9.5</b>	X
<b>Other debt securities</b>					
30.06.2022	3,775	8,809	17,200	<b>29,784</b>	X
31.12.2021	3,010	9,110	16,051	<b>28,171</b>	X
Amount of changes	765	-301	1,149	<b>1,613</b>	X
Change (%)	25.4	-3.3	7.2	<b>5.7</b>	X
<b>Equities</b>					
30.06.2022	1,389	2,066	X	<b>3,455</b>	X
31.12.2021	1,180	3,136	X	<b>4,316</b>	X
Amount of changes	209	-1,070	X	<b>-861</b>	X
Change (%)	17.7	-34.1	X	<b>-19.9</b>	X
<b>Quotas of UCI</b>					
30.06.2022	2,554	X	X	<b>2,554</b>	X
31.12.2021	2,368	X	X	<b>2,368</b>	X
Amount of changes	186	X	X	<b>186</b>	X
Change (%)	7.9	X	X	<b>7.9</b>	X
<b>Due to banks and customers</b>					
30.06.2022	X	X	X	<b>X</b>	-16,424
31.12.2021	X	X	X	<b>X</b>	-22,262
Amount of changes	X	X	X	<b>X</b>	-5,838
Change (%)	X	X	X	<b>X</b>	-26.2
<b>Financial derivatives</b>					
30.06.2022	28,017	X	X	<b>28,017</b>	-30,632
31.12.2021	21,766	X	X	<b>21,766</b>	-24,160
Amount of changes	6,251	X	X	<b>6,251</b>	6,472
Change (%)	28.7	X	X	<b>28.7</b>	26.8
<b>Credit derivatives</b>					
30.06.2022	2,203	X	X	<b>2,203</b>	-2,173
31.12.2021	2,248	X	X	<b>2,248</b>	-2,332
Amount of changes	-45	X	X	<b>-45</b>	-159
Change (%)	-2.0	X	X	<b>-2.0</b>	-6.8
<b>TOTAL 30.06.2022</b>	<b>51,576</b>	<b>43,675</b>	<b>44,599</b>	<b>139,850</b>	<b>-49,229</b>
<b>TOTAL 31.12.2021</b>	<b>50,670</b>	<b>51,410</b>	<b>38,359</b>	<b>140,439</b>	<b>-48,754</b>
<b>Amount of changes</b>	<b>906</b>	<b>-7,735</b>	<b>6,240</b>	<b>-589</b>	<b>475</b>
<b>Change (%)</b>	<b>1.8</b>	<b>-15.0</b>	<b>16.3</b>	<b>-0.4</b>	<b>1.0</b>

(\*) The amount of the caption does not include certificates which are included in the direct deposits from banking business table.

The table above shows the breakdown of the other financial assets and liabilities, with the latter reported net of certificates, because these are included in the aggregates of the direct deposits from banking business.

Total financial assets stood at 139.9 billion euro, down 0.6 billion euro from the beginning of the year (-0.4%). In contrast, financial liabilities held for trading increased by 0.5 billion euro (+1%) to 49.2 billion euro.

The above-mentioned decrease in financial assets was mainly attributable to the performance of debt securities issued by governments (-7.7 billion euro; -9.5%), partially offset by the increase in financial derivatives (+6.3 billion euro; +28.7%).

More specifically, financial assets measured at fair value through profit or loss, which include financial and credit derivatives and debt and equity securities held for trading and mandatorily measured at fair value, increased by 0.9 billion euro, or +1.8%, mainly due to the increase in financial derivatives (+6.3 billion euro), only partially offset by the decrease in financial assets (of 5.3 billion euro), mainly consisting of debt securities (5.7 billion euro).

Financial assets at fair value through other comprehensive income amounted to 43.7 billion euro. As at 30 June 2022, these assets, which consisted of debt securities of 41.6 billion euro and equity investments and private equity interests of 2.1 billion euro, decreased by 7.7 billion euro (-15%) compared to the previous year, of which 6.7 billion euro attributable to the debt security segment. HTCS debt securities have been classified almost exclusively to Stage 1 (99.7%).

Instruments measured at amortised cost which do not constitute loans amounted to around 44.6 billion euro, up 6.2 billion euro (+16.3%) compared to the end of the previous year, mainly as a result of the increase in debt securities with governments. HTC debt securities have primarily been classified to Stage 1 (94.6%).

With regard to the financial liabilities held for trading, the growth was due to the increase in financial derivatives (+6.5 billion euro), partly offset by the decrease in amounts due to banks and customers measured at fair value (-5.8 billion euro, of which -11.9 billion euro due to banks and +6 billion euro due to customers).

### Debt securities: stage allocation

Debt securities: stage allocation	(millions of euro)		
	Financial assets at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL
<b>Stage 1</b>			
30.06.2022	41,479	42,178	83,657
31.12.2021	48,160	36,217	84,377
Amount of changes	-6,681	5,961	-720
Change (%)	-13.9	16.5	-0.9
<b>Stage 2</b>			
30.06.2022	130	2,421	2,551
31.12.2021	114	2,141	2,255
Amount of changes	16	280	296
Change (%)	14.0	13.1	13.1
<b>Stage 3</b>			
30.06.2022	-	-	-
31.12.2021	-	1	1
Amount of changes	-	-1	-1
Change (%)	-	-	-
<b>TOTAL 30.06.2022</b>	<b>41,609</b>	<b>44,599</b>	<b>86,208</b>
<b>TOTAL 31.12.2021</b>	<b>48,274</b>	<b>38,359</b>	<b>86,633</b>
<b>Amount of changes</b>	<b>-6,665</b>	<b>6,240</b>	<b>-425</b>
<b>Change (%)</b>	<b>-13.8</b>	<b>16.3</b>	<b>-0.5</b>



**Direct deposits from banking business**

	30.06.2022		31.12.2021		(millions of euro) changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	338,911	75.1	342,149	74.7	-3,238	-0.9
Repurchase agreements and securities lending	2,067	0.5	2,669	0.6	-602	-22.6
Bonds	69,228	15.3	77,484	16.9	-8,256	-10.7
Certificates of deposit	87	-	104	-	-17	-16.3
Subordinated liabilities	12,539	2.8	12,702	2.8	-163	-1.3
Other deposits	28,398	6.3	22,924	5.0	5,474	23.9
<i>of which: designated at fair value (*)</i>	<i>12,402</i>	<i>2.7</i>	<i>12,148</i>	<i>2.7</i>	<i>254</i>	<i>2.1</i>
<b>Direct deposits from banking business</b>	<b>451,230</b>	<b>100.0</b>	<b>458,032</b>	<b>100.0</b>	<b>-6,802</b>	<b>-1.5</b>

(\*) Figures relating to "certificates" included in the Balance sheet under "Financial liabilities held for trading" and "Financial liabilities designated at fair value".

Direct deposits, consisting of amounts due to customers at amortised cost and securities issued, as well as certificates, which are a form of funding alternative to bonds, totalled 451.2 billion euro, down 6.8 billion euro (-1.5%) compared to 31 December 2021. The change was mainly attributable to the decrease in bond funding (-8.3 billion euro; -10.7%) and current accounts and deposits (-3.2 billion euro; -0.9%), partly offset by the growth in other deposits (+5.5 billion euro; +23.9%).

**Net interbank position**

Net exposure to banks, consisting of amounts due from banks at amortised cost and held for trading, totalling 137.3 billion euro, net of amounts due to banks at amortised cost, totalling 174.4 billion euro, amounted to -37.1 billion euro compared to -32.3 billion euro as at 31 December 2021 (an increase of 4.8 billion euro, or +14.8%). This change was made up of 21.6 billion euro from the decrease in amounts due from banks, mainly attributable to the liquidity in excess deposited in the Reserve Requirement account, only partially offset by the decrease of 16.9 billion euro in amounts due to banks, due to the early repayment of a T-LTRO III refinancing operation with the ECB at the end of the first half of the year .

**Cash and cash equivalents**

Cash and cash equivalents, including "demand" amounts due from banks, amounted to 7.8 billion euro, up slightly compared to 7.7 billion euro as at 31 December 2021 (0.1 billion euro; +0.9%).

**Equity investments**

Equity investments, which amounted to 23.5 billion euro, included controlling interests in subsidiaries, associates and companies subject to joint control and were essentially stable with respect to the end of the previous year (+0.1 billion euro; +0.4%).

**Property, equipment and intangible assets**

Property, equipment and intangible assets amounted to 11.7 billion euro, down 0.2 billion euro (-1.7%) compared to 11.9 billion euro as at 31 December 2021.

**Tax assets**

Tax assets, net of tax liabilities, amounted to 16.9 billion euro, a slight decrease of 0.2 billion euro (-1.4%) on 31 December 2021.

**Allowances for risks and charges**

Allowances for risks and charges amounted to around 4.4 billion euro, down slightly from the end of the previous year (-0.8 billion euro; -15.7%).

## NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Non-current assets held for sale and discontinued operations and related liabilities contain assets and related liabilities which no longer refer to continuing operations as they are being disposed of. As at 30 June 2022, there were assets/groups of assets held for sale totalling 1.2 billion euro, while the related liabilities amounted to 88 million euro. This caption mainly includes portfolios of non-performing loans as well as several single names, totalling 1 billion euro, forming part of the deleveraging initiatives mentioned above, in addition to 174 million euro of equity investments, and 36 million euro of properties.

## SHAREHOLDERS' EQUITY

Shareholders' equity, including the net income of 3,485 million euro, amounted to 56.9 billion euro compared to 54.4 billion euro as at 31 December 2021.

In addition to the difference in the net income of the two comparison periods (+0.4 billion euro; +14.4%), the most significant changes contributing to the increase of 2.5 billion euro (+4.6%) were attributable to:

- the positive effect, recognised at the time of allocation of the 2021 net income for the year, related to the closure of the interim dividend paid on 24 November 2021 from the 2021 net income, approved by the Board of Directors on 3 November 2021 in accordance with the provisions of Article 2433-bis, paragraph 4, of the Italian Civil Code (+1.4 billion euro);
- the increase of 0.9 billion euro (+14.7%) in the figure for Additional Tier 1 capital instruments, mainly as a result of a new issuance of 1 billion euro on 30 March 2022;
- the change in share capital (+0.3 billion euro; +2.8%), resulting from the increases carried out on 30 June 2022 under the new 2022-2025 LECOIP 3.0 Long-Term Investment Plan based on financial instruments;
- the decrease in valuation reserves (-0.7 billion euro; -86.2%).

In the interest of completeness, a breakdown is provided below of the reserves as at 30 June 2022, including the information required by Article 2427, paragraphs 7-bis and 22-septies, of the Italian Civil Code.

## Balance sheet aggregates

	Amount as at 30.06.2022	Principal	Portion of net income	Portion subject to a suspended tax regime	Portion available (a)	Uses in the past three years
(millions of euro)						
<b>Shareholders' equity</b>						
– Share capital (b)	10,369	7,824	759	1,786	-	-
– Equity instruments	7,181	7,222	-41	-	-	-
– Share premium reserve (c)	28,215	13,089	11,457	3,669	A, B, C	394
– Legal reserve	2,065	520	1,545	-	A(1), B, C(1)	-
– Extraordinary reserve	2,075	-	2,075	-	A, B, C	1,932
– Extraordinary reserve - unavailable portion (d)	3,400	-	3,400	-	-	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7, par. 3)	302	-	-	302	A, B(2), C(3)	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7)	366	-	-	366	A, B(2), C(3)	-
– Other reserves, of which:						
<i>Legal Reserve Branches abroad</i>	14	-	14	-	A, B, C	-
<i>Reserve for contribution to LECOIP 3.0/POP/PSP incentive plans</i>	157	156	1	-	A	-
<i>Reserve for POP incentive plan novation agreement</i>	-236	-236	-	-	-	-
<i>IFRS 2 reserve for employee incentive scheme</i>	60	60	-	-	A	-
<i>Reserve for AT1 equity instruments coupons</i>	-1,377	-	-1,377	-	-	-
<i>Suspended tax reserve former UBI Banca</i>	421	-	-	421	A, B, C	-
<i>Merger surplus reserve UBI Leasing</i>	82	317	-235	-	A, B, C	-
<i>Unavailable net income reserve pursuant to Article 6 Legislative Decree 38/2005</i>	355	-	355	-	B	-
<i>Stock option plans reserve</i>	42	-	42	-	A	-
<i>Reserves: other</i>	-170	-	-174	4	-	-
– Valuation reserves						
<i>Revaluation reserve (Law 576 of 2/12/1975)</i>	4	-	-	4	A, B(2), C(3)	-
<i>Revaluation reserve (Law 72 of 19/3/1983)</i>	146	-	-	146	A, B(2), C(3)	-
<i>Revaluation reserve (Law 408 of 29/12/1990)</i>	9	-	-	9	A, B(2), C(3)	-
<i>Revaluation reserve (Law 413 of 30/12/1991)</i>	380	-	-	380	A, B(2), C(3)	-
<i>Revaluation reserve (Law 342 of 22/11/2000)</i>	460	-	-	460	A, B(2), C(3)	-
<i>FVOCI valuation reserve</i>	-1,965	-	-1,965	-	-	-
<i>Property and equipment and intangible assets valuation reserve</i>	1,669	-	1,669	-	(4)	-
<i>CFH valuation reserve</i>	-451	-	-451	-	-	-
<i>Defined benefit plans valuation reserve</i>	-247	-	-247	-	-	-
<i>Financial liabilities designated at fair value through profit or loss valuation reserve</i>	113	-	113	-	(4)	-
– Treasury shares	-32	-32	-	-	-	-
<b>Total Capital and Reserves</b>	<b>53,407</b>	<b>28,920</b>	<b>16,940</b>	<b>7,547</b>	(5)	-
Non-distributable portion (d)	11,584	-	-	-	-	-

(a) A = capital increase; B = loss coverage; C = distribution to shareholders.

(b) The increase of 2 million euro in the portion subject to a suspended tax regime, which corresponds to an equivalent decrease in the portion of net income, is attributable to the transfer to the share capital of the tax suspension constraint previously applied to the capital of UBI Leasing S.p.A.

(c) This reserve includes 23,734 million euro originating from the merger between Banca Intesa and Sanpaolo IMI, as a result of the application of IFRS 3 relating to business combinations.

Pending the issue of legal measures concerning the classification of the reserve recognised in application of that accounting standard, the reserve is considered unavailable up to the amount of goodwill and intangible assets recognised in the financial statements. It should be noted that, solely for the amount classified as suspended tax, if the reserve is used to cover losses, net income cannot be distributed unless the reserve is replenished or correspondingly reduced. In addition, if the suspended tax amount is distributed to shareholders, it contributes to the formation of the company income. The portion of profits subject to tax suspension, equal to 3,669 million euro, includes 1,685 million euro relating to the realignment of the tax values to the higher book values of several real estate assets in accordance with Article 1, paragraph 948, of Law 145/2018 and 1,473 million euro relating to the realignment of the tax values of the brand name and other intangible assets to the higher book values pursuant to Article 110, paragraphs 8 and 8 bis of Law Decree 104/2020.

(d) The unavailable portion of the extraordinary reserve relates to the programme of purchase of own shares for the purpose of annulment (buyback) approved by the Shareholders' Meeting of 29 April 2022 for a maximum total outlay of 3.4 billion euro. The authorisation of the European Central Bank was notified on 24 June 2022.

(e) The non-distributable portion mainly relates to the revaluation reserves, the valuation reserves established as a direct balancing entry to the fair value measurement of property and equipment, the reserve established under the long-term incentive plans, a portion of the share premium reserve, the other suspended tax reserves, the share of net income corresponding to the capital gains recognised in the income statement of the previous year, net of the related tax charge, arising from the application of the fair value measurement, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005, and the amount of the legal reserve corresponding to one-fifth of the share capital, pursuant to Article 2430 of the Italian Civil Code.

(1) May be used to increase capital (A) and for distribution to shareholders (C) for the portion exceeding one fifth of the share capital.

(2) In case of use of the reserve to cover losses, net income may not be distributed unless the reserve is integrated or correspondingly reduced.

(3) The reserve, if it is not recorded under shareholders' equity, may be reduced only in compliance with the provisions of par. 2 and 3 of art. 2445 of the Italian Civil Code. If it is distributed to shareholders, it is recorded in the Company's taxable income.

(4) The reserve is unavailable pursuant to art. 6 of Legislative Decree no. 38/2005.

(5) Pursuant to art. 47, par. 1 of the Combined Tax Regulations, the portion of net income includes retained earnings reserves for 4,208 million euro classified for tax purposes as capital reserves.

The valuation reserves have been included under retained earnings reserves given that these are either reserves destined to be reversed to the income statement at the time of sale or discharge of the corresponding assets or liabilities, i.e. reserves essentially similar to retained earnings reserves.

## OWN FUNDS AND CAPITAL RATIOS

Own funds and capital ratios	(millions of euro)		
	30.06.2022	31.12.2021	
	IFRS 9 "Fully loaded"	IFRS 9 "Transitional"	IFRS 9 "Transitional"
<b>Own funds</b>			
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	36,699	37,329	42,303
Additional Tier 1 capital (AT1) net of regulatory adjustments	7,184	7,184	6,240
<b>TIER 1 CAPITAL</b>	<b>43,883</b>	<b>44,513</b>	<b>48,543</b>
Tier 2 capital net of regulatory adjustments	8,989	8,367	8,909
<b>TOTAL OWN FUNDS</b>	<b>52,872</b>	<b>52,880</b>	<b>57,452</b>
<b>Risk-weighted assets</b>			
Credit and counterparty risk	301,819	301,228	301,100
Market and settlement risks	12,055	12,055	12,564
Operational risks	18,949	18,949	18,068
Other specific risks (a)	-	-	-
<b>RISK-WEIGHTED ASSETS</b>	<b>332,823</b>	<b>332,232</b>	<b>331,732</b>
<b>% Capital ratios</b>			
Common Equity Tier 1 capital ratio	11.0%	11.2%	12.8%
Tier 1 capital ratio	13.2%	13.4%	14.6%
Total capital ratio	15.9%	15.9%	17.3%

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

Own funds amounted to around 52.9 billion euro. The calculation was carried out using the rules introduced, effective as of 1 January 2014, by European Regulation 575/2013 (CRR) and Directive 2013/36/EU (CRD IV) as part of the regulatory framework of the European Union for banks and investment firms. Capital ratios remained high, far above the regulatory requirements. In particular, the Common Equity Tier 1 ratio was 11.2% according to the transitional rules in effect for 2022.

As at 30 June 2022, 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 the amount of 3.4 billion euro.

As at 30 June 2022, the consolidated capital requirements showed a Common Equity Tier 1 Ratio of 12.7% phased-in and 12.5% fully loaded, and a Total Capital Ratio of 17.5% phased-in and 17.4% fully loaded, both well above the minimum requirements set by the supervisory regulations. The Common Equity Tier 1 Ratio was also higher than the minimum level of 12% fully loaded that the Group has set to itself.

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# Risk management

The information on the role performed by the Parent Company Intesa Sanpaolo to ensure effective and efficient management of the risks that the Group is or may be exposed to is provided in the corresponding chapter of the Notes to the Half-yearly condensed consolidated financial statements as at 30 June 2022. You are reminded that Intesa Sanpaolo, in its capacity as Parent Company, performs a role of guidance and coordination with respect to the Group companies, with responsibility for setting the guidelines and methodological rules within the risk management process.

Specifically, the following main risk factors are discussed in the above-mentioned section of the Notes to the half-yearly condensed consolidated financial statements:

- the **military conflict between Russia and Ukraine**, with summary details of both the direct exposures, namely those of the subsidiaries in the two countries, and cross-border exposures, namely those generated mainly by the corporate and investment banking activities of the Parent Company and the international subsidiary banks of the IMI C&IB Division, together with the measurement approaches adopted. The latter concern not only the loan portfolio, but also, albeit to a limited extent, positions in securities and real estate;
- the **COVID-19 pandemic**, regarding which details are provided, particularly in relation to credit risk, of both the full re-establishment of ordinary credit processes and the significant reductions in management overlays to cover the vulnerability of moratoria, in view of the absence of any significant problem issues displayed by positions that reached the deadlines for resuming payments;
- **credit risk**, with updates to the reference macroeconomic scenario for the calculation of the Expected Credit Loss to take into account the effects of the Russian-Ukraine war, the rise in energy costs and consequently in inflation, as well as the rise in interest rates. The deterioration in the macroeconomic environment has also been incorporated into the domestic portfolio through additional management overlays related to a worsening of the estimated default rates on some sectors compared to the satellite model outcomes, as well as the introduction of extraordinary triggers for sliding into Stage 2 in the presence of sector-specific vulnerability;
- **counterparty risk**, a particular type of credit risk involving derivative contracts and transactions in financial instruments, which are of primary importance for the Parent Company, which is authorised to use advanced measurement approaches, and that is present only residually in the other Group banks, which nevertheless apply advanced metrics at management level in simplified form;
- **market risks**, both with reference to the trading book, where Intesa Sanpaolo has the predominant share at consolidated level, and the banking book, for which a description is provided of the current measurement system that examines the risk profile of balance sheet or off-balance sheet items most closely related to lending and deposit collecting activities, based on two distinct but complementary perspectives: economic value, in the medium to long term, and net interest income, in the shorter term;
- **liquidity risk**, noting that the Parent Company performs the functions of monitoring and managing liquidity not only in relation to its own organisation, but also by assessing the Group's overall transactions and the liquidity risk to which it is exposed, through an internal control and management system, whose key aspects are described;
- **operational risks**, for which an outline is provided of the governance framework, involving, with direct responsibility, both the Organisational Units of the Parent Company and those of the other Group Banks and Companies, with the aim of ensuring business solidity and continuity in the long term;
- within the operational risks, particular attention is given to the disclosure on legal risks, with an update on developments for the most significant outstanding disputes, and to the disclosure on tax disputes, which also refers to the most significant cases.

The disclosure on risk management in the Notes to the half-yearly condensed consolidated financial statements as at 30 June 2022 also includes the following, as they are closely monitored by the Parent Company:

- several types of financial products that supranational and national supervisory bodies consider to be high-risk, and therefore call for maximum transparency: these consist of structured credit products, operations carried out through Special Purpose Entities (SPEs), leveraged transactions, investments in hedge funds, and transactions in trading derivatives carried out with customers;
- the three pillars of the framework of financial measurement at fair value, namely fair value measurement of financial assets and liabilities according to the IFRS, independent price verification (IPV) and prudent value measurement. The latter are established by the CRR (Capital Requirement Regulation).

Subsequent to 30 June 2022, there were no events that could significantly change the risk profile of the Bank and the Group.

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## Subsequent events to the first half of 2022

After the end of the half year, no events occurred that could have a negative impact on the balance sheet included in the Financial Statements of Intesa Sanpaolo as at 30 June 2022 prepared in accordance with Article 2433-bis of the Italian Civil Code, as set out below in this document.

On today's date, the Board of Directors approved the consolidated interim statement as at 30 September 2022, which closed with a positive result for the period, despite significant adjustments for risks towards Russia and Ukraine<sup>1</sup>, and a solid capital position, well above the regulatory requirements.

As announced in the press release issued today, to which readers are referred, the Group closed the first nine months of 2022 with a net income of 3,284 million euro, or 4,367 million euro – in line with 2022 Business Plan net income target of over 5 billion euro – when excluding de-risking of Russia-Ukraine exposures.

The net income performance was also positive for the Parent Company Intesa Sanpaolo.

Taking into account the impact of the second tranche of buyback (1.7 billion euro) authorised by the ECB – for which the decision is expected by the time the results as at 31 December 2022 are approved – and the full payout envisaged under the Business Plan, corresponding to 70% of consolidated net income, and therefore to dividends already accrued in the nine months for 2.3 billion euro, the Common Equity Tier 1 Ratio at consolidated level was 12.6% on a phased-in basis for 2022, 12.4% fully loaded and 13.6% pro-forma fully loaded<sup>2</sup>.

The main events affecting Intesa Sanpaolo subsequent to the end of the first half of 2022 are summarised below.

As stated in the initial section "Remarks on the distribution of an interim dividend", during the period from 4 July to 11 October 2022 Intesa Sanpaolo implemented the programme of purchase of own shares for annulment (buyback) as resolved by the Board of Directors on 24 June 2022 on the basis of the approval by the Shareholders' Meeting of 29 April 2022 and the ECB authorisation received on 24 June 2022.

During that period, a total of 988,632,803 shares with no par value were purchased, equal to around 4.95% of the pre-annulment share capital, at an average purchase price per share of 1.7195 euro, for a total countervalue of 1,699,999,999.44 euro. The annulment of the shares took place on 3 August, 7 September and 14 October 2022 for the own shares purchased during the period from 4 July to 29 July, 1 August to 2 September, and 5 September to 11 October 2022, respectively.

As a result of the annulments, the share capital changed its composition, due to the reduction in the number of shares constituting it, while its amount remained unchanged at 10,368,870,930.08 euro.

On 14 July 2022, the contribution from Intesa Sanpaolo to Acantus of the going concern consisting of the aggregate of assets, human resources and legal relationships organised to carry out the collateral lending business was formalised, with legal effect from 25 July. As a result of said contribution, which was financed through a dedicated capital increase, the Transferee fully and generally took over all of the Transferor's assets constituting the going concern, as well as all contracts (with particular reference to collateralised lending contracts). Acantus intends to operate in line with the principles of protection of people in vulnerable conditions adopted by Intesa Sanpaolo, offering a possibility of accessing credit when conventional banking channels do not allow it and a safety net to curb recourse to unconventional lending solutions. The nine branches transferred to Acantus are located in Lombardy and Lazio: they are either dedicated structures or offices within premises where an Intesa Sanpaolo branch is already present, but with independent entrances to ensure the full separation of banking operations from those related to collateral lending.

On 29 July 2022, the international agency S&P Global Ratings revised Intesa Sanpaolo's Outlook from Positive to Stable, maintaining the assigned ratings at "BBB"/"A-2". The action, which involved also other Italian banks, followed on from a similar intervention on 26 July on the outlook for sovereign debt, revised from Positive to Stable, while Italy's ratings remained unchanged at "BBB"/"A-2".

On the following 9 August, Moody's revised Intesa Sanpaolo's Outlook from Stable to Negative, keeping the main existing ratings at "Baa1"/"P-2". Also in this case, the rating action, carried out at a sectoral level, reflected a similar move on the outlook for Italian sovereign debt, which was changed from Stable to Negative on 5 August, leaving Italy's ratings unchanged at "Baa3"/"P-3".

On 3 August 2022, Intesa Sanpaolo completed the sale of its 25% equity investment in Innolva S.p.A. (a 75% subsidiary of Tinexta) to a leading global company specialising in credit and business information systems. The equity investment had been acquired in return for the transfer, into Innolva, of the equity investment in Intesa Sanpaolo Forvalue S.p.A. (renamed Forvalue), as part of the strategic partnership launched in 2021 with the Tinexta Group, a leading company in Digital Trust, Cyber Security and Innovation & Marketing services, listed on the Euronext Star Milan segment organised and managed by Borsa Italiana.

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<sup>1</sup> 1,341 million euro gross, 1,083 million euro net of tax.

<sup>2</sup> Estimated on the basis of 30 September 2022 financial statements taking into account the total absorption of DTAs (Deferred Tax Assets) related to the first-time adoption of IFRS 9, DTAs convertible in tax credit related to goodwill realignment and adjustments to loans, DTAs related to the non-taxable public cash contribution of 1,285 million euro covering the integration and rationalisation charges relating to the acquisition of operations of the two former Venetian banks, the expected absorption of DTAs on losses carried forward and DTAs related to the acquisition of UBI Banca and to the agreement with the Trade Unions signed on 16 November 2021 and the expected distribution on the 2022 nine months net income of insurance companies.



In order to ensure that Intesa Sanpaolo maintained control over the operations of Forvalue, which remained in the Tinexta Group as a result of its transfer to the subsidiary Warrant Hub, specialised in advising businesses on subsidised finance transactions and support for innovation and development projects, ISP agreed with Tinexta to reinvest the amount received from the sale of the equity investment in Innolva to acquire a minority interest in Warrant Hub, Forvalue's new parent company. The agreement, signed on 28 October 2022, envisages an investment by Intesa Sanpaolo of 55 million euro and the acquisition of an equity investment in Warrant Hub through a capital increase. The closing is scheduled for November, following the passing of the resolution for the capital increase and the approval of the new articles of association. Upon completion of the transaction, the share capital of Warrant Hub will be held 88% by Tinexta, which directs the corporate governance, and 12% by Intesa Sanpaolo. Put and call options have also been established for the interest in Warrant Hub's share capital held by Intesa Sanpaolo, conditional – among other things – on the termination of the partnership and/or particular results relative to the plan targets, as well as an earn-out if certain plan targets are met with the approval of Forvalue's 2025 financial statements.

Between 12 and 14 September 2022, a share buyback programme was executed to service the plans of assignment, free of charge, of Intesa Sanpaolo ordinary shares to the employees and the Financial Advisors of the Group, in relation to: (i) the Intesa Sanpaolo Group share-based incentive plan for 2021 reserved for Risk Takers who accrue a bonus in excess of the so-called "materiality threshold"<sup>3</sup>, for recipients of a "particularly high" amount<sup>4</sup> and those who, among Middle Management or Professionals that are not Risk Takers, accrue "relevant bonuses"<sup>5</sup>; (ii) the Privredna Banka Zagreb (PBZ) Group share-based incentive plan for 2021, and to the outstanding portions in financial instruments deriving from previous plans; and (iii) the long-term incentive plans reserved for the Financial Advisors of the Networks of the Fideuram - Intesa Sanpaolo Private Banking Group. In addition, the programme is implemented in order to grant, when certain conditions occur, severance payments upon early termination of employment.

On the three days of execution of the programme, a total of 46,216,652 Intesa Sanpaolo ordinary shares were purchased, through the IMI Corporate & Investment Banking Division, representing approximately 0.24% of the share capital of the Parent Company, at an average price of 1.8932 euro per share, for a total countervalue of 87,496,321.48 euro. The Parent Company alone purchased 12,967,930 shares at an average price per share of 1.8938 euro, for a countervalue of 24,558,315.42 euro. The transactions were carried out in compliance with provisions included in Articles 2357 and following, and 2359-bis and following of the Italian Civil Code and within the limits stated in the resolutions passed by the competent corporate bodies. Specifically, in the case of the Parent Company Intesa Sanpaolo, in accordance with the terms approved by the Shareholders' Meeting of 29 April 2022.

Pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis of the Issuers' Regulation as amended, the purchases were executed on the regulated Euronext Milan market managed by Borsa Italiana, in accordance with trading methods laid down in the market rules for these transactions.

Moreover, as for the purchase modality, the transactions were arranged in compliance with the conditions and the restrictions under Article 5 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3 and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

The number of shares purchased on a daily basis did not exceed 25% of the average daily volume of Intesa Sanpaolo ordinary shares traded in August 2022, which was equal to 108.1 million shares, and 15% of the volume traded on the Euronext Milan market on each purchase day, in accordance with the additional constraint envisaged by the programme with respect to the above-mentioned regulatory conditions and restrictions.

As a result of the changes in the market conditions and the strategic orientation within the Group, the following corporate transactions were carried out:

- *merger by incorporation of Intesa Sanpaolo Agents4You S.p.A. into Intesa Sanpaolo S.p.A.*  
This is a company of the former Banca Popolare di Vicenza Group dedicated to financial agency activities pursuant to Article 128-quater of the Consolidated Law on Banking, without its own personnel. In view of the termination of the agency agreement that the company had in place with the Parent Company and the consequent termination of the company's mission, as part of the integration of the former UBI Banca Group, a reorganisation of the marketing activities was undertaken with the gradual convergence of the Agents4You network of agents into Prestitalia. The transaction, which received ECB authorisation on 27 July 2022, was approved by the Board of Directors of Intesa Sanpaolo on 13 September and by the Extraordinary Shareholders' Meeting of Intesa Sanpaolo Agents4You on 14 September. The deed of merger was signed on 18 October 2022 with legal effect from 1 November and accounting and tax effects from 1 January 2022. As a merger involving a wholly-owned company, it was carried out in the simplified manner provided for in Article 2505 of the Italian Civil Code;
- *merger by incorporation of Intesa Sanpaolo Smart Care S.r.l into Intesa Sanpaolo S.p.A.*  
A company specialising in the provision of ancillary services for several insurance products offered by Group companies. It has no employees but operates with staff seconded from Intesa Sanpaolo. Prior to the transaction, which received the ECB authorisation on 15 August 2022, the following were carried out: (i) the assumption by ISP of the interest held by Intesa Sanpaolo Vita S.p.A. (48.99%, against the 51.01% held directly by ISP), which took place by notarial deed dated 30 September 2022 recorded in the Torino Company Register on 5 October, as well as (ii) the sale by the merged company of capital assets and technological devices to Intesa Sanpaolo Assicura S.p.A. (a company of the Insurance Division), which will carry out the new operations, with the transaction taking effect from 31 October 2022.  
On 1 September, the merger plan was filed with the Torino Company Register. The transaction was approved by the Board of Directors of Intesa Sanpaolo and the Shareholders' Meeting of Intesa Sanpaolo Smart Care on 17 October 2022. The merger deed is due to be signed by the end of the fourth quarter. Given that this transaction also involves two wholly-owned companies, the merger will take place in the simplified manner provided for in Article 2505 of the Italian Civil Code, with accounting and tax effects from 1 January 2022.

<sup>3</sup> Amounting to 50 thousand euro or one third of the total remuneration (unless otherwise provided for in specific local regulations).

<sup>4</sup> Pursuant to the Group Remuneration and Incentive Policies, for the three-year period 2019-2021, a variable remuneration exceeding 400 thousand euro constitutes a "particularly high" amount.

<sup>5</sup> In excess of 80 thousand euro (unless otherwise provided for in specific local regulations) and 100% of the fixed remuneration.



On 28 September 2022 – following the authorisation received from the ECB on 16 September – the notices were published for the filing in the Torino Company Register of the plans for the partial demerger of Intesa Sanpaolo in favour of the wholly-owned vehicle companies Tatoonie LeaseCo S.r.l. and Dagobah LeaseCo S.r.l..

The two demergers form part of securitisations involving receivables arising from finance lease agreements mainly classified as bad loans, together with the immovable and movable property and the legal relationships subject to/associated with part of those finance lease agreements.

These will be simplified partial demergers pursuant to Article 2505, paragraph 2, and Article 2506-ter, last paragraph, of the Italian Civil Code, involving a set of specific financial assets and liabilities related to the securitisations, immovable and movable property subject to the lease agreements giving rise to the receivables of the demerged company, and all the connected legal relationships, not included in the securitisation.



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## Information on the economic prospects and the outlook for the current year

The industrial initiatives of the 2022-2025 Business Plan are well underway and the consolidated net income target of 6.5 billion euro in 2025 is confirmed, with clear and strong upside deriving from the increase of interest rates (net interest income growth of around 2 billion euro in a twelve-month period assuming yearly average Euribor 1-month at 2%).

A consolidated net income of more than 4 billion euro is envisaged for 2022 following the reduction of the exposure to Russia and the strong operating performance of the third quarter, despite the worsening of commodity / energy supplies.

In 2022, Intesa Sanpaolo S.p.A. is expected to achieve a full-year net income higher than the semi-annual net income.

A solid capital position is envisaged, with a consolidated fully phased-in Common Equity Tier 1 ratio target above 12% over the 2022-2025 Business Plan horizon, in accordance with Basel 3 / Basel 4 regulations. Intesa Sanpaolo S.p.A.'s capital ratios are expected to largely exceed the minimum capital requirements established.

A strong value distribution is envisaged:

- a payout ratio of 70% of the consolidated net income in each year of the Business Plan (2.3 billion euro already accrued on the net income of the first nine months 2022, of which 1.4 billion euro payable as an interim dividend on 23 November 2022);
- additional distribution to shareholders of 1.7 billion euro through the buyback launched on 4 July 2022 and concluded on 11 October 2022;
- the decision regarding the buyback for the remaining amount of 1.7 billion euro authorised by the ECB will be taken by the time the results as at 31 December 2022 are approved;
- any additional distribution to be evaluated on a yearly basis starting from 2023.

The Board of Directors

Milan, 4 November 2022

\* \* \*

In this regard, the independent auditors EY S.p.A. issued their legally-required opinion during the meeting of the Board of Directors of 4 November 2022, after the approval of this document.



Financial statements of Intesa Sanpaolo S.p.A.  
as at 30 June 2022 prepared pursuant  
to Article 2433-bis of the Italian Civil Code







## Balance Sheet – Assets

Assets	30.06.2022	31.12.2021	(millions of euro) Changes	
			amount	%
10. Cash and cash equivalents	7,801	7,730	71	0.9
20. Financial assets measured at fair value through profit or loss	52,655	51,636	1,019	2.0
<i>a) financial assets held for trading</i>	48,602	47,731	871	1.8
<i>b) financial assets designated at fair value</i>	1	1	-	-
<i>c) other financial assets mandatorily measured at fair value</i>	4,052	3,904	148	3.8
30. Financial assets measured at fair value through other comprehensive income	44,825	52,149	-7,324	-14.0
40. Financial assets measured at amortised cost	588,156	599,476	-11,320	-1.9
<i>a) due from banks</i>	139,289	160,488	-21,199	-13.2
<i>b) loans to customers</i>	448,867	438,988	9,879	2.3
50. Hedging derivatives	7,090	1,566	5,524	
60. Fair value change of financial assets in hedged portfolios (+/-)	-6,163	393	-6,556	
70. Equity investments	23,475	23,420	55	0.2
80. Property and equipment	7,803	7,875	-72	-0.9
90. Intangible assets	3,936	4,012	-76	-1.9
<i>of which:</i>				
- goodwill	67	67	-	-
100. Tax assets	17,310	17,394	-84	-0.5
<i>a) current</i>	3,486	3,387	99	2.9
<i>b) deferred</i>	13,824	14,007	-183	-1.3
110. Non-current assets held for sale and discontinued operations	1,167	1,326	-159	-12.0
120. Other assets	11,629	7,263	4,366	60.1
<b>Total assets</b>	<b>759,684</b>	<b>774,240</b>	<b>-14,556</b>	<b>-1.9</b>



## Balance Sheet – Liabilities and Shareholders' Equity

Liabilities and Shareholders' Equity	30.06.2022	31.12.2021	(millions of euro)	
			Changes amount	%
10. Financial liabilities measured at amortised cost	614,243	638,920	-24,677	-3.9
<i>a) due to banks</i>	174,399	191,156	-16,757	-8.8
<i>b) due to customers</i>	357,991	357,474	517	0.1
<i>c) securities issued</i>	81,853	90,290	-8,437	-9.3
20. Financial liabilities held for trading	56,878	57,227	-349	-0.6
30. Financial liabilities designated at fair value	4,753	3,675	1,078	29.3
40. Hedging derivatives	3,194	3,971	-777	-19.6
50. Fair value change of financial liabilities in hedged portfolios (+/-)	-5,028	60	-5,088	
60. Tax liabilities	410	496	-86	-17.3
<i>a) current</i>	44	52	-8	-15.4
<i>b) deferred</i>	366	444	-78	-17.6
Liabilities associated with non-current assets held for sale and discontinued operations	88	25	63	
70. operations	88	25	63	
80. Other liabilities	23,822	10,332	13,490	
90. Employee termination indemnities	849	1,027	-178	-17.3
100. Allowances for risks and charges	3,583	4,208	-625	-14.9
<i>a) commitments and guarantees given</i>	368	367	1	0.3
<i>b) post-employment benefits</i>	150	245	-95	-38.8
<i>c) other allowances for risks and charges</i>	3,065	3,596	-531	-14.8
110. Valuation reserves	118	855	-737	-86.2
120. Redeemable shares	-	-	-	-
130. Equity instruments	7,181	6,260	921	14.7
140. Reserves	7,556	8,175	-619	-7.6
145. Interim dividend (-)	-	-1,399	-1,399	
150. Share premium reserve	28,215	27,445	770	2.8
160. Share capital	10,369	10,084	285	2.8
170. Treasury shares (-)	-32	-69	-37	-53.6
180. Net income (loss) (+/-)	3,485	2,948	537	18.2
<b>Total liabilities and shareholders' equity</b>	<b>759,684</b>	<b>774,240</b>	<b>-14,556</b>	<b>-1.9</b>

## Income Statement

	30.06.2022	30.06.2021	(millions of euro)	
			Changes	
			amount	%
10. Interest and similar income	4,279	4,145	134	3.2
<i>of which: interest income calculated using the effective interest rate method</i>	3,937	3,965	-28	-0.7
20. Interest and similar expense	-1,208	-1,112	96	8.6
<b>30. Interest margin</b>	<b>3,071</b>	<b>3,033</b>	<b>38</b>	<b>1.3</b>
40. Fee and commission income	3,261	3,316	-55	-1.7
50. Fee and commission expense	-477	-442	35	7.9
<b>60. Net fee and commission income</b>	<b>2,784</b>	<b>2,874</b>	<b>-90</b>	<b>-3.1</b>
70. Dividend and similar income	2,488	1,599	889	55.6
80. Profits (Losses) on trading	234	375	-141	-37.6
90. Fair value adjustments in hedge accounting	35	45	-10	-22.2
100. Profits (Losses) on disposal or repurchase of:	52	482	-430	-89.2
a) <i>financial assets measured at amortised cost</i>	200	105	95	90.5
b) <i>financial assets measured at fair value through other comprehensive income</i>	-140	406	-546	
c) <i>financial liabilities</i>	-8	-29	-21	-72.4
Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	639	76	563	
a) <i>financial assets and liabilities designated at fair value</i>	543	-37	580	
b) <i>other financial assets mandatorily measured at fair value</i>	96	113	-17	-15.0
<b>120. Net interest and other banking income</b>	<b>9,303</b>	<b>8,484</b>	<b>819</b>	<b>9.7</b>
130. Net losses/recoveries for credit risks associated with:	-492	-818	-326	-39.9
a) <i>financial assets measured at amortised cost</i>	-455	-811	-356	-43.9
b) <i>financial assets measured at fair value through other comprehensive income</i>	-37	-7	30	
140. Profits (Losses) on changes in contracts without derecognition	-1	-17	-16	-94.1
<b>150. Net income from banking activities</b>	<b>8,810</b>	<b>7,649</b>	<b>1,161</b>	<b>15.2</b>
160. Administrative expenses:	-4,176	-4,484	-308	-6.9
a) <i>personnel expenses</i>	-2,559	-2,714	-155	-5.7
b) <i>other administrative expenses</i>	-1,617	-1,770	-153	-8.6
170. Net provisions for risks and charges	-190	-92	98	
a) <i>commitments and guarantees given</i>	-1	64	-65	
b) <i>other net provisions</i>	-189	-156	33	21.2
180. Net adjustments to / recoveries on property and equipment	-237	-226	11	4.9
190. Net adjustments to / recoveries on intangible assets	-339	-315	24	7.6
200. Other operating expenses (income)	415	407	8	2.0
<b>210. Operating expenses</b>	<b>-4,527</b>	<b>-4,710</b>	<b>-183</b>	<b>-3.9</b>
220. Profits (Losses) on equity investments	34	-224	258	
230. Valuation differences on property, equipment and intangible assets measured at fair value	-3	-4	-1	-25.0
240. Goodwill impairment	-	-	-	-
250. Profits (Losses) on disposal of investments	1	-8	9	
<b>260. Income (Loss) before tax from continuing operations</b>	<b>4,315</b>	<b>2,703</b>	<b>1,612</b>	<b>59.6</b>
270. Taxes on income from continuing operations	-830	-106	724	
<b>280. Income (Loss) after tax from continuing operations</b>	<b>3,485</b>	<b>2,597</b>	<b>888</b>	<b>34.2</b>
290. Income (Loss) after tax from discontinued operations	-	-	-	-
<b>300. Net income (loss)</b>	<b>3,485</b>	<b>2,597</b>	<b>888</b>	<b>34.2</b>

## Statement of comprehensive income

	30.06.2022	30.06.2021	(millions of euro)	
			Changes amount	%
<b>10. NET INCOME (LOSS)</b>	<b>3,485</b>	<b>2,597</b>	<b>888</b>	<b>34.2</b>
<b>Other comprehensive income (net of tax) that may not be reclassified to the income statement</b>	<b>3</b>	<b>251</b>	<b>-248</b>	<b>-98.8</b>
20. Equity instruments designated at fair value through other comprehensive income	-491	228	-719	
30. Financial liabilities designated at fair value through profit or loss (change in own credit rating)	190	5	185	
40. Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50. Property and equipment	177	-6	183	
60. Intangible assets	-	-	-	
70. Defined benefit plans	127	24	103	
80. Non current assets classified as held for sale	-	-	-	
90. Share of valuation reserves connected with investments carried at equity	-	-	-	
<b>Other comprehensive income (net of tax) that may be reclassified to the income statement</b>	<b>-743</b>	<b>-300</b>	<b>443</b>	
100. Hedges of foreign investments	-	-	-	
110. Foreign exchange differences	-	-	-	
120. Cash flow hedges	153	107	46	43.0
130. Hedging instruments (not designated elements)	-	-	-	
140. Financial assets (other than equities) measured at fair value through other comprehensive income	-896	-407	489	
150. Non-current assets held for sale and discontinued operations	-	-	-	
160. Share of valuation reserves connected with investments carried at equity	-	-	-	
<b>170. Total other comprehensive income (net of tax)</b>	<b>-740</b>	<b>-49</b>	<b>691</b>	
<b>180. TOTAL COMPREHENSIVE INCOME (Captions 10 + 170)</b>	<b>2,745</b>	<b>2,548</b>	<b>197</b>	<b>7.7</b>

Statement of changes in shareholders' equity as at 30 June 2022

(millions of euro)

	30.06.2022										
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim Dividend	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	other shares		retained earnings	other						
<b>AMOUNTS AS AT 31.12.2021</b>	<b>10,084</b>	-	<b>27,445</b>	<b>7,088</b>	<b>1,087</b>	<b>855</b>	<b>6,260</b>	<b>-1,399</b>	<b>-69</b>	<b>2,948</b>	<b>54,299</b>
Changes in opening balances	-	-	-	-	-	-	-	-	-	-	-
<b>AMOUNTS AS AT 1.1.2022</b>	<b>10,084</b>	-	<b>27,445</b>	<b>7,088</b>	<b>1,087</b>	<b>855</b>	<b>6,260</b>	<b>-1,399</b>	<b>-69</b>	<b>2,948</b>	<b>54,299</b>
<b>ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR</b>											
Reserves	-	-	-	233	-	-	-	-	-	-233	-
Dividends and other allocations	-	-	-	-	-	-	-	1,399	-	-2,715	-1,316
<b>CHANGES IN THE PERIOD</b>											
<b>Changes in reserves</b>	-	-	<b>598</b>	<b>-582</b>	<b>-270</b>	<b>3</b>	-	-	-	-	<b>-251</b>
<b>Operations on shareholders' equity</b>											
Issue of new shares	285	-	405	-	-	-	-	-	37	-	727
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-233	-	-	-	-	-	-	-	-233
Changes in equity instruments	-	-	-	-	-	-	921	-	-	-	921
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	-	<b>-740</b>	-	-	-	<b>3,485</b>	<b>2,745</b>
<b>SHAREHOLDERS' EQUITY AS AT 30.06.2022</b>	<b>10,369</b>	-	<b>28,215</b>	<b>6,739</b>	<b>817</b>	<b>118</b>	<b>7,181</b>	-	<b>-32</b>	<b>3,485</b>	<b>56,892</b>

## Statement of changes in shareholders' equity as at 30 June 2021

	(millions of euro)									
						30.06.2021				
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
ordinary shares	other shares	retained earnings		other						
<b>AMOUNTS AS AT 31.12.2020</b>	<b>10,084</b>	<b>-</b>	<b>27,603</b>	<b>6,620</b>	<b>989</b>	<b>1,176</b>	<b>7,053</b>	<b>-90</b>	<b>679</b>	<b>54,114</b>
Changes in opening balances	-	-	-	-	-	-	-	-	-	-
<b>AMOUNTS AS AT 1.1.2021</b>	<b>10,084</b>	<b>-</b>	<b>27,603</b>	<b>6,620</b>	<b>989</b>	<b>1,176</b>	<b>7,053</b>	<b>-90</b>	<b>679</b>	<b>54,114</b>
<b>ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR</b>	-	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	130	-	-	-	-	-130	-
Dividends and other allocations	-	-	-	-	-	-	-	-	-549	-549
<b>CHANGES IN THE PERIOD</b>										
<b>Changes in reserves</b>	-	-	<b>2</b>	<b>2,431</b>	<b>23</b>	<b>26</b>	-	-	-	<b>2,482</b>
<b>Operations on shareholders' equity</b>										
Issue of new shares	-	-	-	-	-	-	-	33	-	33
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-161	-	-	-	-	-	-	-161
Changes in equity instruments	-	-	-	-	-	-	-807	-	-	-807
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	-	<b>-49</b>	-	-	<b>2,597</b>	<b>2,548</b>
<b>SHAREHOLDERS' EQUITY AS AT 30.06.2021</b>	<b>10,084</b>	<b>-</b>	<b>27,444</b>	<b>9,181</b>	<b>1,012</b>	<b>1,153</b>	<b>6,246</b>	<b>-57</b>	<b>2,597</b>	<b>57,660</b>

## Statement of cash flows

(millions of euro)

	30.06.2022	30.06.2021
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Cash flow from operations</b>	<b>1,898</b>	<b>4,235</b>
Net income (loss) (+/-)	3,485	2,597
Gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit and loss (-/+)	-1,465	596
Gains/losses on hedging activities (-/+)	-35	-45
Net losses/recoveries for credit risk (+/-)	662	1,094
Adjustments to/net recoveries on property, equipment and intangible assets (+/-)	576	541
Net provisions for risks and charges and other costs/revenues (+/-)	274	190
Taxes, duties and tax credits to be paid/collected(+/-)	782	58
Net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
Other adjustments (+/-)	-2,381	-796
<b>2. Cash flow from / used in financial assets</b>	<b>-847</b>	<b>-21,258</b>
Financial assets held for trading	-1,276	-1,237
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	-90	-96
Financial assets measured at fair value through other comprehensive income	5,460	-9,908
Financial assets measured at amortised cost	9,478	-10,606
Other assets	-14,419	589
<b>3. Cash flow from / used in financial liabilities (*)</b>	<b>-2,986</b>	<b>19,585</b>
Financial liabilities measured at amortised cost	-23,892	16,819
Financial liabilities held for trading	863	-3,172
Financial liabilities designated at fair value	1,979	335
Other liabilities	18,064	5,603
<b>Net cash flow from (used in) operating activities</b>	<b>-1,935</b>	<b>2,562</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flow from</b>	<b>2,597</b>	<b>1,548</b>
Sales of investments in associates and companies subject to joint control	224	30
Dividends collected on investments in associates and companies subject to joint control	2,348	1,518
Sales of property and equipment	25	-
Sales of intangible assets	-	-
Sales of subsidiaries and business branches	-	-
<b>2. Cash flow used in</b>	<b>-467</b>	<b>-1,386</b>
Purchases of investments in associates and companies subject to joint control	-77	-1,386
Purchases of property and equipment	-114	-
Purchases of intangible assets	-276	-
Purchases of subsidiaries and business branches	-	-
<b>Net cash flow from (used in) investing activities</b>	<b>2,130</b>	<b>162</b>
<b>C. FINANCING ACTIVITIES</b>		
Issues/purchases of treasury shares	643	33
Share capital increases	781	-1,375
Dividend distribution and other	-1,549	-709
<b>Net cash flow from (used in) financing activities</b>	<b>-125</b>	<b>-2,051</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>70</b>	<b>673</b>
<b>RECONCILIATION</b>		
<b>Financial statement captions</b>		
Cash and cash equivalents at beginning of period	7,730	6,748
Net increase (decrease) in cash and cash equivalents	70	673
Cash and cash equivalents: foreign exchange effect	1	-
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>7,801</b>	<b>7,421</b>

LEGEND: (+) from (-) used in

(\*) With regard to the disclosure required by par. 44 B of IAS 7, it is noted that the changes in liabilities deriving from financing activities amount to -3 billion euro (cash flow used) and comprise -23,9 billion euro in cash flows, +2,8 billion euro in fair value changes and +18,1 billion euro in other changes.







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## Preparation criteria and accounting policies

These financial statements of Intesa Sanpaolo S.p.A. for the period ended 30 June 2022, prepared in accordance with Article 2433-bis of the Italian Civil Code, consist of the financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows) and these notes. They have been prepared in compliance with the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRS-IC) and endorsed by the European Commission and in force as at 30 June 2022, as provided for by EU Regulation 1606 of 19 July 2002.

The financial statements prepared for the determination of the half-yearly income have been prepared in accordance with the recognition and measurement criteria set out in the International Financial Reporting Standards adopted by the European Union. The accounting policies adopted for the preparation of these financial statements, with regard to the classification, recognition, measurement and derecognition of asset and liability captions, and the recognition methods for revenues and costs, have remained unchanged with respect to those adopted for the Annual Report of Intesa Sanpaolo as at 31 December 2021, to which reference should be made for further details.

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and income statement, and on the contingent assets and liabilities reported in the financial statements. Estimates are based on available information and subjective evaluations, also founded on past experience, which are used to formulate reasonable assumptions in measuring operating events. Given their nature, the estimates and assumptions used may vary from year to year, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future financial years as a result of changes in the subjective evaluations made.

If there are greater uncertainties and/or the assets being measured are particularly material, the valuation is supported by specific fairness opinions from external appraisers/experts.

The main cases for which subjective evaluations are required to be made by corporate management include:

- the measurement of impairment losses on loans, investments, and, generally, other financial assets;
- the use of measurement models for determining the fair value of financial instruments not listed on active markets;
- the evaluation of the appropriateness of amounts stated for goodwill and other intangible assets;
- the fair value measurement of real estate and valuable art assets;
- the measurement of personnel funds and allowances for risks and charges;
- the estimates and assumptions on the collectability of deferred tax assets.

With regard to the main items subject to estimates, the following should be noted in particular:

- for the quantification of the impairment losses on loans, details are provided further below;
- for the models used for the fair value measurement, details are provided in the section “Risk management” in the Notes to the Consolidated Half-yearly Report as at 30 June 2022;
- in relation to the appropriateness of the value of the intangible assets, specifically for goodwill, in the context of the Russian-Ukrainian conflict, details are provided further below;
- in relation to the collectability of deferred tax assets, no critical issues have been identified that would necessitate a redetermination of the recoverable amounts.

With regard to the changes in the accounting regulations, the provisions of Regulation 1080/2021 of 28 June 2021, which implements several less material amendments, published by the IASB on 14 May 2020, to the international accounting standards IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRS 3 Business Combinations are effective from 1 January 2022.

The amendments relate to:

- IAS 16 – Cost components: the amendments, which are not pertinent to the Bank, introduce a prohibition on deducting from the cost of property, plant and equipment the amounts received from the sale of articles produced while the company was preparing the asset for the intended use. The company must recognise such proceeds from sales and the related costs in the income statement;
- IAS 37 – Onerous contracts: it is clarified that to assess whether a contract is onerous, all costs directly related to the contract, rather than incremental costs necessary for fulfilling the contract, must be included in the estimate. Accordingly, the assessment of whether a contract is onerous includes the incremental costs (for example, the cost of the direct materials used in processing), as well as all costs that the entity cannot avoid as a consequence of entering into the contract (for example, the portion of personnel expenses and depreciation of the machinery employed to fulfil the contract);
- IFRS 3 – References to the Conceptual Framework: several references were updated to the new version of the Conceptual Framework of 2018 which, nonetheless, do not entail changes to the pre-existing accounting methods. In addition, the prohibition on recognising contingent assets (i.e., assets whose existence will only be confirmed by uncertain future events) in business combinations was explicitly stated (previously, this prohibition was explicitly stated only in the Basis for Conclusion).

The Regulation in question also endorses the customary annual improvements - the Annual Improvements to IFRS Standards 2018-2020 Cycle - which clarify the formulation or correct errors, oversights or conflicts between the requirements of the Standards. Those minor amendments included changes to IFRS 9 Financial Instruments, providing several clarifications on the fees and commissions to be included in the 10% test for derecognising financial liabilities. In that regard, it is specified that only fees paid or collected between the parties are to be included, not fees directly attributable to third parties.

Considering the scope of the amendments in question, which introduce changes and clarifications of little significance, the Regulation does not have significant impacts on the Bank.

### The main accounting aspects related to the military conflict between Russia and Ukraine and Intesa Sanpaolo's approach

On 24 February 2022, the gradually escalating tension between Russia and Ukraine erupted into conflict, the intensity of which had not been seen in Europe since the end of the second world war. The situation was immediately closely monitored and assessed by Intesa Sanpaolo, also in light of the guidance provided by the regulators on the subject<sup>6</sup>, given that the Group has:

- a direct presence with two subsidiaries in the warring countries (Pravex Bank Public Joint-Stock Company and Banca Intesa Russia) and is therefore particularly exposed to the consequences of the conflict;
- cross-border exposures stemming from its corporate and investment banking activities.

With regard to the latter, in its lending activities, IMI C&IB Division has over time financed counterparties resident in the Russian Federation. Over two-thirds of the loans to Russian customers involve leading industrial groups, which have established commercial relationships with customers belonging to the main international supply chains, a significant amount of which derives from commodity exports.

For the Parent Company Intesa Sanpaolo, as at 30 June 2022 the exposures to customers resident in Russia<sup>7</sup> amounted (net of ECA guarantees) to 1,581 million euro, in terms of gross values. These were accompanied by exposures to banks totalling 351 million euro and in securities totalling 10.4 million euro<sup>8</sup>. The exposures to customers resident in Ukraine amounted to 20 million euro. These were accompanied by exposures to banks totalling 8 million euro.

In view of the above, for the purpose of valuing these items, a normative analysis has been initiated on the international accounting standards to check for any guidance or criteria for the measurement of the expected credit loss (below also ECL) in crisis/war situations like the current one. The analyses of IFRS 9 and the related Annexes show no indications or examples aimed at setting out specific guidelines for the measurement of Expected Credit Losses in contexts of war or defining specific methods of increasing credit risk due to sudden, serious geopolitical crises such as the current one. The most pertinent references to the current scenario seem to be those set out in the Application Guidance of the standard. These allow/suggest the use of collective assessment to verify the existence of a Significant Increase in Credit Risk (SICR) with a view to staging the credit exposures<sup>9</sup>, as well as, in line with the treatment set out for capturing the critical issues of another recent emergency situation (COVID-19<sup>10</sup>), using the management overlay in calculating the ECL, to define the most suitable methods to incorporate the aspects linked to the ongoing conflict into provisions.

It was therefore decided, from the Interim Statement as at 31 March 2022, to adopt a measurement approach strongly driven by the emergence of geopolitical risk applied on the basis of the country of residence of the counterparties, both for the determination of the SICR and the calculation of the ECL through the application of management overlays. This was considered the most appropriate way to incorporate the provisions for country and geopolitical risk related to the current conflict that would otherwise not be properly captured by the risk measurement systems normally used. These choices have been applied consistently to the cross-border exposures and the ones of the two subsidiaries. As already noted, with specific reference to the cross-border exposures, the Russian companies financed before the outbreak of the conflict all had high ratings and therefore, for most of them, their business outlook does not include any increased risks other than those generated by the geopolitical situation. Consequently, for these companies, the main current risk is transfer risk, i.e. the risk that they will fail to honour their debt repayment commitments, not because of aspects directly related to their business, but because of government-imposed restrictions. This type of risk was captured both through a revision of the ratings of Russian counterparties and the consequent downgrading to classes with higher risk and classification in Stage 2 or Stage 3 and the introduction of management overlays consisting of the application of an estimated loss rate based on the risk of the country of residence and the introduction of a prudent margin for potential additional worsening of the counterparties' creditworthiness.

These choices build on what was already implemented in the Consolidated Interim Statement as at 31 March 2022, maintaining substantially the same approach, and represent an evolution that became necessary/possible in light of the developments in the situation as well as the longer timeframe available. Indeed, the choices are characterised by additional prudence in view of the continuing conflict, and in particular:

- the consistency of the ratings of the main counterparties directly affected by the conflict has been further verified and, if necessary, updated in order to capture the most up-to-date risk profile possible in the ratings;

<sup>6</sup> See in particular the documents "ESMA Public Statement: ESMA coordinates regulatory response to the war in Ukraine and its impact on EU financial markets – 14.03.2022" and "ESMA: Public Statement – Implication of Russia's invasion of Ukraine on half-yearly financial reports – 13.05.2022, and "CONSOB draws the attention of supervised issuers to the impact of the war in Ukraine in relation to inside information and financial reporting – 22 March 2022".

<sup>7</sup> For these purposes, the small exposures to Belarusian counterparties have for simplicity been treated and disclosed together with the exposures to the Russian Federation.

<sup>8</sup> There were also cross-border unsecured risks of 1,161 million euro towards resident customers (net of ECA, including guarantees provided by the Parent Company to Intesa Sanpaolo Luxembourg and Ireland for 806 million euro), a total of 553 million euro towards Russian resident banks and 111 million euro towards banks resident in Ukraine. Lastly, there were exposures in OTC derivatives, amounting to 19 million euro in terms of positive fair value and -17 million euro in terms of negative fair value.

<sup>9</sup> In particular, see IFRS 9 B5.5.1, IFRS 9 B5.5.4, IFRS 9 B5.5.5, IFRS 9 B5.5.18 and IFRS 9 B5.5.52.

<sup>10</sup> IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic.

- the equity investments in the two subsidiaries resident in Russia and Ukraine have been further written down, in consideration of the inevitable repercussions on the entities resident in the countries directly involved in the conflict.

Overall, these measurement processes led to the recognition in the half year, before tax, of 285 million euro in adjustments to loans, including 63 million euro related to the guarantees provided by the Parent Company to Intesa Sanpaolo Luxembourg and Ireland to cover outstanding risks to counterparties related to the Russia crisis, in addition to 22 million euro on securities.

With regard to the controlling interests held by the Parent Company in Pravex Bank and Joint Stock Company Banca Intesa, their value was written off, for a total of 116 million euro, and 82 million euro was allocated to capture the value of the shareholders' equity brought by the subsidiaries to the Group financial statements. For more details, see the corresponding section of the Notes to the Consolidated Half-yearly Report as at 30 June 2022.

With regard to the assessment of the appropriateness of the amounts stated for the intangible assets, and in particular for goodwill, in the context of the Russian-Ukrainian conflict, we refer to the recent guidance provided by the authorities and industry bodies:

- ESMA Public Statement “Implications of Russia’s invasion of Ukraine on half-yearly financial reports” of 13 May 2022, through which the Authority provides the boards of directors and control bodies of regulated entities recommendations on a number of topics related to the process of producing half-yearly financial statement disclosures, including the impairment tests for non-financial assets;
- CONSOB Warning Notice no. 3/22 of 19 May, in which the Authority reiterated the contents of the ESMA Public Statement;
- OIV Discussion Paper no. 1/2022 “Impairment tests of non-financial assets following the War in Ukraine”, which suggests the analyses to be adopted in the context of the conflict to assess whether or not the conditions apply for repeating the impairment tests in the 2022 half-yearly report.

It is worth noting, first of all, that having conducted an impairment test for the financial statements as at 31 December 2021, a recalculation of the recoverable values of the Cash Generating Units (CGUs) is not necessary in the interim reporting, unless there are clear signs (impairment indicators) that the recoverable amount of goodwill allocated is no longer recoverable.

On the basis of the analyses performed, despite the macroeconomic context and the geopolitical tensions, Intesa Sanpaolo did not detect any internal or external indicators that led to the presumption of impairment losses on the goodwill allocated to the CGUs that would necessitate a new impairment test for the Half-yearly Report as at 30 June 2022.

With regard to the other intangible assets recognised in the balance sheet as a result of business combinations, the analysis of the updated macroeconomic scenario and the performance of inflows and redemptions, for both the asset management and insurance businesses, did not identify any indicators of impairment.

For more details, see the Consolidated Half-yearly Report on Operations as at 30 June 2022.

## The main accounting aspects related to the application of the IFRS9 approaches to loans

### *Macroeconomic scenario for forward-looking conditioning*

The effects of the Russia-Ukraine war, specifically in terms of the energy market, food products and confidence in the markets, were already subject to an initial assessment and incorporated into the revision of the reference scenario implemented in March 2022. For the Half-yearly Report as at 30 June 2022, the Bank carried out a new update of the reference macroeconomic scenario for the purposes of calculating the ECL. Specifically, we emphasise that the continued Russian invasion of Ukraine dealt another blow to an economic context that already showed problems with several global production chains.

The June updates, whose underlying assumptions reflect a generalised slowdown in real growth due to the energy shock, the contraction in the Chinese economy and restrictive monetary policies, contain an upwards revision of inflation rates (considering the ongoing tensions on commodities) and of interest rates (considering the most recent monetary policy decisions and the process of increases implemented also in Europe). The revisions on the central scenario of March were made with substantial stability in the estimates of growth in the gross domestic product previously formulated over the forecast time horizon (2022-2024), and are also in line with those formulated in June 2022 by the ECB and the Bank of Italy.

The baseline forecasts confirm an expansion for the Eurozone, but with greater risks of slowdown. The high levels of inflation, change in monetary policy, impacts of the conflict in Ukraine and the slowdown in the Chinese economy limit the prospects for growth in the upcoming quarters. Nonetheless, the recovery in services, the strength of the labour market and an investment cycle that has not yet concluded should enable the Eurozone to grow by 3% in 2022 and 2.1% in the following year. Inflation should increase further before declining (specifically the core component, currently boosted by the transmission of cost increases). The annual average is estimated at 7.2% in 2022 and 3.6% in 2023. On 9 June 2022, the European Central Bank stated its intention to increase the key interest rates by 25 basis points at its monetary policy meeting in July and to end net asset purchases under the Asset Purchase Programme (APP) on 1 July 2022. Nonetheless, on 21 July, the ECB announced an interest rate hike of 50 basis points instead of 25, not providing indications for the future, except that interest rates will rise further. Those decisions reflect on the projects of short-term interest rates with an increase in Euribor rates, and reflect the intention to combat the continuing unwanted levels of inflation. The most significant deviation from the forecasts of March 2022 relates to interest rates, which incorporate a quicker upwards rise, due to the resizing of the negative risk scenarios for real growth (specifically those relating to the complete, immediate suspension of supplies of Russian gas) and, above all, a new worsening of the outlook for inflation.

In Italy, the manufacturing sector will continue to be penalised by the rises in commodities prices, but construction will remain in an extra-expansive phase, and services have significant room to recover. The forecasts for GDP growth are unchanged on the March 2022 scenario. Following a 2021 better than forecast (the GDP rebounded by 6.6%, almost fully recovering the levels at the end of 2019), in 2022 growth stabilised at 3.0%, following the effects of the commodities price increases. The first quarter of 2022 outperformed expectations, and the economic trend did not show a drastic worsening in the second quarter. The war had a negative impact on confidence indices which, however, had a significant impact almost exclusively on the morale of consumers, which demonstrates that, once again, the almost exclusive channel of impact is inflation shock. On the business side, industry was the most impacted sector, but also in manufacturing, the morale of businesses, though falling, remains

expansive and higher than the historical average. Industry entered the new post-war scenario starting from highly expansive business levels (turnover in March reached a record high since the start of the historical series in 2000). In services (and retail sales) a trend of gradual recovery is under way, as a result of the significant decrease in health risk and the resulting recovery in individual mobility. Construction continues to expand significantly. A significant decrease in growth is expected for 2023, to 1.6%, remaining stable at 1.6% in 2024, in line with the forecasts formulated in March.

Inflation, driven by the sharp increases in energy commodities prices, jumped in the initial months of the year, and is expected to stand at an annual average of 6.1% in 2022, in line with the forecasts in March. Once again, energy and food products were largely responsible for the upwards pressures, but a clear increasing trend is also under way for core inflation. As a result of the continuing effects of the international geopolitical crisis on commodity prices, specifically on the prices of oil and, above all, natural gas, inflation will remain high in 2023 and is expected to return to moderate values only in 2024. The increase in real estate prices in the reference scenario, compared to the previous forecast, is attributable to the positive correlation with the trend in inflation forecasts. Nonetheless, the expected trend in real prices worsened on March.

The forecast for the BTP-Bund spread was revised upwards. The revision partially reflects the higher increase in interest rates on the German curve, and the remainder a harsher impact of the political uncertainty relating to the 2023 elections. With regard to the unemployment rate, no significant deviations are expected from the forecasts of March 2022.

For the United States, a baseline scenario of slowdown in growth is expected, only partially offset by internal demand, boosted by household savings and growth in wages, in a context of demand for work still higher than supply. The resulting inflationary trend, accentuated by the throttling of supply, could require particularly restrictive measures from the Federal Reserve.

For the purposes of forward-looking conditioning of ECL parameters, the methodology adopted by the Group entails, in addition to the baseline scenario, alternative (best-case/worst-case) scenarios that reflect the dispersion on the extreme forecasts of Consensus Economics or specific standardised shocks, statistically selected from the time series, for the variables usually not surveyed by Consensus. Specifically, the “worsening” scenario was constructed according to the required methodology, but subsequently including changes that would return a scenario of the global economy gradually sliding into recession, to take account of the increase in that risk compared to the previous forecasts.

In the worsening scenario, the drastic decrease in growth in the GDP in 2023 and in 2024 is associated with higher unemployment rates and inflation substantially stable, but then much lower in the terminal year. It was assumed that the Fed Funds rates and ECB rates will be substantially the same as the baseline scenario up to 2023, but then will decrease in 2024 in the United States, and will remain unchanged at neutral levels in the Eurozone. The trend in stock indices and real estate prices is significantly weaker than the baseline scenario. Real estate prices will fall in Italy, both in 2023 and 2024. The BTP-Bund spread will increase by 16 basis points in 2022, 47 basis points in 2023 and 57 basis points in 2024.

The “best-case” scenario was drawn up based on the higher growth GDP forecasts in the survey by Consensus Economics published in May 2022. For 2023 and 2024 higher real growth rates are expected, inflation aligned with that of the baseline scenario in the first few years and higher in the terminal year, higher interest rates on all maturities, and performance of stock indices and real estate prices significantly more robust than the baseline scenario.

The representation of the variables and related forecasts is shown below, in the baseline scenario and the alternative scenarios. The application of the updated scenario resulted in higher adjustments to loans, for an estimated amount of almost 80 million euro.

## Intesa Sanpaolo macroeconomic scenarios for calculating the ECL as at 30 June 2022

		Baseline			Best case			Worst case		
		2022	2023	2024	2022	2023	2024	2022	2023	2024
Euro Area	Equity ESTOXX 50 (% per year)	-1.6	0.8	1.4	3.3	7.1	2.9	-1.9	-1.6	1.9
	EUR/USD (% per year)	-8.4	4.6	4.0	-8.4	5.3	3.0	-8.0	3.9	4.5
	EurIRS 10Y(absolute value)	1.63	2.00	2.09	1.77	2.39	2.63	1.65	2.14	2.21
Italy	Real GDP Italy (% per year)	3.0	1.6	1.6	2.9	2.2	2.5	2.9	0.1	0.1
	Inflation Italy (% per year)	6.1	2.7	1.4	6.1	2.6	1.8	6.1	2.6	-0.1
	Property Prices Italy (% per year)	3.0	1.9	1.4	4.9	3.8	4.4	2.3	-2.0	-2.3
	10Y BTP yield (absolute value)	2.92	3.73	3.72	3.04	3.98	4.08	2.94	4.05	4.34
	10Y BTP-Bund Spread (absolute value)	1.94	2.27	1.97	1.93	2.13	1.79	2.10	2.74	2.54
	Unemployment Italy (absolute value)	8.4	7.8	7.5	8.4	7.8	7.1	8.4	8.2	8.3
US Area	Real GDP US (% per year)	2.5	1.8	1.6	2.4	2.2	2.8	2.2	0.4	-0.6
	US Unemployment (absolute value)	3.4	3.4	3.7	3.4	3.4	3.3	3.5	3.8	4.6

*Management overlays and triggers for sliding into Stage 2*

The elements of vulnerability of the exposures subject to moratorium measures considered for the purposes of the Financial Statements as at 31 December 2021 (represented by both overlays incorporated into the satellite models and extraordinary triggers for sliding into Stage 2) were revalued, still maintaining suitable prudence, but considering both the substantial normalisation of forbearance measures, now almost all expired, and the positive evidence from the set of exposures with resumption of payments that has already begun. The overlays incorporated into the satellite models, the parameters used to determine the effect of the reduction in default flows during the period of validity of the moratoria were re-estimated – also through internal observation of the spread between default rates of portfolios with and without moratoria - and transferred to subsequent periods. For the extraordinary triggers for sliding into Stage 2, the same logic applied for the purposes of the Financial Statements as at 31 December 2021 was used, updating the scope of application, which shrank due to the reaching of the terms for resumption of payments (note that as at 30 June 2022, moratoria still outstanding came to around 0.3 billion euro and moratoria terminated but whose terms for resumption of payment accrued in the subsequent months to around 0.3 billion euro). The worsening of the macroeconomic context triggered by the crisis was incorporated into the domestic portfolio, both by adopting an updated macroeconomic scenario in the forward-looking conditioning of risk parameters, described above, and also through additional management overlays with an increase in default rates on the transport, manufacturing and households sectors compared to the results of the satellite models. This aimed at adequately taking account of the indirect impacts of the conflict on macro sectors that are particularly exposed to the effect of lasting inflationary pressures on energy products and commodities. Moreover, extraordinary triggers for sliding into Stage 2 were introduced, in the presence of sector-specific vulnerability and risk levels higher than specific set thresholds, which substantially offset the lower effect of those previously set out, and correlated with the presence of moratoria that have not expired or have terms of restoration of payment that have not passed. On the whole, the actions relating to management overlays generated releases of provisions of around 300 million euro in the first quarter of the year, with a residual value as at 30 June 2022 of around 400 million euro.



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## Declaration of the Manager responsible for preparing the Company's financial reports

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 document corresponds to the document results, books and accounting records.

Milan, 4 November 2022

Fabrizio Dabbene  
Manager responsible for preparing  
the Company's financial reports





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# Attachments

## **Reconciliation between published financial statements and adjusted financial statements**

Reconciliation between published balance sheet as at 31 December 2021 and adjusted balance sheet as at 31 December 2021

Reconciliation between published income statement for the period ended 30 June 2021 and adjusted income statement for the period ended 30 June 2021

## **Reconciliation between published/adjusted financial statements and restated financial statements**

Reconciliation between published balance sheet as at 31 December 2021 and restated balance sheet as at 31 December 2021

Reconciliation between published income statement for the period ended 30 June 2021 and restated income statement for the period ended 30 June 2021

## **Restated financial statements**

Restated Intesa Sanpaolo balance sheet

Restated Intesa Sanpaolo income statement

## **Reconciliation between restated Intesa Sanpaolo financial statements and reclassified Intesa Sanpaolo financial statements**

Reconciliation between restated Intesa Sanpaolo balance sheet and reclassified Intesa Sanpaolo balance sheet

Reconciliation between restated Intesa Sanpaolo income statement and reclassified Intesa Sanpaolo income statement

## **Reclassified income statement – Reconciliation with redetermined figures**

Reclassified income statement – Reconciliation with redetermined figures



## **Reconciliation between published financial statements and adjusted financial statements**



**Reconciliation between published balance sheet as at 31 December 2021 and adjusted balance sheet as at 31 December 2021**

The published balance sheet as at 31 December 2021 did not require any adjustments.

**Reconciliation between published income statement for the period ended 30 June 2021 and adjusted income statement for the period ended 30 June 2021**

The published income statement for the period ended 30 June 2021 did not require any adjustments.



## **Reconciliation between published/adjusted financial statements and restated financial statements**

Reconciliation between published balance sheet as at 31 December 2021 and restated balance sheet as at 31 December 2021

Assets	(millions of euro)		
	31.12.2021	Change in the reference scope (a)	31.12.2021 Restated
10. Cash and cash equivalents	7,730	3	7,733
20. Financial assets measured at fair value through profit or loss	51,636	19	51,655
<i>a) financial assets held for trading</i>	47,731	-2	47,729
<i>b) financial assets designated at fair value</i>	1	-	1
<i>c) other financial assets mandatorily measured at fair value</i>	3,904	21	3,925
30. Financial assets measured at fair value through other comprehensive income	52,149	-	52,149
40. Financial assets measured at amortised cost	599,476	-1,139	598,337
<i>a) due from banks</i>	160,488	1	160,489
<i>b) loans to customers</i>	438,988	-1,140	437,848
50. Hedging derivatives	1,566	-	1,566
60. Fair value change of financial assets in hedged portfolios (+/-)	393	-	393
70. Equity investments	23,420	-38	23,382
80. Property and equipment	7,875	56	7,931
90. Intangible assets	4,012	-	4,012
<i>of which:</i>			
- <i>goodwill</i>	67	-	67
100. Tax assets	17,394	255	17,649
<i>a) current</i>	3,387	24	3,411
<i>b) deferred</i>	14,007	231	14,238
110. Non-current assets held for sale and discontinued operations	1,326	2	1,328
120. Other assets	7,263	196	7,459
<b>Total assets</b>	<b>774,240</b>	<b>-646</b>	<b>773,594</b>

(a) Effects connected to the absorption of UBI Leasing S.p.A. (16 May 2022), with accounting and tax effects from 1 January 2022.

Liabilities and Shareholders' Equity		(millions of euro)		
		31.12.2021	Change in the reference scope (a)	31.12.2021 Restated
10.	Financial liabilities measured at amortised cost	638,920	-784	638,136
	<i>a) due to banks</i>	191,156	111	191,267
	<i>b) due to customers</i>	357,474	-895	356,579
	<i>c) securities issued</i>	90,290	-	90,290
20.	Financial liabilities held for trading	57,227	-	57,227
30.	Financial liabilities designated at fair value	3,675	-	3,675
40.	Hedging derivatives	3,971	-	3,971
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	60	-	60
60.	Tax liabilities	496	7	503
	<i>a) current</i>	52	3	55
	<i>b) deferred</i>	444	4	448
70.	Liabilities associated with non-current assets held for sale and discontinued operations	25	-	25
80.	Other liabilities	10,332	18	10,350
90.	Employee termination indemnities	1,027	3	1,030
100.	Allowances for risks and charges	4,208	18	4,226
	<i>a) commitments and guarantees given</i>	367	-	367
	<i>b) post-employment benefits</i>	245	-	245
	<i>c) other allowances for risks and charges</i>	3,596	18	3,614
110.	Valuation reserves	855	-	855
120.	Redeemable shares	-	-	-
130.	Equity instruments	6,260	-	6,260
140.	Reserves	8,175	-7	8,168
145.	Interim dividend (-)	-1,399	-	-1,399
150.	Share premium reserve	27,445	-	27,445
160.	Share capital	10,084	-	10,084
170.	Treasury shares (-)	-69	-	-69
180.	Net income (loss) (+/-)	2,948	99	3,047
<b>Total liabilities and shareholders' equity</b>		<b>774,240</b>	<b>-646</b>	<b>773,594</b>

(a) Effects connected to the absorption of UBI Leasing S.p.A. (16 May 2022), with accounting and tax effects from 1 January 2022.

**Reconciliation between published income statement for the period ended 30 June 2021 and restated income statement for the period ended 30 June 2021**

	30.06.2021	Reclassification incentive systems for employees of distribution networks (a)	(millions of euro) 30.06.2021 Restated
10. Interest and similar income	4,145	-	4,145
<i>of which: interest income calculated using the effective interest rate method</i>	3,965	-	3,965
20. Interest and similar expense	-1,112	-	-1,112
<b>30. Interest margin</b>	<b>3,033</b>	-	<b>3,033</b>
40. Fee and commission income	3,316	-	3,316
50. Fee and commission expense	-442	-3	-445
<b>60. Net fee and commission income</b>	<b>2,874</b>	<b>-3</b>	<b>2,871</b>
70. Dividend and similar income	1,599	-	1,599
80. Profits (Losses) on trading	375	-	375
90. Fair value adjustments in hedge accounting	45	-	45
100. Profits (Losses) on disposal or repurchase of:	482	-	482
<i>a) financial assets measured at amortised cost</i>	105	-	105
<i>b) financial assets measured at fair value through other comprehensive income</i>	406	-	406
<i>c) financial liabilities</i>	-29	-	-29
110. Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	76	-	76
<i>a) financial assets and liabilities designated at fair value</i>	-37	-	-37
<i>b) other financial assets mandatorily measured at fair value</i>	113	-	113
<b>120. Net interest and other banking income</b>	<b>8,484</b>	<b>-3</b>	<b>8,481</b>
130. Net losses/recoveries for credit risks associated with:	-818	-	-818
<i>a) financial assets measured at amortised cost</i>	-811	-	-811
<i>b) financial assets measured at fair value through other comprehensive income</i>	-7	-	-7
140. Profits (Losses) on changes in contracts without derecognition	-17	-	-17
<b>150. Net income from banking activities</b>	<b>7,649</b>	<b>-3</b>	<b>7,646</b>
160. Administrative expenses:	-4,484	3	-4,481
<i>a) personnel expenses</i>	-2,714	3	-2,711
<i>b) other administrative expenses</i>	-1,770	-	-1,770
170. Net provisions for risks and charges	-92	-	-92
<i>a) commitments and guarantees given</i>	64	-	64
<i>b) other net provisions</i>	-156	-	-156
180. Net adjustments to / recoveries on property and equipment	-226	-	-226
190. Net adjustments to / recoveries on intangible assets	-315	-	-315
200. Other operating expenses (income)	407	-	407
<b>210. Operating expenses</b>	<b>-4,710</b>	<b>3</b>	<b>-4,707</b>
220. Profits (Losses) on equity investments	-224	-	-224
230. Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	-4
240. Goodwill impairment	-	-	-
250. Profits (Losses) on disposal of investments	-8	-	-8
<b>260. Income (Loss) before tax from continuing operations</b>	<b>2,703</b>	-	<b>2,703</b>
270. Taxes on income from continuing operations	-106	-	-106
<b>280. Income (Loss) after tax from continuing operations</b>	<b>2,597</b>	-	<b>2,597</b>
290. Income (Loss) after tax from discontinued operations	-	-	-
<b>300. Net income (loss)</b>	<b>2,597</b>	-	<b>2,597</b>

(a) The restatement refers to charges relating to several incentive systems for employees of the distribution networks correlated with fee and commission income generated by the networks, with equivalent accounting treatment as the incentive systems for non-employee financial advisors.

## **Restated financial statements**

Restated Intesa Sanpaolo balance sheet

Assets	30.06.2022	31.12.2021	(millions of euro)	
			Restated	Changes
			amount	%
10. Cash and cash equivalents	7,801	7,733	68	0.9
20. Financial assets measured at fair value through profit or loss	52,655	51,655	1,000	1.9
<i>a) financial assets held for trading</i>	48,602	47,729	873	1.8
<i>b) financial assets designated at fair value</i>	1	1	-	-
<i>c) other financial assets mandatorily measured at fair value</i>	4,052	3,925	127	3.2
30. Financial assets measured at fair value through other comprehensive income	44,825	52,149	-7,324	-14.0
40. Financial assets measured at amortised cost	588,156	598,337	-10,181	-1.7
<i>a) due from banks</i>	139,289	160,489	-21,200	-13.2
<i>b) loans to customers</i>	448,867	437,848	11,019	2.5
50. Hedging derivatives	7,090	1,566	5,524	
60. Fair value change of financial assets in hedged portfolios (+/-)	-6,163	393	-6,556	
70. Equity investments	23,475	23,382	93	0.4
80. Property and equipment	7,803	7,931	-128	-1.6
90. Intangible assets	3,936	4,012	-76	-1.9
<i>of which:</i>				
- <i>goodwill</i>	67	67	-	-
100. Tax assets	17,310	17,649	-339	-1.9
<i>a) current</i>	3,486	3,411	75	2.2
<i>b) deferred</i>	13,824	14,238	-414	-2.9
110. Non-current assets held for sale and discontinued operations	1,167	1,328	-161	-12.1
120. Other assets	11,629	7,459	4,170	55.9
<b>Total assets</b>	<b>759,684</b>	<b>773,594</b>	<b>-13,910</b>	<b>-1.8</b>

Liabilities and Shareholders' Equity	30.06.2022	31.12.2021	(millions of euro)	
			Restated	Changes
			amount	%
10. Financial liabilities measured at amortised cost	614,243	638,136	-23,893	-3.7
<i>a) due to banks</i>	174,399	191,267	-16,868	-8.8
<i>b) due to customers</i>	357,991	356,579	1,412	0.4
<i>c) securities issued</i>	81,853	90,290	-8,437	-9.3
20. Financial liabilities held for trading	56,878	57,227	-349	-0.6
30. Financial liabilities designated at fair value	4,753	3,675	1,078	29.3
40. Hedging derivatives	3,194	3,971	-777	-19.6
50. Fair value change of financial liabilities in hedged portfolios (+/-)	-5,028	60	-5,088	
60. Tax liabilities	410	503	-93	-18.5
<i>a) current</i>	44	55	-11	-20.0
<i>b) deferred</i>	366	448	-82	-18.3
70. Liabilities associated with non-current assets held for sale and discontinued operations	88	25	63	
80. Other liabilities	23,822	10,350	13,472	
90. Employee termination indemnities	849	1,030	-181	-17.6
100. Allowances for risks and charges	3,583	4,226	-643	-15.2
<i>a) commitments and guarantees given</i>	368	367	1	0.3
<i>b) post-employment benefits</i>	150	245	-95	-38.8
<i>c) other allowances for risks and charges</i>	3,065	3,614	-549	-15.2
110. Valuation reserves	118	855	-737	-86.2
120. Redeemable shares	-	-	-	
130. Equity instruments	7,181	6,260	921	14.7
140. Reserves	7,556	8,168	-612	-7.5
145. Interim dividend (-)	-	-1,399	-1,399	
150. Share premium reserve	28,215	27,445	770	2.8
160. Share capital	10,369	10,084	285	2.8
170. Treasury shares (-)	-32	-69	-37	-53.6
180. Net income (loss) (+/-)	3,485	3,047	438	14.4
<b>Total liabilities and shareholders' equity</b>	<b>759,684</b>	<b>773,594</b>	<b>-13,910</b>	<b>-1.8</b>

Restated Intesa Sanpaolo income statement

		30.06.2022	30.06.2021	(millions of euro)	
			Restated	Changes	
				amount	%
10.	Interest and similar income	4,279	4,145	134	3.2
	<i>of which: interest income calculated using the effective interest rate method</i>	3,937	3,965	-28	-0.7
20.	Interest and similar expense	-1,208	-1,112	96	8.6
<b>30.</b>	<b>Interest margin</b>	<b>3,071</b>	<b>3,033</b>	<b>38</b>	<b>1.3</b>
40.	Fee and commission income	3,261	3,316	-55	-1.7
50.	Fee and commission expense	-477	-445	32	7.2
<b>60.</b>	<b>Net fee and commission income</b>	<b>2,784</b>	<b>2,871</b>	<b>-87</b>	<b>-3.0</b>
70.	Dividend and similar income	2,488	1,599	889	55.6
80.	Profits (Losses) on trading	234	375	-141	-37.6
90.	Fair value adjustments in hedge accounting	35	45	-10	-22.2
100.	Profits (Losses) on disposal or repurchase of:	52	482	-430	-89.2
	<i>a) financial assets measured at amortised cost</i>	200	105	95	90.5
	<i>b) financial assets measured at fair value through other comprehensive income</i>	-140	406	-546	
	<i>c) financial liabilities</i>	-8	-29	-21	-72.4
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	639	76	563	
	<i>a) financial assets and liabilities designated at fair value</i>	543	-37	580	
	<i>b) other financial assets mandatorily measured at fair value</i>	96	113	-17	-15.0
<b>120.</b>	<b>Net interest and other banking income</b>	<b>9,303</b>	<b>8,481</b>	<b>822</b>	<b>9.7</b>
130.	Net losses/recoveries for credit risks associated with:	-492	-818	-326	-39.9
	<i>a) financial assets measured at amortised cost</i>	-455	-811	-356	-43.9
	<i>b) financial assets measured at fair value through other comprehensive income</i>	-37	-7	30	
140.	Profits (Losses) on changes in contracts without derecognition	-1	-17	-16	-94.1
<b>150.</b>	<b>Net income from banking activities</b>	<b>8,810</b>	<b>7,646</b>	<b>1,164</b>	<b>15.2</b>
160.	Administrative expenses:	-4,176	-4,481	-305	-6.8
	<i>a) personnel expenses</i>	-2,559	-2,711	-152	-5.6
	<i>b) other administrative expenses</i>	-1,617	-1,770	-153	-8.6
170.	Net provisions for risks and charges	-190	-92	98	
	<i>a) commitments and guarantees given</i>	-1	64	-65	
	<i>b) other net provisions</i>	-189	-156	33	21.2
180.	Net adjustments to / recoveries on property and equipment	-237	-226	11	4.9
190.	Net adjustments to / recoveries on intangible assets	-339	-315	24	7.6
200.	Other operating expenses (income)	415	407	8	2.0
<b>210.</b>	<b>Operating expenses</b>	<b>-4,527</b>	<b>-4,707</b>	<b>-180</b>	<b>-3.8</b>
220.	Profits (Losses) on equity investments	34	-224	258	
230.	Valuation differences on property, equipment and intangible assets measured at fair value	-3	-4	-1	-25.0
240.	Goodwill impairment	-	-	-	
250.	Profits (Losses) on disposal of investments	1	-8	9	
<b>260.</b>	<b>Income (Loss) before tax from continuing operations</b>	<b>4,315</b>	<b>2,703</b>	<b>1,612</b>	<b>59.6</b>
270.	Taxes on income from continuing operations	-830	-106	724	
<b>280.</b>	<b>Income (Loss) after tax from continuing operations</b>	<b>3,485</b>	<b>2,597</b>	<b>888</b>	<b>34.2</b>
290.	Income (Loss) after tax from discontinued operations	-	-	-	
<b>300.</b>	<b>Net income (loss)</b>	<b>3,485</b>	<b>2,597</b>	<b>888</b>	<b>34.2</b>



## **Reconciliation between restated Intesa Sanpaolo financial statements and reclassified Intesa Sanpaolo financial statements**

Reconciliation between restated Intesa Sanpaolo balance sheet and reclassified Intesa Sanpaolo balance sheet

		(millions of euro)	
Assets		30.06.2022	31.12.2021 Restated
<b>Cash and cash equivalents</b>		<b>7,801</b>	<b>7,733</b>
	Caption 10 Cash and cash equivalents	7,801	7,733
<b>Due from banks</b>		<b>137,321</b>	<b>158,963</b>
	Caption 40a (partial) Financial assets measured at amortised cost - Due from banks	137,294	158,925
	Caption 20a (partial) Financial assets held for trading - Due from banks	-	-
	Caption 20c (partial) Other financial assets mandatorily measured at fair value - Due from banks	27	38
<b>Loans to customers</b>		<b>408,465</b>	<b>402,739</b>
<b>Loans to customers measured at amortised cost</b>		<b>406,263</b>	<b>401,053</b>
	Caption 40b (partial) Financial assets measured at amortised cost - Loans to customers	399,749	394,336
	Caption 40b (partial) Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	6,514	6,717
<b>Loans to customers at fair value through other comprehensive income and through profit or loss</b>		<b>2,202</b>	<b>1,686</b>
	Caption 20a (partial) Financial assets held for trading - Non-bank loans	85	19
	Caption 20b (partial) Financial assets designated at fair value through profit or loss - Non-bank loans	-	-
	Caption 20c (partial) Other financial assets mandatorily measured at fair value through profit or loss - Non-bank loans	967	928
	Caption 30 (partial) Financial assets at fair value through other comprehensive income - Non-bank loans	1,150	739
<b>Financial assets measured at amortised cost which do not constitute loans</b>		<b>44,599</b>	<b>38,359</b>
	Caption 40a (partial) Financial assets measured at amortised cost - Debt securities (Banks)	1,995	1,564
	Caption 40b (partial) Financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	42,604	36,795
<b>Financial assets at fair value through profit or loss</b>		<b>51,576</b>	<b>50,670</b>
	Caption 20a (partial) Financial assets held for trading	48,517	47,710
	Caption 20b (partial) Financial assets designated at fair value - Debt securities	1	1
	Caption 20c (partial) Other financial assets mandatorily measured at fair value	3,058	2,959
<b>Financial assets at fair value through other comprehensive income</b>		<b>43,675</b>	<b>51,410</b>
	Caption 30 (partial) Financial assets measured at fair value through other comprehensive income	43,675	51,410
<b>Equity investments</b>		<b>23,475</b>	<b>23,382</b>
	Caption 70 Equity investments	23,475	23,382
<b>Property, equipment and intangible assets</b>		<b>11,739</b>	<b>11,943</b>
<b>Assets owned</b>		<b>10,732</b>	<b>10,948</b>
	Caption 80 (partial) Property and equipment	6,796	6,936
	Caption 90 Intangible assets	3,936	4,012
<b>Rights of use acquired under leases</b>		<b>1,007</b>	<b>995</b>
	Caption 80 (partial) Property and equipment	1,007	995
<b>Tax assets</b>		<b>17,310</b>	<b>17,649</b>
	Caption 100 Tax assets	17,310	17,649
<b>Non-current assets held for sale and discontinued operations</b>		<b>1,167</b>	<b>1,328</b>
	Caption 110 Non-current assets held for sale and discontinued operations	1,167	1,328
<b>Other assets</b>		<b>12,556</b>	<b>9,418</b>
	Caption 50 Hedging derivatives	7,090	1,566
	Caption 60 Fair value change of financial assets in hedged portfolios (+/-)	-6,163	393
	Caption 120 Other assets	11,629	7,459
<b>Total assets</b>		<b>759,684</b>	<b>773,594</b>

		(millions of euro)	
Liabilities		30.06.2022	31.12.2021 Restated
<b>Due to banks at amortised cost</b>		<b>174,393</b>	<b>191,260</b>
Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks	174,399	191,267
- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	-6	-7
<b>Due to customers at amortised cost and securities issued</b>		<b>438,828</b>	<b>445,884</b>
Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers	357,991	356,579
Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued	81,853	90,290
- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	-1,016	-985
<b>Financial liabilities held for trading</b>		<b>56,878</b>	<b>57,227</b>
Caption 20	Financial liabilities held for trading	56,878	57,227
<b>Financial liabilities designated at fair value</b>		<b>4,753</b>	<b>3,675</b>
Caption 30	Financial liabilities designated at fair value	4,753	3,675
<b>Tax liabilities</b>		<b>410</b>	<b>503</b>
Caption 60	Tax liabilities	410	503
<b>Liabilities associated with non-current assets held for sale and discontinued operations</b>		<b>88</b>	<b>25</b>
Caption 70	Liabilities associated with non-current assets held for sale and discontinued operations	88	25
<b>Other liabilities</b>		<b>23,010</b>	<b>15,373</b>
Caption 40	Hedging derivatives	3,194	3,971
Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	-5,028	60
Caption 80	Other liabilities	23,822	10,350
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	6	7
Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	1,016	985
<b>Allowances for risks and charges</b>		<b>4,432</b>	<b>5,256</b>
Caption 90	Employee termination indemnities	849	1,030
Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	368	367
Caption 100 b)	Allowances for risks and charges - Post-employment benefits	150	245
Caption 100 c)	Allowances for risks and charges - Other allowances	3,065	3,614
<b>Share capital</b>		<b>10,369</b>	<b>10,084</b>
Caption 160	Share capital	10,369	10,084
<b>Reserves</b>		<b>35,739</b>	<b>35,544</b>
Caption 140	Reserves	7,556	8,168
Caption 150	Share premium reserve	28,215	27,445
Caption 170	Treasury shares (-)	-32	-69
<b>Valuation reserves</b>		<b>118</b>	<b>855</b>
Caption 110	Valuation reserves	118	855
<b>Interim dividend</b>		<b>-</b>	<b>-1,399</b>
Caption 145	Interim dividend (-)	-	-1,399
<b>Equity instruments</b>		<b>7,181</b>	<b>6,260</b>
Caption 130	Equity instruments	7,181	6,260
<b>Net income (loss)</b>		<b>3,485</b>	<b>3,047</b>
Caption 180	Net income (loss) (+/-)	3,485	3,047
<b>Total Liabilities and Shareholders' Equity</b>		<b>759,684</b>	<b>773,594</b>

Reconciliation between the restated income statement and the reclassified income statement of Intesa Sanpaolo

		(millions of euro)	
		30.06.2022	30.06.2021 Restated
<b>Net interest income</b>		<b>3,041</b>	<b>3,026</b>
	Caption 30 Interest margin	3,071	3,033
	- Caption 30 (partial) Interest margin (Effect of purchase price allocation)	23	-9
	+ Caption 60 (partial) Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates))	38	28
	+ Caption 70 (partial) Dividend and similar income (Dividends received and paid within securities lending operations)	1	6
	+ Caption 80 (partial) Profits (losses) on trading (Components of profits (losses) on trading relating to net interest income)	-89	-31
	+ Caption 160 a) (partial) Personnel expenses (Time value employee termination indemnities and other)	-3	-1
	+ Caption 170 b) (partial) Net provisions for risks and charges: b) other net provisions (Time value allowances for risks and charges)	-	-
<b>Net fee and commission income</b>		<b>2,788</b>	<b>2,877</b>
	Caption 60 Net fee and commission income	2,784	2,871
	- Caption 60 (partial) Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates))	-38	-28
	+ Caption 80 (partial) Profits (Losses) on trading (Placement of Certificates)	25	27
	+ Caption 110 a) (partial) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated at fair value (Placement of Certificates)	50	24
	+ Caption 160 a) (partial) Personnel expenses (Charges for incentive systems for employees)	-11	-
	+ Caption 160 b) (partial) Other administrative expenses (Recovery of other expenses)	-22	-17
<b>Profits (Losses) on financial assets and liabilities designated at fair value</b>		<b>1,280</b>	<b>1,048</b>
	Caption 80 Profits (Losses) on trading	234	375
	Caption 90 Fair value adjustments in hedge accounting	35	45
	Caption 100 b) Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	-140	406
	Caption 100 c) Profits (Losses) on disposal or repurchase of financial liabilities	-8	-29
	Caption 110 a) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value	543	-37
	Caption 110 b) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss	96	113
	+ Caption 70 (partial) Dividend and similar income (on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income, including dividends on UCIs)	140	81
	- Caption 70 (partial) Dividend and similar income (Dividends received and paid within securities lending operations)	-1	-6
	- Caption 80 (partial) Profits (losses) on trading (Components of profits (losses) on trading relating to net interest income)	89	31
	- Caption 80 (partial) Profits (Losses) on trading (Placement of Certificates)	-25	-27
	- Caption 80 (partial) Profits (Losses) on trading (Economic effect of purchase price allocation)	-	12
	+ Caption 100 a) (partial) Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect associated with profits (losses) on trading)	361	154
	- Caption 100 b) (partial) Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)	-	-29
	- Caption 100 c) (partial) Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-2	-17
	- Caption 110 a) (partial) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss: a) financial assets and liabilities designated at fair value (Placement of Certificates)	-50	-24
	- Caption 110 b) (partial) Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss (Charges concerning the banking industry)	7	2
	- Caption 110 b) (partial) Profits (Losses) on other financial assets and liabilities designated at fair value: b) other assets mandatorily measured at fair value (amounts attributed to net adjustments to loans)	-5	-
	+ Caption 170 b) (partial) Net provisions for risks and charges: b) other net provisions (Provisions/Releases linked to Profits (Losses) on trading)	-	-
	+ Caption 200 (partial) Other operating expenses (income) (Trading and valuation of other assets)	6	-2
<b>Other operating income (expenses)</b>		<b>2,456</b>	<b>1,620</b>
	Caption 70 Dividend and similar income	2,488	1,599
	Caption 200 Other operating expenses (income)	415	407
	- Caption 70 (partial) Dividend and similar income (on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income, including dividends on UCIs)	-140	-81
	- Caption 200 (partial) Other operating expenses (income) (Recovery of expenses and indirect taxes)	-313	-307
	- Caption 200 (partial) Other operating expenses (income) (Trading and valuation of other assets)	-6	2
	- Caption 200 (partial) Other operating expenses (income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	15	6
	- Caption 200 (partial) Other operating expenses (income) (Recovery of costs)	-	-
	- Caption 200 (partial) Other operating expenses (income) (Charges for integration and exit incentives)	-3	-6
<b>Operating income</b>		<b>9,565</b>	<b>8,571</b>

		(millions of euro)	
		30.06.2022	30.06.2021 Restated
<b>Personnel expenses</b>		<b>-2,564</b>	<b>-2,668</b>
Caption 160 a)	Personnel expenses	-2,559	-2,711
- Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-57	42
- Caption 160 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	3	1
- Caption 160 a) (partial)	Personnel expenses (Charges for incentive systems for employees)	11	-
- Caption 160 a) (partial)	Personnel expenses (Donations to personnel)	38	-
+ Caption 200 (partial)	Other operating expenses (income) (Recovery of costs)	-	-
<b>Other administrative expenses</b>		<b>-951</b>	<b>-1,085</b>
Caption 160 b)	Other administrative expenses	-1,617	-1,770
- Caption 160 b) (partial)	Other administrative expenses (Charges for integration and exit incentives)	12	10
- Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	319	351
- Caption 160 b) (partial)	Other administrative expenses (Recovery of other expenses)	22	17
+ Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses and indirect taxes)	313	307
<b>Adjustments to property, equipment and intangible assets</b>		<b>-514</b>	<b>-489</b>
Caption 180	Net adjustments to/recoveries on property and equipment	-237	-226
Caption 190	Net adjustments to/recoveries on intangible assets	-339	-315
- Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration and exit incentives)	20	11
- Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-	-
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration and exit incentives)	31	29
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-	-
- Caption 190 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	11	12
<b>Operating costs</b>		<b>-4,029</b>	<b>-4,242</b>
<b>Operating margin</b>		<b>5,536</b>	<b>4,329</b>
<b>Net adjustments to loans</b>		<b>-618</b>	<b>-772</b>
Caption 140	Profits/losses from changes in contracts without derecognition	-1	-17
Caption 170 a)	Net provisions for risks and charges: a) commitments and guarantees given	-1	64
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans	-164	-49
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	3	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect of purchase price allocation)	50	50
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities designated at fair value: b) other assets mandatorily measured at fair value (amounts attributed to net adjustments to loans)	5	-
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	-425	-830
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	6	-
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	-8	7
+ Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Loans	-6	2
- Caption 170 a) (partial)	Net provisions for risks and charges: a) commitments and guarantees given (provisions for credit risk related to commitments and guarantees given)	-1	1
+ Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (Provisions for non-recurring expenses)	-76	-
<b>Other net provisions and net impairment losses on other assets</b>		<b>-103</b>	<b>-217</b>
Caption 170 b)	Net provisions for risks and charges: b) other net provisions	-189	-156
Caption 230	Valuation differences on property, equipment and intangible assets measured at fair value	-3	-4
Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	-22	12
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	-6	-
- Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Levies and other charges concerning the banking industry	2	-
Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Debt securities	-31	-9
+ Caption 170 a) (partial)	Net provisions for risks and charges: a) commitments and guarantees given (provisions for credit risk related to commitments and guarantees given)	1	-1
- Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (Time value allowances for risks and charges)	-	-
- Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (Charges for integration and exit incentives)	-13	-
- Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (Provisions for non-recurring expenses)	76	-
- Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (future charges on controlling interests)	82	-
+ Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-	-
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-	-
+ Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/recoveries due to impairment of associates)	-	-59

## Attachments

		(millions of euro)	
		30.06.2022	30.06.2021 Restated
<b>Other income (expenses)</b>		<b>141</b>	<b>-14</b>
	Caption 220 Profits (Losses) on equity investments	34	-224
	Caption 250 Profits (Losses) on disposal of investments	1	-8
	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)		
+ Caption 100 a) (partial)		361	154
	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect associated with profits (losses) on trading)		
- Caption 100 a) (partial)		-361	-154
+ Caption 160 a) (partial)	Personnel expenses (Donations to personnel)	-38	-
	Other operating expenses (income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)		
+ Caption 200 (partial)		-15	-6
- Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/recoveries due to impairment of associates)	-	59
- Caption 220 (partial)	Profits (Losses) on equity investments (impairment of controlling interests)	159	165
<b>Income (Loss) from discontinued operations</b>		<b>-</b>	<b>-</b>
	Caption 290 Income (Loss) after tax from discontinued operations	-	-
- Caption 290 (partial)	Income (Loss) after tax from discontinued operations (Taxes)	-	-
<b>Gross income (loss)</b>		<b>4,956</b>	<b>3,326</b>
<b>Taxes on income</b>		<b>-961</b>	<b>-255</b>
	Caption 270 Taxes on income from continuing operations	-830	-106
+ Caption 290 (partial)	Income (Loss) after tax from discontinued operations (Taxes)	-	-
- Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration and exit incentives)	3	-28
- Caption 270 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-27	-6
	Taxes on income from continuing operations (Profits (Losses) on equity investments - Impairment of controlling interests)		
- Caption 270 (partial)		-1	-
- Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-103	-114
	Taxes on income from continuing operations (Impairment losses on financial assets - Investments for the stability of the banking system)		
- Caption 270 (partial)		-3	-1
<b>Charges (net of tax) for integration and exit incentives</b>		<b>7</b>	<b>-58</b>
+ Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	57	-42
+ Caption 160 b) (partial)	Other administrative expenses (Charges for integration and exit incentives)	-12	-10
+ Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (Charges for integration and exit incentives)	13	-
+ Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration and exit incentives)	-20	-11
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration and exit incentives)	-31	-29
+ Caption 200 (partial)	Other operating expenses (income) (Charges for integration and exit incentives)	3	6
+ Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration and exit incentives)	-3	28
<b>Effect of purchase price allocation (net of tax)</b>		<b>-55</b>	<b>-13</b>
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-23	9
+ Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	-	-12
	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost (Effect of purchase price allocation)		
+ Caption 100 a) (partial)		-50	-50
	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)		
+ Caption 100 b) (partial)		-	29
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	2	17
+ Caption 190 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	-11	-12
+ Caption 270 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	27	6

		(millions of euro)	
		30.06.2022	30.06.2021 Restated
<b>Levies and other charges concerning the banking industry (net of tax)</b>		<b>-222</b>	<b>-238</b>
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss (Charges concerning the banking industry)	-7	-2
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost – Levies and other charges concerning the banking industry	-2	-
+ Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-319	-351
+ Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	103	114
+ Caption 270 (partial)	Taxes on income from continuing operations (Impairment losses on financial assets - Investments for the stability of the banking industry)	3	1
<b>Impairment (net of tax) of goodwill, other intangible assets and controlling interests</b>		<b>-240</b>	<b>-165</b>
Caption 240	Goodwill impairment	-	-
+ Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (future charges on controlling interests)	-82	-
+ Caption 220 (partial)	Profits (Losses) on equity investments (impairment of controlling interests)	-159	-165
+ Caption 270 (partial)	Taxes on income from continuing operations (Profits (Losses) on equity investments - Impairment of controlling interests)	1	-
<b>Net income (loss)</b>		<b>3,485</b>	<b>2,597</b>





## **Reclassified income statement – Reconciliation with redetermined figures**



## Reclassified income statement – Reconciliation with redetermined figures

	30.06.2021	Inclusion merged companies	Disposal of going concerns	(millions of euro) 30.06.2021
	Restated	(a)	(b)	Redetermined figures
Net interest income	3,026	59	-67	3,018
Net fee and commission income	2,877	1	-123	2,755
Profits (Losses) on financial assets and liabilities designated at fair value	1,048	-1	-1	1,046
Other operating income (expenses)	1,620	15	-	1,635
<b>Operating income</b>	<b>8,571</b>	<b>74</b>	<b>-191</b>	<b>8,454</b>
Personnel expenses	-2,668	-50	73	-2,645
Other administrative expenses	-1,085	73	19	-993
Adjustments to property, equipment and intangible assets	-489	-11	-	-500
<b>Operating costs</b>	<b>-4,242</b>	<b>12</b>	<b>92</b>	<b>-4,138</b>
<b>Operating margin</b>	<b>4,329</b>	<b>86</b>	<b>-99</b>	<b>4,316</b>
Net adjustments to loans	-772	23	4	-745
Other net provisions and net impairment losses on other assets	-217	-	-	-217
Other income (expenses)	-14	-1	-	-15
Income (Loss) from discontinued operations	-	-1	74	73
<b>Gross income (loss)</b>	<b>3,326</b>	<b>107</b>	<b>-21</b>	<b>3,412</b>
Taxes on income	-255	-31	7	-279
Charges (net of tax) for integration and exit incentives	-58	-14	-	-72
Effect of purchase price allocation (net of tax)	-13	13	1	1
Levies and other charges concerning the banking industry (net of tax)	-238	-	13	-225
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-165	-	-	-165
<b>Net income (loss)</b>	<b>2,597</b>	<b>75</b>	<b>-</b>	<b>2,672</b>

(a) Effects connected to the absorption of UBI Leasing S.p.A.

(b) Effect connected to the going concerns of the former UBI Banca S.p.A. that were sold (going concern consisting of 455 branches and 132 operating points sold to BPER and going concern consisting of 17 bank branches and 9 associated operating points sold to Banca Popolare di Puglia e Basilicata) and the going concern of 31 branches and 2 operating points of the Parent Company sold to BPER. It also includes the income results of the "Top Private" and "Service IW Bank" business lines, partially demerged by the former UBI Banca S.p.A. to Intesa Sanpaolo Private Banking and Banca Fideuram, respectively.



Editing and production: Agema®







## GALLERIE D'ITALIA. FOUR MUSEUMS, A NATIONWIDE CULTURAL NETWORK.

Gallerie d'Italia enables Intesa Sanpaolo to share its artistic and architectural heritage with the general public: the art collections of the Bank, ranging from archaeological artefacts to contemporary works of art, are housed in historic buildings located in four cities, in a unique network of museums.

**Gallerie d'Italia - Piazza Scala in Milan** hosts, in a highly prestigious architectural setting, a selection of two hundred masterpieces of the nineteenth century in Lombardy, that are part of art collections of Fondazione Cariplo and Intesa Sanpaolo, and an exhibition dedicated to twentieth century Italian art.

**Gallerie d'Italia - Palazzo Leoni Montanari, Vicenza** is home to art of the region Veneto from the 1700s as well as pottery from Attica and Magna Graecia. It also holds one of the most important collections of Russian icons in the West.

**Gallerie d'Italia - Palazzo Zevallos Stigliano, Naples** hosts the Martyrdom of Saint Ursula, the last known painting by Caravaggio, alongside more than 120 examples of Neapolitan art dating from the early 17<sup>th</sup> to the early 20<sup>th</sup> century. New premises within the majestic building which was formerly the Bank of Naples in Via Toledo mean that the museum space is tripled in size, increasing exhibition opportunities.

There is also the newly-open fourth location of **Gallerie d'Italia in Piazza San Carlo in Turin**, a site which is mainly dedicated to photography and the digital world.

Cover photo:



**Gaspar van Wittel (also known as Gaspare Vanvitelli, or Gaspare degli Occhiali)**  
(Amersfoort, 1652 - Rome, 1736)  
*A View of the Piazza Navona in Rome*, 1688-1721  
oil on canvas, 62.5 x 125.5 cm  
Intesa Sanpaolo Collection  
Gallerie d'Italia -  
Palazzo Zevallos Stigliano, Naples

*A View of the Piazza Navona in Rome* is a work by Gaspar van Wittel. A Dutch painter who relocated to Italy, he is considered the forerunner of modern vedutism, as a result of the almost topographic precision of the scene.

The painting belongs to a series of nine landscapes that van Wittel dedicated to Piazza Navona between 1688 and 1721, the largest square in Rome after St. Peter's Square, and undoubtedly the most picturesque thanks to its market and countless related activities. The piazza, a "grand example of theatrical Baroque" was blessed in the mid-seventeenth century with an architectural renovation that gave it a reputation as one of the most beautiful squares in Rome, famous for the magnificence of its buildings and fountains. The view is from the first floor of Palazzo Lancelotti; on the left, the light highlights a series of buildings including the Church of Sant'Agnese in Agone which was rebuilt under the guidance of Francesco Borromini. On the right, in the shadows and strongly shortened, it is possible to see the sixteenth century façade of San Giacomo degli Spagnoli; the roof terrace of Palazzo Altemps stands out against the background, while in the centre there is the *Fontana dei Fiumi* by Gian Lorenzo Bernini and the sixteenth-century fountains known as *del Moro* and *dei Calderari*.

The painting excels for its splendid colours and the clarity of its lines and volumes. The sky is intensely bright with a hue of light blue that is characteristic of the Dutch artist's best works.

The work is part of the art collections on permanent display in Gallerie d'Italia of Intesa Sanpaolo in Naples. The collection traces the most important moments of art in Naples and Campania from the early seventeenth century up to the first decades of the twentieth century, from Caravaggio and the naturalist turning point which took place with the artist's arrival in the city in 1606, right up to the works by Vincenzo Gemito, through the pomp and splendour of the Spanish viceroyalty and the Bourbon era.







