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Oggetto : INTESA SANPAOLO: CONSOLIDATED
RESULTS AS AT 30 SEPTEMBER 2020

Testo del comunicato

Vedi allegato.

PRESS RELEASE**INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2020**

RESULTS FOR 9M 2020 CONFIRM INTESA SANPAOLO'S ABILITY TO EFFECTIVELY FACE THE CHALLENGING AFTERMATH OF THE COVID-19 EPIDEMIC. THEY REFLECT THE GROUP'S SUSTAINABLE PROFITABILITY, WHICH DERIVES FROM A SOLID CAPITAL BASE AND A STRONG LIQUIDITY POSITION, A RESILIENT AND WELL-DIVERSIFIED BUSINESS MODEL, AND THE STRATEGIC FLEXIBILITY IN MANAGING OPERATING COSTS. THE RESULTS ALSO REFLECT THE SUPPORT PROVIDED TO ITALY BY THE GROUP, WHICH IS ALSO COMMITTED TO BECOMING A REFERENCE MODEL IN TERMS OF SUSTAINABILITY AND SOCIAL AND CULTURAL RESPONSIBILITY. SUSTAINABLE VALUE GENERATION FOR ALL STAKEHOLDERS WILL BE ACCRETED BY THE COMBINATION WITH UBI BANCA.

INTESA SANPAOLO'S INITIATIVES TO FACE THE COVID-19 IMPACTS:

- PROVIDING SAFE CONDITIONS FOR THE GROUP PEOPLE AND CUSTOMERS;
- SUPPORTING HEALTHCARE INITIATIVES WITH MORE THAN €100 MILLION DONATED;
- PROVIDING €125 MILLION FROM THE FUND FOR IMPACT (EQUAL TO 50%) TO REDUCE SOCIO-ECONOMIC DISTRESS;
- FIRST BANK IN ITALY TO SUSPEND MORTGAGE AND LOAN INSTALMENTS EVEN BEFORE THE REGULATION CAME INTO FORCE (SUSPENSIONS OF PAYMENTS FOR €66 BILLION APPROVED TO DATE, €83 BILLION INCLUDING UBI BANCA), AND TO SIGN THE COLLABORATION PROTOCOL WITH SACE, THUS PROVIDING IMMEDIATE SUPPORT TO ENTERPRISES UNDER THE LIQUIDITY DECREE (€24 BILLION INCLUDING THE SME FUND GRANTED TO DATE, €27 BILLION WHEN INCLUDING UBI BANCA);
- UP TO €50 BILLION IN NEW LOANS MADE AVAILABLE TO ENTERPRISES AND PROFESSIONALS TO PROTECT JOBS AND MANAGE PAYMENTS DURING THE EMERGENCY.

THE TRENDS OF THE NEW ENVIRONMENT FIND INTESA SANPAOLO FULLY EQUIPPED, THANKS TO THE GROUP'S COMPETITIVE ADVANTAGES:

- LEADERSHIP IN WEALTH MANAGEMENT & PROTECTION AND STRONGER POSITIONING IN THE HEALTH INSURANCE SECTOR THROUGH RBM;
- EFFECTIVE PROACTIVE CREDIT MANAGEMENT (PULSE, WITH AROUND 370 DEDICATED PEOPLE) AND GROUP'S STRATEGIC PARTNERSHIPS WITH LEADING NPL INDUSTRIAL PLAYERS;
- STRONG DIGITAL PROPOSITION, WITH AROUND 10.1 MILLION MULTICHANNEL CUSTOMERS (OVER 12 MILLION INCLUDING UBI BANCA) AND AROUND 6.2 MILLION CUSTOMERS USING THE INTESA SANPAOLO APP (OVER 7 MILLION INCLUDING THE UBI BANCA APP), AND STRATEGIC PARTNERSHIP WITH NEXI IN RESPECT OF PAYMENT SYSTEMS;
- OVER 63,000 GROUP PEOPLE IN SMART WORKING (AROUND 77,000 INCLUDING UBI BANCA) AND OPTIMISATION OF THE DISTRIBUTION MODEL WITH BRANCH RATIONALISATION, THE BANCA 5 - SISALPAY STRATEGIC PARTNERSHIP, AND MOST CUSTOMERS WHO WILL BE SERVED THROUGH ALTERNATIVE CHANNELS;
- LEADERSHIP IN INCLUSION IN SUSTAINABILITY INDICES AND ESG INTERNATIONAL ASSESSMENTS.

THE CAPITAL POSITION WAS SOLID AND WELL ABOVE REGULATORY REQUIREMENTS. PRO-FORMA FULLY LOADED COMMON EQUITY TIER 1 RATIO WAS 15.2% DEDUCTING DIVIDENDS ACCRUED IN 9M 2020 FROM CAPITAL, 15.9% EXCLUDING THE ACQUISITION OF UBI BANCA.

9M 2020 STATED NET INCOME WAS €6,376 MILLION. EXCLUDING THE TWO-MONTH CONTRIBUTION OF UBI BANCA AND THE NEGATIVE GOODWILL - ARISING FROM THE ACQUISITION OF UBI BANCA - TO BE ALLOCATED IN Q4 2020 AGAINST INTEGRATION CHARGES, IMPROVEMENT OF EFFICIENCY AND ACCELERATION OF DE-RISKING, NET INCOME WAS €3,073 MILLION, EXCEEDING THE AROUND €3 BILLION MINIMUM NET INCOME TARGET FOR 2020. NET INCOME WAS €3,956 MILLION (UP AROUND 20% ON 9M 2019) WHEN EXCLUDING ALSO €1,312 MILLION IN LOAN ADJUSTMENTS FOR FUTURE COVID-19 IMPACTS.

EXCLUDING THE CONTRIBUTION OF UBI BANCA AND ADJUSTMENTS FOR FUTURE COVID-19 IMPACTS, GROSS INCOME IN 9M 2020 WAS UP AROUND 16% ON 9M 2019, ALSO DUE TO THE STRONG RECOVERY IN Q3 2020 OF NET INTEREST INCOME AND NET FEE AND COMMISSION INCOME (UP 3.9% AND 6.7% RESPECTIVELY) ON Q2 2020 AND OPERATING COSTS DOWN 3.7% IN 9M 2020, WITH A COST/INCOME OF 50.2%.

CREDIT QUALITY IMPROVED. EXCLUDING THE CONTRIBUTION OF UBI BANCA, GROSS NPLs WERE REDUCED AT NO EXTRAORDINARY COST TO SHAREHOLDERS BY 7.5% ON YEAR-END 2019, AND BY AROUND €24 BILLION SINCE THE END OF 2017 ACHIEVING AS MUCH AS 94% OF THE TARGET SET FOR THE ENTIRE FOUR-YEAR PERIOD OF THE 2018-2021 BUSINESS PLAN. NPL RATIO WAS 6.9% GROSS AND 3.3% NET. ANNUALISED COST OF RISK IN 9M 2020 WAS AT 44 BASIS POINTS EXCLUDING THE IMPACT OF LOAN ADJUSTMENTS FOR FUTURE COVID-19 IMPACTS (EQUIVALENT TO 44 BASIS POINTS).

INTESA SANPAOLO CONTINUES TO OPERATE AS A GROWTH ACCELERATOR IN THE REAL ECONOMY IN ITALY. IN 9M 2020, MEDIUM/LONG-TERM NEW LENDING GRANTED BY THE GROUP TO ITALIAN HOUSEHOLDS AND BUSINESSES AMOUNTED TO AROUND €59 BILLION (AROUND €73 BILLION INCLUDING UBI BANCA). IN 9M 2020, THE GROUP FACILITATED THE RETURN TO PERFORMING STATUS OF AROUND 7,600 COMPANIES, THUS SAFEGUARDING AROUND 38,000 JOBS. THIS BROUGHT THE TOTAL TO AROUND 120,000 COMPANIES SINCE 2014, WITH AROUND 600,000 JOBS SAFEGUARDED OVER THE SAME PERIOD.

THE GROUP'S SOCIAL AND CULTURAL RESPONSIBILITY HAS TRANSLATED, IN ITALY, INTO: INITIATIVES TO REDUCE CHILD POVERTY AND SUPPORT PEOPLE IN NEED, DELIVERING, SINCE 2018, AROUND 12.9 MILLION MEALS, 857,000 DORMITORY BEDS, 191,000 MEDICINE PRESCRIPTIONS AND 134,000 ITEMS OF CLOTHING; SUPPORT PROVIDED TO HOUSEHOLDS AND ENTERPRISES WHO HAVE BEEN VICTIMS OF NATURAL DISASTERS, BY GRANTING, IN 9M 2020, AROUND 130 MORATORIA FOR AROUND €650 MILLION OF RESIDUAL LOANS AND SUBSIDISED LOANS OF AROUND €127 MILLION (AROUND €461 MILLION SINCE 2018); THE FUND FOR IMPACT, WITH €72 MILLION GRANTED BY PER MERITO (THE FIRST LINE OF CREDIT WITHOUT COLLATERAL DEDICATED TO ALL ITALIAN UNIVERSITY STUDENTS) SINCE ITS LAUNCH, THE LAUNCH, IN JULY 2020, OF MAMMA@WORK (A SUBSIDISED LOAN TO BALANCE MOTHERHOOD AND WORK) AND, IN AUGUST 2020, OF XME STUDIOSTATION (LOANS TO FAMILIES TO SUPPORT DISTANCE LEARNING); A €5 BILLION CIRCULAR ECONOMY CREDIT PLAFOND TO SUPPORT SUSTAINABLE DEVELOPMENT (RAISED TO €6 BILLION WITH UBI BANCA), WITH €1,500 MILLION ALREADY DISBURSED (AROUND €740 MILLION IN 9M 2020); S-LOAN TO IMPROVE SMES' SUSTAINABILITY PROFILE (A €2 BILLION PLAFOND ALLOCATED AS PART OF THE €50 BILLION IN LENDING DEDICATED TO THE GREEN ECONOMY); IN 9M 2020, AROUND 660 START-UPS EVALUATED (AROUND 1,900 SINCE 2018) IN THREE ACCELERATION PROGRAMS WITH 47 COACHED START-UPS (AROUND 280 SINCE 2018); GIOVANI E LAVORO PROGRAM UNDERWAY AIMED AT INTRODUCING 5,000 YOUNG PEOPLE TO THE ITALIAN LABOUR MARKET: IN 9M 2020, AROUND 5,550 YOUNG PEOPLE APPLIED TO THE PROGRAM (AROUND 14,900 SINCE 2019), AROUND 1,020 STUDENTS WERE INTERVIEWED AND AROUND 450 STUDENTS TRAINED / IN TRAINING THROUGH 20 COURSES, WITH AROUND 1,400 COMPANIES INVOLVED SINCE THE LAUNCH OF THE PROGRAM (AROUND 3,000 STUDENTS INTERVIEWED AND AROUND 1,200 TRAINED / IN TRAINING SINCE 2019); INAUGURATION OF THE RENOVATION PROJECT OF THE NEW GALLERIE D'ITALIA IN NAPLES IN THE HISTORICAL PALACE SITED IN VIA TOLEDO, OPENING OF "LIBERTY" EXHIBITION AT GALLERIE D'ITALIA IN NAPLES, DIGITAL TRANSFORMATION OF CULTURAL AND ARTISTIC CONTENTS HOSTED BY GALLERIE D'ITALIA WITH A SOCIAL CAMPAIGN FOCUSING ON IMAGES FROM PUBLIFOTO INTESA SANPAOLO ARCHIVES AND A SOCIAL CAMPAIGN FOR THE REOPENING OF THE GALLERIE D'ITALIA IN VICENZA, DIGITAL EDITION OF THE TURIN INTERNATIONAL BOOK FAIR "SALTO NOTTE" HOSTED BY GALLERIE D'ITALIA.

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- **ROBUST NET INCOME:**
 - **STATED NET INCOME: €6,376M IN 9M 2020**
 - **EXCLUDING THE NEGATIVE GOODWILL ARISING FROM THE ACQUISITION OF UBI BANCA ^(a): €3,112M IN 9M 2020**
 - **EXCLUDING ALSO THE TWO-MONTH CONTRIBUTION OF UBI BANCA: €3,073M IN 9M 2020 VS €3,310M IN 9M 2019**
 - **EXCLUDING, IN ADDITION, LOAN ADJUSTMENTS FOR FUTURE COVID-19 IMPACTS: €3,956M IN 9M 2020, UP AROUND 20% ON 9M 2019**
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- **GROSS INCOME IN 9M 2020 UP AROUND 16% ON 9M 2019 ^(c) EXCLUDING LOAN ADJUSTMENTS FOR FUTURE COVID-19 IMPACTS**
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- **STRONG RECOVERY IN NET INTEREST INCOME AND NET FEE AND COMMISSION INCOME IN Q3 2020, UP 3.9% AND 6.7% RESPECTIVELY ON Q2 2020 ^(c)**
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- **OPERATING COSTS DOWN 3.7% ON 9M 2019 ^(c)**
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- **IMPROVEMENT IN CREDIT QUALITY TREND ^(c):**
 - **DECREASE IN NPLs, ACHIEVED AT NO EXTRAORDINARY COST TO SHAREHOLDERS**
 - **GROSS NPL REDUCTION: AROUND €24BN SINCE DECEMBER 2017 AND AROUND €37BN SINCE THE SEPTEMBER 2015 PEAK ^(c) (AROUND €11BN AND AROUND €23BN, RESPECTIVELY, EXCLUDING THE SALE TO INTRUM AND THAT TO PRELIOS)**
 - **NPL STOCK DOWN 7.5% GROSS AND 7.2% NET ON YEAR-END 2019 (DOWN 8.9% GROSS AND 10.1% NET EXCLUDING THE NEW DEFINITION OF DEFAULT); NPL TO TOTAL LOAN RATIO OF 6.9% GROSS AND 3.3% NET**
 - **ANNUALISED COST OF RISK IN 9M 2020 AT 44 BASIS POINTS EXCLUDING THE IMPACT OF LOAN ADJUSTMENTS FOR FUTURE COVID-19 IMPACTS (EQUIVALENT TO 44 BASIS POINTS)**
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- **SOLID CAPITAL POSITION, WELL ABOVE REGULATORY REQUIREMENTS:**
 - **COMMON EQUITY TIER 1 RATIO AS AT 30 SEPTEMBER 2020, AFTER THE DEDUCTION FROM CAPITAL OF AROUND €2.3BN OF DIVIDENDS ACCRUED IN 9M 2020, OF**
 - **15.2% PRO-FORMA FULLY LOADED ^{(1) (2)}, 15.9% EXCLUDING THE ACQUISITION OF UBI BANCA**
 - **14.7% PHASED-IN ^{(2) (**)}, 15.5% EXCLUDING THE ACQUISITION OF UBI BANCA**

^(a) Negative goodwill amounts to €3,264m after the deduction of the portion allocated to the going concern to be sold to BPER Banca. This is a provisional figure, given that the final amount will be redetermined at the time of preparation of the 2020 financial statements following the outcome of the PPA (Purchase Price Allocation) procedure through the exact calculation, as at the date of acquisition, of the fair value of identifiable assets acquired and liabilities assumed of the UBI Banca Group.

^(c) Excluding the contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

(1) Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2020, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and on the sale of the going concern to BPER Banca in relation to the acquisition of UBI Banca, and the expected distribution of the 9M 2020 net income of insurance companies.

(2) After the deduction of dividends accrued, equal to 75% of the net income of 9M 2020 excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues.

(*) Excluding the new definition of default adopted in November 2019.

(**) Equal to 14% excluding the mitigation of the impact of the first time adoption of IFRS 9, to 14.7% excluding also the acquisition of UBI Banca.

HIGHLIGHTS:

OPERATING INCOME ^(°):	Q3 2020 9M 2020	-1.3% -3.2%	€4,083M FROM €4,136M IN Q2 2020 €13,158M FROM €13,588M IN 9M 2019
OPERATING COSTS ^(°):	Q3 2020 9M 2020	-1.5% -3.7%	€2,196M FROM €2,230M IN Q2 2020 €6,599M FROM €6,851M IN 9M 2019
OPERATING MARGIN ^(°):	Q3 2020 9M 2020	-1% -2.6%	€1,887M FROM €1,906M IN Q2 2020 €6,559M FROM €6,737M IN 9M 2019
GROSS INCOME ^(°):	Q3 2020 9M 2020	€997M €4,856M	FROM €1,883M IN Q2 2020 FROM €5,323M IN 9M 2019
NET INCOME:	Q3 2020 9M 2020	€3,810M €507M €6,376M €3,073M	FROM €1,415M IN Q2 2020, EXCLUDING THE NEGATIVE GOODWILL AND THE CONTRIBUTION OF UBI BANCA FROM €3,310M IN 9M 2019, EXCLUDING THE NEGATIVE GOODWILL AND THE CONTRIBUTION OF UBI BANCA
CAPITAL RATIOS:	COMMON EQUITY TIER 1 RATIO AFTER DIVIDENDS ACCRUED IN 9M 2020: 15.2% PRO-FORMA FULLY LOADED ^{(3) (4)} , 15.9% EXCLUDING THE ACQUISITION OF UBI BANCA 14.7% PHASED-IN ^{(4) (5)} , 15.5% EXCLUDING THE ACQUISITION OF UBI BANCA		

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- (°) Excluding the two-month contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.
- (3) Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2020, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and on the sale of the going concern to BPER Banca in relation to the acquisition of UBI Banca, and the expected distribution of the 9M 2020 net income of insurance companies.
- (4) After the deduction of dividends accrued, equal to 75% of the net income of 9M 2020 excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues.
- (5) Equal to 14% excluding the mitigation of the impact of the first time adoption of IFRS 9, to 14.7% excluding also the acquisition of UBI Banca.

Turin - Milan, 4 November 2020 – At its meeting today, the Board of Directors of Intesa Sanpaolo approved the consolidated interim statement as at 30 September 2020 ^(*) ⁽⁶⁾.

Results for the first nine months of 2020 confirm Intesa Sanpaolo’s ability to effectively face the challenging aftermath of the COVID-19 epidemic. They reflect the Group’s sustainable profitability, which derives from a solid capital base and a strong liquidity position, a resilient and well-diversified business model and the strategic flexibility in managing operating costs. The results also reflect the support provided to Italy by the Group, which is also committed to becoming a reference model in terms of sustainability and social and cultural responsibility.

Sustainable value generation for all stakeholders will be accreted by the combination with UBI Banca following the acquisition of control on 5 August 2020, which is well underway and has low execution risk also due to Intesa Sanpaolo’s proven track record in managing integrations, enhancing local economies and UBI Banca people and achieving further reduction of risk profile and significant synergies with no social costs.

Compared with the first nine months of 2019, Intesa Sanpaolo - excluding the acquisition of UBI Banca - recorded, specifically, **improvement in capital ratios, efficiency and asset quality. The cost of risk, too, improved when excluding loan adjustments for future COVID-19 impacts.**

The trends of the new environment find Intesa Sanpaolo fully equipped thanks to the Group’s competitive advantages:

- growing **demand for health, wealth and business protection: Intesa Sanpaolo leadership in Wealth Management & Protection** and stronger positioning in the **health** insurance sector enhanced through the acquisition of RBM;
- **riskier environment: effective proactive credit management** (Pulse, with around 370 dedicated people) and Group’s **strategic partnerships** with leading NPL industrial players; **Intesa Sanpaolo ranked first among Italian corporates in the “Cyber Resilience amid a Global Pandemic” competition**, organised by AIPSA (Italian Association of Corporate Security Professionals);
- **customer digitalisation: top positioning in Europe for mobile app functionalities** and Group’s **strong digital proposition**, with around **10.1 million multichannel customers** (over 12 million including UBI Banca) and around **6.2 million customers using the Intesa Sanpaolo App** (over 7 million including the UBI Banca App), and **strategic partnership with Nexi in respect of payment systems** (shareholding in the Nexi capital);

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

(6) Methodological note on the scope of consolidation on page 26.

- **digital way of working**: already over **63,000 Group people in smart working** (around 77,000 including UBI Banca) and **optimisation of the distribution model with over 1,000 branches rationalised** since 2018 and further possible branch reduction following the Banca 5 - SisalPay strategic partnership and changes in customer behaviour brought about by COVID-19, with most customers who will continue to be served by the Group via its high-quality alternative channels;
- growing **importance of sustainability and social responsibility (ESG)**: Intesa Sanpaolo is the **only Italian bank listed in three of the main sustainability indices**, Dow Jones Sustainability Indices, CDP Climate Change A List 2018 and 2019 Corporate Knights “Global 100 Most Sustainable Corporations in the World Index”, and ranks **first among European banks** by MSCI, CDP and Sustainalytics, **three of the top ESG international assessments**.

In the first nine months of 2020, the Group recorded:

- **stated net income at €6,376m, at €3,112m excluding the negative goodwill arising from the acquisition of UBI Banca to be allocated in Q4 2020 against integration charges, improvement of efficiency and acceleration of de-risking.** The amount of the negative goodwill (€3,264m after the deduction of the portion allocated to the going concern to be sold to BPER Banca) is provisional, given that the final amount will be redetermined at the time of preparation of the 2020 financial statements following the outcome of the PPA (Purchase Price Allocation) procedure through the exact calculation, as at the date of acquisition, of the fair value of identifiable assets acquired and liabilities assumed of the UBI Banca Group. **Excluding also the two-month contribution of UBI Banca, net income was €3,073m versus €3,310m in 9M 2019, exceeding the around €3bn minimum net income envisaged for 2020 and would be €3,956m, up around 20% on 9M 2019, when excluding €1,312m in loan adjustments for future COVID-19 impacts.**
- **growth in gross income, up around 16% on 9M 2019 ^(°) when excluding loan adjustments for future COVID-19 impacts**, also due to the **strong recovery in Q3 2020 of net interest income and net fee and commission income**, which grew **3.9% and 6.7% respectively on the previous quarter**;
- **reduction in operating costs**, down 3.7% on 9M 2019 ^(°);
- **high efficiency highlighted by a cost/income of 50.2% in 9M 2020 excluding the UBI Banca contribution and 50.7% including it – a level that puts Intesa Sanpaolo in the top tier amongst European peers**;
- annualised **cost of risk in 9M 2020 ^(°) at 44bps excluding the impact of adjustments for future COVID-19 impacts** (equivalent to 44bps) versus the 53bps of 2019;
- **improving credit quality mainly due to an effective proactive credit management approach, at no extraordinary cost to shareholders**:
 - gross NPLs were reduced ^{(°) (*)} by around **€2.7bn in 9M 2020**, by around **€37bn since the**

^(°) Excluding the contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

^(*) Excluding the new definition of default adopted in November 2019. The increase due to its impact on NPLs was around €0.6bn gross and around €0.5bn net in Q4 2019, around €0.1bn gross and net in Q1 2020, around €0.2bn gross and net in Q2 2020 and around 0.1bn gross and net in Q3 2020.

September 2015 peak (the reduction was around €23bn excluding the sale of NPLs to Intrum and Prelios), and by around **€24bn since December 2017** (the reduction was around €11bn when excluding the transactions with Intrum and Prelios) **achieving as much as 94% of the reduction target set for the entire four-year period of the 2018-2021 Business Plan;**

- **NPL stock, in September 2020^(°), decreased 7.5% gross and 7.2% net on December 2019** (the decrease was 8.9% gross and 10.1% net when excluding the effect of the new definition of default);
- **NPL to total loan ratio in September 2020 was 6.9% gross and 3.3% net excluding the contribution of UBI Banca (7% and 3.5%, respectively, including it);**
- **sizeable NPL coverage:**
 - **NPL cash coverage ratio of 54.4%** at the end of September 2020 **excluding the contribution of UBI Banca (52.2% including it), with a cash coverage ratio of 64% for the bad loan component excluding the contribution of UBI Banca (62.4% including it);**
 - **robust reserve buffer on performing loans**, amounting to 0.6% at the end of September 2020 whether or not the contribution of UBI Banca is included;
- **very solid capital position**, with capital ratios well above regulatory requirements. As at 30 September 2020, after the deduction from capital of around €2.3bn of dividends accrued in 9M 2020, the **pro-forma fully loaded Common Equity Tier 1 ratio** came in at **15.2%⁽⁷⁾⁽⁸⁾**, at **15.9% excluding the acquisition of UBI Banca – one of the highest levels amongst major European banks** – and the Common Equity Tier 1 ratio calculated by applying the transitional arrangements for 2020 came in at 14.7%⁽⁸⁾⁽⁹⁾, at 15.5% excluding the acquisition of UBI Banca. The aforementioned ratios compare with the SREP requirement for 2020, comprising Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer⁽¹⁰⁾, which set the fully loaded Common Equity Tier 1 ratio at 8.63% and the phased-in Common Equity Tier 1 ratio at 8.44% applying the new regulatory measure, introduced by the ECB and effective from 12 March 2020, that establishes the partial use of capital instruments that do not qualify as Common Equity Tier 1 to meet the Pillar 2 requirement.

(°) Excluding the contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

(7) Estimated by applying the fully loaded parameters to the financial statements as at 30 September 2020, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and on the sale of the going concern to BPER Banca in relation to the acquisition of UBI Banca, and the expected distribution of the 9M 2020 net income of insurance companies.

(8) After the deduction of dividends accrued, equal to 75% of the net income of 9M 2020 excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues.

(9) Equal to 14% excluding the mitigation of the impact of the first time adoption of IFRS 9, to 14.7% excluding also the acquisition of UBI Banca.

(10) Countercyclical Capital Buffer calculated taking into account the exposures as at 30 September 2020 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to the 2020-2021 period, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2020).

- **strong liquidity position and funding capability** ^(°), with **liquid assets of €235bn** (excluding the contribution of €48bn of UBI Banca) and **available unencumbered liquid assets of €150bn** (excluding the contribution of €32bn of UBI Banca) **at the end of September 2020**. **The Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements have been comfortably complied with**. The refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment amounted to around €70.9bn as at 30 September 2020 (excluding the contribution of €12bn of UBI Banca) and consisted entirely of TLTROs III.
- **support provided to the real economy** ^(°), with around **€66bn of medium/long-term new lending** in 9M 2020 (around €80bn including UBI Banca). **Loans amounting to around €59bn were granted in Italy** (around €73bn including UBI Banca), of which around **€47bn was granted to households and SMEs**. **In 9M 2020, the Group facilitated the return from non-performing to performing status of around 7,600 Italian companies, thus safeguarding around 38,000 jobs**. This brought the total to around **120,000 companies since 2014, with around 600,000 jobs safeguarded over the same period**.
- **sustainability and social and cultural responsibility** ^(°) which, in the presence of solid financials, translated into the actions shown below, carried out by the Group in Italy:
 - initiatives to **reduce child poverty and support people in need** delivering, since 2018, around **12.9 million meals**, around **857,000 dormitory beds**, around **191,000 medicine prescriptions** and around **134,000 items of clothing**;
 - **support provided to households and enterprises affected by earthquakes and natural disasters, by forgiving mortgages or granting moratoria of mortgages** on damaged properties, with around 130 moratoria in 9M 2020 for around €650m of residual loans, and providing subsidised loans of around €127m in 9M 2020 (around €461m since 2018);
 - **Ecobonus: Intesa Sanpaolo ready to buy tax credits** supporting households, condominiums and businesses with modular and flexible solutions, so that they may benefit from the 110% deduction for expenses relating to energy efficiency and reduction measures of seismic risk;
 - **launch of the Fund for Impact** in Q4 2018, enabling lending of around €1.2bn to categories that otherwise would have difficulties in accessing credit, despite their potential; launch of the first line of credit without collateral dedicated to all Italian university students studying in Italy or abroad (*Per Merito*), with €33m granted in 9M 2020 and €72m granted since its launch at the beginning of 2019; launch, in July 2020, of **MAMMA@WORK**, a highly subsidised loan to balance motherhood and work during children's early years of life; launch, in August 2020, of **XME StudioStation**, loans to families to support distance learnings; **two new initiatives** announced in January 2020 to support **working mothers in India** and **people over the age of 50 who have lost their jobs** or have difficulties in accessing pension schemes;

(°) Excluding the contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

- a **€5bn Circular Economy credit Plafond** for the period 2018-2021 (raised to €6bn with the acquisition of UBI Banca) to support **sustainable development**: since its launch, **€1,500m** already disbursed (around €740m in 9M 2020); **the first Sustainability Bond launched** in 2019, **focused on the Circular Economy** (for an amount of €750m);
- **new loans for €50bn available to the green economy** to contribute to the realisation of the European green deal in Italy;
- **S-Loan**, an Intesa Sanpaolo innovative solution launched in July 2020 and targeted at SMEs in order to finance projects to improve their sustainability profile. A **€2bn plafond has been allocated** for S-Loan as part of the aforementioned €50bn dedicated to the green economy. These loans will have a reduced interest rate subject to the monitoring of two ESG KPIs which must be reported in the annual report of the financed enterprises.
- **around 660 start-ups evaluated** (around 1,900 since 2018) in **three acceleration programs with 47 coached start-ups** in 9M 2020 (around 280 since 2018), introducing them to selected investors and ecosystem players (around 5,500 to date);
- the Intesa Sanpaolo *Giovani e Lavoro* program underway, in partnership with Generation, aimed at **training and introducing 5,000 young people to the Italian labour market over a three-year period**: around 5,550 young people, aged 18-29, applied to the program in 9M 2020 (around 14,900 since 2019), around 1,020 students were interviewed and around 450 trained / in training through 20 courses in 9M 2020 (around 3,000 students interviewed and around 1,200 trained / in training since 2019), with around 1,400 companies involved since the launch of the program;
- the **P-Tech initiative** in partnership with IBM, with the objective of training young professionals in the field of new digital jobs, involving 20 Intesa Sanpaolo mentors in mentoring activities for 40 young professionals;
- inauguration of the renovation project of the **new Gallerie d'Italia in Naples** in the historical palace sited in Via Toledo (**9,000 square meters**), dedicated to Intesa Sanpaolo's art collections and to Caravaggio's masterpieces; opening of "Liberty" exhibition at **Gallerie d'Italia in Naples** where over 60 extraordinary artworks are on display; digital transformation of cultural and artistic contents hosted by Gallerie d'Italia, with a **social campaign focusing on images from the Publifoto Intesa Sanpaolo Archives, which has obtained 230,317 views**, and a social campaign for the reopening of Gallerie d'Italia in Vicenza, which has obtained 11m views; Gallerie d'Italia hosted the digital edition of the **Turin International Book Fair, "SalTo Notte"**, which consisted of two live events in Milan and Naples, with **114,075 views**.

- **Group's economic and social initiatives to face the COVID-19 impacts**, implemented to date, specifically ^(°):
 - **safe conditions for the Group people and customers**, in particular with over **63,000 people working from home** (around 77,000 including UBI Banca), around **100% of branches opened and fully operational** (by appointment) and **business continuity** ensured by the effective multichannel bank model (via the online branch, internet banking, App and ATM / cash machines) and the **remote relationship advisory service** provided by around **20,000 relationship managers**;
 - **589 people hired** in 9M 2020 (of which 167 during the lockdown);
 - **support to healthcare initiatives with** over €100m in **donations**, including those coming from the Managing Director and CEO and 21 top managers, who have decided to forgo an overall amount of around €6m of the bonus they have been awarded under the 2019 Incentive Plan;
 - around **89,000 doctors and nurses participated in the training course**, delivered in cooperation with Generation, on PPE, NIV and emergency management;
 - €125m provided by the **Fund for Impact** (equal to 50%) to reduce the socio-economic distress caused by COVID-19;
 - **Programma Rinascimento**, providing a total of **€80m** in lending and including impact loans to micro-enterprises and start-ups, for the **recovery and reshaping of their business models** in the pandemic aftermath, leveraging on growth and innovation projects boosting economic growth and social and territorial cohesion, launched in Bergamo in partnership with the Municipality (€30m) and in Florence in partnership with CR Firenze Foundation (€50m);
 - the first bank in Italy to **suspend mortgage and loan instalments** even before the regulation came into force. Since the beginning of the year, suspensions of payments for around €66bn, renewals included, have been approved (around 80% for enterprises and around 20% for households), to which around €17bn from UBI Banca must be added. Suspensions of payments currently amount to around €37bn (around 73% relating to enterprises and around 27% to households), to which around €11m from UBI Banca must be added.
 - the first bank in Italy to sign the collaboration protocol with **SACE**, thus providing immediate support to enterprises under the Liquidity Decree. Overall, including the SME Fund as well, around €24bn in loans backed by a state guarantee have been granted to date (around €8bn from SACE and around €16bn from SME Fund) plus around €3bn of UBI Banca;
 - also following measures announced by the Government, **€50bn in new credit has been made available to enterprises and professionals** to protect jobs and manage payments during the emergency;
 - **€10bn in new credit facilities to sustain around 2,500 Italian industrial supplier value chains** through the enhancement of the “Sviluppo Filiere” Program.

(°) Excluding the contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

The income statement for the third quarter of 2020 ^(°)

The consolidated income statement for Q3 2020 recorded **net interest income** of €1,818m (excluding the contribution of €281m of UBI Banca), up 3.9% from €1,750m in Q2 2020 and up 4.4% from €1,741m in Q3 2019.

Net fee and commission income amounted to €1,861m (excluding the contribution of €272m of UBI Banca), up 6.7% from €1,744m in Q2 2020. Specifically, commissions on commercial banking activities were up 4.1% and commissions on management, dealing and consultancy activities were up 8.7%. The latter, which include portfolio management, distribution of insurance products, dealing and placement of securities, etc., recorded increases of 10.1% in dealing and placement of securities, 6.2% in portfolio management (performance fees contributed €8m in Q3 2020 and €9m in Q2 2020), and 9.3% in distribution of insurance products. Net fee and commission income for Q3 2020 was down 5.3% from €1,966m in Q3 2019. Specifically, commissions on commercial banking activities were down 6.6% and those on management, dealing and consultancy activities were down 2.8%. The latter recorded decreases of 2.6% in dealing and placement of securities and 4% in portfolio management (performance fees contributed €12m in Q3 2019) and an increase of 0.3% in distribution of insurance products.

Income from insurance business amounted to €295m (excluding the contribution of €3m of UBI Banca) from €367m in Q2 2020 and €321m in Q3 2019.

Profits on financial assets and liabilities at fair value amounted to €121m (excluding the contribution of €5m of UBI Banca), compared with €263m in Q2 2020. Contributions from customers decreased from €94m to €91m, those from capital markets recorded a negative balance of €212m versus a negative balance of €85m, those from trading and treasury decreased from €242m to €235m and those from structured credit products decreased from €12m to €7m. Profits on financial assets and liabilities at fair value of €121m for Q3 2020 compare with profits of €480m in Q3 2019 when contributions from customers amounted to €117m, those from capital markets to €13m, those from trading and treasury to €345m and those from structured credit products to €5m.

Operating income amounted to €4,083m (excluding the contribution of €575m of UBI Banca), down 1.3% from €4,136m in Q2 2020 and 9.5% from €4,513m in Q3 2019.

(°) Excluding the two-month contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

Operating costs amounted to €2,196m (excluding the contribution of €360m of UBI Banca), down 1.5% from €2,230m in Q2 2020, attributable to decreases of 1.6% in personnel expenses and 2.2% in administrative expenses and an increase of 0.4% in adjustments. Operating costs for Q3 2020 were down 5.3% from €2,320m in Q3 2019, attributable to decreases of 4.5% in personnel expenses and 10.5% in administrative expenses and an increase of 2.7% in adjustments.

As a result, **operating margin** amounted to €1,887m (excluding the contribution of €215m of UBI Banca), down 1% from €1,906m in Q2 2020 and 14% from €2,193m in Q3 2019. The cost/income ratio was 53.8% in Q3 2020 versus 53.9% in Q2 2020 and 51.4% in Q3 2019. The cost/income ratio of Q3 2020 was 54.9% including the contribution of UBI Banca.

Net adjustments to loans amounted to €853m (excluding the contribution of €85m of UBI Banca) and included €430m for future COVID-19 impacts, compared with €1,398m in Q2 2020 which included €882m for future COVID-19 impacts, and €473m in Q3 2019.

Net provisions and net impairment losses on other assets amounted to €60m (excluding the contribution of €7m of UBI Banca), compared with a net recovery of €262m in Q2 2020 (following the recovery, with reallocation under net adjustments to loans, of the COVID-19 related provisions of around €300m set aside in the first quarter under allowances to risks and charges), and €19m in Q3 2019.

Other income recorded a positive balance of €23m (no contribution from UBI Banca) versus a negative balance of €21m in Q2 2020 and €2m in Q3 2019.

Income (Loss) from discontinued operations was null (no contribution from UBI Banca) versus €1,134m in Q2 2020 (including the Nexi capital gain of €1,110m) and €22m in Q3 2019.

Gross income amounted to €997m (excluding the contribution of €123m of UBI Banca) from €1,883m in Q2 2020 and €1,721m in Q3 2019.

Consolidated net income for the quarter amounted to €507m (excluding the negative goodwill of €3,264m arising from the acquisition of UBI Banca ^(e) and the contribution of €39m of UBI Banca), after accounting:

^(e) Negative goodwill amounts to €3,264m after the deduction of the portion allocated to the going concern to be sold to BPER Banca. This is a provisional figure, given that the final amount will be redetermined at the time of preparation of the 2020 financial statements following the outcome of the PPA (Purchase Price Allocation) procedure through the exact calculation, as at the date of acquisition, of the fair value of identifiable assets acquired and liabilities assumed of the UBI Banca Group.

- taxes on income of €289m (excluding the contribution of €31m of UBI Banca);
- charges (net of tax) for integration and exit incentives of €27m (no contribution from UBI Banca);
- a negative balance of the effect of purchase price allocation (net of tax) of €27m (excluding the negative goodwill of €3,264m arising from the acquisition of UBI Banca);
- levies and other charges concerning the banking industry (net of tax) of €148m (excluding €49m pertaining to UBI Banca), deriving from pre-tax charges of €209m in relation to contributions to the Italian deposit guarantee scheme estimated for full year 2020 (excluding €72m pertaining to UBI Banca), €4m in relation to contributions to the deposit guarantee scheme concerning the international network, and €5m in relation to levies incurred by international subsidiaries. In Q2 2020, this caption amounted to €86m, deriving from pre-tax charges of €92m in relation to the contribution to the resolution fund in addition to the contributions estimated in the first quarter for full year 2020, €8m in relation to contributions to the deposit guarantee scheme concerning the international network, and €21m in relation to levies incurred by international subsidiaries. In Q3 2019, this caption amounted to €96m, deriving from the following pre-tax figures: charges of €127m in relation to contributions to the Italian deposit guarantee scheme estimated for full year 2019, €2m in relation to contributions to the deposit guarantee scheme concerning the international network, €3m in relation to contributions to the resolution fund and €13m in relation to levies incurred by international subsidiaries, and positive fair value differences of €5m regarding the *Atlante* fund.
- losses pertaining to minority interests of €1m (excluding the contribution of €4m minority interests of UBI Banca).

Net income of €507m in Q3 2020 compares with €1,415m in Q2 2020 and €1,044m in Q3 2019. Net income of Q3 2020 amounted to €546m including the contribution of UBI Banca and to €3,810m including also the negative goodwill arising from the acquisition of UBI Banca.

The income statement for the first nine months of 2020 ^(°)

The consolidated income statement for 9M 2020 recorded **net interest income** of €5,315m (excluding the contribution of €281m of UBI Banca), up 1.1% from €5,258m in 9M 2019.

Net fee and commission income amounted to €5,449m (excluding the contribution of €272m of UBI Banca), down 6% from €5,796m in 9M 2019. Specifically, commissions on commercial banking activities were down 7.6% and commissions on management, dealing and consultancy activities were down 3.3%. The latter, which include portfolio management, distribution of insurance products, dealing and placement of securities, etc., recorded decreases of 4.8% in dealing and placement of securities, 3.6% in portfolio management (performance fees contributed €19m in 9M 2020 and €14m in 9M 2019), and 0.9% in distribution of insurance products.

Income from insurance business amounted to €1,031m (excluding the contribution of €3m of UBI Banca) from €948m in 9M 2019.

Profits on financial assets and liabilities at fair value amounted to €1,378m (excluding the contribution of €5m of UBI Banca), compared with €1,572m in 9M 2019. Contributions from customers decreased from €395m to €332m, those from capital markets from €159m to €108m, those from trading and treasury from €989m to €957m, and those from structured credit products recorded a negative balance of €19m versus a positive balance of €28m.

Operating income amounted to €13,158m (excluding the contribution of €575m of UBI Banca), down 3.2% from €13,588m in 9M 2019.

Operating costs amounted to €6,599m (excluding the contribution of €360m of UBI Banca), down 3.7% from €6,851m in 9M 2019, attributable to decreases of 3.2% in personnel expenses and 7.7% in administrative expenses and an increase of 3.4% in adjustments.

As a result, **operating margin** amounted to €6,559m (excluding the contribution of €215m of UBI Banca), down 2.6% from €6,737m in 9M 2019. The cost/income ratio was 50.2% in 9M 2020 versus 50.4% in 9M 2019. The cost/income ratio of 9M 2020 was 50.7% including the contribution of UBI Banca.

Net adjustments to loans amounted to €2,654m (excluding the contribution of €85m of UBI Banca) from €1,396m in 9M 2019, and included €1,312m for future COVID-19 impacts.

(°) Excluding the two-month contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

Net provisions and net impairment losses on other assets amounted to €217m (excluding the contribution of €7m of UBI Banca), compared with €86m in 9M 2019.

Other income amounted to €5m (no contribution from UBI Banca), the same figure as in 9M 2019.

Income (Loss) from discontinued operations amounted to €1,163m (no contribution from UBI Banca) including the Nexi capital gain of €1,110m, versus €63m in 9M 2019.

Gross income amounted to €4,856m (excluding the contribution of €123m of UBI Banca), from €5,323m in 9M 2019.

Consolidated net income for 9M 2020 amounted to €3,073m (excluding the negative goodwill of €3,264m arising from the acquisition of UBI Banca ^(e) and the contribution of €39m of UBI Banca), after accounting:

- taxes on income of €1,163m (excluding the contribution of €31m of UBI Banca);
- charges (net of tax) for integration and exit incentives of €77m (no contribution from UBI Banca);
- a negative balance of the effect of purchase price allocation (net of tax) of €77m (excluding the negative goodwill of €3,264m arising from the acquisition of UBI Banca);
- levies and other charges concerning the banking industry (net of tax) of €425m (excluding €49m pertaining to UBI Banca), deriving from pre-tax charges of €340m in relation to contributions to the resolution fund, €209m in relation to the Italian deposit guarantee scheme estimated for full year 2020 (excluding €72m pertaining to UBI Banca), €17m in relation to contributions to the deposit guarantee scheme concerning the international network, and €46m in relation to levies incurred by international subsidiaries. In 9M 2019, this caption amounted to €338m, deriving from the following pre-tax figures: charges of €316m in relation to contributions of the resolution fund, €127m in relation to contributions to the Italian deposit guarantee scheme estimated for full year 2019, €15m in relation to contributions to the deposit guarantee scheme concerning the international network, €39m in relation to levies incurred by international subsidiaries, and positive fair value differences of €13m regarding the *Atlante* fund.
- minority interests of €41m (excluding the contribution of €4m minority interests of UBI Banca).

Net income of €3,073m in 9M 2020 compares with €3,310m in 9M 2019. Net income of 9M 2020 amounted to €3,112m including the contribution of UBI Banca and to €6,376m including also the negative goodwill arising from the acquisition of UBI Banca.

^(e) Negative goodwill amounts to €3,264m after the deduction of the portion allocated to the going concern to be sold to BPER Banca. This is a provisional figure, given that the final amount will be redetermined at the time of preparation of the 2020 financial statements following the outcome of the PPA (Purchase Price Allocation) procedure through the exact calculation, as at the date of acquisition, of the fair value of identifiable assets acquired and liabilities assumed of the UBI Banca Group.

Balance sheet as at 30 September 2020

As regards the consolidated balance sheet figures, as at 30 September 2020 **loans to customers** amounted to €404bn (excluding the contribution of €85bn of UBI Banca), up 2.2% on both year-end 2019 and 30 September 2019 (down 0.4% on Q2 2020 and up 5.2% on 9M 2019 when taking into account quarterly and nine-month average volumes ⁽¹¹⁾). Total **non-performing loans** (bad, unlikely-to-pay, and past due) amounted - net of adjustments - to €13,193m (excluding the contribution of €3,819m of UBI Banca), down 7.2% from €14,222m at year-end 2019 (down 10.1% excluding the effect of the new definition of default). In detail, bad loans decreased to €6,131m (excluding the contribution of €1,536m of UBI Banca) from €6,740m at year-end 2019, with a bad loan to total loan ratio of 1.5% (1.7% as at year-end 2019), and a cash coverage ratio of 64% (65.3% as at year-end 2019). Unlikely-to-pay loans decreased to €6,332m (excluding the contribution of €2,212m of UBI Banca) from €6,738m at year-end 2019. Past due loans decreased to €730m (excluding the contribution of €71m of UBI Banca) from €744m at year-end 2019.

Customer financial assets amounted to €982bn (excluding the contribution of €197bn of UBI Banca), up 2.2% on year-end 2019 and up 3.2% on 30 September 2019. Under customer financial assets, **direct deposits from banking business** amounted to €449bn (excluding the contribution of €98bn of UBI Banca) up 5.5% on year-end 2019 and up 5.2% on 30 September 2019. **Direct deposits from insurance business and technical reserves** amounted to €167bn (excluding the contribution of €3bn of UBI Banca), up 0.7% on year-end 2019 and up 1.6% on 30 September 2019. Indirect customer deposits amounted to €532bn (excluding the contribution of €99bn of UBI Banca), down 0.5% on year-end 2019 and up 1.5% on 30 September 2019. **Assets under management** amounted to €356bn (excluding the contribution of €74bn of UBI Banca), down 0.5% on year-end 2019 and up 1.3% on 30 September 2019. As for bancassurance, in 9M 2020 the new business for life policies amounted to €10.9bn (excluding the contribution of UBI Banca). Assets held under administration and in custody amounted to €175bn (excluding the contribution of €25bn of UBI Banca), down 0.6% on year-end 2019 and up 1.9% on 30 September 2019.

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

Capital ratios as at 30 September 2020, calculated by applying the transitional arrangements for 2020 and deducting around €2.3bn of dividends accrued in 9M 2020 from capital, were as follows:

- Common Equity Tier 1 ratio ⁽¹²⁾ at 14.7% (13.9% at year-end 2019 ⁽¹³⁾),
- Tier 1 ratio ⁽¹²⁾ at 16.9% (15.3% at year-end 2019 ⁽¹³⁾),
- total capital ratio ⁽¹²⁾ at 19.6% (17.7% at year-end 2019 ⁽¹³⁾).

The estimated pro-forma Common Equity Tier 1 ratio for the Group on a **fully loaded basis** was 15.2%, 15.9% excluding the acquisition of UBI Banca (14.1% at year-end 2019). It was calculated by applying the fully loaded parameters to the financial statements as at 30 September 2020, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and on the sale of the going concern to BPER Banca in relation to the acquisition of UBI Banca, and the expected distribution of the 9M 2020 net income of insurance companies.

* * *

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

Specifically, with regard to the components of the Group's **liquidity**:

- the high level of available unencumbered liquid assets (including eligible assets with Central Banks received as collateral and excluding eligible assets currently used as collateral) amounted to €150bn at the end of September 2020 (excluding the contribution of €32bn of UBI Banca);
- the high level of liquid assets (comprising available unencumbered liquid assets, excluding eligible assets received as collateral, and eligible assets currently used as collateral) amounted to €235bn at the end of September 2020 (excluding the contribution of €48bn of UBI Banca);

(12) After the deduction of the dividends accrued, equal to 75% of the net income of 9M 2020 excluding the negative goodwill, and the coupons accrued on the Additional Tier 1 issues. Excluding the acquisition of UBI Banca, capital ratios are 15.5% for the Common Equity Tier 1 ratio, 18% for the Tier 1 ratio and 20.6% for the total capital ratio.

Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 14% for the Common Equity Tier 1 ratio, 16.2% for the Tier 1 ratio and 19.2% for the total capital ratio; excluding also the acquisition of UBI Banca, they are respectively 14.7%, 17.2% and 20%.

(13) In accordance with the transitional arrangements for 2019. Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 13% for the Common Equity Tier 1 ratio, 14.3% for the Tier 1 ratio and 17% for the total capital ratio.

- refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment amounted to around €70.9bn as at 30 September 2020 (excluding the contribution of €12bn of UBI Banca) and consisted entirely of TLTROs III;
- the sources of funding were stable and well diversified, with retail funding representing 82% of direct deposits from banking business ^(°) (including securities issued);
- medium/long-term wholesale funding ^(°) was €5.9bn in 9M 2020 and included benchmark transactions of senior bonds of GBP350m and €1.25bn and Additional Tier 1 of €3bn (around 85% were placed with foreign investors).

The Group's **leverage ratio** as at 30 September 2020 was 6.6% applying the transitional arrangements for 2020 and 6.3% fully loaded – 6.9% and 6.7%, respectively, when excluding the acquisition of UBI Banca – best in class among major European banking groups.

* * *

As at 30 September 2020, the Intesa Sanpaolo Group's **operating structure** had a total network of 6,377 branches (including 1,769 UBI Banca branches), consisting of 5,356 branches in Italy (including 1,768 UBI Banca branches) and 1,021 abroad (including one UBI Banca branch), and employed 106,107 people (including 19,666 UBI Banca people).

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(°) Excluding the contribution of the acquisition of UBI Banca, consolidated from the third quarter of 2020.

Breakdown of results by business area ^(°)

The **Banca dei Territori** Division comprises:

- Retail customers (individual customers with financial assets up to €250,000 and annual net income of less than €50,000, businesses/companies with low-complexity needs)
- Exclusive customers (individual customers with financial assets between €250,000 and €1m or annual net income of more than €50,000)
- SME customers (enterprises with group turnover of €350m or less)
- customers that are non-profit organisations.

The division includes the “proximity bank” activities carried out, through the partnership between the subsidiary Banca 5 and SisalPay, by using alternative channels to bank branches and focused on instant banking and targeting categories of customers who rarely use banking products and services.

In the third quarter of 2020, the Banca dei Territori Division recorded:

- operating income of €2,016m, +5% versus €1,921m in Q2 2020;
- operating costs of €1,227m, -1.7% versus €1,248m in Q2 2020;
- operating margin of €789m, +17.3% versus €672m in Q2 2020;
- a cost/income ratio of 60.9% versus 65% in Q2 2020;
- net provisions and adjustments of €526m versus €1,011m in Q2 2020;
- gross income of €293m versus -€339m in Q2 2020;
- net income of €195m versus -€223m in Q2 2020.

In the first nine months of 2020, the Banca dei Territori Division recorded:

- operating income of €5,991m, -4.4% versus €6,270m in 9M 2019, contributing approximately 46% of the consolidated operating income (46% in 9M 2019 as well);
- operating costs of €3,712m, -4.6% versus €3,893m in 9M 2019;
- operating margin of €2,279m, -4.1% versus €2,377m in 9M 2019;
- a cost/income ratio of 62% versus 62.1% in 9M 2019;
- net provisions and adjustments of €1,920m versus €1,127m in 9M 2019;
- gross income of €389m versus €1,250m in 9M 2019;
- net income of €253m versus €778m in 9M 2019.

(°) Figures relating to UBI Banca have been temporarily allocated to a separate business area.

The **IMI Corporate & Investment Banking** Division includes:

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

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

In the third quarter of 2020, the IMI Corporate & Investment Banking Division recorded:

- operating income of €862m, -10.2% versus €960m in Q2 2020;
- operating costs of €266m, -0.7% versus €268m in Q2 2020;
- operating margin of €597m, -13.9% versus €693m in Q2 2020;
- a cost/income ratio of 30.8% versus 27.9% in Q2 2020;
- net provisions and adjustments of €114m versus €237m in Q2 2020;
- gross income of €482m, +5.8% versus €456m in Q2 2020;
- net income of €324m, +6.9% versus €303m in Q2 2020.

In the first nine months of 2020, the IMI Corporate & Investment Banking Division recorded:

- operating income of €3,456m, +11.3% versus €3,106m in 9M 2019, contributing approximately 26% of the consolidated operating income (23% in 9M 2019);
- operating costs of €798m, -3.7% versus €829m in 9M 2019;
- operating margin of €2,658m, +16.7% versus €2,277m in 9M 2019;
- a cost/income ratio of 23.1% versus 26.7% in 9M 2019;
- net provisions and adjustments of €350m versus €190m in 9M 2019;
- gross income of €2,308m, +10.4% versus €2,090m in 9M 2019;
- net income of €1,538m, +9.2% versus €1,409m in 9M 2019.

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

In the third quarter of 2020, the International Subsidiary Banks Division recorded:

- operating income of €475m, +0.9% versus €471m in Q2 2020;
- operating costs of €242m, +0.1% versus €242m in Q2 2020;
- operating margin of €233m, +1.6% versus €229m in Q2 2020;
- a cost/income ratio of 51% versus 51.4% in Q2 2020;
- net provisions and adjustments of €50m versus €89m in Q2 2020;
- gross income of €183m, +30% versus €141m in Q2 2020;
- net income of €133m, +31.2% versus €102m in Q2 2020.

In the first nine months of 2020, the International Subsidiary Banks Division recorded:

- operating income of €1,413m, -4.8% versus €1,485m in 9M 2019, contributing approximately 11% of the consolidated operating income (11% in 9M 2019 as well);
- operating costs of €723m, +0.1% versus €722m in 9M 2019;
- operating margin of €690m, -9.6% versus €763m in 9M 2019;
- a cost/income ratio of 51.2% versus 48.6% in 9M 2019;
- net provisions and adjustments of €175m versus €36m in 9M 2019;
- gross income of €521m, -28.8% versus €732m in 9M 2019;
- net income of €378m, -33% versus €564m in 9M 2019.

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

In the third quarter of 2020, the Private Banking Division recorded:

- operating income of €479m, +0.4% versus €478m in Q2 2020;
- operating costs of €151m, +0.7% versus €150m in Q2 2020;
- operating margin of €328m, +0.2% versus €327m in Q2 2020;
- a cost/income ratio of 31.6% versus 31.5% in Q2 2020;
- net provisions and adjustments of €9m versus €32m in Q2 2020;
- gross income of €319m, +7.8% versus €296m in Q2 2020;
- net income of €216m, +7.7% versus €200m in Q2 2020.

In the first nine months of 2020, the Private Banking Division recorded:

- operating income of €1,435m, -0.6% versus €1,444m in 9M 2019, contributing approximately 11% of the consolidated operating income (11% in 9M 2019 as well);
- operating costs of €443m, -1.3% versus €449m in 9M 2019;
- operating margin of €992m, -0.3% versus €995m in 9M 2019;
- a cost/income ratio of 30.9% versus 31.1% in 9M 2019;
- net provisions and adjustments of €49m versus €38m in 9M 2019;
- gross income of €949m, -1.8% versus €966m in 9M 2019;
- net income of €643m, -4.2% versus €671m in 9M 2019.

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

In the third quarter of 2020, the Asset Management Division recorded:

- operating income of €194m, +4.1% versus €186m in Q2 2020;
- operating costs of €39m, +6.6% versus €37m in Q2 2020;
- operating margin of €155m, +3.5% versus €150m in Q2 2020;
- a cost/income ratio of 20.3% versus 19.8% in Q2 2020;
- gross income of €155m, +3.4% versus €150m in Q2 2020;
- net income of €115m, +3.1% versus €111m in Q2 2020.

In the first nine months of 2020, the Asset Management Division recorded:

- operating income of €549m, -1.6% versus €558m in 9M 2019, contributing approximately 4% of the consolidated operating income (4% in 9M 2019 as well);
- operating costs of €110m, +1.9% versus €108m in 9M 2019;
- operating margin of €439m, -2.4% versus €450m in 9M 2019;
- a cost/income ratio of 20% versus 19.4% in 9M 2019;
- gross income of €439m, -2.4% versus €450m in 9M 2019;
- net income of €326m, -5.2% versus €344m in 9M 2019.

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

In the third quarter of 2020, the Insurance Division recorded:

- operating income of €286m, -13.4% versus €330m in Q2 2020;
- operating costs of €61m, +2.4% versus €60m in Q2 2020;
- operating margin of €224m, -16.9% versus €270m in Q2 2020;
- a cost/income ratio of 21.5% versus 18.1% in Q2 2020;
- net provisions and adjustments of €7m versus €2m in Q2 2020;
- gross income of €217m, -18.9% versus €268m in Q2 2020;
- net income of €146m, -12.7% versus €167m in Q2 2020.

In the first nine months of 2020, the Insurance Division recorded:

- operating income of €956m, +5.2% versus €909m in 9M 2019, contributing approximately 7% of the consolidated operating income (7% in 9M 2019 as well);
- operating costs of €170m, +5.6% versus €161m in 9M 2019;
- operating margin of €786m, +5.1% versus €748m in 9M 2019;
- a cost/income ratio of 17.8% versus 17.7% in 9M 2019;
- net provisions and adjustments of €16m versus €1m in 9M 2019;
- gross income of €770m, +3.1% versus €747m in 9M 2019;
- net income of €473m, -4.4% versus €495m in 9M 2019.

Outlook

For the Intesa Sanpaolo Group, without taking the acquisition of UBI Banca into account, net income of no lower than around €3bn and no lower than around €3.5bn is expected for 2020 and 2021 respectively, assuming a potential cost of risk of up to around 90bps in 2020 and around 70bps in 2021.

Even taking the acquisition of UBI Banca into account, the Group's dividend policy is confirmed. It envisages the distribution of cash dividends corresponding to a payout ratio of 75% and 70% for 2020⁽¹⁴⁾ and 2021 respectively. This is subject to ECB indications which will be announced in respect of dividend distribution after 1 January 2021, the deadline for the recommendation of 28 July 2020.

In addition to the envisaged distribution of cash dividends from the 2020 net income, Intesa Sanpaolo intends to obtain approval from the ECB to distribute cash from reserves in 2021 in light of the allocation of the 2019 net income to reserves in 2020.

The pro-forma fully loaded Common Equity Tier 1 ratio expected to be above 13%⁽¹⁵⁾ in 2021 is confirmed, even taking the acquisition of UBI Banca and the aforementioned potential cash distribution from reserves into account.

For the Group resulting from the acquisition of UBI Banca, it is envisaged, as of 2022, a net income of no lower than €5bn and a strategy that remains focused on rewarding shareholders and maintaining solid capital ratios. There is the intention to disclose the new Business Plan by the end of 2021, as soon as the macroeconomic scenario becomes clearer.

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- (14) Excluding the contribution of the negative goodwill not allocated to cover integration charges and reduce risk profile from net income. The actual determination of the negative goodwill will result following the outcome of the PPA procedure, provided for under IFRS 3, at the time of preparation of the 2020 financial statements, through the exact calculation, as at the date of acquisition, of the fair value of identifiable assets acquired and liabilities assumed of the UBI Banca Group.
- (15) Estimated by applying the fully loaded parameters, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and on the sale of the going concern to BPER Banca in relation to the acquisition of UBI Banca.
- . Above 12% when excluding the aforementioned DTA absorptions.

For consistency purpose, the income statement figures for the first three quarters of 2019 were restated following the agreement, signed in December 2019, in respect of the transfer to Nexi of the Intesa Sanpaolo business line consisting of the acquiring activities. The related items were deconsolidated line by line and the business line's contribution to the income statement was included under Income (Loss) from discontinued operations.

For these same quarters, the income statement and balance sheet figures relating to the Banca dei Territori Division and the IMI Corporate & Investment Banking Division were restated following the incorporation, in November 2019, of the Mediocredito Italiano subsidiary into the Parent Company, while the figures of the Divisions for the four quarters of 2019 were restated due to the allocation from the Corporate Centre of cost components and the income statement and balance sheet items relating to bad loans, previously allocated under the NPE Department (formerly, Capital Light Bank).

Furthermore, the income statement figures for the four quarters of 2019 were restated following the agreement, signed in December 2019, in respect of the strategic partnership with Prelios, which includes a contract for the servicing of an unlikely-to-pay loan portfolio of the Intesa Sanpaolo Group to be provided by Prelios, estimating the commissions theoretically owed to Prelios and recognising these, on one hand, to "administrative expenses", and, on the other, to "taxes on income" and "minority interests".

Finally, the income statement and balance sheet figures for the four quarters of 2019 and the first quarter of 2020 were restated following the acquisition of *RBM Assicurazione Salute*, finalised in May 2020. The related items were consolidated line by line, including the corresponding net income under minority interests and the corresponding shareholders' equity under shareholders' equity minority interests.

* * *

In order to present more complete information on the results generated as at 30 September 2020, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the interim statement approved by the Board of Directors are attached. Please note that the auditing firm is completing the activities for the issue of a statement in accordance with Article 26 (2) of Regulation EU no. 575/2013 and ECB Decision no. 2015/656.

* * *

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

* * *

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This press release 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 hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statements, 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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Intesa Sanpaolo Group

Reclassified consolidated statement of income

	30.09.2020			30.09.2019			(millions of euro) Changes	
	Consolidated figure (a)	Of which: UBI Group (b)	Consolidated figure net of UBI Group (c) = (a) - (b)	Consolidated figure (d)	amount (e) = (c) - (d)	% (e) / (d)		
Net interest income	5,596	281	5,315	5,258	57	1.1		
Net fee and commission income	5,721	272	5,449	5,796	-347	-6.0		
Income from insurance business	1,034	3	1,031	948	83	8.8		
Profits (Losses) on financial assets and liabilities designated at fair value	1,383	5	1,378	1,572	-194	-12.3		
Other operating income (expenses)	-1	14	-15	14	-29			
Operating income	13,733	575	13,158	13,588	-430	-3.2		
Personnel expenses	-4,331	-237	-4,094	-4,229	-135	-3.2		
Other administrative expenses	-1,794	-88	-1,706	-1,849	-143	-7.7		
Adjustments to property, equipment and intangible assets	-834	-35	-799	-773	26	3.4		
Operating costs	-6,959	-360	-6,599	-6,851	-252	-3.7		
Operating margin	6,774	215	6,559	6,737	-178	-2.6		
Net adjustments to loans	-2,739	-85	-2,654	-1,396	1,258	90.1		
Other net provisions and net impairment losses on other assets	-224	-7	-217	-86	131			
Other income (expenses)	5	-	5	5	-	-		
Income (Loss) from discontinued operations	1,163	-	1,163	63	1,100			
Gross income (loss)	4,979	123	4,856	5,323	-467	-8.8		
Taxes on income	-1,194	-31	-1,163	-1,513	-350	-23.1		
Charges (net of tax) for integration and exit incentives	-77	-	-77	-79	-2	-2.5		
Effect of purchase price allocation (net of tax)	3,187	3,264	-77	-105	-28	-26.7		
Levies and other charges concerning the banking industry (net of tax)	-474	-49	-425	-338	87	25.7		
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-		
Minority interests	-45	-4	-41	22	-63			
Net income (loss)	6,376	3,303	3,073	3,310	-237	-7.2		

Figures restated, where necessary, considering the changes in the scope of consolidation. The figures concerning UBI Group have not been restated.

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated statement of income

(millions of euro)

	2020					2019			
	Third quarter			Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
	Consolidated figure (a)	Of which: UBI Group (b)	Consolidated figure net of UBI Group (c) = (a) - (b)						
Net interest income	2,099	281	1,818	1,750	1,747	1,747	1,741	1,761	1,756
Net fee and commission income	2,133	272	1,861	1,744	1,844	2,166	1,966	1,965	1,865
Income from insurance business	298	3	295	367	369	320	321	304	323
Profits (Losses) on financial assets and liabilities designated at fair value	126	5	121	263	994	356	480	634	458
Other operating income (expenses)	2	14	-12	12	-15	-10	5	10	-1
Operating income	4,658	575	4,083	4,136	4,939	4,579	4,513	4,674	4,401
Personnel expenses	-1,595	-237	-1,358	-1,380	-1,356	-1,519	-1,422	-1,419	-1,388
Other administrative expenses	-658	-88	-570	-583	-553	-752	-637	-625	-587
Adjustments to property, equipment and intangible assets	-303	-35	-268	-267	-264	-285	-261	-252	-260
Operating costs	-2,556	-360	-2,196	-2,230	-2,173	-2,556	-2,320	-2,296	-2,235
Operating margin	2,102	215	1,887	1,906	2,766	2,023	2,193	2,378	2,166
Net adjustments to loans	-938	-85	-853	-1,398	-403	-693	-473	-554	-369
Other net provisions and net impairment losses on other assets	-67	-7	-60	262	-419	-168	-19	-37	-30
Other income (expenses)	23	-	23	-21	3	50	-2	1	6
Income (Loss) from discontinued operations	-	-	-	1,134	29	25	22	22	19
Gross income (loss)	1,120	123	997	1,883	1,976	1,237	1,721	1,810	1,792
Taxes on income	-320	-31	-289	-313	-561	-312	-532	-446	-535
Charges (net of tax) for integration and exit incentives	-27	-	-27	-35	-15	-27	-27	-30	-22
Effect of purchase price allocation (net of tax)	3,237	3,264	-27	-24	-26	-12	-37	-28	-40
Levies and other charges concerning the banking industry (net of tax)	-197	-49	-148	-86	-191	-22	-96	-96	-146
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-	-	-
Minority interests	-3	-4	1	-10	-32	8	15	6	1
Net income (loss)	3,810	3,303	507	1,415	1,151	872	1,044	1,216	1,050

Figures restated, where necessary, considering the changes in the scope of consolidation. The figures concerning UBI Group have not been restated.

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

Assets	30.09.2020		31.12.2019		Changes	
	Consolidated figure (a)	Of which: UBI Group (b)	Consolidated figure net of UBI Group (c) = (a) - (b)	Consolidated figure (d)	amount (e) = (c) - (d)	% (e) / (d)
Due from banks	85,307	15,133	70,174	47,170	23,004	48.8
Loans to customers	489,148	85,247	403,901	395,229	8,672	2.2
<i>Loans to customers measured at amortised cost</i>	<i>487,629</i>	<i>84,996</i>	<i>402,633</i>	<i>394,093</i>	<i>8,540</i>	<i>2.2</i>
<i>Loans to customers designated at fair value through other comprehensive income and through profit or loss</i>	<i>1,519</i>	<i>251</i>	<i>1,268</i>	<i>1,136</i>	<i>132</i>	<i>11.6</i>
Financial assets measured at amortised cost which do not constitute loans	43,453	7,913	35,540	25,888	9,652	37.3
Financial assets at fair value through profit or loss	61,317	2,192	59,125	48,636	10,489	21.6
Financial assets at fair value through other comprehensive income	80,621	10,306	70,315	72,046	-1,731	-2.4
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	170,471	2,693	167,778	168,233	-455	-0.3
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	1,050	1	1,049	649	400	61.6
Investments in associates and companies subject to joint control	1,766	294	1,472	1,240	232	18.7
Property, equipment and intangible assets	20,096	3,085	17,011	17,157	-146	-0.9
<i>Assets owned</i>	<i>18,248</i>	<i>2,639</i>	<i>15,609</i>	<i>15,659</i>	<i>-50</i>	<i>-0.3</i>
<i>Rights of use acquired under leases</i>	<i>1,848</i>	<i>446</i>	<i>1,402</i>	<i>1,498</i>	<i>-96</i>	<i>-6.4</i>
Tax assets	19,256	3,860	15,396	15,476	-80	-0.5
Non-current assets held for sale and discontinued operations	2,601	6	2,595	494	2,101	
Other assets	21,762	2,677	19,085	24,352	-5,267	-21.6
Total Assets	996,848	133,407	863,441	816,570	46,871	5.7

Liabilities	30.09.2020		31.12.2019		Changes	
	Consolidated figure (a)	Of which: UBI Group (b)	Consolidated figure net of UBI Group (c) = (a) - (b)	Consolidated figure (d)	amount (e) = (c) - (d)	% (e) / (d)
Due to banks at amortised cost	118,554	16,566	101,988	103,316	-1,328	-1.3
Due to customers at amortised cost and securities issued	535,391	98,091	437,300	414,578	22,722	5.5
Financial liabilities held for trading	57,022	850	56,172	45,226	10,946	24.2
Financial liabilities designated at fair value	2,978	230	2,748	4	2,744	
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	1,857	-	1,857	818	1,039	
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	73,960	252	73,708	75,935	-2,227	-2.9
Tax liabilities	2,584	274	2,310	2,322	-12	-0.5
Liabilities associated with non-current assets held for sale and discontinued operations	2,380	-	2,380	41	2,339	
Other liabilities	32,335	9,030	23,305	23,433	-128	-0.5
<i>of which lease payables</i>	<i>1,817</i>	<i>404</i>	<i>1,413</i>	<i>1,496</i>	<i>-83</i>	<i>-5.5</i>
Technical reserves	94,536	2,339	92,197	89,243	2,954	3.3
Allowances for risks and charges	6,610	1,991	4,619	5,132	-513	-10.0
<i>of which allowances for commitments and financial guarantees given</i>	<i>565</i>	<i>73</i>	<i>492</i>	<i>482</i>	<i>10</i>	<i>2.1</i>
Share capital	10,076	-	10,076	9,086	990	10.9
Reserves	44,787	-	44,787	38,250	6,537	17.1
Valuation reserves	-894	26	-920	-157	763	
Valuation reserves pertaining to insurance companies	596	1	595	504	91	18.1
Equity instruments	7,423	398	7,025	4,103	2,922	71.2
Minority interests	277	56	221	554	-333	-60.1
Net income (loss)	6,376	3,303	3,073	4,182	-1,109	-26.5
Total liabilities and shareholders' equity	996,848	133,407	863,441	816,570	46,871	5.7

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations. The figures concerning UBI Group have not been restated.

Intesa Sanpaolo Group

Breakdown of financial highlights by business area

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total Intesa Sanpaolo Group (net of UBI Group)	UBI Group	Total Intesa Sanpaolo Group
(millions of euro)										
Operating income										
30.09.2020	5,991	3,456	1,413	1,435	549	956	-642	13,158	575	13,733
30.09.2019	6,270	3,106	1,485	1,444	558	909	-184	13,588		13,588
% change (a)	-4.4	11.3	-4.8	-0.6	-1.6	5.2		-3.2		
Operating costs										
30.09.2020	-3,712	-798	-723	-443	-110	-170	-643	-6,599	-360	-6,959
30.09.2019	-3,893	-829	-722	-449	-108	-161	-689	-6,851		-6,851
% change (a)	-4.6	-3.7	0.1	-1.3	1.9	5.6	-6.7	-3.7		
Operating margin										
30.09.2020	2,279	2,658	690	992	439	786	-1,285	6,559	215	6,774
30.09.2019	2,377	2,277	763	995	450	748	-873	6,737		6,737
% change (a)	-4.1	16.7	-9.6	-0.3	-2.4	5.1	47.2	-2.6		
Net income (loss)										
30.09.2020	253	1,538	378	643	326	473	-538	3,073	3,303	6,376
30.09.2019	778	1,409	564	671	344	495	-951	3,310		3,310
% change (a)	-67.5	9.2	-33.0	-4.2	-5.2	-4.4	-43.4	-7.2		

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total Intesa Sanpaolo Group (net of UBI Group)	UBI Group	Total Intesa Sanpaolo Group
Loans to customers										
30.09.2020	207,256	134,470	35,301	9,442	266	-	17,166	403,901	85,247	489,148
31.12.2019	194,358	131,884	34,038	9,329	435	-	25,185	395,229		395,229
% change (b)	6.6	2.0	3.7	1.2	-38.9	-	-31.8	2.2		
Direct deposits from banking business										
30.09.2020	221,909	89,901	44,780	40,798	9	-	51,610	449,007	98,321	547,328
31.12.2019	199,256	86,850	43,420	39,537	10	-	56,439	425,512		425,512
% change (b)	11.4	3.5	3.1	3.2	-10.0	-	-8.6	5.5		

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations. The figures concerning UBI Group have not been restated.

(a) The change expresses the ratio between 30.09.2020 and 30.09.2019.

(b) The change expresses the ratio between 30.09.2020 and 31.12.2019.

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