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31 March 2021

Testo del comunicato

Vedi allegato.

PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 31 MARCH 2021

RESULTS FOR Q1 2021 CONFIRM INTESA SANPAOLO'S ABILITY TO EFFECTIVELY FACE THE CHALLENGING AFTERMATH OF THE COVID-19 EPIDEMIC AND ARE FULLY IN LINE WITH THE TARGET OF DELIVERING A FULL-YEAR NET INCOME WELL ABOVE €3.5 BILLION.

RESULTS FOR THE QUARTER REFLECT INTESA SANPAOLO'S SUSTAINABLE PROFITABILITY DERIVING FROM A SOLID CAPITAL BASE AND LIQUIDITY POSITION, A RESILIENT AND WELL-DIVERSIFIED BUSINESS MODEL, THE STRATEGIC FLEXIBILITY IN MANAGING OPERATING COSTS AND THE ASSET QUALITY, WITH A LOW RISK PROFILE BOLSTERING 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.

VALUE GENERATION FOR ALL STAKEHOLDERS WILL BE ACCRETED BY SYNERGIES ESTIMATED AT OVER €1 BILLION DERIVING FROM THE MERGER OF UBI BANCA, SUCCESSFULLY COMPLETED WITH NO SOCIAL COSTS, AND BY MORE THAN €6 BILLION OUT OF PRE-TAX PROFIT DEVOTED BY THE GROUP IN 2020 TO FURTHER STRENGTHENING THE SUSTAINABILITY OF RESULTS.

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 €150 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 SPECIFIC REGULATION CAME INTO FORCE (SUSPENSIONS OF PAYMENTS FOR €101 BILLION APPROVED TO DATE), AND TO SIGN THE COLLABORATION PROTOCOL WITH SACE, THUS PROVIDING IMMEDIATE SUPPORT TO ENTERPRISES UNDER THE LIQUIDITY DECREE (€38 BILLION INCLUDING THE SME FUND GRANTED TO DATE);
 - UP TO €50 BILLION IN NEW LOANS MADE AVAILABLE TO ENTERPRISES AND PROFESSIONALS TO PROTECT JOBS AND MANAGE PAYMENTS DURING THE EMERGENCY.
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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) AND GROUP'S STRATEGIC PARTNERSHIPS WITH LEADING NPL INDUSTRIAL PLAYERS;
 - STRONG DIGITAL PROPOSITION, WITH AROUND 11.6 MILLION MULTICHANNEL CUSTOMERS AND AROUND 7.1 MILLION CUSTOMERS USING THE INTESA SANPAOLO APP, AND STRATEGIC PARTNERSHIP WITH NEXI AS REGARDS PAYMENT SYSTEMS;
 - AROUND 80,000 GROUP PEOPLE IN SMART WORKING AND OPTIMISATION OF THE DISTRIBUTION MODEL WITH BRANCH RATIONALISATION, THE BANCA 5 - SISALPAY STRATEGIC PARTNERSHIP (MOONEY), AND MOST CUSTOMERS WHO WILL BE SERVED THROUGH ALTERNATIVE CHANNELS;
 - LEADERSHIP IN INCLUSION IN SUSTAINABILITY INDICES AND ESG INTERNATIONAL ASSESSMENTS.
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THE CAPITAL POSITION WAS SOLID AND WELL ABOVE REGULATORY REQUIREMENTS: PRO-FORMA FULLY LOADED COMMON EQUITY TIER 1 RATIO WAS 15.7% DEDUCTING DIVIDENDS ACCRUED IN Q1 2021 FROM CAPITAL.

NET INCOME AT €1,516 MILLION.

GROSS INCOME UP 22.2% ON Q1 2020.

CREDIT QUALITY IMPROVED. GROSS NPLs WERE REDUCED BY 0.8% ON YEAR-END 2020 AND BY AROUND €32 BILLION SINCE THE END OF 2017 EXCEEDING BY AROUND €6 BILLION THE €26 BILLION DELEVERAGING TARGET SET FOR THE ENTIRE FOUR-YEAR PERIOD OF THE 2018-2021 BUSINESS PLAN. NPL RATIO WAS 4.4% GROSS AND 2.3% NET. ANNUALISED COST OF RISK IN Q1 2021 DECREASED TO 35 BASIS POINTS.

INTESA SANPAOLO CONTINUES TO OPERATE AS A GROWTH ACCELERATOR IN THE REAL ECONOMY IN ITALY. IN Q1 2021, MEDIUM/LONG-TERM NEW LENDING GRANTED BY THE GROUP TO ITALIAN HOUSEHOLDS AND BUSINESSES AMOUNTED TO AROUND €21 BILLION. IN Q1 2021, THE GROUP FACILITATED THE RETURN TO PERFORMING STATUS OF AROUND 2,900 COMPANIES, THUS SAFEGUARDING AROUND 14,500 JOBS. THIS BROUGHT THE TOTAL TO AROUND 126,000 COMPANIES SINCE 2014, WITH AROUND 630,000 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 17.7 MILLION MEALS, 1.1 MILLION DORMITORY BEDS, 244,000 MEDICINE PRESCRIPTIONS AND 203,000 ITEMS OF CLOTHING;
- THE FUND FOR IMPACT, WITH AROUND €107 MILLION GRANTED, SINCE ITS LAUNCH, BY PER MERITO (THE FIRST LINE OF CREDIT WITHOUT COLLATERAL DEDICATED TO ALL ITALIAN UNIVERSITY STUDENTS), THE LAUNCH, IN JULY 2020, OF MAMMA@WORK (A SUBSIDISED LOAN TO BALANCE MOTHERHOOD AND WORK, WITH AROUND €0.3 MILLION GRANTED SINCE LAUNCH) AND, IN AUGUST 2020, OF "XME STUDIOSTATION" (LOANS TO FAMILIES TO SUPPORT DISTANCE LEARNING, WITH AROUND €1.6 MILLION GRANTED SINCE LAUNCH);
- A €6 BILLION CIRCULAR ECONOMY CREDIT PLAFOND TO SUPPORT SUSTAINABLE DEVELOPMENT, WITH AROUND €3.4 BILLION ALREADY DISBURSED; S-LOAN TO IMPROVE SMEs' SUSTAINABILITY PROFILE (A €2 BILLION PLAFOND ALLOCATED, WITH AROUND €520 MILLION GRANTED SINCE LAUNCH);
- IN Q1 2021, AROUND 175 START-UPS EVALUATED (OVER 2,800 SINCE 2018) IN TWO ACCELERATION PROGRAMS WITH 22 COACHED START-UPS (OVER 410 SINCE 2018);
- GIOVANI E LAVORO PROGRAM UNDERWAY AIMED AT INTRODUCING 5,000 YOUNG PEOPLE TO THE ITALIAN LABOUR MARKET: IN Q1 2021, AROUND 3,000 YOUNG PEOPLE APPLIED TO THE PROGRAM (OVER 18,000 SINCE 2019), AROUND 300 STUDENTS WERE INTERVIEWED AND AROUND 100 STUDENTS TRAINED / IN TRAINING THROUGH FOUR COURSES, WITH AROUND 1,500 COMPANIES INVOLVED SINCE THE LAUNCH OF THE PROGRAM (OVER 3,800 STUDENTS INTERVIEWED AND OVER 1,500 TRAINED / IN TRAINING SINCE 2019);
- FIRST EDITION OF THE GALLERIE D'ITALIA ACADEMY ADVANCED TRAINING COURSE IN "MANAGEMENT OF ARTISTIC-CULTURAL HERITAGE AND CORPORATE COLLECTIONS"; DIGITAL PROMOTION OF THE *TIEPOLO* EXHIBITION: *TIEPOLO* HAS BECOME A VIRTUAL TOUR AND AN INNOVATIVE IMMERSIVE EXPERIENCE; *SOTTO UN UNICO CIELO*: SEVEN VIDEOS ON TIEPOLO'S MASTERPIECES IN VENETO AND FRIULI REGIONS; DIGITAL INITIATIVES DEDICATED TO *TIEPOLO* ON THE WEBSITES GALLERIE D'ITALIA, INTESA SANPAOLO AND *PROGETTO CULTURA*.

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- **ROBUST NET INCOME:**
 - €1,516M IN Q1 2021 VS €393M IN Q4 2020, EXCLUDING THE ITEMS RELATED TO THE ACQUISITION OF UBI BANCA ^(°) AND THE ACCOUNTING IMPACT OF THE RELATED GOODWILL IMPAIRMENT ^(°°), AND €1,151M IN Q1 2020
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- **GROSS INCOME UP BY 22.2% ON Q1 2020**
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- **NET FEE AND COMMISSION INCOME UP BY 8.9% ON Q1 2020**
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- **OPERATING COSTS DOWN BY 2.6% ON Q1 2020**
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- **IMPROVEMENT IN CREDIT QUALITY TREND:**
 - **DECREASE IN NPLs:**
 - **GROSS NPL REDUCTION: AROUND €32BN SINCE DECEMBER 2017 AND AROUND €44BN SINCE THE SEPTEMBER 2015 PEAK**
 - **NPL STOCK DOWN 0.8% GROSS AND 2.3% NET ON YEAR-END 2020, NPL TO TOTAL LOAN RATIO OF 4.4% GROSS AND 2.3% NET**
 - **ANNUALISED COST OF RISK IN Q1 2021 DOWN TO 35 BASIS POINTS**
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- **SOLID CAPITAL POSITION, WELL ABOVE REGULATORY REQUIREMENTS:**
 - **COMMON EQUITY TIER 1 RATIO AS AT 31 MARCH 2021, AFTER THE DEDUCTION FROM CAPITAL OF €1,061M OF DIVIDENDS ACCRUED IN Q1 2021:**
 - **14.9% PHASED-IN ^{(1) (2)}**
 - **14.4% FULLY LOADED ^{(1) (3)}**
 - **15.7% PRO-FORMA FULLY LOADED ^{(1) (*)}**

(°) Effect of the purchase price allocation (including negative goodwill), determined following the outcome of the PPA (Purchase Price Allocation) procedure, and integration charges.

(°°) Write-off of goodwill of the Banca dei Territori Division, also related to the increase in the accounting value of the Division following the integration with UBI Banca.

(1) After the deduction of dividends accrued in Q1 2021 and the coupons accrued on the Additional Tier 1 issues.

(2) Calculated including the mitigation of the impact of the first time adoption of IFRS 9.

(3) Calculated excluding the mitigation of the impact of the first time adoption of IFRS 9.

(*) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2021, 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 DTAs on the acquisition of UBI Banca, deriving from PPA, integration charges and the sale of the going concern to BPER Banca, and the expected distribution of the Q1 2021 net income of insurance companies.

HIGHLIGHTS:

OPERATING INCOME:	Q1 2021	+8.9% -2%	TO €5,461M FROM €5,013M IN Q4 2020 FROM €5,570M IN Q1 2020
OPERATING COSTS:	Q1 2021	-12.3% -2.6%	TO €2,542M FROM €2,899M IN Q4 2020 FROM €2,610M IN Q1 2020
OPERATING MARGIN:	Q1 2021	+38.1% -1.4%	TO €2,919M FROM €2,114M IN Q4 2020 FROM €2,960M IN Q1 2020
GROSS INCOME:	Q1 2021	€2,630M	FROM €740M IN Q4 2020 FROM €2,153M IN Q1 2020
NET INCOME:	Q1 2021	€1,516M	FROM €393M IN Q4 2020 EXCLUDING THE ITEMS RELATED TO THE ACQUISITION OF UBI BANCA ^(*) AND THE ACCOUNTING IMPACT OF THE RELATED GOODWILL IMPAIRMENT ^(**) FROM €1,151M IN Q1 2020
CAPITAL RATIOS:	COMMON EQUITY TIER 1 RATIO AFTER DIVIDENDS ACCRUED IN Q1 2021:		
	14.9%	PHASED-IN ^{(4) (5)}	
	14.4%	FULLY LOADED ^{(4) (6)}	
	15.7%	PRO-FORMA FULLY LOADED ^{(4) (°)}	

(*) Effect of the purchase price allocation (including negative goodwill), determined following the outcome of the PPA (Purchase Price Allocation) procedure, and integration charges.

(**) Write-off of goodwill of the Banca dei Territori Division, also related to the increase in the accounting value of the Division following the integration with UBI Banca.

(4) After the deduction of dividends accrued in Q1 2021 and the coupons accrued on the Additional Tier 1 issues.

(5) Calculated including the mitigation of the impact of the first time adoption of IFRS 9.

(6) Calculated excluding the mitigation of the impact of the first time adoption of IFRS 9.

(°) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2021, 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 DTAs on the acquisition of UBI Banca, deriving from PPA, integration charges and the sale of the going concern to BPER Banca, and the expected distribution of the Q1 2021 net income of insurance companies.

Turin - Milan, 5 May 2021 – At its meeting today, the Board of Directors of Intesa Sanpaolo approved the consolidated interim statement as at 31 March 2021 ^(°) (7).

Results for the first quarter 2021 confirm Intesa Sanpaolo’s ability to effectively face the challenging aftermath of the COVID-19 epidemic and are fully in line with the target of delivering a full-year net income well above €3.5bn.

Results reflect Intesa Sanpaolo’s **sustainable profitability** deriving from a **solid capital base and liquidity position**, a **resilient and well-diversified business model**, the **strategic flexibility in managing operating costs** and the **asset quality**, with a low risk profile bolstering 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.

Value generation for all stakeholders will be accreted by synergies estimated at over €1bn deriving from the merger of UBI Banca, successfully completed with no social costs, and by more than €6bn out of pre-tax profit devoted by the Group in 2020 to further strengthening the sustainability of results.

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)** and Group’s **strategic partnerships** with NPL leading industrial players;
- **customer digitalisation: top positioning in Europe for mobile app functionalities** and Group’s **strong digital proposition**, with around **11.6 million multichannel customers** and around **7.1 million customers using the Intesa Sanpaolo App**, and **strategic partnership with Nexi in payment systems** (stake in Nexi share capital);
- **digital way of working: around 80,000 Group people in smart working** and **optimisation of the distribution model** with around **1,100 branches rationalised** since 2018 and possible further branch reduction following the acquisition of UBI Banca, the Banca 5 - SisalPay (Mooney) strategic partnership, and changes in the behaviour of customers brought about by COVID-19 with most of them who will continue to be served by the Group via its high-quality alternative channels;

(°) 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.

(7) Methodological note on the scope of consolidation on page 23.

- growing **importance of sustainability and social responsibility (ESG)**. Intesa Sanpaolo is the **only Italian bank listed in the Dow Jones Sustainability Indices** and in the **2021 Corporate Knights "Global 100 Most Sustainable Corporations in the World Index"** and ranks **first among European banks in three of the top ESG international assessments**: MSCI, Sustainalytics and Bloomberg ESG Disclosure Score. Furthermore, Intesa Sanpaolo is **listed in Bloomberg Gender-Equality Index (GEI), recording for 2021 a score well above the average** of the global financial sector and of Italian companies, and is the **only Italian bank in the Refinitiv Diversity & Inclusion Index**, which selects the **world's top 100 listed companies for diversity and inclusion**.

In the first quarter of 2021, the Group recorded:

- **net income at €1,516m** versus €3,099m negative result in Q4 2020, positive by €393m when excluding impairment of goodwill of the Banca dei Territori Division and the items related to the acquisition of UBI Banca (effect of purchase price allocation and integration charges), and versus a net income of €1,151m in Q1 2020;
- **growth in gross income**, up 22.2% on Q1 2020;
- **growth in net fee and commission income**, up 8.9% on Q1 2020;
- **reduction in operating costs**, down 2.6% on Q1 2020;
- **high efficiency**, with a **cost/income of 46.5%** in Q1 2021 – a level that puts Intesa Sanpaolo **among the best in the top tier European banks**;
- annualised **cost of risk** in Q1 2021 down to **35bps** versus the 48bps of full-year 2020 excluding adjustments for future COVID-19 impacts (equivalent to 49bps);
- **improving credit quality**:
 - **gross NPL reduction** was around **€44bn since the September 2015 peak** and around **€32bn since December 2017, exceeding one year early**, and by around **€6bn, the deleveraging target of around €26bn set for the entire four-year period of the 2018-2021 Business Plan**;
 - **NPL stock, in March 2021, decreased 0.8% gross and 2.3% net on December 2020**;
 - **NPL to total loan ratio was 4.4% gross and 2.3% net in March 2021** ^(°). Based on the **EBA methodology, gross NPL to total loan ratio stood at 3.5%**.

(°) NPLs at the end of March 2021 did not include portfolios classified as ready to be sold, accounted under non-current assets held for sale and discontinued operations, amounting to around €3.8bn gross and €1.1bn net.

- **sizeable NPL coverage:**
 - **NPL cash coverage ratio of 49.4%** at the end of March 2021, **with a cash coverage ratio of 59.4% for the bad loan component;**
 - **robust reserve buffer on performing loans**, amounting to 0.6% at the end of March 2021;
- **very solid capital position**, with capital ratios well above regulatory requirements. As at 31 March 2021, after the deduction from capital of dividends of €1,061m accrued in the first quarter, the Common Equity Tier 1 ratio calculated by applying the transitional arrangements for 2021 came in at 14.9% ⁽⁸⁾ ⁽⁹⁾, the fully loaded Common Equity Tier 1 ratio at 14.4% ⁽⁸⁾ ⁽¹⁰⁾ and the **pro-forma fully loaded Common Equity Tier 1 ratio at 15.7%** ⁽⁸⁾ ^(*), **top level among tier one European banks**. This compares with a SREP requirement for 2021, comprising Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer ^(**), equal to 8.63%, applying the 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.
- **strong liquidity position and funding capability**, with **liquid assets of €302bn and available unencumbered liquid assets of €169bn at the end of March 2021. 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 €119bn as at 31 March 2021, and consisted entirely of TLTROs III.
- **support provided to the real economy**, with around **€23bn of medium/long-term new lending** in Q1 2021. **Loans amounting to around €21bn were granted in Italy**, of which around **€18bn was granted to households and SMEs. In Q1 2021, the Group facilitated the return from non-performing to performing status of around 2,900 companies, thus safeguarding around 14,500 jobs.** This brought the total to around **126,000 companies since 2014**, with around **630,000 jobs safeguarded over the same period.**

(8) After the deduction of dividends accrued in Q1 2021 and the coupons accrued on the Additional Tier 1 issues.

(9) Calculated including the mitigation of the impact of the first time adoption of IFRS 9.

(10) Calculated excluding the mitigation of the impact of the first time adoption of IFRS 9.

(*) Estimated by applying the fully loaded parameters to the financial statements as at 31 March 2021, 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 DTAs on the acquisition of UBI Banca, deriving from PPA, integration charges and the sale of the going concern to BPER Banca, and the expected distribution of the Q1 2021 net income of insurance companies.

(**) *Countercyclical Capital Buffer* calculated taking into account the exposure as at 31 March 2021 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 2021, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for H1 2021).

- **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 **17.7 million meals**, around **1.1 million dormitory beds**, around **244,000 medicine prescriptions** and around **203,000 items of clothing**;
 - **Ecobonus: Intesa Sanpaolo ready to buy tax credits** to support households, condominiums and businesses through modular and flexible financial solutions in order to benefit from the 110% deduction for expenses related to energy efficiency and measures to reduce seismic risk;
 - **launch of the Fund for Impact** in Q4 2018, enabling lending of around €1.5bn 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 €16.3m granted in Q1 2021 and around €107m since its launch at the beginning of 2019; in July 2020, launch of **MAMMA@WORK**, a subsidised loan to balance motherhood and work in children's early years of life, with around €0.3m granted since the launch of the initiative; launch, in August 2020, of **XME StudioStation**, loans to families to support distance learning, with around €0.4m granted in Q1 2021 and around €1.6m granted since launch; two additional initiatives to support **working mothers in India** and **people over the age of 50 who have lost their jobs or have difficulties in assessing pension schemes**;
 - **€6bn Circular Economy credit Plafond** to support **sustainable development**: since its launch, around **€3.4bn** already disbursed (around €1.2bn in Q1 2021); in March 2021, issuance of a **Green Bond for €1.25bn** focused on **green mortgages** granted for the construction or the purchase of energy efficient properties (energy classification A or B), in addition to the **Green Bond** issued in 2017 for €500m and focused on **renewables** and **energy efficiency** and to the **Sustainability Bond** issued in 2019 for €750m and focused on **circular economy**;
 - **S-Loan**, an Intesa Sanpaolo innovative solution launched in July 2020 and targeted at SMEs, aimed at financing projects to improve their sustainability profile. A **€2bn plafond has been allocated** with 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 €390m granted in Q1 2021 and around €520m since launch);
 - in Q1 2021, **around 175 start-ups evaluated** (over 2,800 since 2018) in **two acceleration programs with 22 coached start-ups** (over 410 since 2018), and introduced to selected investors and ecosystem players (around 5,600 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 3,000 young people, aged 18-29, applied to the program in Q1 2021 (over 18,000 since 2019), around 300 students were interviewed and around 100 trained / in training through four courses in Q1 2021 (over 3,800 students interviewed and over 1,500 trained / in training since 2019), with around 1,500 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 people in mentoring activities for 40 young professionals;
 - **first edition of the Gallerie d'Italia Academy advanced training course in “Management of Artistic-Cultural Heritage and Corporate Collections”** under the patronage of the Ministry of Culture (900 applications, 36 students, more than 60 teachers). Digital promotion of the *Tiepolo* exhibition at Gallerie d'Italia in Milan: *Tiepolo* has become a **virtual tour** and an innovative **immersive experience**; *Sotto un Unico Cielo*: seven videos on Tiepolo’s masterpieces in Veneto and Friuli regions; from 30 October 2020 to 31 March 2021, the **digital initiatives dedicated to Tiepolo** on the websites Gallerie d'Italia, Intesa Sanpaolo and *Progetto Cultura* recorded **133,000 page views**. The international edition of the **National Geographic** magazine published **two images** (among a selection of 54 photos of the year out of 1.7 million photos worldwide) part of “The COVID-19 Visual Project”, the permanent archive that collects projects of important photographers, created by Cortona On the Move in collaboration with Intesa Sanpaolo: 95,000 views on Gallerie d'Italia social media channels and on LinkedIn and Amplify of Intesa Sanpaolo.
- **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 around **80,000 people working from home**, 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 **26,000 relationship managers**;
 - **around 1,350 people hired** in Italy since January 2020;
 - **support to healthcare initiatives with** over €100m, including donations 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 were awarded under the 2019 Incentive Plan;
 - around **109,000 doctors and nurses participated in the training course** for COVID-19, delivered in cooperation with Generation, on PPE, NIV and emergency management;
 - €150m 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 specific regulation came into force. Since the beginning of 2020, suspensions of payments for around €101bn, renewals included, have been approved (around 75% relating to enterprises and around 25% to households). Suspensions of payments currently amount to around €30bn (around 83% relating to enterprises and around 17% to households) ^(°);
- 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 €38bn in loans backed by a state guarantee has been granted to date (around €10bn from SACE and around €28bn from SME Fund);
- **€50bn in new credit 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.

(°) Equal to €8.3bn in accordance with EBA criteria (around 48% relating to enterprises and around 52% to households).

The income statement for the first quarter of 2021 ^(°)

The consolidated income statement for Q1 2021 recorded **net interest income** of €1,948m, down 5.8% compared with €2,068m in Q4 2020 and down 4.3% compared with €2,036m in Q1 2020.

Net fee and commission income amounted to €2,301m, down 5.2% from €2,427m in Q4 2020; the figures would be in line when excluding performance fees on assets under management from both quarters. Specifically, commissions on commercial banking activities were down 8.7% and commissions on management, dealing and consultancy activities were down 4.3% (portfolio management, distribution of insurance products, dealing and placement of securities,...). The latter recorded an increase of 28.6% in dealing and placement of securities and decreases of 13% in portfolio management (performance fees contributed €56m in Q1 2021 and €183m in Q4 2020) and 2.9% in distribution of insurance products. Net fee and commission income for Q1 2021 was up 8.9% from €2,112m in Q1 2020. Specifically, commissions on commercial banking activities were down 0.5% while those on management, dealing and consultancy activities were up 12.6%. The latter recorded increases of 49.7% in dealing and placement of securities, 10.5% in portfolio management (performance fees contributed €9m in Q1 2020) and 4.6% in distribution of insurance products.

Income from insurance business amounted to €373m from €319m in Q4 2020 and €372m in Q1 2020.

Profits on financial assets and liabilities at fair value amounted to €791m, compared with €188m in Q4 2020. Contributions from customers decreased from €92m to €81m, those from capital markets recorded a positive result of €318m compared to a negative result of €90m, those from trading and treasury increased from €170m to €387m and those from structured credit products decreased from €16m to €5m. Profits on financial assets and liabilities at fair value of €791m for Q1 2021 compare with profits of €1,044m in Q1 2020 when contributions from customers amounted to €153m, those from capital markets to €478m, those from trading and treasury to €451m and those from structured credit products were €38m negative.

Operating income amounted to €5,461m, up 8.9% compared with €5,013m in Q4 2020 and down 2% from €5,570m in Q1 2020.

(°) With regard to the figures for the first quarter 2021, the contribution from the going concerns object of sales transactions - either finalised in the first quarter of 2021 or to be finalised in the second quarter of 2021, as part of the acquisition of UBI Banca - was reallocated, on the basis of management figures, to income (loss) from discontinued operations. For consistency purpose, figures for the 2020 quarters were also restated taking into account, on one side, the acquisition of UBI Banca and, on the other side, the related sales transactions regarding the going concerns, as illustrated in the methodological note on the scope of consolidation on page 23.

Operating costs amounted to €2,542m, down 12.3% from €2,899m in Q4 2020, attributable to decreases of 6.7% in personnel expenses, 26.9% in administrative expenses and 2.6% in adjustments. Operating costs for Q1 2021 were down 2.6% from €2,610m in Q1 2020, attributable to decreases of 1.2% in personnel expenses, 6.1% in administrative expenses and 2.6% in adjustments.

As a result, **operating margin** amounted to €2,919m, up 38.1% from €2,114m in Q4 2020 and down 1.4% from €2,960m in Q1 2020. The cost/income ratio was 46.5% in Q1 2021 versus 57.8% in Q4 2020 and 46.9% in Q1 2020.

Net adjustments to loans amounted to €402m from €1,440m in Q4 2020, which included €852m for future COVID-19 impacts, and from €538m in Q1 2020, which included €50m for future COVID-19 impacts.

Net provisions and net impairment losses on other assets amounted to €133m versus €122m in Q4 2020 and €428m in Q1 2020, which included around €300m of provisions related to COVID-19 set aside in allowances to risks and charges.

Other income amounted to €198m (including a capital gain of €194m deriving from the sale of the business line related to the activities of Custodian Bank and Fund Administration of Fideuram Bank Luxembourg) versus €59m in Q4 2020 and €10m in Q1 2020.

Income (Loss) from discontinued operations amounted to €48m versus €129m in Q4 2020 and €149m in Q1 2020.

Gross income amounted to €2,630m from €740m in Q4 2020 and €2,153m in Q1 2020.

Consolidated net income for the quarter amounted to €1,516m, after accounting:

- taxes on income of €833m;
- charges (net of tax) for integration and exit incentives of €52m;
- effect of purchase price allocation (net of tax) of €16m;
- levies and other charges concerning the banking industry (net of tax) of €196m, deriving from pre-tax charges of €272m in relation to the ordinary contribution to the resolution fund estimated for full-year 2021, €5m in relation to contributions to the deposit guarantee scheme concerning the international network, €5m in relation to levies incurred by international subsidiaries, and €2m attributable to negative fair value differences regarding the *Atlante* fund. In Q4 2020, this caption amounted to €38m, deriving from the following pre-tax figures: recovery of €1m in relation to the resolution fund and charges of €18m in relation to contributions to the Italian deposit guarantee scheme, €4m in relation to contributions to the deposit guarantee scheme concerning the international network, €5m in relation to levies incurred by international subsidiaries, and €29m related to negative fair value differences regarding the *Atlante* fund. In Q1 2020, this caption amounted to €206m, deriving from the following pre-tax figures: charges of €272m in relation to the ordinary contribution to the resolution fund estimated for full-year 2020, €5m in relation to contributions to the deposit guarantee scheme concerning the

international network, €20m in relation to levies incurred by international subsidiaries, and positive fair value differences of €1m regarding the *Atlante* fund.

- minority interests of €17m.

Net income for Q1 2021 was €1,516m, compared with a stated negative result in Q4 2020 of €3,099m, positive by €393m when excluding the goodwill impairment of the Banca dei Territori Division and the items related to the acquisition of UBI Banca (consisting of the effect of purchase price allocation, determined with the outcome of the PPA procedure, and integration charges). In Q1 2020, net income was €1,151m.

Balance sheet as at 31 March 2021

As regards the consolidated balance sheet figures, as at 31 March 2021 **loans to customers** amounted to €463bn, up 0.4% on year-end 2020 and down 0.5% on 31 March 2020 (up 1.3% on Q4 2020 and 3.2% on Q1 2020 when taking into account quarterly average volumes ^(*)). Total **non-performing loans** (bad, unlikely-to-pay, and past due) amounted - net of adjustments - to €10,498m, down 2.3% from €10,743m at year-end 2020. In detail, bad loans decreased to €3,968m from €4,003m at year-end 2020, with a bad loan to total loan ratio of 0.9% (0.9%, as well, as at year-end 2020), and a cash coverage ratio of 59.4% (58.3% as at year-end 2020). Unlikely-to-pay loans decreased to €6,106m from €6,223m at year-end 2020. Past due loans decreased to €424m from €517m at year-end 2020.

Customer financial assets amounted to €1,175bn, up 1.1% on year-end 2020 and 11.1% on 31 March 2020. Under customer financial assets, **direct deposits from banking business** amounted to €523bn, down 0.4% on year-end 2020 and up 5.1% on 31 March 2020. **Direct deposits from insurance business and technical reserves** amounted to €176bn, up 0.4% on year-end 2020 and 10.7% on 31 March 2020. Indirect customer deposits amounted to €651bn, up 2.3% on year-end 2020 and 16.3% on 31 March 2020. **Assets under management** amounted to €433bn, up 2% on year-end 2020 and 13% on 31 March 2020. As for bancassurance, in Q1 2021 the new business for life policies amounted to €4.2bn. Assets held under administration and in custody amounted to €218bn, up 2.8% on year-end 2020 and 23.5% on 31 March 2020.

Capital ratios as at 31 March 2021, calculated by applying the transitional arrangements for 2021 ⁽¹¹⁾, and deducting €1,061m of dividends accrued in Q1 2021 from capital, were as follows:

- Common Equity Tier 1 ratio ⁽¹²⁾ at 14.9% (14.7% at year-end 2020 ⁽¹³⁾),
- Tier 1 ratio ⁽¹²⁾ at 16.8% (16.9% at year-end 2020 ⁽¹³⁾),
- total capital ratio ⁽¹²⁾ at 19.5% (19.6% at year-end 2020 ⁽¹³⁾).

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

(11) Including the mitigation of the impact of the first time adoption of IFRS 9.

(12) After the deduction of the dividends accrued in Q1 2021 and the coupons accrued on the Additional Tier 1 issues. Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 14.4% for the Common Equity Tier 1 ratio, 16.3% for the Tier 1 ratio and 19.3% for the total capital ratio.

(13) In accordance with the transitional arrangements for 2020. 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.

The estimated **pro-forma** Common Equity Tier 1 ratio for the Group on a **fully loaded basis** is 15.7%, calculated by applying the fully loaded parameters to the financial statements as at 31 March 2021 and 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 DTAs on the acquisition of UBI Banca, deriving from PPA, integration charges and the sale of the going concern to BPER Banca, and the expected distribution of the Q1 2021 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 €169bn at the end of March 2021;
- 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 €302bn at the end of March 2021;
- refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment amounted to around €119bn as at 31 March 2021 and consisted entirely of TLTROs III;
- the sources of funding were stable and well diversified, with retail funding representing 83% of direct deposits from banking business (including securities issued);
- medium/long-term wholesale funding was €3.6bn in Q1 2021 and included benchmark transactions of senior non-preferred bonds of €1.75bn and of senior green bond of €1.25bn (around 87% were placed with foreign investors).

The Group's **leverage ratio** as at 31 March 2021 was 7.2% applying the transitional arrangements for 2021 and 7% fully loaded, best in class among major European banking groups.

* * *

As at 31 March 2021, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,675 branches, consisting of 4,671 branches in Italy and 1,004 abroad, and employed 99,599 people^(°).

* * *

(°) Taking into account the sales transactions regarding the going concerns, related to the acquisition of UBI Banca, to be finalised in Q2 2021.

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 (Mooney), 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 first quarter of 2021, the Banca dei Territori Division recorded:

- operating income of €1,894m, -1% versus €1,912m in Q4 2020, +0.4% versus €1,886m in Q1 2020, contributing approximately 35% of the consolidated operating income (34% in Q1 2020);
- operating costs of €1,207m, -10.3% versus €1,346m in Q4 2020, -1.9% versus €1,231m in Q1 2020;
- operating margin of €687m, +21.3% versus €566m in Q4 2020, +4.9% versus €655m in Q1 2020;
- a cost/income ratio of 63.7% versus 70.4% in Q4 2020 and 65.3% in Q1 2020;
- net provisions and adjustments of €333m versus €736m in Q4 2020 and €383m in Q1 2020;
- gross income of €354m versus -€170m in Q4 2020 and €272m in Q1 2020;
- net income of €233m versus -€126m in Q4 2020 (excluding €912m of write-off of goodwill related to the integration with UBI Banca) and €175m in Q1 2020.

(°) 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 first quarter of 2021, the IMI Corporate & Investment Banking Division recorded:

- operating income of €1,266m, +57.8% versus €802m in Q4 2020, -18% versus €1,544m in Q1 2020, contributing approximately 23% of the consolidated operating income (28% in Q1 2020);
- operating costs of €254m, -15.3% versus €300m in Q4 2020, -3.1% versus €262m in Q1 2020;
- operating margin of €1,012m, +101.3% versus €503m in Q4 2020, -21.1% versus €1,282m in Q1 2020;
- a cost/income ratio of 20.1% versus 37.4% in Q4 2020 and 17% in Q1 2020;
- net provisions and adjustments of €76m versus €161m in Q4 2020 and net recoveries of €2m in Q1 2020;
- gross income of €936m versus €407m in Q4 2020 and €1,284m in Q1 2020;
- net income of €638m versus €288m in Q4 2020 and €853m in Q1 2020.

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 first quarter of 2021, the International Subsidiary Banks Division recorded:

- operating income of €468m, -5.4% versus €495m in Q4 2020, and in line with €468m in Q1 2020, contributing approximately 9% of the consolidated operating income (8% in Q1 2020);
- operating costs of €238m, -7.7% versus €258m in Q4 2020, -0.4% versus €239m in Q1 2020;
- operating margin of €230m, -2.9% versus €237m in Q4 2020, +0.4% versus €229m in Q1 2020;
- a cost/income ratio of 50.9% versus 52.1% in Q4 2020 and 51.1% in Q1 2020;
- net provisions and adjustments of €53m versus €87m in Q4 2020 and €36m in Q1 2020;
- gross income of €178m versus €151m in Q4 2020 and €198m in Q1 2020;
- net income of €121m versus €95m in Q4 2020 and €143m in Q1 2020.

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

In the first quarter of 2021, the Private Banking Division recorded:

- operating income of €526m, +3.3% versus €509m in Q4 2020, +10% versus €478m in Q1 2020, contributing approximately 10% of the consolidated operating income (9% in Q1 2020);
- operating costs of €144m, -10.9% versus €162m in Q4 2020, +2.1% versus €141m in Q1 2020;
- operating margin of €382m, +9.9% versus €348m in Q4 2020, +13.4% versus €337m in Q1 2020;
- a cost/income ratio of 27.4% versus 31.7% in Q4 2020 and 29.5% in Q1 2020;
- net provisions and adjustments of €6m versus €6m in Q4 2020 and €9m in Q1 2020;
- gross income of €570m versus €333m in Q4 2020 and €334m in Q1 2020;
- net income of €389m versus €230m in Q4 2020 and €227m in Q1 2020.

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, a Luxembourg asset management company dedicated to development on international markets, Epsilon SGR, a company specialising in structured products, 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), Eurizon Capital Real Asset SGR focused on alternative asset classes, Eurizon SLJ Capital LTD, an English asset management company focused on macroeconomic and currency strategies. Eurizon Capital owns 49% of the Chinese asset management company Penghua Fund Management.

In the first quarter of 2021, the Asset Management Division recorded:

- operating income of €254m, -20.2% versus €318m in Q4 2020, +51.2% versus €168m in Q1 2020, contributing approximately 5% of the consolidated operating income (3% in Q1 2020);
- operating costs of €34m, -27.5% versus €47m in Q4 2020, +3% versus €33m in Q1 2020;
- operating margin of €220m, -18.9% versus €271m in Q4 2020, +63% versus €135m in Q1 2020;
- a cost/income ratio of 13.4% versus 14.7% in Q4 2020 and 19.6% in Q1 2020;
- gross income of €220m versus €271m in Q4 2020 and €135m in Q1 2020;
- net income of €161m versus €192m in Q4 2020 and €100m in Q1 2020.

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 first quarter of 2021, the Insurance Division recorded:

- operating income of €354m, +17.6% versus €301m in Q4 2020, +4.1% versus €340m in Q1 2020, contributing approximately 6% of the consolidated operating income (6% in Q1 2020 as well);
- operating costs of €51m, -28.5% versus €71m in Q4 2020, +6.3% versus €48m in Q1 2020;
- operating margin of €303m, +31.9% versus €230m in Q4 2020, +3.8% versus €292m in Q1 2020;
- a cost/income ratio of 14.4% versus 23.7% in Q4 2020 and 14.1% in Q1 2020;
- net provisions and adjustments of €3m versus €1m in Q4 2020 and €6m in Q1 2020;
- gross income of €300m versus €229m in Q4 2020 and €286m in Q1 2020;
- net income of €213m versus €212m in Q4 2020 and €160m in Q1 2020.

Outlook

In 2021, the Intesa Sanpaolo Group is expected to record a net income well above €3.5bn.

As regards the Group's dividend policy, in addition to €694m in cash dividends for 2020 to be paid out in May 2021, in line with the 2018-2021 Business Plan it is envisaged, subject to ECB indications in respect of dividend policies after 30 September 2021 – the deadline for the recommendation of 15 December 2020:

- for the 2020 results, a cash distribution from reserves, possibly by the end of 2021, that adds to the aforementioned dividends and leads to the payment of a total amount corresponding to a payout ratio of 75% of the €3,505m adjusted net income ⁽¹⁴⁾,
- for the 2021 results, the payment of an amount of cash dividends corresponding to a payout ratio of 70%, to be partially distributed as interim dividend this year (€1,061m already accrued in the first quarter 2021).

Taking into account the Group's aforementioned dividend policy for 2020 and 2021 results, the maintenance of solid capital ratios is confirmed, with a pro-forma fully loaded Common Equity Tier 1 ratio minimum at 13% ⁽¹⁵⁾ in 2021 (at 12% fully phased-in ⁽¹⁶⁾).

* * *

(14) Excluding from the stated net income the items related to the acquisition of UBI Banca consisting of the effect of the purchase price allocation, including negative goodwill, and integration charges, as well as the write-off of goodwill of the Banca dei Territori Division.

(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 DTAs on the acquisition of UBI Banca, deriving from PPA, integration charges and the sale of the going concern to BPER Banca.

(16) Not taking into account the DTA absorption mentioned in note 15.

For consistency purpose, the income statement and balance sheet figures for 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. These figures are reported in the attached statements.

Moreover, the income statement and balance sheet figures for the four quarters of 2020 were also restated following i) on one side, the acquisition of UBI Banca finalised in August 2020 (the related items were consolidated line by line for the first seven months of 2020 with reference to the income statement, including the corresponding net income under minority interests, and for the first two quarters of 2020 with reference to the balance sheet, including the corresponding shareholders' equity under shareholders' equity minority interests), and ii) on the other side, the sales transactions regarding the going concerns, either finalised in Q1 2021 or to be finalised in Q2 2021 (the related items were deconsolidated line by line since 1 January 2020 and the contribution to the income statement was allocated - on the basis of management figures - to income/loss from discontinued operations and the contribution to the balance sheet was allocated to non-current assets held for sale and discontinued operations and to liabilities associated with non-current assets held for sales and discontinued operations). These figures are reported in the attached statements as "Redetermined figures".

* * *

In order to present more complete information on the results generated as at 31 March 2021, 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

	31.03.2021	31.03.2020	(millions of euro)	
			Changes	
			amount	%
Net interest income	2,009	1,747	262	15.0
Net fee and commission income	2,383	1,844	539	29.2
Income from insurance business	373	369	4	1.1
Profits (Losses) on financial assets and liabilities designated at fair value	792	994	-202	-20.3
Other operating income (expenses)	48	-15	63	
Operating income	5,605	4,939	666	13.5
Personnel expenses	-1,661	-1,356	305	22.5
Other administrative expenses	-648	-553	95	17.2
Adjustments to property, equipment and intangible assets	-304	-264	40	15.2
Operating costs	-2,613	-2,173	440	20.2
Operating margin	2,992	2,766	226	8.2
Net adjustments to loans	-408	-403	5	1.2
Other net provisions and net impairment losses on other assets	-133	-419	-286	-68.3
Other income (expenses)	198	3	195	
Income (Loss) from discontinued operations	-	29	-29	
Gross income (loss)	2,649	1,976	673	34.1
Taxes on income	-839	-561	278	49.6
Charges (net of tax) for integration and exit incentives	-52	-15	37	
Effect of purchase price allocation (net of tax)	-16	-26	-10	-38.5
Levies and other charges concerning the banking industry (net of tax)	-209	-191	18	9.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-17	-32	-15	-46.9
Net income (loss)	1,516	1,151	365	31.7

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

Intesa Sanpaolo Group

Reclassified consolidated statement of income – Redetermined figures

	31.03.2021	31.03.2020	(millions of euro)	
	Redetermined figures	Redetermined figures	Changes amount	%
Net interest income	1,948	2,036	-88	-4.3
Net fee and commission income	2,301	2,112	189	8.9
Income from insurance business	373	372	1	0.3
Profits (Losses) on financial assets and liabilities designated at fair value	791	1,044	-253	-24.2
Other operating income (expenses)	48	6	42	
Operating income	5,461	5,570	-109	-2.0
Personnel expenses	-1,603	-1,622	-19	-1.2
Other administrative expenses	-635	-676	-41	-6.1
Adjustments to property, equipment and intangible assets	-304	-312	-8	-2.6
Operating costs	-2,542	-2,610	-68	-2.6
Operating margin	2,919	2,960	-41	-1.4
Net adjustments to loans	-402	-538	-136	-25.3
Other net provisions and net impairment losses on other assets	-133	-428	-295	-68.9
Other income (expenses)	198	10	188	
Income (Loss) from discontinued operations	48	149	-101	-67.8
Gross income (loss)	2,630	2,153	477	22.2
Taxes on income	-833	-620	213	34.4
Charges (net of tax) for integration and exit incentives	-52	-15	37	
Effect of purchase price allocation (net of tax)	-16	-26	-10	-38.5
Levies and other charges concerning the banking industry (net of tax)	-196	-206	-10	-4.9
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-17	-135	-118	-87.4
Net income (loss)	1,516	1,151	365	31.7

Redetermined figures have been prepared to take into account the inclusion of the UBI Group for the pre-acquisition period and, based on management figures, the reallocation of the contribution from the going concerns object of disposal to income (loss) from discontinued operations.

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated statement of income

(millions of euro)

	2021	2020			
	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	2,009	2,187	2,099	1,750	1,747
Net fee and commission income	2,383	2,582	2,133	1,744	1,844
Income from insurance business	373	319	298	367	369
Profits (Losses) on financial assets and liabilities designated at fair value	792	189	126	263	994
Other operating income (expenses)	48	13	2	12	-15
Operating income	5,605	5,290	4,658	4,136	4,939
Personnel expenses	-1,661	-1,808	-1,595	-1,380	-1,356
Other administrative expenses	-648	-885	-658	-583	-553
Adjustments to property, equipment and intangible assets	-304	-319	-303	-267	-264
Operating costs	-2,613	-3,012	-2,556	-2,230	-2,173
Operating margin	2,992	2,278	2,102	1,906	2,766
Net adjustments to loans	-408	-1,475	-938	-1,398	-403
Other net provisions and net impairment losses on other assets	-133	-122	-67	262	-419
Other income (expenses)	198	59	23	-21	3
Income (Loss) from discontinued operations	-	-	-	1,134	29
Gross income (loss)	2,649	740	1,120	1,883	1,976
Taxes on income	-839	-166	-320	-313	-561
Charges (net of tax) for integration and exit incentives	-52	-1,484	-27	-35	-15
Effect of purchase price allocation (net of tax)	-16	-1,227	3,237	-24	-26
Levies and other charges concerning the banking industry (net of tax)	-209	-38	-197	-86	-191
Impairment (net of tax) of goodwill and other intangible assets	-	-912	-	-	-
Minority interests	-17	-12	-3	-10	-32
Net income (loss)	1,516	-3,099	3,810	1,415	1,151

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

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated statement of income – Redetermined figures

(millions of euro)

	2021	2020			
	First quarter Redetermined figures	Fourth quarter Redetermined figures	Third quarter Redetermined figures	Second quarter Redetermined figures	First quarter Redetermined figures
Net interest income	1,948	2,068	2,125	2,033	2,036
Net fee and commission income	2,301	2,427	2,139	2,006	2,112
Income from insurance business	373	319	299	373	372
Profits (Losses) on financial assets and liabilities designated at fair value	791	188	123	303	1,044
Other operating income (expenses)	48	11	2	35	6
Operating income	5,461	5,013	4,688	4,750	5,570
Personnel expenses	-1,603	-1,718	-1,626	-1,639	-1,622
Other administrative expenses	-635	-869	-725	-730	-676
Adjustments to property, equipment and intangible assets	-304	-312	-311	-311	-312
Operating costs	-2,542	-2,899	-2,662	-2,680	-2,610
Operating margin	2,919	2,114	2,026	2,070	2,960
Net adjustments to loans	-402	-1,440	-972	-1,543	-538
Other net provisions and net impairment losses on other assets	-133	-122	-65	258	-428
Other income (expenses)	198	59	22	-3	10
Income (Loss) from discontinued operations	48	129	80	1,230	149
Gross income (loss)	2,630	740	1,091	2,012	2,153
Taxes on income	-833	-166	-312	-348	-620
Charges (net of tax) for integration and exit incentives	-52	-1,484	-26	-22	-15
Effect of purchase price allocation (net of tax)	-16	-1,227	3,237	-24	-26
Levies and other charges concerning the banking industry (net of tax)	-196	-38	-178	-91	-206
Impairment (net of tax) of goodwill and other intangible assets	-	-912	-	-	-
Minority interests	-17	-12	-2	-112	-135
Net income (loss)	1,516	-3,099	3,810	1,415	1,151

Redetermined figures have been prepared to take into account the inclusion of the UBI Group for the pre-acquisition period and, based on management figures, the reallocation of the contribution from the going concerns object of disposal to income (loss) from discontinued operations.

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

Assets	31.03.2021	31.12.2020	(millions of euro) Changes	
			amount	%
Due from banks	131,902	108,040	23,862	22.1
Loans to customers	463,286	461,572	1,714	0.4
<i>Loans to customers measured at amortised cost</i>	461,754	460,143	1,611	0.4
<i>Loans to customers designated at fair value through other comprehensive income and through profit or loss</i>	1,532	1,429	103	7.2
Financial assets measured at amortised cost which do not constitute loans	44,857	47,102	-2,245	-4.8
Financial assets at fair value through profit or loss	55,429	57,065	-1,636	-2.9
Financial assets at fair value through other comprehensive income	60,773	57,585	3,188	5.5
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	178,405	177,170	1,235	0.7
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	613	1,211	-598	-49.4
Investments in associates and companies subject to joint control	2,049	1,996	53	2.7
Property, equipment and intangible assets	18,820	19,044	-224	-1.2
<i>Assets owned</i>	17,084	17,238	-154	-0.9
<i>Rights of use acquired under leases</i>	1,736	1,806	-70	-3.9
Tax assets	19,344	19,503	-159	-0.8
Non-current assets held for sale and discontinued operations	3,169	28,702	-25,533	-89.0
Other assets	21,981	23,624	-1,643	-7.0
Total Assets	1,000,628	1,002,614	-1,986	-0.2

Liabilities	31.03.2021	31.12.2020	Changes	
			amount	%
Due to banks at amortised cost	151,567	115,943	35,624	30.7
Due to customers at amortised cost and securities issued	510,229	512,463	-2,234	-0.4
Financial liabilities held for trading	53,534	59,033	-5,499	-9.3
Financial liabilities designated at fair value	3,116	3,032	84	2.8
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,319	1,928	391	20.3
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	78,560	77,207	1,353	1.8
Tax liabilities	3,030	3,029	1	-
Liabilities associated with non-current assets held for sale and discontinued operations	3,585	35,676	-32,091	-90.0
Other liabilities	25,876	24,007	1,869	7.8
<i>of which lease payables</i>	1,694	1,747	-53	-3.0
Technical reserves	95,698	96,811	-1,113	-1.1
Allowances for risks and charges	7,405	7,164	241	3.4
<i>of which allowances for commitments and financial guarantees given</i>	576	626	-50	-8.0
Share capital	10,084	10,084	-	-
Reserves	47,529	44,775	2,754	6.2
Valuation reserves	-738	-515	223	43.3
Valuation reserves pertaining to insurance companies	777	809	-32	-4.0
Equity instruments	6,179	7,441	-1,262	-17.0
Minority interests	362	450	-88	-19.6
Net income (loss)	1,516	3,277	-1,761	-53.7
Total liabilities and shareholders' equity	1,000,628	1,002,614	-1,986	-0.2

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

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated balance sheet

(millions of euro)

Assets	2021	2020			
	31/3	31/12	30/9 Redetermined figures	30/6 Redetermined figures	31/3 Redetermined figures
Due from banks	131,902	108,040	85,307	76,192	76,922
Loans to customers	463,286	461,572	463,255	462,846	465,612
<i>Loans to customers measured at amortised cost</i>	<i>461,754</i>	<i>460,143</i>	<i>461,790</i>	<i>461,383</i>	<i>464,133</i>
<i>Loans to customers designated at fair value through other comprehensive income and through profit or loss</i>	<i>1,532</i>	<i>1,429</i>	<i>1,465</i>	<i>1,463</i>	<i>1,479</i>
Financial assets measured at amortised cost which do not constitute loans	44,857	47,102	43,453	41,926	35,744
Financial assets at fair value through profit or loss	55,429	57,065	61,238	62,145	57,181
Financial assets at fair value through other comprehensive income	60,773	57,585	80,621	83,531	81,215
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	178,405	177,170	170,471	167,921	161,139
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	613	1,211	1,050	741	607
Investments in associates and companies subject to joint control	2,049	1,996	1,766	1,747	1,567
Property, equipment and intangible assets	18,820	19,044	19,422	21,000	20,613
<i>Assets owned</i>	<i>17,084</i>	<i>17,238</i>	<i>17,672</i>	<i>19,227</i>	<i>18,804</i>
<i>Rights of use acquired under leases</i>	<i>1,736</i>	<i>1,806</i>	<i>1,750</i>	<i>1,773</i>	<i>1,809</i>
Tax assets	19,344	19,503	19,256	19,389	19,740
Non-current assets held for sale and discontinued operations	3,169	28,702	29,504	29,235	27,460
Other assets	21,981	23,624	21,505	26,508	27,114
Total Assets	1,000,628	1,002,614	996,848	993,181	974,914

Liabilities and Shareholders' Equity	2021	2020			
	31/3	31/12	30/9 Redetermined figures	30/6 Redetermined figures	31/3 Redetermined figures
Due to banks at amortised cost	151,567	115,943	118,550	125,276	134,602
Due to customers at amortised cost and securities issued	510,229	512,463	503,570	493,636	488,482
Financial liabilities held for trading	53,534	59,033	57,016	55,723	54,987
Financial liabilities designated at fair value	3,116	3,032	2,978	2,288	845
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,319	1,928	1,857	1,771	818
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	78,560	77,207	73,960	73,095	69,025
Tax liabilities	3,030	3,029	2,584	2,500	2,881
Liabilities associated with non-current assets held for sale and discontinued operations	3,585	35,676	34,737	33,858	30,038
Other liabilities	25,876	24,007	31,919	38,607	31,017
<i>of which lease payables</i>	<i>1,694</i>	<i>1,747</i>	<i>1,719</i>	<i>1,729</i>	<i>1,753</i>
Technical reserves	95,698	96,811	94,536	92,201	89,209
Allowances for risks and charges	7,405	7,164	6,500	5,135	5,755
<i>of which allowances for commitments and financial guarantees given</i>	<i>576</i>	<i>626</i>	<i>547</i>	<i>559</i>	<i>514</i>
Share capital	10,084	10,084	10,076	9,086	9,086
Reserves	47,529	44,775	44,787	42,419	42,380
Valuation reserves	-738	-515	-894	-1,441	-1,833
Valuation reserves pertaining to insurance companies	777	809	596	403	182
Equity instruments	6,179	7,441	7,423	5,947	5,948
Minority interests	362	450	277	10,111	10,341
Net income (loss)	1,516	3,277	6,376	2,566	1,151
Total Liabilities and Shareholders' Equity	1,000,628	1,002,614	996,848	993,181	974,914

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations. Redetermined figures have been prepared to take into account the inclusion of the UBI Group for the pre-acquisition period and the reallocation of the going concerns object of disposal to non-current assets held for sale and associated liabilities.

Intesa Sanpaolo Group

Breakdown of financial highlights by business area

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	UBI Group	Corporate Centre	Total (Redetermined figures)
Operating income									
31.03.2021	1,894	1,266	468	526	254	354	604	95	5,461
31.03.2020	1,886	1,544	468	478	168	340	648	38	5,570
% change	0.4	-18.0	-	10.0	51.2	4.1	-6.8		-2.0
Operating costs									
31.03.2021	-1,207	-254	-238	-144	-34	-51	-414	-200	-2,542
31.03.2020	-1,231	-262	-239	-141	-33	-48	-443	-213	-2,610
% change	-1.9	-3.1	-0.4	2.1	3.0	6.3	-6.5	-6.1	-2.6
Operating margin									
31.03.2021	687	1,012	230	382	220	303	190	-105	2,919
31.03.2020	655	1,282	229	337	135	292	205	-175	2,960
% change	4.9	-21.1	0.4	13.4	63.0	3.8	-7.3	-40.0	-1.4
Net income (loss)									
31.03.2021	233	638	121	389	161	213	136	-375	1,516
31.03.2020	175	853	143	227	100	160	-	-507	1,151
% change	33.1	-25.2	-15.4	71.4	61.0	33.1	-	-26.0	31.7

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	UBI Group	Corporate Centre	Total
Loans to customers									
31.03.2021	209,336	136,364	35,935	10,154	318	-	60,629	10,550	463,286
31.12.2020	206,390	134,793	36,079	9,853	452	-	59,748	14,257	461,572
% change	1.4	1.2	-0.4	3.1	-29.6	-	1.5	-26.0	0.4
Direct deposits from banking business									
31.03.2021	234,576	83,352	46,946	40,682	12	-	65,989	51,331	522,888
31.12.2020	229,677	88,183	46,308	41,145	14	-	68,030	51,642	524,999
% change	2.1	-5.5	1.4	-1.1	-14.3	-	-3.0	-0.6	-0.4

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents and discontinued operations. Redetermined figures have been prepared to take into account the inclusion of the UBI Group for the pre-acquisition period and, based on management figures, the reallocation of the contribution from the going concerns object of disposal to income (loss) from discontinued operations.

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