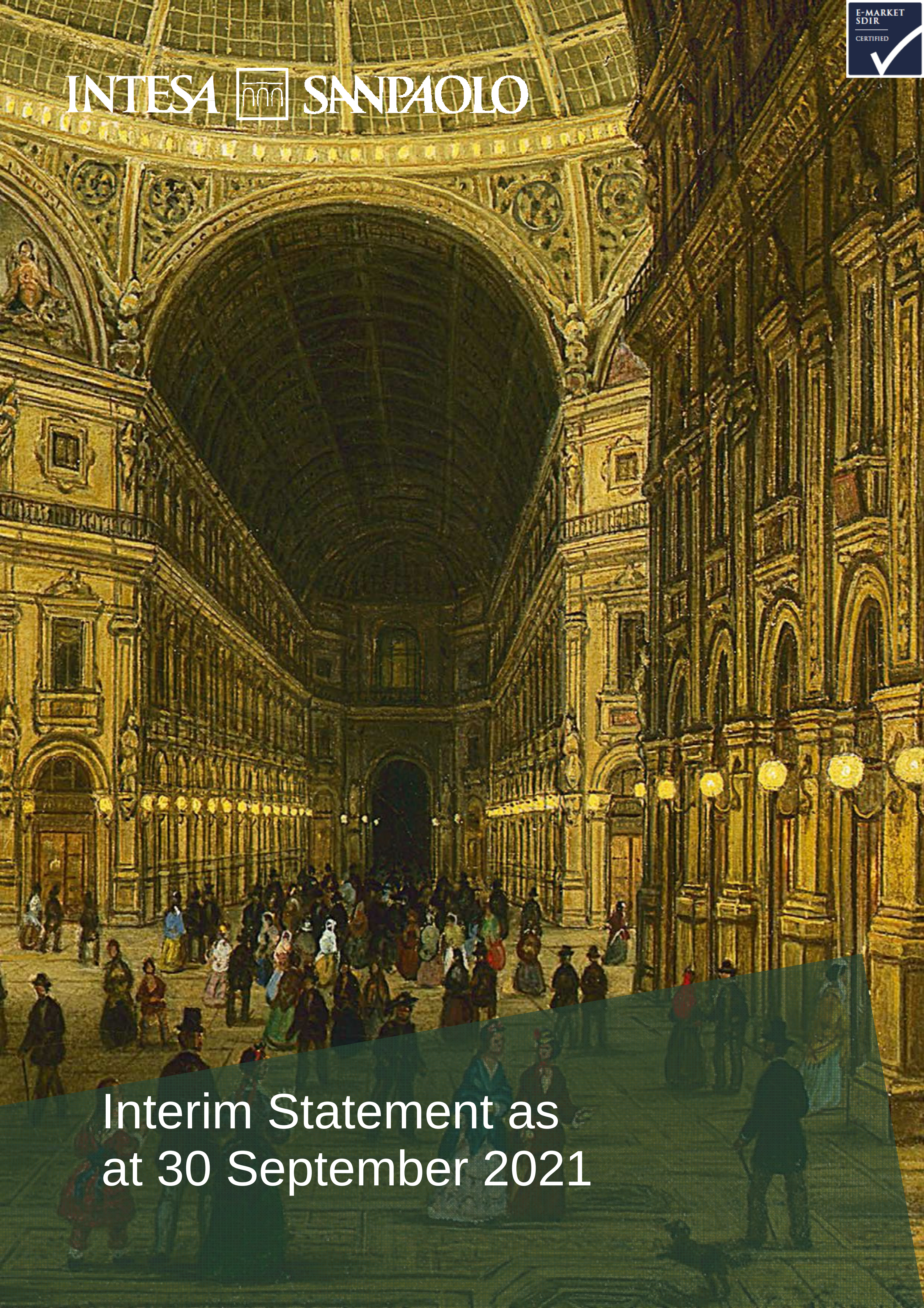
INTESA SANPAOLO



Interim Statement as at 30 September 2021

This is an English translation of the original Italian document "Resoconto Intermedio al 30 settembre 2021". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com.
This document contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.
Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Intesa Sanpaolo Group's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.
All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Interim Statement as at 30 September 2021

Intesa Sanpaolo S.p.A. Registered Office: Piazza S. Carlo, 156 10121 Torino Italy Secondary Registered Office: Via Monte di Pietà, 8 20121 Milano Italy Share Capital Euro 10,084,445,147.92 Torino Company Register and Fiscal Code No. 00799960158 "Intesa Sanpaolo" VAT Group representative Vat Code No. 11991500015 (IT11991500015) Included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund and Parent Company of the banking group "Intesa Sanpaolo" included in the National Register of Banking Groups.

Contents

THE INTESA SANPAOLO GROUP

The Intesa Sanpaolo Group: presence in Italy

Banks

INTESA SANPAOLO

BANCA 5 LA BANCA A PORTATA DI MANO Gruppo INTESA SANPAOLO

FIDEURAM INTESA SANPAOLO PRIVATE BANKING

IWBank PRIVATE INVESTMENTS

NORTH WEST

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
1,260	Banca 5	1
	Fideuram	107
	IWBank	9

NORTH EAST

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
829	Fideuram	59

CENTRE

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
893	Fideuram	46
	IWBank	6

SOUTH

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
723	Fideuram	26
	IWBank	7

ISLANDS

INTESA SANPAOLO	Subsidiaries	
Branches	Company	Branches
231	Fideuram	10

Figures as at 30 September 2021

Product Companies

Assicurazioni Vita · BAP ASSICURAZIONI · CARGEAS · FIDEURAM VITA · INTESA SANPAOLO ASSICURA · INTESA SANPAOLO RBM SALUTE · INTESA SANPAOLO VITA · LombardaVita

Bancassurance and Pension Funds

PRESTITALIA · UBI Factor · UBI Leasing

Factoring, Leasing and Consumer Credit (*)

EURIZON ASSET MANAGEMENT

Asset Management

SIREF FIDUCIARIA

Fiduciary Services

(*) Factoring, Leasing and Consumer Credit activities are also carried out directly by Intesa Sanpaolo S.p.A., the Parent Company

The Intesa Sanpaolo Group: international presence

Banks, Branches and Representative Offices

INTESA SANPAOLO

ALEXBANK | بنك الإسكندرية
BANCA INTESA
BANCA INTESA Beograd
CIB BANK
EXIMBANK
FIDEURAM BANK LUXEMBOURG
FIDEURAM INTESA SANPAOLO PRIVATE BANKING
INTESA SANPAOLO BANK Albania
INTESA SANPAOLO BANK LUXEMBOURG
INTESA SANPAOLO BANK Romania
INTESA SANPAOLO BANK
INTESA SANPAOLO BANKA Bosna I Hercegovina
INTESA SANPAOLO BANK IRELAND
INTESA SANPAOLO BRASIL SA
INTESA SANPAOLO PRIVATE BANK SUISSE Morval
PRAVEX BANK
PRIVREDNA BANKA ZAGREB
REYL Innovative banking
VÚB BANKA

AMERICA

Direct Branches	Representative Offices
New York	Washington D.C.

Country	Subsidiaries	Branches
Brazil	Intesa Sanpaolo Brasil	1

AUSTRALIA/OCEANIA

Direct Branches
Sydney

ASIA

Direct Branches	Representative Offices
Abu Dhabi	Beijing
Doha	Beirut
Dubai	Ho Chi Minh City
Hong Kong	Jakarta
Shanghai	Mumbai
Singapore	Seoul
Tokyo	

Country	Subsidiaries	Branches
UAE	Reyl	1

EUROPE

Direct Branches	Representative Offices
Frankfurt	Brussels(1)
Istanbul	Moscow
London	
Madrid	
Paris	
Warsaw	

Country	Subsidiaries	Branches
Albania	Intesa Sanpaolo Bank Albania	35
Bosnia and Herzegovina	Intesa Sanpaolo Banka Bosna i Hercegovina	47
Croatia	Privredna Banka Zagreb	157
Czech Republic	VUB Banka	1
Hungary	CIB Bank	61
Ireland	Intesa Sanpaolo Bank Ireland	1
Luxembourg	Fideuram Bank Luxembourg	1
	Intesa Sanpaolo Bank Luxembourg	1
Moldova	Eximbank	17
Romania	Intesa Sanpaolo Bank Romania	32
Russian Federation	Banca Intesa	28
Serbia	Banca Intesa Beograd	154
Slovakia	VUB Banka	168
Slovenia	Intesa Sanpaolo Bank	46
Switzerland	Reyl	3
	Intesa Sanpaolo Private Bank (Suisse) Morval	2
The Netherlands	Intesa Sanpaolo Bank Luxembourg	1
Ukraine	Pravex Bank	45
United Kingdom	Intesa Sanpaolo Private Bank (Suisse) Morval	1

AFRICA

Representative Offices	Country	Subsidiaries	Branches
Cairo	Egypt	Bank of Alexandria	176

Figures as at 30 September 2021
(1) European Regulatory & Public Affairs

Product Companies

PBZ CARD

E-money and Payment Systems

CIB LEASING
INTESA LEASING Beograd
PBZ LEASING
VÚB LEASING

Leasing

EURIZON ASSET MANAGEMENT
FIDEURAM ASSET MANAGEMENT IRELAND
INTESA INVEST Beograd
INTESA SANPAOLO LIFE
意才 YI TSAI

Wealth Management

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

Board of Directors

Chairman	Gian Maria GROS-PIETRO
Deputy Chairperson	Paolo Andrea COLOMBO
Managing Director and Chief Executive Officer	Carlo MESSINA [a]
Directors	Franco CERUTI Roberto FRANCHINI [1] [*] Anna GATTI Rossella LOCATELLI Maria MAZZARELLA Fabrizio MOSCA [*] Milena Teresa MOTTA [*] Luciano NEBBIA Bruno PICCA Alberto Maria PISANI [**] Livia POMODORO Andrea SIRONI [2] Maria Alessandra STEFANELLI Guglielmo WEBER Daniele ZAMBONI Maria Cristina ZOPPO [*]
Manager responsible for preparing the company's financial reports	Fabrizio DABBENE
Independent Auditors	EY S.p.A.

(a) General Manager
(*) Member of the Management Control Committee
(**) Chairman of the Management Control Committee
(1) Was appointed as a Director at the Shareholders' Meeting of 27 April 2020 replacing Corrado Gatti who had ceased to hold office
(2) Was appointed as a Director at the Shareholders' Meeting of 27 April 2020, following co-option by the Board of Directors on 2 December 2019

Introduction

As is known, Legislative Decree 25 of 15 February 2016, which implemented the Transparency Directive (2013/50/EU), eliminated the obligation to publish interim statements and gave Consob the option of establishing any additional disclosure obligations with respect to the annual and half-yearly reports. By Resolution 19770 dated 26 October 2016, Consob, pursuant to regulatory delegation provided for in said Decree, approved the changes to the Issuers' Regulation on periodic additional financial disclosure, which have applied since 2 January 2017.
Under these regulations, listed companies have the right to select whether or not to publish periodic additional financial disclosure.
When it announced its 2021 financial calendar to the market, Intesa Sanpaolo confirmed that, pursuant to Art. 65-bis and Art. 82-ter of the Issuers' Regulation, it intends to publish financial information – on a voluntary basis – as at 31 March and 30 September of each financial year, in addition to the annual report and half-yearly reports. This information consists of interim statements approved by the Board of Directors.
As illustrated in detail in the chapter "Criteria for the preparation of the Interim Statement", the Interim Statement as at 30 September 2021 has been prepared, in consolidated form, in compliance with the recognition and measurement criteria required by the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS - IC) and endorsed by the European Commission as provided for by Community Regulation 1606 of 19 July 2002.
The Interim Statement contains the Balance sheet, the Income statement, the Statement of comprehensive income for the period, the Changes in shareholders' equity and the Report on operations. It is also complemented by information on significant events which occurred during the period. The Interim Statement also contains certain financial information not directly attributable to the financial statements such as, for example, figures on quarterly development and alternative performance measures. As regards the latter, see the chapter "Alternative Performance Measures" in the Report on operations accompanying the 2020 Consolidated financial statements for a detailed description. Please note that in this Interim Statement no changes have been made to the measures used – except as stated below with reference to the reclassified "redetermined" statements – nor have any new measures been added in the aftermath of the COVID-19 pandemic.
To support the comments on results for the period, the Interim Statement also presents and illustrates reclassified income statement and balance sheet schedules.
In the reclassified statements, the figures are normally restated, where necessary and if they are material, for ease of comparison. In particular, the amounts are provided as uniformly as possible with reference to the different periods covered, above all in relation to intervening changes in the scope of consolidation. This uniformity is achieved through "restated" figures, which include/exclude the values of the companies that entered or left the scope of consolidation, and through "redetermined" figures when, at the time of major or particular transactions, it is appropriate to display side-by-side/supplement the restated figures with redetermined figures, possibly also including management data.
In this regard, it should be noted that – as discussed in more detail below in this Interim Statement – in order to provide a uniform comparison of the 2021 income statement figures, inclusive of the UBI Banca Group, also taking into account the effects of the sale of branches to BPER and Banca Popolare di Puglia e Basilicata in the first half of 2021, which was linked to the acquisition, and inclusive of the entry of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal, use was also made of management figures, in relation to the nature of the necessary restatements. Accordingly, in line with the above, to present the figures for 2020 "redetermined" on the basis of accounting and management records, reclassified income statement schedules have been prepared in addition to those prepared on the basis of the stated figures at the end of the various periods, and the detail tables have been expanded upon or duplicated with separate indication of the "Redetermined figures".
A reconciliation of these "Redetermined figures" and the accounting figures has been appended to this Report.
For periods prior to the acquisition, and thus for the first three quarters of 2020, balance sheet figures were subject to line-by-line inclusion of the figures concerning the UBI Banca Group and line-by-line exclusion of balance sheet figures concerning the UBI and ISP branches sold during the first half of 2021, which in the quarterly reclassified balance sheet have by convention been allocated, as "redetermined" figures, to the captions Non-current assets held for sale and discontinued operations and Liabilities associated with non-current assets held for sale and discontinued operations. As regards the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, whose balance sheet values were also restated to enable like-for-like comparison, please note that it was not deemed necessary to "redetermine" the balance sheet figures so as to exclude - on the basis of management data - the items (investments and technical reserves) linked to production from the customers of the branches sold to third parties, as was done in the income statement, since said items were of negligible amounts and hence not relevant for comparability. As a result of the above, since the necessary restatements of the balance sheet data were - as normally happens - based on accounting records, no separate reclassified "redetermined" balance sheet schedules were prepared.
Breakdowns of restatements and reclassifications made as compared to the layout established in Bank of Italy Circular 262 – in addition to the aforementioned "redeterminations" – are provided in separate tables included in the attachments, as also required by Consob in its Communication 6064293 of 28 July 2006.
Finally, the consolidated financial statements are subject to a limited review by the Independent Auditors EY S.p.A. for the sole purpose of issuing the certification required by Art. 26 (2) of European Union Regulation 575/2013 and European Central Bank Decision 2015/656.

Overview of the nine months of 2021

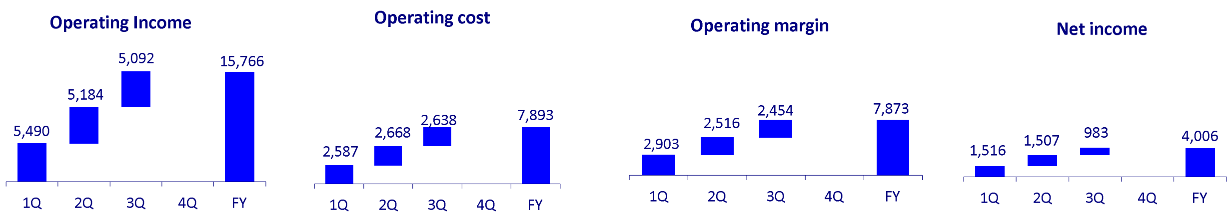
Income statement figures and Alternative Performance Measures

Consolidated income statement figures - Redetermined figures (millions of euro)

	30.09.2021	30.09.2020	Changes amount	Changes %
Net interest income	5,946	6,206	-260	-4.2
Net fee and commission income	7,008	6,283	725	11.5
Income from insurance business	1,219	1,249	-30	-2.4
Profits (Losses) on financial assets and liabilities designated at fair value	1,517	1,482	35	2.4
Operating income	15,766	15,251	515	3.4
Operating costs	-7,893	-8,082	-189	-2.3
Operating margin	7,873	7,169	704	9.8
Net adjustments to loans	-1,544	-3,053	-1,509	-49.4
Income (Loss) from discontinued operations	58	1,459	-1,401	-96.0
Net income (loss)	4,006	6,376	-2,370	-37.2

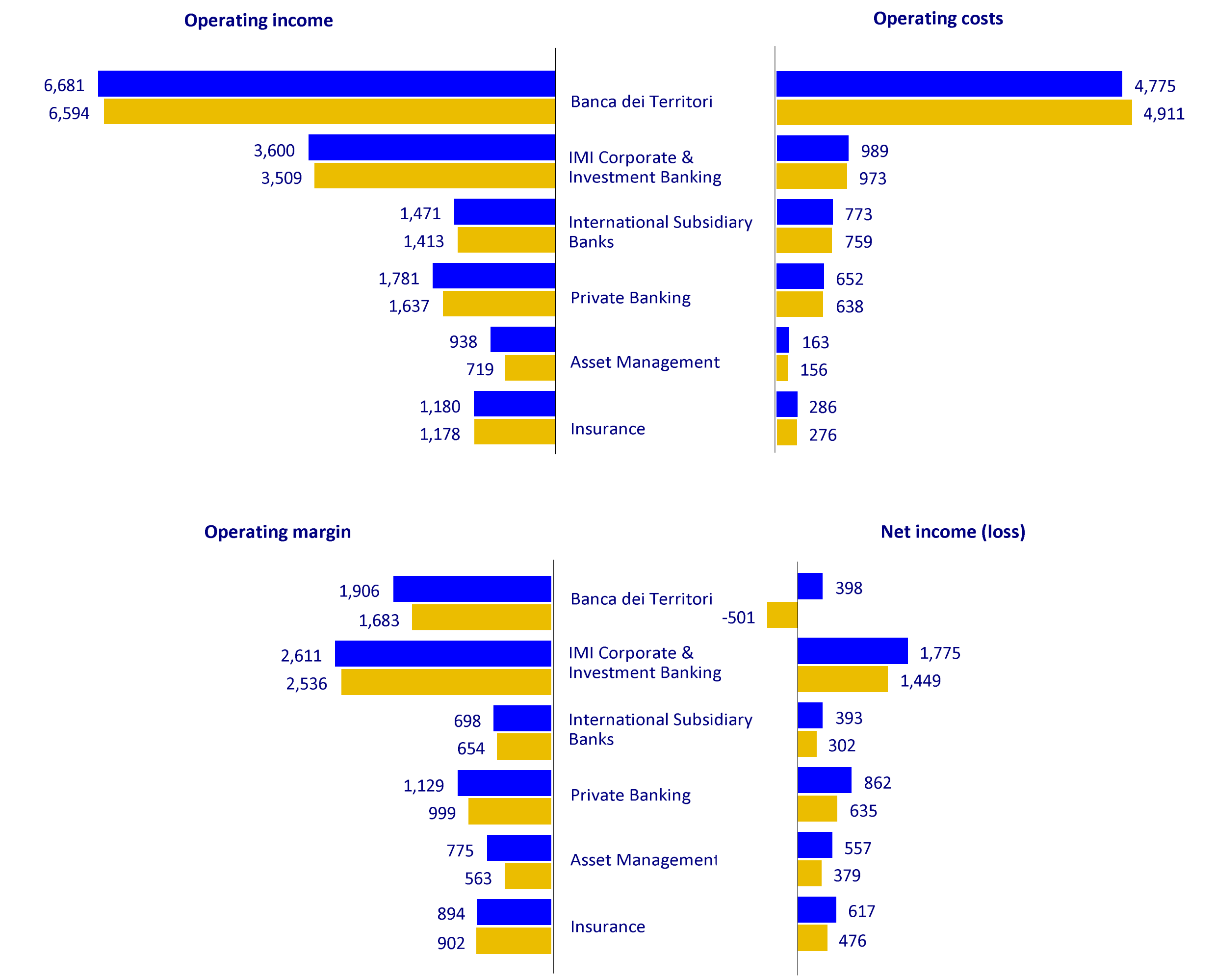
Redetermined figures have been prepared to take into account the inclusion of the UBI Group for the pre-acquisition period and, based on management figures, the reallocation of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development of main consolidated income statement figures - Redetermined figures
(millions of euro)



30.09.2021
30.09.2020

Main income statement figures by business area (*) (millions of euro)



(*) Excluding Corporate Centre

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents, also due to the revision of the allocation of costs and revenues among Business Units and Corporate Centres, and taking into account discontinued operations. For more details, see the chapter "Breakdown of consolidated results by business area".

30.09.2021
30.09.2020

Balance sheet figures and Alternative Performance Measures

Consolidated balance sheet figures (millions of euro)

	30.09.2021	31.12.2020	Changes amount	Changes %
Financial assets	164,799	161,766	3,033	1.9
Financial assets pertaining to insurance companies measured pursuant to IAS 39	206,628	207,099	-471	-0.2
Loans to customers	463,295	462,802	493	0.1
Total assets	1,071,418	1,034,002	37,416	3.6
Direct deposits from banking business	535,746	526,765	8,981	1.7
Direct deposits from insurance business and technical reserves	203,538	203,211	327	0.2
Indirect deposits:	703,721	658,016	45,705	6.9
of which: Assets under management	*464,215*	*439,335*	*24,880*	*5.7*
Shareholders' equity	66,985	65,894	1,091	1.7

Main balance sheet figures by business area (*) (millions of euro)

	Loans to customers 30.09.2021	Loans to customers 31.12.2020	Direct deposits from banking business 30.09.2021	Direct deposits from banking business 31.12.2020
Banca dei Territori	251,057	251,809	286,836	267,450
IMI Corporate & Investment Banking	149,034	145,974	80,912	92,938
International Subsidiary Banks	37,642	36,079	49,283	46,308
Private Banking	13,181	12,128	51,957	49,841
Asset Management	397	452	16	14
Insurance	-	-	-	-

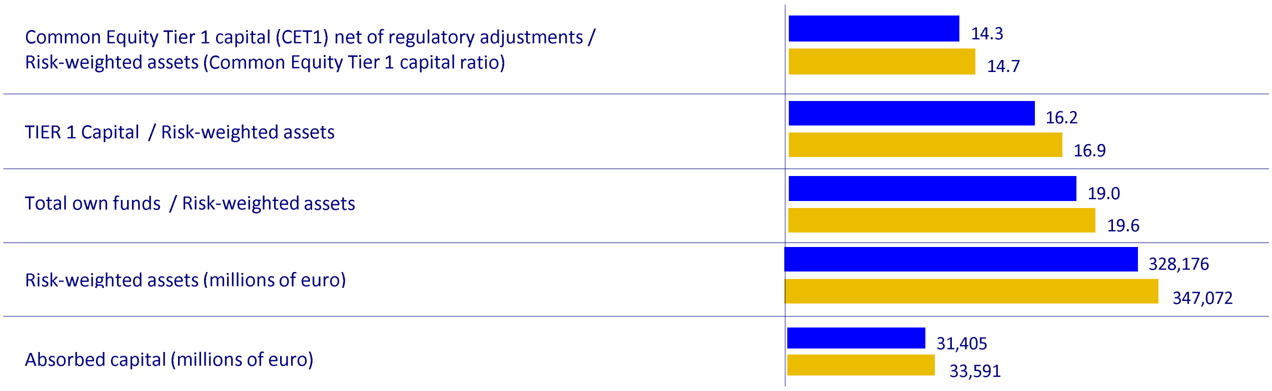
(*) Excluding Corporate Centre

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

30.09.2021 (blue)
31.12.2020 (yellow)

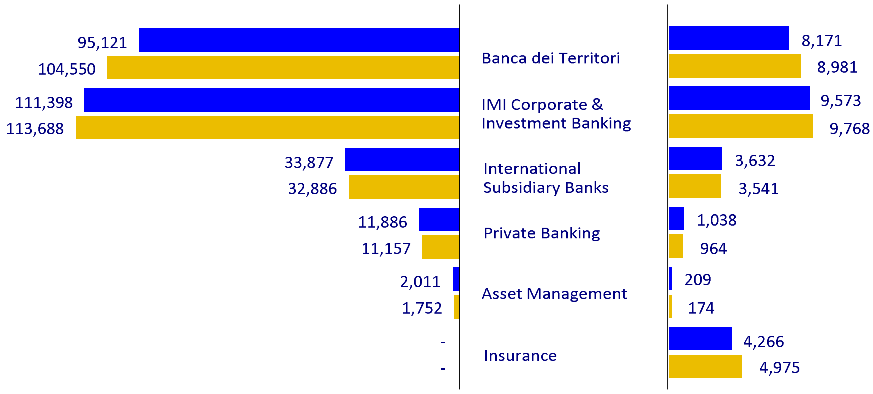
Alternative Performance Measures and other measures

Consolidated capital ratios (%)



Risk-weighted assets by business area (*)
(millions of euro)

Absorbed capital by business area (*)
(millions of euro)



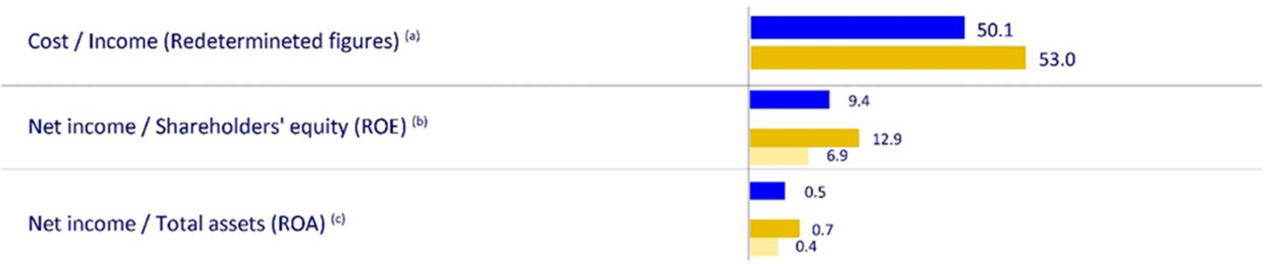
(*) Excluding Corporate Centre

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

30.09.2021

31.12.2020

Consolidated profitability ratios (%)



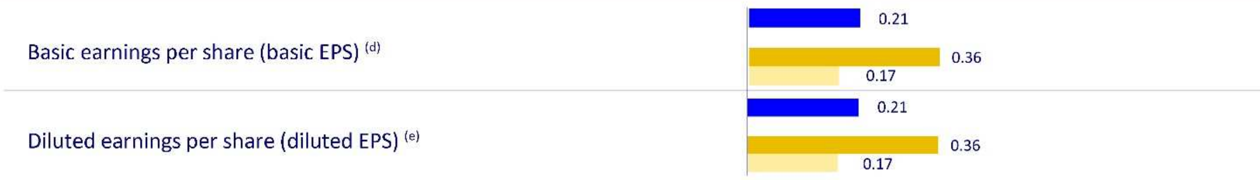
Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(a) 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

(b) Ratio of net income to shareholders' equity at the end of the period. Shareholders' equity does not include AT1 capital instruments, income for the period and the cash distribution of part of the Extraordinary Reserve approved by the Shareholders' Meeting of 14 October 2021. The figure as at 30.09.2020 is presented considering both the consolidated net income and considering the latter net of the provisional amount of negative goodwill deriving from the acquisition of UBI. The figure for the period has been annualised except for:
- the gain recognised in 2021 on the sale by Fideuram Bank Luxembourg of its custodian bank services business line and for the net benefits of the realignment of the tax values of certain intangible assets;
- the income components of 2020 attributable to the business line consisting of the acquiring activities transferred to Nexi during the first half of 2020 and, where the consolidated net income has been considered, for the provisional amount of negative goodwill deriving from the acquisition of UBI.

(c) Ratio between net income and total assets. The figure as at 30.09.2020 is presented considering both the consolidated net income and considering the latter net of the provisional amount of negative goodwill deriving from the acquisition of UBI. The figure for the period has been annualised, except for:
- the gain recognised in 2021 on the sale by Fideuram Bank Luxembourg of its custodian bank services business line and the net benefits from the realignment of the tax values of certain intangible assets;
- the income components of 2020 attributable to the business line consisting of the acquiring activities transferred to Nexi during the first half of 2020 and, where the consolidated net income has been considered, for the provisional amount of negative goodwill deriving from the acquisition of UBI.

Earnings per share (euro)



Consolidated risk ratios (%)

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

(d) Net income (loss) attributable to shareholders compared to the average number of outstanding shares. Intesa Sanpaolo's share capital consists solely of ordinary shares. The figure for comparison is not restated. The figure as at 30.09.2020 is presented considering both the consolidated net income and considering the latter net of the provisional amount of negative goodwill deriving from the acquisition of UBI.

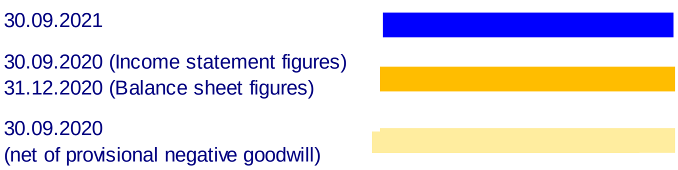
(e) The dilutive effect is calculated with reference to the programmed issues of new ordinary shares. The figure as at 30.09.2020 is presented considering both the consolidated net income and considering the latter net of the provisional amount of negative goodwill deriving from the acquisition of UBI.

Operating structure	30.09.2021	31.12.2020	Changes amount
Number of employees (f)	**97,600**	**100,996**	**-3,396**
Italy	75,154	78,165	-3,011
Abroad	22,446	22,831	-385
Number of financial advisors	**5,649**	**5,652**	**-3**
Number of branches (g)	**5,201**	**6,314**	**-1,113**
Italy	4,207	5,299	-1,092
Abroad	994	1,015	-21

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

(f) The workforce indicated refers to the exact number of employees at the end of the period, counting part-time workers as equal to 1 unit. The employees of the branches sold as part of the acquisition of the UBI Group are not included in the figures as at 31.12.2020.

(g) Including Retail Branches, Third Sector Branches, SME Branches and Corporate Branches.



The nine months of 2021

The aftermath of the COVID-19 pandemic

A description is provided below of the evolution of the situation during the third quarter of 2021, while the details regarding the first half of the year are provided in the Half-yearly Report as at 30 June 2021.

Economic trends

High vaccination rates in the advanced economies and some of the emerging countries have reduced the global economy's sensitivity to the resurgence of the COVID-19 pandemic. Economic growth is mainly being sustained by the recovery of demand for services related to re-openings, while manufacturing is now significantly constrained by difficulties in international logistics, shortages of intermediate goods and commodities, and problems of sectoral reallocation of labour. Inflation is accelerating across the board, although it is largely attributable to the energy component. Economic indicators for the Eurozone show that GDP growth was still strong. Economic activity also picked up sharply in Italy, resulting in a moderate increase in employment and a decline in the unemployment rate.

The reabsorption of the economic effects of the pandemic, the persistence of supply shocks and signs of strains in the labour market have changed the attitude of central banks, although this has not yet led to concrete monetary policy actions. The Federal Reserve has signalled that it is preparing to reduce its bond purchases, with the aim of reducing them to zero by mid-2022 and then starting to raise official rates. In response to lower inflationary pressures, in September the European Central Bank announced a moderate reduction in net purchases under the PEPP. In mid-December, the ECB will probably announce the date of the end of the purchase programme and how it will manage the transition. Rising inflation expectations have pushed up medium/long-term rates, while short-term rates continue to be held back by excess liquidity and unchanged official rates. The BTP-Bund spread remained at modest levels. The Euro weakened on currency markets, but its volatility remained relatively low.

In the Italian lending market, the slowdown in loans to non-financial companies intensified in the third quarter, with the growth rate falling below 1% year-on-year from a peak of 8.3% at the end of 2020. This trend reflected last year's extraordinary liquidity needs, which led to a substantial recovery in demand for funds supported by credit support measures, followed by a gradual normalisation in 2021. In this environment, lending slowed down rapidly for manufacturing companies and more slowly for credit to the trade sector, while loans to the construction sector continued the decrease seen in the second quarter. In contrast, bank lending to households continued to grow strongly. Mortgage loans grew by more than 4% year-on-year, while the stock of consumer credit increased more moderately. Interest rates on loans remained very low, with mortgage lending rates at an average of 1.4%, the level they had reached in the second quarter.

Funding from customers continued its sustained growth, gradually easing from the peak recorded at the beginning of 2021. This trend is still being driven by growth in deposits, which averaged approximately 8% year-on-year in the quarter, with current accounts continuing to record double-digit growth. In the summer quarter, liquidity flows into current accounts were still very positive, mainly driven by substantial household savings. From the beginning of the year to September, the volume of funds flowing into household current accounts was slightly higher than in the same period of 2020 (44.3 billion euro compared to 43.6 billion euro). In contrast, the new liquidity accumulated in the first nine months of 2021 in the current accounts of non-financial companies was lower than the exceptional amount recorded in the same period of 2020 (around 20 billion euro compared to 59 billion euro). Assets under management continued to perform well. Mutual funds have seen strong inflows since early 2021, particularly into equity and balanced funds. Life insurance also recorded good results, again driven by new business for unit-linked and multi-line policies.

The main accounting aspects and the approach adopted by the Intesa Sanpaolo Group

In terms of support for the real economy and the financial markets, governments and central banks are continuing their support initiatives, which have shown that they can effectively contain the effects of the crisis and support businesses and households in the most difficult times in the recession. However, even though they have been reduced, concerns still remain about the ability of many businesses to recover under their own steam when the support measures come to an end. As a result, the regulators have continued their campaign of intensive pressure on supervised intermediaries, which in the first nine months of the year included a series of interviews and statements aimed at drawing attention to the need to contain possible financial shocks and the related recessionary effects, which may arise when the support measures for the real economy come to an end.

That said, in terms of regulatory measures related to the pandemic, the regulators and standard setters did not issue any further measures in the first nine months of the year, other than the above-mentioned communications from the authorities and specific national provisions on the economic support measures.

As a result, the general framework set out in 2020 has remained largely unchanged.

In this context, on 9 September, the European Central Bank published its quarterly update of macroeconomic projections for the Euro Area, which the ECB has suggested should be adopted by the banks under its supervision to anchor the macroeconomic forecasts used in the models for determining IFRS 9 expected credit losses.

The update of the ECB scenario, which includes both the baseline scenario and the alternative scenarios (mild and severe), confirms the forecasts provided at the beginning of June with a modest strengthening of the recovery portrayed since the December 2020 projections, which were used by the Group, in accordance with the above-mentioned recommendations from the regulators, for the IFRS 9 forward-looking credit assessments carried out for the 2020 Annual Report, the Interim Statement as at 31 March 2021 and the Half-yearly Report.
On the basis of these forecasts, the Group has chosen – also on a conservative and prudential basis and awaiting the consolidation of the economic recovery underway, on the one hand, and the progressive reduction of the active moratoria, on the other hand, expected by the end of the year – to continue using the scenarios adopted for the 2020 Annual Report and the 2021 Half-yearly Report also for the Interim Statement as at 30 September 2021.

The table below summarises the comparison of the ECB's baseline and alternative scenarios for September against the previous ECB projections (June 2021 and December 2020).

			Baseline			Mild			Severe		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Euro Area	**ECB Sep 21**	*Real GDP EUR*	5.0%	4.6%	2.1%	5.8%	5.7%	1.9%	4.1%	2.2%	2.3%
	ECB Jun 21	*Real GDP EUR*	4.6%	4.7%	2.1%	6.2%	5.5%	2.2%	2.9%	2.3%	2.2%
	ECB Mar 21	*Real GDP EUR*	4.0%	4.1%	2.1%	6.4%	4.5%	2.2%	2.0%	2.2%	2.5%
	ECB Dec 20	*Real GDP EUR*	3.9%	4.2%	2.1%	6.0%	4.3%	2.1%	0.4%	3.0%	2.9%
		Gap Sep-Jun	0.4%	-0.1%	-0.0%	-0.4%	0.2%	-0.3%	1.2%	-0.1%	0.1%
		Gap Sep-Dec	1.1%	0.4%	0.0%	-0.2%	1.4%	-0.2%	3.7%	-0.8%	-0.6%
	ECB Sep 21	*HICP inflation*	2.2%	1.7%	1.5%	2.2%	1.8%	1.7%	2.2%	1.5%	1.2%
	ECB Jun 21	*HICP inflation*	1.9%	1.5%	1.4%	1.9%	1.7%	1.7%	1.8%	1.2%	1.1%
	ECB Mar 21	*HICP inflation*	1.5%	1.2%	1.4%	1.6%	1.5%	1.7%	1.5%	1.0%	1.1%
	ECB Dec 20	*HICP inflation*	1.0%	1.1%	1.4%	1.1%	1.3%	1.5%	0.7%	0.6%	0.8%
		Gap Sep-Jun	0.3%	0.2%	0.1%	0.3%	0.1%	-0.0%	0.4%	0.3%	0.1%
		Gap Sep-Dec	1.2%	0.6%	0.1%	1.1%	0.5%	0.2%	1.5%	0.9%	0.4%
	ECB Sep 21	*Unemployment rate*	7.9%	7.7%	7.3%	7.8%	7.2%	6.8%	8.1%	8.7%	8.4%
	ECB Jun 21	*Unemployment rate*	8.2%	7.9%	7.4%	7.9%	7.1%	6.6%	8.4%	9.0%	8.7%
	ECB Mar 21	*Unemployment rate*	8.6%	8.1%	7.6%	8.2%	7.2%	6.6%	9.0%	9.3%	8.7%
	ECB Dec 20	*Unemployment rate*	9.3%	8.2%	7.5%	8.8%	7.5%	6.9%	10.3%	9.9%	9.4%
		Gap Sep-Jun	-0.3%	-0.2%	-0.1%	-0.1%	0.1%	0.2%	-0.3%	-0.3%	-0.3%
		Gap Sep-Dec	-1.4%	-0.5%	-0.2%	-1.0%	-0.3%	-0.1%	-2.2%	-1.2%	-1.0%

Overall, the changes in GDP from the June forecasts have been revised upwards for 2021, while the assumptions for 2022 and 2023 have been substantially confirmed. In the baseline scenario, average annual GDP growth in the Euro area has been raised from 4.6% to 5.0% in 2021, and the forecast for 2022 has been revised downwards slightly from 4.7% in June to 4.6%. A further upward revision has been made for inflation, in connection with the short-term pressure that has emerged on prices for commodities and energy products, with the forecasts rising from 1.9% to 2.2% in 2021 and from 1.5% to 1.7% in 2022.
The forecasts reflect the assumption that the pandemic may have less of an impact, due to the progress of the vaccination campaigns, additional fiscal policy measures – such as those funded by the Next Generation EU programme – and the improved outlook for foreign demand, partly supported by the recent US fiscal policy packages.
With regard to the alternative scenarios, which substantially confirm the forecasts for 2022 and 2023, with a progressive alignment of the baseline figure for 2021, the mild scenario assumes that the health crisis will be resolved by the end of 2021, and consequently only with temporary economic losses, while the severe scenario assumes that the health crisis will continue with permanent losses.
Compared to the baseline scenario, the mild scenario envisages an even faster roll-out, greater effectiveness and increasing acceptance of the vaccines. This would enable a more rapid easing of restrictive measures and their phasing out by the end of 2021. In contrast, the worst-case (severe) scenario envisages a possible resurgence of the pandemic in the coming months with the emergence of more infectious variants, which would result in a reduction in the effectiveness of vaccines and the consequent need to maintain some containment measures until mid-2023. It consequently envisages an inevitable increase in insolvencies and deterioration of creditworthiness, with negative impacts on bank balance sheets and potential repercussions for the credit market.

With regard to Italy, the Bank of Italy has not published any update of the macroeconomic scenario: please note that the frequency of the Eurosystem's coordinated exercise is half-yearly and the next revision of the projections for the Italian economy will therefore be released in December.

With regard to the IFRS 9 measurements, in line with the guidance from the regulators and the best practices in the market, specific management overlays are also still being used to include ad hoc corrective measures, not captured by the models, to better reflect the particular characteristics of the COVID-19 impacts in the measurement of loans. Therefore, given that the underlying reasons continue to apply in substance, the choices already made at the time of the 2020 Annual Report have been maintained, with further calibrations and refinements made in the Half-yearly Report in light of the evolution of the overall health and economic situation.
Specifically, for the legislative moratoria, the postponement of the forecast defaults as a result of moratoria has been confirmed and, for the government guarantees, the benefit of lower forecast default rates has been maintained.
Since the underlying reasons continue to apply, the Group has also substantially maintained the choices made in the Half-yearly Report, which confirmed several refinements already made in the 2020 Annual Report, in terms of one-off treatments using extraordinary staging triggers to increase the granularity of the impacts of the scenario considered for the counterparties most penalised by the crisis. These triggers, which are based on specific analyses on individual counterparties and considering the presence of outstanding moratoria, act "downstream" on counterparties not already classified according to ordinary criteria, in addition to the criteria summarised above.

With regard to the classification of credit exposures, there was no further action by the Italian government on moratoria in the third quarter of 2021, after the last extension through the "Sostegni bis" Law Decree. In fact, this Law Decree provided the possibility of benefiting from a further extension of the legislative moratoria until 31 December 2021, a provision that only applies upon request from businesses already eligible for a moratorium previously granted under the "Cura Italia" Decree (expiring on 30 June). The suspension from 1 July onwards only relates to the principal, while the interest accruing will have to be paid.
The facilitating framework provided by the EBA Guidelines on moratoria expired on 31 March this year and it is therefore no longer possible to take advantage of the simplified prudential treatment allowed for the classification of "EBA compliant" moratoria. In this new context, which also includes the measures for the extension of existing moratoria, the positions need to be analysed individually to see if the extensions are to be considered forbearance measures (i.e. linked to a financial difficulty), resulting in classification as Stage 2. Therefore, with regard to the extension measure mentioned above, the Group's choice – in view of the lower expected number of extension requests and also in a situation that involved a very high number of customers (several tens of thousands, which could not be foreseen in advance due to the theoretical possibility an extension requested by all those meeting the legal requirements) – has been to identify a small cluster of counterparties with particularly high credit quality, which the Bank considers not to be subject to financial difficulty and therefore do not meet the conditions for classification as forborne. The cluster has been identified based on both the rating and the granular assessment carried out within the commercial/credit action plans aimed at determining the ability of customers to resume payments. For all positions not included in the cluster, the usual case-by-case checks were carried out by the relationship managers.

Impacts of the pandemic on the operating results, business activities and risk profile

With the continuation of the health emergency, in the third quarter the Intesa Sanpaolo Group continued the actions, already described in detail in the Half-yearly Report as at 30 June 2021, aimed at protecting the health of employees, suppliers and customers, ensuring business continuity and control of risk, and countering the social and economic effects of the pandemic.
As already mentioned above, many of the measures are evolving from a tactical basis – aimed at ensuring a timely response to the emergency – to a strategic vision oriented towards addressing structural change in work organisation, business processes, customer interaction, business opportunities and the related risk management. One of the key indicators of this evolution is the use of smart working, both in the sales network and the head office structures: compared to the "pre-COVID" situation, the number of users enabled for smart working (including the figure for the former UBI Group) has risen from around 21,500 to around 78,000, representing 80% of the Group's staff as at 30 September 2021.
As a result, smart working has now become a key element of a new model for work activity based on the dual notion of strengthening individual responsibility and improving work-life balance. This includes the "Next Way of Working" project – aimed at developing new methods of working in the post-COVID period – for which the implementation is continuing of the real estate and technological measures, which were already initiated in the first nine months of the year, that will help staff in the structural use of a way of working based on alternating work in the office and from home.
Also with a view to staff well-being, in July, in conjunction with the Italian COVID-19 vaccination campaign and in collaboration with Intesa Sanpaolo RBM Salute, the Intesa Sanpaolo Group offered a free insurance policy for all employees of the Group companies based in Italy to protect them against the remote possibility of any particularly serious adverse reactions to the vaccine, valid until 31 May 2022.

Following the improvement in the health situation in Italy, the Group decided to implement the gradual return to the premises of the head office departments from June, up to a maximum presence per structure of 50%, while maintaining all the company's prevention and protection measures. The company canteen and shuttle services have also consequently been gradually reinstated. From July 2021, a new tool is operational, allowing the planning of on-site attendance, remote work, absences (for holidays or other reasons) and the booking of desks and workspaces at the offices. Another sign that the national situation is improving is the sharp decrease in the number of branches closed due to COVID-19, down from an average of 82 branches in March to an average of 14 branches closed in June, and an average of less than 3 branches closed in September.

From August 2021, in compliance with the national regulations, the requirement to show the COVID-19 green certification (so-called Green Pass) was introduced for access to canteens, company crèches and the Gallerie d'Italia and for the use of the company transport service.

Since 15 October, the Green Pass has been mandatory for access to all workplaces. Internal rules have therefore been issued to regulate access to workplaces, the organisation of checks and special cases (exempt persons, people coming from outside Italy, etc.).
In general, in the office buildings equipped with thermal scanners and badge readers, there are new devices that enable the daily reading of the QR Code through the ministerial App “VerificaC19”, while in the branches the checks are carried out by the managers and/or designated emergency personnel using smartphones containing the same App. The manual or automatic checks are organised to ensure that all staff, as well as the people who access the Group’s premises for various purposes, are controlled. The only exception is for customers who go to the branches to use banking services.
Checks, including spot checks, are carried out by the heads of the organisational units and the designated emergency personnel, and reports of the lack of a Green Pass at the entrance (with consequent prohibition of access) or of violations are handled by the Safety Department, as the controller, for the reports to the competent authorities (*Prefettura*) required by law, and by the Personnel Departments for recording unjustified absences and (if there are breaches) for any disciplinary measures. The reading of the Green Pass data does not lead to the acquisition of any health information by the Bank and a specific privacy policy on this subject has been made available to everyone.
For those who are frail or severely disabled, the deadline for smart working has been extended to 31 December 2021. This provision also applies to employees caring for cohabiting family members who are frail or severely disabled and to employees who have received certification of exceptional health monitoring with a requirement for smart working from home until 31 October 2021.

With regard to the extraordinary measures to support Italy’s economy and its businesses and households, Intesa Sanpaolo was the first bank in Italy to grant moratoria, before the specific regulations came into force.
At the end of September 2021, around 940,000 suspension applications had been processed, for a volume[1] of around 114 billion euro, mainly related to the “Cura Italia” measures provided for in Article 56 of Law Decree 18/2020. Applications from business customers accounted for around 77% of the total volumes.
With regard to the expiry of the moratoria pursuant to Law Decree 18/2020, after the extension to 30 June 2021 established by the Budget Act (no. 178 of 30 December 2020), Law Decree no. 73/2021 (“Sostegni bis”) of 25 May further extended the measures until 31 December 2021, subject to certain restrictions, including the requirement for the customer to make an explicit request by 15 June.
At domestic level, as at 30 September 2021, there were around 11 billion euro of on going moratoria, compared to 15 billion euro in June, in addition to over 2 billion euro of terminated moratoria that will reach the term for the resumption of payments within the next few months. For the aggregate of the on goingmoratoria, requests for further extensions under the above-mentioned “Sostegni bis” Law Decree, received by 15 June, amounted to around 6.7 billion euro, leading to a more gradual redistribution of maturities between the third and fourth quarters of the year.
As a result of the phase-out of the EBA provisions concerning the exemption from forbearance classification (EBA compliant moratoria), the total on going moratoria that qualified as such under the guidelines was 1.7 billion euro (2.8 billion euro in June).
With regard to the expired moratoria that have met the conditions for the resumption of payments (around 37 billion euro of exposures originally suspended), the rate of new defaults as at 30 September remained at around 2% and the level of significant overruns was still low. During the quarter, both indicators increased slightly again compared to the beginning of the year.
The Intesa Sanpaolo Group supported the legislative and non-legislative measures adopted to combat the crisis generated by the COVID-19 pandemic, both in Italy and in the various countries where it operates. At consolidated level, the exposure value of the on goingmoratoria as at 30 September 2021 was 11.9 billion euro (around 17 billion euro at the end of the first half), of which 87% attributable to businesses. The total on going moratoria that qualify as such under the EBA guidelines was 1.7 billion euro (3.5 billion euro at June).

With regard to the measures to support the production system, the Intesa Sanpaolo Group has provided an overall credit line of 50 billion euro dedicated to loans for businesses. ISP was the first bank in Italy to sign the collaboration protocol with SACE, thus providing immediate support to enterprises under the “Liquidity” Law Decree 23 of 8 April 2020. Overall, also including the SME Fund, 42 billion euro in loans backed by a government guarantee has been granted to date (11 billion euro from SACE and 31 billion euro from the SME Fund)[2].
At consolidated level, also considering the operations in the other countries where the Group has a presence, the value of exposures subject to loans backed by government guarantee schemes, for which the process has been completed for both the acquisition of guarantees and for disbursement, which may not coincide with each other, totalled 39 billion euro at the end of September 2021 (38 billion euro at the end of the first half).

Moreover, the “Rilancio” Decree (Law Decree 34/2020) introduced a measure to support the relaunch of the construction sector and aimed at renovating real estate in terms of energy efficiency and seismic resistance (so-called 110% Superbonus). Specifically, the provision provides for the accrual of a tax credit of 110% for individual house owners and apartment building residents that carry out energy efficiency and seismic resistance renovation work, which can be assigned directly by the customer or the contractor to a financial intermediary. The Group has set up specific solutions both for individual house owners and apartment building residents, as well as businesses that use invoice discounts for the purchase of tax credits and the related settlement, with predefined prices and a dedicated advisory service through a partnership with the company Deloitte. At the end of September 2021, the applications processed for the purchase of tax credits amounted to around one billion euro.

The pandemic is continuing to affect the dynamics of customer financial assets. The preference for liquidity, which during the

[1] Moratoria granted up to 30 September 2021 (flows), including renewals, including the former UBI Banca Group and considering the sale of branches carried out in the first half.
[2] As at 30 September 2021, including the former UBI Banca Group and considering the sale of branches carried out in the first half.

health emergency has seen the strengthening of a trend already in place before the onset of the crisis, also continued in the third quarter: direct deposits from banking business, driven by the short-term component, grew by 7.3% compared to the "redetermined"[3] figure for March 2020, which did not yet reflect the effects of the pandemic.
For indirect customer deposits, growth continued in assets under management, thanks to positive inflows partly driven by the recovery of the market indices. As at 30 September 2021, assets under management of the companies of the Asset Management Division were up 3.6% compared to 31 December 2020 and 8% compared to the previous twelve months.
With regard to the insurance business, in the first nine months of 2021, gross premiums grew by around 9% compared to the same period in 2020 (including the contribution from the former UBI companies), while net inflows continued to be affected by an increase in liquidations partly due to the higher mortality linked to COVID-19.
In the non-life business, premiums grew in the first nine months of 2021 compared to the same period of 2020, mainly due to the performance of the non-motor business (+18%).

With regard to the impacts of the pandemic on the Group's operating income in the first nine months of the year, the growth in intermediated volumes related to the legislative and non-legislative measures implemented to combat crisis situations connected with the pandemic – together with the contribution from the TLTROs with the ECB, for a carrying amount of around 131 billion euro as at 30 September 2021 – continued to have a positive effect on net interest income. However, the overall performance of the aggregate continued to be affected by lower interest on non-performing assets (related to the deleveraging operations) with a lower contribution from the financial component. As detailed below, the net interest income for the first nine months, taking into account the "redetermined" figures[4], amounted to 5,946 million euro, down slightly (-4.2%) on the same period of the previous year.
In contrast, net fee and commission income continued to post very strong performance (+725 million euro, +11.5%), after having been more significantly affected by the restrictions on personal mobility and economic activities last year.
Income from insurance business of the Insurance Division (1,189 million euro, +0.5% on the like-for-like figure for the first nine months of 2020) continued to reflect an increase in revenues from the life business, also driven by the strong performance of the financial markets, offset by a slowdown in the non-life business, which was penalised by a rise in claims compared to last year, particularly in the healthcare business following the lockdown period. The amount of fee and commission income paid to the Group's distribution networks increased (+10%, or around 1,215 million euro).
In terms of operating costs, the costs incurred by the Intesa Sanpaolo Group in the first nine months of 2021 for measures related to the pandemic amounted to 19 million euro in current expenses and 4 million euro in investments, a significant decrease compared to the same period of the last year (-43 million euro in current expenses and -62 million euro in investments). Total operating costs fell by 189 million euro, or -2.3%, thanks to the measures adopted to further strengthen the control of these costs. As already noted in the Half-yearly Report, the cost control and rationalisation activities are prioritising the use of resources, while preserving the initiatives of strategic development and evolution of the business model with a view to the radically altered environment that will emerge once the health crisis has been overcome and that, in part, is already generating significant impacts. In this respect, the operating costs are already benefiting from changes in customer behaviour and internal operational processes. Among the areas most impacted are the costs for business-related travel, cash transport and counting services, and mailing to customers, areas that are heavily affected by the extensive use of digital interaction and the dematerialisation of payments and contracts, which represent cost saving drivers that, combined with continued cost control activities, will be made stable and structural over time.
With regard to the cost of credit, the annualised value fell to 44 basis points in September, which is much lower than for the full year 2020 (97 basis points, 48 basis points excluding the impact of higher adjustments due to the COVID-19 pandemic). Net adjustments to loans in the first nine months of 2021 amounted to 1,544 million euro, down almost 50% on the same period in 2020, as detailed below.

With regard to the risk profile, below is a description of the main impacts of the pandemic on the Group during the quarter, for the different types of risk:

– for **credit risk**, in accordance with IFRS 9, for the interim statement as at 30 September 2021 the Group has prudently continued to maintain the reference macroeconomic scenario used in the 2020 Annual Report, and already confirmed in the interim statement as at 31 March and the 2021 Half-yearly Report, for the forward-looking assessments for the ECL measurements. With regard to performing loans, no substantial changes were made to the updated figures used for the 2021 Half-yearly Report for the overlays for the postponement of the forecast defaults – incorporated in the satellite model outputs – to take account of the vulnerability of the positions under moratoria and the benefit from the government guarantees acquired. Similarly, the motivations also still apply for the extraordinary triggers for transition to Stage 2, which were refined in the Half-yearly Report based on the changes observed in the vulnerabilities of counterparties that have accepted moratoria. With regard to the staging allocation, starting from this interim statement, the treatment of the former UBI operations for staging purposes has also been fully harmonised with ISP's procedures.
  Actions in support of customers continued, in line with the initiatives implemented since the start of the pandemic, through:
  a) extensions of legislative moratoria decided by the Government in the second quarter ("Sostegni bis" Law Decree)/other moratoria;
  b) loans guaranteed by the Central Guarantee Fund/SACE;
  c) proactive action by the Group based on in-depth diagnosis by the relationship managers (action plan).

  With specific reference to the moratoria, the following should be noted:

[3] The redetermined figures have been prepared to take into account the inclusion of the UBI Group for the pre-acquisition period and the reallocation to non-current assets held for sale and associated liabilities of the going concerns object of disposal. Further details are provided below in this Statement and, in particular, in the Chapter "Balance sheet aggregates".

[4] The redetermined figures have been prepared to take into account the inclusion of the UBI Group for the pre-acquisition period and, based on management data, the reallocation of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal. Further details are provided below in this Statement and, in particular, in the Chapter "Economic results".

  - *corporate legislative moratoria*: the Bank has adapted its processes to the different approach introduced by the "Sostegni bis" Law Decree compared to the previous legislative measures, namely the introduction of the requirement for an express payment extension application by the customer. In particular, during the third quarter, the necessary actions were taken to complete all the requests received within the legally established deadline;
  - with regard to requests from customers for other individual non-legislative moratoria, the Bank continues to provide support through a case-by-case assessment according to its ordinary lending processes.

  In addition, for the *loans guaranteed by the Central Guarantee Fund/SACE*, the ISP Group continues to provide general support to businesses through guaranteed loans, via the ordinary lending processes, also following the extension of the Temporary Framework to 31 December 2021. Specifically, in the third quarter of 2021, the Group adopted the provisions of the "Sostegni bis" Law Decree, namely:
  - *for loans up to 30k*: the reduction of the percentage coverage from 100% to 90% for loans taken out after 30 June 2021;
  - *for loans over 30k:* extension of maturity from 6 to 8 years (both for existing loans and new disbursements) and, for new transactions after 30 June 2021, reduction of the percentage cover from 90% to 80%.

  The Group's proactive actions included the following initiatives:
  - *Action Plan*: the Group has started a diagnosis on the moratoria portfolio for priority clusters identified on a risk basis (rating class, guaranteed quota, exposure amount, etc.), both for Corporates and Retail Individuals. Through a single name analysis of the positions, the diagnosis has produced a "traffic light" clustering of the portfolio and it identified the perimeter that may need intervention to support the regular resumption of payments when the moratoria expire. The initiative has so far involved 96% of the portfolio of active moratoria. The result of the initiative shows that around 90.6%, in terms of exposures, have been clustered with a Green light (affordable resumption of payments without intervention or with refinancing), 7.5% with a Yellow light (need for moratoria extension or renegotiation), 1.4% with an Orange light (resumption of payments is currently not affordable, with position to be reviewed at a later date) and only 0.5% with a Red light, which denotes a possible increase in credit risk with reclassification as non-performing loans;
  - *Re-rating:* this initiative aimed at updating the customer risk assessment in view of the effects of the economic situation also continued and concerned 92% of the positions and over 99% of the positions under moratoria. The results show a significant correlation between rating updating and deterioration and the outlook by sector of the economy, with a higher incidence of updated and deteriorated ratings among counterparties belonging to sectors with more negative prospects.

  The functions of the Chief Lending Officer Area continue to constantly monitor the Action Plan activities.
- for **market risk,** the management of proprietary financial investments in the third quarter of 2021 continued in line with the previous quarter, i.e. based on optimising the risk profile, the level of diversification and the profitability of the securities portfolio. In the current market environment, characterised by low volatility, the managerial VaR measures showed a slight increase in the average VaR calculated at Group level for all the financial assets under the Trading and HTCS business models (average managerial VaR of around 144 million euro in the third quarter compared to an average of 126 million euro in the second quarter); there was a slight reduction solely for the Trading component (from an average of 25.8 million euro in the second quarter to an average of 20.4 million euro in the third quarter), mainly due to the scenario "rolling effect";
- for **liquidity risk**, in the third quarter all indicators (regulatory and internal policy) confirm the solidity of the Group's liquidity position. Both regulatory indicators (Liquidity Coverage Ratio – LCR – and Net Stable Funding Ratio – NSFR) are still well above the minimum regulatory requirements. Over the last 12 months, the Liquidity Coverage Ratio (LCR) of the Group, measured according to Delegated Regulation (EU) 2015/61, amounted to an average of 179.5%. The unencumbered liquidity reserves at the various Treasury Departments of the Group amounted to an average of 182 billion euro (based on the last 12 monthly observations) and reached a total of 181 billion euro as at 30 September. At the end of the quarter, the Group's NSFR was 123,8%. All the necessary preventive management and control measures remain in place to detect any signs of potential exacerbation of liquidity conditions;
- at the level of the **interest rate risk** generated by the banking book, the value shift sensitivity for a rate shock of +100 basis points amounted to -1,167 million euro at the end of September 2021, compared to -1,305 million euro at the end of December 2020;
- at the level of **counterparty risk**, the pandemic crisis entailed an initial increase in exposures, mainly due to the decline in Euro area interest rates and the general, significant increase in the volatility of the main risk factors. However, no critical issues were encountered in the margining process with market counterparties, despite the sharp increase in collateral calls, by both number and volume, during the weeks of greatest stress on the markets. Margin processes with central counterparties also did not generate any operating issues. The situation on the financial markets has gradually stabilised. The level of exposure to customers gradually increased during 2020, followed by a decrease in the first half of 2021, driven by interest rate movements;
- with regard to **operational risks**, the Group has continued to adopt the preventive measures aimed at ensuring business continuity and maintaining the maximum level of safety for its clients and employees as described in detail in the Half-yearly Report as at 30 June 2021. Specifically, to ensure the protection of staff, the tool for scheduling in-office presence has been extended to allow the booking of desks and workspaces, as well as the monitoring of absences (for holidays or other reasons) and smart working. Lastly, as mentioned above, the work was carried out to define and apply the operating procedures for organising the checks to be carried out by the Bank, in compliance with the privacy regulations, for the extension of the requirement for staff to possess and show the Green Pass on request in order to access the workplaces from 15 October 2021.

In volatile market environments, measuring the recoverable amount of intangible assets is also particularly delicate. In the third quarter, as in the first half, no problem issues requiring the remeasurement of the recoverable amounts of goodwill and other intangible assets were identified. The analyses conducted did not identify any variance compared with budgeted cash flows generated by the business divisions or changes to the main parameters and macroeconomic aggregates that could have an adverse impact on the discount rates underlying the models used to verify the carrying amount of the intangible

assets with an indefinite useful life. For the intangible assets with finite useful lives, no critical factors have emerged regarding the stability of the recoverable amount, thanks to both the positive trend in insurance reserves and in volumes.
In addition, no impairment indicators were identified in the first nine months of 2021 for deferred taxation.

The Group has continued to strengthen its solid capital position: as at 30 September 2021 – already taking into account the distribution of reserves approved by the Shareholders' Meeting of 14 October 2021 – the Common Equity Tier 1 capital amounted to around 47 billion euro, within total Own Funds of 62.4 billion euro. The transitional Core Tier 1 Ratio was 14.3%.

As already reiterated in the Half-yearly Report, after the high level of uncertainty in the early months of 2020 and the impacts on markets and economic growth of the lockdown rules, the pandemic is having a limited impact on the Group's risks, also thanks to the effects of the extraordinary measures implemented. With regard to credit risk in particular, the extraordinary measures have limited the effects of the pandemic in the current period; however, there may be a deterioration as they are progressively phased out. The extent of the impacts for the Group will be closely related to the actual development of the macroeconomic environment, and in particular to the evolution of the COVID-19 situation, together with any new situations of uncertainty and the long-term effectiveness of the above-mentioned support measures. The Intesa Sanpaolo Group is carefully monitoring the development of the situation, including through specific scenario and stress analyses used to assess the related impacts in terms of profitability and capital adequacy. The results of this monitoring have confirmed that, in the event of an adverse deviation of the scenario from the forecasts of the Central Banks, the Group – also through the implementation of specific actions – would be able to ensure compliance with the regulatory requirements and the stricter limits set internally.

The Intesa Sanpaolo Group in the nine months of 2021

Consolidated results

With the gradual improvement in the pandemic situation, accompanied by a lively recovery in production, the Intesa Sanpaolo Group closed the first nine months of 2021 with net income of 4,006 million euro. This figure was down compared to 6,376 million euro achieved in the same period of 2020, which, however, included the provisional negative goodwill of 3,264 million euro recognised in the third quarter of 2020, resulting from the business combination of UBI Banca and its subsidiaries. Excluding this component, net income improved by 894 million euro (+28.7%) compared to the first nine months of the previous year – which also benefited from the significant capital gain on the sale to Nexi of the business line relating to acquiring within payment systems – continuing the positive performance of all the areas of operations.
To allow for the analysis of the income performance on a like-for-like basis, the comments below are based on the "redetermined" figures in the reclassified income statement, which take account of both the acquisition of the UBI Group and the entry of the 100% equity investments in insurance companies with which the UBI Group had long-term partnerships – completed in the second quarter – and the effects of the related sales of branches in the first half of the year. This is in continuity and consistent with the approach already adopted for the Half-yearly Report as at 30 June 2021, as no new transactions took place during the third quarter that required the restatement and/or redetermination of the figures for the previous periods. Details regarding the calculation of the "redetermined" figures are provided in the chapter "Economic results" below.
Operating income in the first nine months, totalling 15,766 million euro, increased by 515 million euro (+3.4%), as a result of contrasting performance across the various components.
In a situation of persisting negative market interest rates, net interest income decreased to 5,946 million euro (-4.2%), reflecting lower interest on financial assets in the portfolio, mainly those measured at fair value through other comprehensive income, as well as lower interest on non-performing assets, due to the progressive reduction in stocks, only partially offset by the significant improvement in the contribution from transactions with banks, related to the TLTROs with the ECB. The contribution from customer dealing also became slightly positive.
Net fee and commission income continued its positive performance, rising by 11.5% to 7,008 million euro. This improvement continued to be driven by management, dealing and consultancy activities (+13.1%), in particular dealing and placement of securities, individual and collective portfolio management schemes and distribution of insurance products. Commercial banking also recorded positive performance (+6.4%) mainly linked to collection and payment services, as well as ATM and credit card services. Other fee and commission income – mainly relating to loans, and mortgages in particular – was also up by 17.1%.
Income from insurance business, which includes the cost and revenue captions of the insurance business of the Group's life and non-life companies, fell slightly to 1,219 million euro (-2.4%), despite the positive net investment result.
Profits (losses) on financial assets and liabilities designated at fair value amounted to 1,517 million euro, up by 2.4%. This performance was driven by the Profits (losses) on assets mandatorily measured at fair value through profit or loss and Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost, partially offset by the reduction in Profits (losses) on trading and on financial instruments under fair value option, hedging transactions and the buyback of financial liabilities.
Other net operating income – a caption which comprises profits on investments carried at equity and other income and expenses from continuing operations – more than doubled to 76 million euro. This change was attributable to the earnings results of the investments carried at equity, which increased from 38 million euro to 75 million euro.
Operating costs, amounting to 7,893 million euro, continued their downward trend (-189 million euro, -2.3%), for all the components. Specifically, personnel expenses decreased by 0.6% to 4,924 million euro, reflecting the reduction in the average workforce (-3.6%), only partially offset by higher costs related to the renewal of the National Collective Bargaining Agreement (CCNL) and changes in the variable component. Administrative expenses (-5.9% to 2,059 million euro) benefited from the control measures taken and the initial synergies arising from the integration of the former UBI Group. Amortisation

and depreciation (-3.3% to 910 million euro) reflected the write-offs of the assets (software and, to a lesser extent, systems and equipment) of UBI.S, which was merged into the Parent Company in July 2021.
As a result of the positive revenue and cost performance described above, the operating margin increased by 704 million euro to 7,873 million euro (+9.8%). The cost/income ratio for the period consequently came to 50.1%, compared to 53% in the first nine months of last year.
Net adjustments to loans were recognised for 1,544 million euro – which included around 360 million euro of provisions in relation to the initiatives to reduce non-performing loans, implemented during the year – almost half the amount for the same period of 2020, when the application of the updated scenario for the COVID-19 impacts had resulted in a significant increase in ECLs on the Group's performing exposures. The reduction in 2021 (-1,509 million euro, or -49.4%) consisted of -819 million euro for Stage 3 non-performing exposures (essentially unlikely-to-pay and past due exposures), due to the de-risking carried out in 2020 and lower net inflows from performing loans; -594 million euro for performing loans; and -88 million euro for guarantees given and unsecured commitments, on which recoveries were recognised. The annualised cost of credit – expressed as the ratio of net adjustments to net loans – came to 44 bps (34 bps when excluding the above-mentioned provisions regarding specific portfolios to accelerate the reduction in non-performing loans), compared to 97 bps for the full year 2020 (48 bps when excluding the provisions due to the revision of the scenario as a result of the pandemic).
The consolidated income statement also recorded:
- other net provisions and net impairment losses on other assets of 436 million euro, up from the comparison figure of 244 million euro. This caption mainly consists of other net provisions (to the allowances for risks and charges) which, in the second quarter of 2021, included an allocation for the insurance segment for a total of 126 million euro. This provision represented the claims in excess of premiums accrued, as well as the estimated provision for future charges on annual policies in force, determined in accordance with the provisions of IVASS Regulation no. 22/2008, in relation to a financial imbalance which was also generated as a result of the greater use of benefits by insured persons at the end of the long periods of lockdown;
- other income (a caption which includes realised profits (losses) on investments, equity investments and financial assets at amortised cost other than loans, as well as income and expenses not strictly linked to operations) amounting to 254 million euro (35 million euro in the first nine months of 2020), mainly attributable to the gain of 194 million euro recognised in the first quarter from the sale by Fideuram Bank Luxembourg to State Street of the business line relating to its custodian bank services;
- income from discontinued operations amounted to 58 million euro, related to the reclassification of the results of the branches sold by UBI Banca and the Parent Company (recognised by convention under this caption), compared with 1,459 million euro recognised in 2020. The amount for 2020 included 1,110 million euro from the gain on the sale of the acquiring business line to Nexi, 53 million euro for the income statement components for that business line pertaining to the half year, and 296 million euro resulting from the reclassification related to the income statement components of the branches sold by the former UBI Banca and the Parent Company.

After the entries described above, gross income amounted to 6,205 million euro, an increase of 15.6% (+839 million euro).
Income taxes for the nine months amounted to 1,541 million euro, against the comparison figure of 1,319 million euro, with a tax rate of 24.8% (24.6% in 2020). The taxation for the nine months incorporated the net benefit of the realignment of the tax values of certain intangible assets, recognised in the second quarter in the amount of 460 million euro.
The following were recognised after tax:
- charges for integration and exit incentives of 148 million euro, up from 64 million euro for 2020 and mainly relating to costs of the Parent Company in terms of personnel expenses and amortisation and depreciation;
- effects of purchase price allocation of -85 million euro, compared to the previous +3,187 million euro, which included the already mentioned 3,264 million euro of provisional negative goodwill, recognised in September 2020 following the acquisition of the UBI Group;
- charges aimed at maintaining the stability of the banking industry totalling 489 million euro (corresponding to 713 million euro before tax), up from 475 million euro (687 million euro before tax) in the first nine months of 2020. This caption consisted almost entirely of the full-year cost for 2021 of the ordinary and additional contributions to (i) the resolution funds of 261 million euro (381 million euro before tax) and (ii) the deposit guarantee funds of 213 million euro (315 million euro before tax), with the latter paid in the third quarter.

Lastly, net income/losses attributable to minority interests showed a net income of 64 million euro (compared to a net loss of 319 million euro for 2020, having incorporated the effects of the items redetermined for the UBI Group and its insurance companies).
The consolidated income statement for the first nine months of 2021 consequently closed, as already noted, with a net income of 4,006 million euro, compared to 6,376 million euro for the same period of 2020 (-37.2%).

The consolidated income statement for the third quarter reported the following compared to the previous quarter:
- operating income slightly down to 5,092 million euro (-92 million euro, or -1.8%), reflecting lower contributions from the insurance segment and net fee and commission income (also due to seasonal effects tied to the summer months), only partially offset by the positive performance of other revenue items, in particular profits (losses) on financial assets and liabilities designated at fair value (+9.9%), thanks to gains from the sale of financial assets measured at fair value through other comprehensive income and at amortised cost, and net interest income (+0.2%);
- operating costs slightly down to 2,638 million euro (-1.1%), a trend which involved both personnel expenses (-0.8%), as a result of a reduction in the average workforce (-1.6%), and administrative expenses (-2.5%), also due to the absence of expenses that had accompanied the integration of UBI Banca, while amortisation and depreciation remained essentially unchanged.

As a consequence of the changes described above, the operating margin decreased to 2,454 million euro (-62 million euro, -2.5%).
The consolidated income statement for the quarter also recorded:
- a decrease of 9.3% in net adjustments to loans, to 543 million euro, despite an additional adjustment of 160 million euro on specific portfolios to accelerate the de-risking process;

- other net provisions and net impairment losses on other assets of 82 million euro, down 62.7%, as the other net provisions for the previous quarter had incorporated the already mentioned allocation of a total of 126 million euro to the allowances for risks and charges for the insurance segment;
- other income of 63 million euro, compared with net expenses of 7 million euro in the previous three months.

As a result of the accounting entries described above, gross income for the quarter rose to 1,892 million euro, an improvement of 11.3% on the previous 1,700 million euro.
This performance, in the absence of the benefits from the realignment of the tax values of certain intangible assets, which characterised the second quarter, resulted in an increase in income taxes for the period from 85 million euro to 619 million euro. Net of tax, charges for integration and exit incentives were recorded of 41 million euro, as well as the effects of purchase price allocation of 51 million euro and levies and charges for the banking system of 210 million euro.
The net income/losses attributable to minority interests showed a net income of 12 million euro compared to the previous 48 million euro.
Despite a clear improvement in gross income, the accounting entries described above led to a net income of 983 million euro for the quarter, compared with 1,507 million euro for the second quarter.

With regard to the balance sheet aggregates, loans to customers totalled 463.3 billion euro as at 30 September 2021, unchanged compared to June and slightly up (+0.1%) from December. Commercial banking loans, which were substantially stable at 427.5 billion euro, continued their partial shift away from shorter-term types, classified in particular under advances and other loans, towards longer-term types, reflecting the Group's support for the Italian economy and households, also in relation to the extraordinary measures approved by the government, as they come out of the emergency phase.
Mainly as a result of the ongoing de-risking actions, non-performing loans decreased to 9.1 billion euro (-1.6 billion euro, of which -0.6 billion euro in the third quarter). Loans represented by securities also fell to 6.8 billion euro (-5.3%).
In contrast, loans of a financial nature, in the form of repurchase agreements, increased to 19.9 billion euro (+17.9%).

On the funding side, direct deposits from banking business continued to grow, reaching 535.7 billion euro at the end of September 2021, up by around 9 billion euro in the first nine months (+1.7%). Within this aggregate, current accounts and deposits progressively rose to 419.5 billion euro (+9.9 billion euro, +2.4%), more than offsetting the decline for bonds (-6.2 billion euro, -8.9%) and certificates of deposit (-0.6 billion euro, -14.8%), which were affected by new issuances that were lower than maturing stocks given the Group's strong liquidity. All other types increased: subordinated liabilities rose to 12.5 billion euro (+0.8 billion euro, +6.4%), as a result of the institutional placement in June (1.5 billion USD); and other funding, including certificates and commercial paper, reached 31.4 billion euro (+1 billion euro, +3.3%). The financial component, represented by repurchase agreements – mainly relating to institutional counterparties – also increased to 5.1 billion euro.

Direct deposits from insurance business – which also include the technical reserves, namely the amounts owed to customers that have taken out traditional policies or policies with significant insurance risk – totalled 203.5 billion euro as at 30 September 2021, a slight increase on December (+0.2%). In the first nine months, the increases for financial liabilities designated at fair value (consisting entirely of unit-linked products), which rose to 83 billion euro (+2.4 billion euro, +3%), and for other insurance deposits (including subordinated liabilities), which reached just under 2 billion euro (+0.6 billion euro, +48.1%), were substantially offset by the reduction in technical reserves, which fell overall to 118.6 billion euro (-2.7 billion euro, -2.3%), and in particular those for the life business, which represent almost all of these reserves.

The positive performance of the financial markets, together with the strong results of the placement activities, supported the Group's indirect customer deposits, which reached 703.7 billion euro at the end of September 2021, up 6.9% (+45.7 billion euro) compared to December 2020. These figures reflect a quarterly trend which has consolidated over the first nine months and has involved both the main components: assets under administration, which rose to 239.5 billion euro (+20.8 billion euro, +9.5%) and assets under management, which increased to 464.2 billion euro (+24.9 billion euro, +5.7%).
Within assets under management, which represent 66% of the total stock, all the captions recorded positive changes, but the most significant increases in absolute terms concerned: mutual funds, which rose to 171.1 billion euro (+12.1 billion euro, +7.6%); portfolio management schemes, at 75.2 billion euro (+7 billion euro, +10.2%); relations with institutional customers, at 20.4 billion euro (+3 billion euro, +17.6%); and insurance savings, at 185.4 billion euro (+1.7 billion euro, +0.9%).

For an illustration of the income statement results and the balance sheet aggregates broken down by Group business segment, please refer to the specific chapter of this Interim Statement.

Highlights

The most significant events that occurred in the third quarter of the year, as well as some events occurring after the end of the quarter, are described below, while the Half-yearly Report as at 30 June 2021 provides details of the events that occurred in the first half of the year.

Integration of the UBI Banca Group

The process of integration of the UBI Banca Group, which began in September 2020, has already been described in detail in the consolidated reports on operations for 2020 and the first half of 2021, which should be consulted for more details. The events during the third quarter included:

- The completion of the project for the scale back of the Group's real estate companies.
  As already stated in the Half-yearly Report, the deed of merger by incorporation of IMMIT - Immobili Italiani S.r.l. (ISP Group) into BPB Immobiliare S.r.l. (former UBI Group) was signed on 20 July 2021 and took effect from 1 September

2021. On that date, the absorbing company took on the name of the merged company. On 15 September, the merger of Kedomus S.r.l. (former UBI Group) into IMMIT (formerly BPB Immobiliare) became effective. For both mergers, the operations of the merged companies were posted to the financial statements of the absorbing company, effective from 1 January 2021, also for tax purposes. The corporate operations have been accompanied by the progressive IT migration, which will be completed with the migration to Intesa Sanpaolo's target instruments in the first quarter of 2022;

- The completion of the process of integration and rationalisation of the Asset Management Division.
  The mergers by incorporation of Pramerica SGR S.p.A. into Eurizon Capital SGR S.p.A. and of Pramerica Management Company S.A. (Lux) into Eurizon Capital S.A. (Lux) took effect from 1 July 2021, with the accompanying renaming of the respective funds and Sicavs managed as Eurizon AM and Eurizon AM Sicav;
- the completion of the interventions on the international network of the former UBI Banca Group, with the closure of the Nice branch on 31 August;
- the progressive integration of the other companies of the former UBI Group.
  After the merger by incorporation of UBI Academy S.r.l. into Intesa Sanpaolo, which took effect on 30 June 2021, the merger of UBI Sistemi e Servizi S.c.p.a. (UBI.S) became effective on 12 July, while the merger of Unione di Banche Italiane per il Factor – UBI Factor S.p.A. – became effective on 25 October. In all three cases, the mergers took place pursuant to Article 2505 of the Italian Civil Code, as they involved wholly-owned subsidiaries, with accounting and tax effects from 1 January 2021.
  The merger of UBI Leasing into Intesa Sanpaolo is due to take place in the second quarter of 2022 and the related authorisation applications and notifications are being prepared.
  IW Bank is due to be merged in February 2022. To this end, on 28 September 2021, authorisation was received from the ECB for the demerger of the entire banking business line of IW Bank and its transfer first to the parent company Fideuram - Intesa Sanpaolo Private Banking and then from that company to Intesa Sanpaolo, together with the amendment to IW Bank's articles of association, the change of name to IW Private Investment Sim S.p.A. and the withdrawal of the authorisation to carry out banking activities. As a result of the demerger, only the business line dedicated to the investment services offering (advisory and placement services) will remain in IW Sim, for which specific authorisation must be obtained from Consob. On 29 September, the Bank of Italy authorised the corporate transaction and sent its opinion to Consob. On 28 October 2021, the partial demerger plan was filed with the Torino Company Register, as envisaged by Article 2501-ter of the Italian Civil Code. The implementation of the project activities is continuing according to plan.

On 20 August, having completed the submission of the related documentation to the Bank of Italy, the authorisation process formally began for the registration in the Register of Financial Intermediaries of a newly incorporated company (Newco) of the Intesa Sanpaolo Group dedicated to collateral lending. The Newco will be a Collateral Lending Agency (pursuant to Article 112, paragraph 8, of the Consolidated Law on Banking) in order to better focus and leverage the core business and the expertise present in the Group, following the acquisition and subsequent merger of UBI Banca, which already had a business line organised to manage collateral lending activities.
At the end of the authorisation process, the collateral lending business line will be transferred to the Newco, in order to provide it with the assets and structures necessary to carry out its core business. This business line will be valued by an independent expert in accordance with Article 2343-ter of the Italian Civil Code and the Newco will approve a share capital increase, with the issue of shares reserved to the transferring Parent Company, to service the transaction.
This initiative is consistent with the Group's strategic and business objectives, particularly with regard to Environmental Social Governance (ESG) and Impact Banking, as it will enable a targeted focus on households with difficulties in accessing credit, to promote their financial inclusion.

In September, Intesa Sanpaolo and SF Consulting, an investee of the former UBI Banca Group, signed an agreement for support and advisory services for the acquisition of the guarantees provided for by Law 662/1996 (SME Public Guarantee Fund) in relation to corporate loans of up to 30 thousand euro (in accordance with the "Liquidity" Law Decree 23 of 8 April 2020, Article 13 letter m, as amended).
SF Consulting, based on the experience gained at the former UBI Banca Group in the area of Law 662/1996, will support Intesa Sanpaolo in the following phases:
- analysis of the documentation necessary for the guarantee applications to Mediocredito Centrale;
- prior assessment of the feasibility of the 90% guarantee applications from SMEs and non-profit sector entities;
- remote support to branches, through a telephone help desk service, both for specialist advice and for the preparation of documentation.

This partnership will strengthen the support to the Network, while also reducing the operational impact on the Bank's lending area, helping to encourage the use of public guarantee instruments to stimulate the revival of the Italian economy.

On 8 September 2021, ISP announced a share buy-back programme – launched on 13 September and completed on 14 September – to service plans for the assignment of Intesa Sanpaolo ordinary shares free of charge to employees of Intesa Sanpaolo. Specifically, this consists of:
(i) the Intesa Sanpaolo Group share-based incentive plan for 2020 reserved for Risk Takers who accrue a bonus in excess of the so-called "materiality threshold"[5], for those who are paid a "particularly high" amount[6] and for those who, among Middle Management or Professionals that are not Risk Takers, accrue "relevant bonuses"[7];
(ii) the former UBI Banca Group share-based incentive plan for 2020 reserved for Risk Takers[8];
(iii) outstanding portions in shares of bonuses deriving from past incentive systems of the former UBI Banca Group.

[5] Equal to 80 thousand euro.
[6] Pursuant to the Group Remuneration and Incentive Policies, for the three-year period 2019-2021, a variable remuneration exceeding 400 thousand euro constitutes a "particularly high" amount.
[7] Exceeding 80 thousand euro and 100% of fixed remuneration.
[8] With bonuses exceeding 50 thousand euro and 25% of the fixed remuneration.

The programme has also been implemented in order to grant, when certain conditions occur, severance payments upon early termination of employment.
On the two days of execution of the programme, the Intesa Sanpaolo Group purchased a total of 20,000,000 Intesa Sanpaolo ordinary shares, through its IMI Corporate & Investment Banking Division, representing approximately 0.10% of the share capital of the Parent Company, at an average purchase price of 2.391 euro per share, for a total value of 47,822,401 euro. The Parent Company purchased 16,787,550 shares at an average purchase price of 2.392 euro per share, for a value of 40,155,587 euro.
Purchase transactions were executed in compliance with provisions included in Articles 2357 and following and 2359-bis and following of the Italian Civil Code and within the limits of number of shares and consideration, as determined in the resolutions passed by the competent corporate bodies. Specifically, in the case of Intesa Sanpaolo, in accordance with the terms approved by the Shareholders' Meeting of 28 April 2021.
Pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis of the Issuers' Regulation as amended, purchases were executed on the regulated MTA market managed by Borsa Italiana, in accordance with trading methods laid down in the market rules for these transactions.
Moreover, as for the purchase modality, the transactions were arranged in compliance with the conditions and the restrictions under Article 5 of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3 and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.
The number of shares purchased on a daily basis did not exceed 25% of the average daily volume of Intesa Sanpaolo ordinary shares traded in August 2021, which was equal to 68.7 million shares, and 15% of the volume traded on the MTA on each purchase day, in accordance with the additional constraint envisaged by the programme with respect to the above-mentioned regulatory conditions and restrictions.

With regard to the de-risking initiatives underway, details of which are provided in the Half-yearly Report as at 30 June 2021, the partial disposals of two portfolios were completed in the third quarter, with a value as at 30 June 2021 of 1.5 billion euro in terms of GBV and 0.1 billion euro in terms of NBV. These transactions did not have a significant impact on the income statement, as they had already been reflected in the financial statements at the end of 2020 and the end of the first half of 2021.
To accelerate the process of reduction of non-performing loans, in September an additional portfolio of ISP's unlikely-to-pay loans was identified – with a GBV of 1.1 billion euro and a NBV of 0.3 billion euro – for which the preparatory work was started for their sale in 2022. Since the conditions have been met, this portfolio has been reclassified in this Statement under assets held for sale.
Consequently, also considering the deleveraging for single name exposures, the amount of Group non-performing loans reclassified as assets held for sale as at 30 September 2021 totalled 4.7 billion euro in terms of GBV and 1.7 billion euro in terms of NBV, with the latter already aligned to the estimated realisable prices in accordance with IFRS 9.

The assets held for sale as at 30 September 2021 also included a business line of Assicurazioni Vita (formerly Aviva Vita) – an insurance company over which Intesa Sanpaolo acquired exclusive control from 1 April 2021 (see the Half-yearly Report as at 30 June 2021 on this matter) – relating to certain line IV policies and collective agreements. The related sale to Aviva Life, a subsidiary of Aviva Italia Holding, was completed on 5 October 2021 with effect from 31 October 2021. The transaction, authorised by IVASS on 28 July 2021, follows the agreements entered into in late 2020 by the former UBI Banca with the Aviva Group.

In addition, it is worth mentioning that the voluntary exits plan continued in accordance with the trade union agreement signed on 29 September 2020.
During the third quarter, this involved 1,266 employees, over 92% of whom ended their work service on 1 July. As a result, by the end of September, the total number of completed exits had risen to 2,698.

Lastly, with regard to the project for the transfer to Nexi of the business line consisting of the acquiring activity within the payment system relating to the former UBI Banca – details of which are provided in the Half-yearly Report as at 30 June 2021 – the closing of the transaction took place at the end of October. As a result, since 1 November, the Intesa Sanpaolo network has also been acting as placement agent for Nexi products for former UBI customers.

Other highlights

As already detailed in the Half-yearly Report as at 30 June 2021, in implementation of the partnership between the ISP Group and the Tinexta Group – an Italian group listed on the Star segment of the Italian Stock Exchange and leader in the provision of specialised services to SMEs – on 21 July Intesa Sanpaolo transferred the 100% shareholding of Intesa Sanpaolo Forvalue S.p.A to Innolva S.p.A. (wholly owned by Tinexta) through the subscription of newly issued shares, originating from a reserved capital increase. At the same time, the transferred company changed its name to Forvalue.

Also in July, an agreement was signed between the Intesa Sanpaolo Group and Poste Italiane aimed at reciprocally strengthening the investment activities in the real economy. The partnership includes the acquisition by Poste Italiane of 40% of Eurizon Capital Real Asset SGR ("ECRA"), a subsidiary of Eurizon that has specific expertise in real economy investments (infrastructure, financing and capital investments in companies, etc.).
Poste Vita will give ECRA an investment mandate for a value of about 2.5 billion euro which will take ECRA's assets above 6.5 billion euro, making it a leading player at national level. The joint venture will generate synergies that will enhance the activities of the two Groups and the distribution capacity of Eurizon in the institutional and private banking market.
The Poste Italiane Group will invest in ECRA's capital through the subscription of a dedicated paid capital increase. The completion of the transaction, which is subject to the usual authorisations from the Supervisory Authorities, is expected by the end of the year and will result in the following allocation of the share capital of ECRA:

- 40% (corresponding to 24.5% of the share capital with voting rights) to the Poste Italiane Group;
- 40% (corresponding to 24.5% of the share capital with voting rights) to Intesa Sanpaolo Vita;
- 20% (corresponding to 51% of the share capital with voting rights) to Eurizon.

Assets under management will to all intents and purposes be fully attributable to Eurizon Capital SGR in which ECRA's financial statements will remain 100% consolidated.

On 30 July 2021, the results were announced of the 2021 EU-Wide Stress Test, conducted by the European Banking Authority (EBA), in cooperation with the Bank of Italy, the European Central Bank and the European Systemic Risk Board (ESRB), to which the Intesa Sanpaolo Group was also subject.
Intesa Sanpaolo noted the announcements made by the EBA and fully acknowledged the outcomes of the exercise. The Intesa Sanpaolo fully loaded CET1 ratio resulting from the stress test for 2023, the final year considered in the exercise, stood at 15.06% under the baseline scenario and 9.38% under the adverse scenario, compared to the starting-point figure of 14.04% as of 31 December 2020.
It should be noted that the 2021 EU-wide stress test does not contain a pass/fail threshold and instead is designed to be used as an important source of information for the purposes of the SREP. The results will assist the competent authorities in assessing Intesa Sanpaolo's ability to meet applicable prudential requirements under stressed scenarios.
Please note that: (i) the adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2021-2023); (ii) the stress test was carried out applying a static balance sheet assumption as of December 2020; therefore, it does not take into account future business strategies and management actions.
The fully loaded CET1 ratio under the adverse scenario would be 9.97% when restoring the actual neutral effect on capital ratios of the 2018-2021 Long-term Incentive Plan LECOIP 2.0 based on financial instruments, not captured by the stress test assumption of a static balance sheet, and considering the sale transactions of the going concerns - related to the acquisition of UBI Banca in 2020 - finalised in the first half of 2021, other things being equal.

Following the finalisation in May 2021 of the strategic partnership with Reyl & CIE S.A. in Switzerland, which led to Fideuram - Intesa Sanpaolo Private Banking (Fideuram - ISPB) acquiring control of the Swiss banking group (see the Half-yearly Report as at 30 June 2021), in August Reyl announced a partnership with 1875 Finance, a multifamily office and independent asset manager for retail and institutional customers based in Geneva. Under the agreement, Reyl will acquire a 40% interest in 1875 Finance. The transaction is expected to be completed by the end of 2021, once the required regulatory approvals have been obtained. The partnership will help accelerate the consolidation of the asset management industry in Switzerland, providing further short/medium-term growth opportunities.

With a view to further strengthening its international wealth management activities, on 17 September 2021 Fideuram - ISPB, through its Luxembourg subsidiary Fideuram Bank Luxembourg S.A., signed an agreement to acquire 100% of Compagnie de Banque Privée S.A. Quilvest (CBPQ), a Luxembourg private bank, with branches in Belgium, with approximately 150 employees, wholly owned by the holding company Quilvest Wealth Management.
The acquisition of CBPQ will lead to the creation of an additional hub in the European Union, alongside Reyl & Cie in Switzerland, for European and international customers, and will enable the development of private banking activities in areas with promising growth prospects, such as Luxembourg and Belgium.
The transaction – subject to the usual regulatory approvals – is expected to be completed by the first half of 2022. Once the acquisition has been completed, the name CBP (Compagnie de Banque Privée) will be maintained and CBPQ will be integrated into Fideuram Bank Luxembourg, to enhance its support services for Italian and foreign High Net Worth Individual customers, also outside Luxembourg, benefiting from the addition of a team of managers with consolidated expertise in the provision of private banking services to international customers.

On 10 September 2021, ISP's Board of Directors approved a transaction for the transfer of a business line of Banca 5 to the Mooney Group. The transaction brings forward the process originally set out in 2019 when ISP, through Banca 5, and the Sisal Group signed an investment agreement aimed at launching a partnership in the payments and e-money sector. Banca 5 and the Sisal Group hold 30% and 70% respectively of Mooney Group S.p.A., the parent company of Mooney S.p.A., an electronic money institution, and Mooney Servizi S.p.A., a company dedicated to commercial activities, to which Banca 5 and the Sisal Group have transferred their respective business lines dedicated to payment services and several commercial activities.
With a view to maximising business synergies to support the value creation from the investment and strengthen the ISP Group's strategic positioning in the market for transactional and proximity financial products and services, ISP's Board of Directors approved the proposal of bringing forward the transfer of Banca 5's business line dedicated to the development of products/services distributed by the Mooney Group, which the Agreements signed in 2019 had envisaged for the end of the five-year period in 2024.
The structure of the transaction, which will be completed by 2021 once the necessary authorisations have been obtained from the Regulators, consists of (i) the contribution by Banca 5 of a business line with a net asset value of around 8 million euro, consisting of asset and liability contracts, intangible assets and employees, to the electronic money institution Mooney S.p.A. in exchange for the issue of ordinary shares of Mooney S.p.A. and (ii) the purchase by Mooney Group S.p.A. of the ordinary shares of Mooney S.p.A. held by Banca 5 following the contribution, for a price of 23.5 million euro.
In addition to the sale agreement for the business line, on 10 September the parties signed a new five-year Framework Cooperation Agreement, which replaces the existing agreement and covers the remaining lending products that cannot be managed independently by Mooney.
Since all the conditions have been met, the Banca 5 business line has been reclassified in this Statement under assets held for sale.

On 23 July, the ECB announced that it would not extend beyond 30 September 2021 its recommendation of 15 December 2020 aimed at all the banks to limit the distribution of dividends and treasury share buy-backs[9], stating that the Supervisory Authorities would assess the capital and distribution plans of each bank as part of the regular supervisory process, adopting a forward-looking view duly informed by the results of the 2021 stress test.
In light of this guidance, and in line with the 2018-2021 Business Plan, Intesa Sanpaolo's Board of Directors on 4 August 2021 envisaged the following:
– for the 2020 results, a cash distribution from reserves that, in addition to the dividends already paid in May (694 million euro also in cash), leads to the payment of a total amount corresponding to a payout ratio of 75% of the 3,505 million euro adjusted consolidated net income[10];
– 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.
On 13 September 2021, the Board of Directors therefore called an Ordinary Shareholders' Meeting of Intesa Sanpaolo for 14 October 2021 to resolve on the following item on the agenda:
a) the distribution of part of the Extraordinary reserve, in the amount of 1,935,274,145.18 euro, for the 2020 net income,
b) the placing of a tax suspension constraint on part of the Share premium reserve, in the amount of 1,473,001,006.40 euro, following the tax realignment of certain intangible assets.
With regard to the second point, this is the constraint provided for in Article 14 of Law 342 of 21 November 2000 in relation to the higher accounting values subject to realignment net of the substitute tax due. As detailed in the Half-yearly Report as at 30 June 2021, in June the Board of Directors of Intesa Sanpaolo decided to take advantage of the option for the realignment, in accordance with Article 110, paragraphs 8 and 8-bis, of Law Decree 104 of 14 August 2020 (containing "urgent measures for supporting and relaunching the economy"), of certain intangible assets present in the Intesa Sanpaolo S.p.A. financial statements for a total amount of 1,518,557,738.56 euro (almost entirely attributable to the Sanpaolo IMI brand name, recognised at the time of the merger between Banca Intesa and Sanpaolo in 2007), resulting in a corresponding substitute tax (calculated at the rate of 3%) of 45,556,732.16 euro.
On 14 October 2021, the Shareholders' Meeting of Intesa Sanpaolo was held, validly constituted, on single call, to pass resolutions as those in attendance through the appointed representative, in accordance with Article 106 of Law Decree 18 dated 17 March 2020, converted by Law 27 dated 24 April 2020, as amended, counted 3,317 holders of voting rights attached to 10,992,742,757 ordinary shares without nominal value equal to 56.57478% of the share capital.
The Shareholders' Meeting approved the cash distribution, with vote in favour of 99.91781% of the ordinary shares represented, of part of the Extraordinary reserve for a total amount of 1,935,274,145.18 euro to be assigned to the 19,430,463,305 ordinary shares constituting the share capital, corresponding to a unit amount of 9.96 euro cents per share.
The distribution approved by the Shareholders' Meeting was made on the first available date after 30 September 2021, namely 20 October 2021 (with coupon presentation on 18 October and record date on 19 October). The amount of 3,118,248.51 euro not distributed in respect of any own shares held by the Bank at the record date was kept in the Extraordinary reserve.
The Shareholders' Meeting also approved, with vote in favour of 99.99058% of the ordinary shares represented, the placing of a tax suspension constraint, for an amount of 1,473,001,006.40 euro, on part of the Share premium reserve following the tax realignment of certain intangible assets.

The Board of Directors, at its meeting of 4 August 2021, also preliminarily defined an amount of 1.4 billion euro as cash interim dividend to be distributed for the 2021 results.
In accordance with Article 2433-bis of the Italian Civil Code, the approval of the distribution of interim dividends is permitted for companies whose financial statements are subject to independent audit, if that distribution is envisaged by the Articles of Association and if there is a positive opinion on the financial statements of the previous year from the entity engaged for the independent audit and its approval. It is also established that the distribution of interim dividends is not permitted when the latest approved financial statements show losses for the year or previous years.
The resolution on the distribution of the interim dividend has been scheduled for 3 November, following the approval of the consolidated results as at 30 September 2021. The resolution must be made on the basis of Financial Statements and a Directors' Report that confirm that assets, liabilities and financial position allow for the distribution. An opinion on those documents must have been obtained from the independent auditors. The two documents (the Financial Statements and the Directors' Report) must be filed at Intesa Sanpaolo's registered office until the approval of the 2021 Annual Report to allow shareholders to examine them and will also be published on the Group's website.
The interim dividend, equal to 1,400,936,404.29 euro, deriving from 7.21 euro cents on each ordinary share, will be paid out on the first available date following the related Board of Directors' resolution, namely 24 November 2021 (with coupon presentation on 22 November and record date on 23 November).

The other highlights during the period also include the following.
With regard to the initiatives relating to the Group's stakeholders, the actions and projects described in the Half-Yearly Report as at 30 June 2021 continued during the third quarter.
During the period, Intesa Sanpaolo renewed its commitment to social issues by supporting the renovation of the historic Cesare Pollini Conservatory in Padua, through conservative restoration work, in collaboration with Fondazione Cariparo. The project involves the refurbishment of the current building and an extension into a part of Palazzo Foscarini, doubling the area available for teachers and students.

[9] In March 2020, the ECB asked banks not to pay dividends with the aim of boosting their capacity to absorb losses and to support lending to households, small businesses and corporates during the COVID-19 pandemic. A similar recommendation was made in July, while in December 2020 the ECB reiterated its instruction to banks to exercise extreme prudence with respect to dividends and share buy-backs, setting specific limits on the amount that can be distributed and requiring prior discussion with their JST to assess the level of distribution envisaged in terms of prudence.
[10] 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.

On 20 October 2021, Intesa Sanpaolo resolved to commit to a target of net zero emissions by 2050, both for its own emissions and for its lending and investment portfolios. At the same time, the decision was made to join the Net-Zero Banking Alliance (NZBA), a global alliance of banks under the auspices of the United Nations[11] committed to a joint effort to combat climate change. The Bank also published the first Group-wide Task Force on Climate-related Financial Disclosures (TCFD) Report for 2020-2021, which can be found in the Sustainability/Publications section of the corporate website.
Lastly, on 1 November 2021, Intesa Sanpaolo announced its participation, through Eurizon Capital SGR, Fideuram Asset Management SGR and Fideuram Asset Management Ireland, in the Net Zero Asset Managers Initiative (NZAMI), made up of international asset managers committed to supporting the goal of net zero emissions by 2050.

Outlook

In 2021, the Intesa Sanpaolo Group is expected to achieve a full-year net income exceeding 4 billion euro.

As regards the Group's dividend policy, it envisages the distribution of cash dividends corresponding to a payout ratio of 70% for the 2021 results, as indicated in the 2018-2021 Business Plan. In respect of this distribution, on the same date of approval as this Interim Statement, the Board of Directors will approve an interim dividend of 1.4 billion euro payable as of 24 November 2021.

[11] The Net-Zero Banking Alliance, under the auspices of the United Nations, brings together banks from around the world that are committed to achieving the goals of the Paris Climate Agreement. The Alliance is promoted by the United Nations Environment Programme Finance Initiative (UNEP FI), the section of the UN Environment Programme dedicated to financial institutions, which Intesa Sanpaolo has joined by signing the Principles for Responsible Banking (PRB).

Consolidated financial statements

Consolidated balance sheet

(millions of euro)

Assets		30.09.2021	31.12.2020	Changes amount	Changes %
10.	Cash and cash equivalents	9,303	9,814	-511	-5.2
20.	Financial assets measured at fair value through profit or loss	61,131	58,246	2,885	5.0
	a) financial assets held for trading	*55,651*	*53,165*	*2,486*	*4.7*
	b) financial assets designated at fair value	*4*	*3*	*1*	*33.3*
	c) other financial assets mandatorily measured at fair value	*5,476*	*5,078*	*398*	*7.8*
30.	Financial assets measured at fair value through other comprehensive income	64,804	57,858	6,946	12.0
35.	Financial assets pertaining to insurance companies, measured at fair value pursuant to IAS 39	205,631	177,170	28,461	16.1
40.	Financial assets measured at amortised cost	671,964	615,260	56,704	9.2
	a) due from banks	*171,687*	*110,095*	*61,592*	*55.9*
	b) loans to customers	*500,277*	*505,165*	*-4,888*	*-1.0*
45.	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	997	1,211	-214	-17.7
50.	Hedging derivatives	1,372	1,134	238	21.0
60.	Fair value change of financial assets in hedged portfolios (+/-)	932	2,400	-1,468	-61.2
70.	Investments in associates and companies subject to joint control	1,738	1,996	-258	-12.9
80.	Technical insurance reserves reassured with third parties	177	93	84	90.3
90.	Property and equipment	10,535	10,850	-315	-2.9
100.	Intangible assets	8,873	8,194	679	8.3
	of which:				
	- goodwill	*3,983*	*3,154*	*829*	*26.3*
110.	Tax assets	18,805	19,503	-698	-3.6
	a) current	*2,577*	*2,326*	*251*	*10.8*
	b) deferred	*16,228*	*17,177*	*-949*	*-5.5*
120.	Non-current assets held for sale and discontinued operations	3,181	28,702	-25,521	-88.9
130.	Other assets	11,975	10,183	1,792	17.6
Total assets		**1,071,418**	**1,002,614**	**68,804**	**6.9**

Consolidated balance sheet

(millions of euro)

Liabilities and Shareholders' Equity		30.09.2021	31.12.2020	Changes amount	%
10.	Financial liabilities measured at amortised cost	704,724	630,146	74,578	11.8
	a) due to banks	*179,520*	*115,947*	*63,573*	*54.8*
	b) due to customers	*437,071*	*422,365*	*14,706*	*3.5*
	c) securities issued	*88,133*	*91,834*	*-3,701*	*-4.0*
15.	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,571	1,935	636	32.9
20.	Financial liabilities held for trading	57,533	59,033	-1,500	-2.5
30.	Financial liabilities designated at fair value	3,266	3,032	234	7.7
35.	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	83,093	77,207	5,886	7.6
40.	Hedging derivatives	5,122	7,088	-1,966	-27.7
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	272	733	-461	-62.9
60.	Tax liabilities	2,618	3,029	-411	-13.6
	a) current	*518*	*284*	*234*	*82.4*
	b) deferred	*2,100*	*2,745*	*-645*	*-23.5*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	1,404	35,676	-34,272	-96.1
80.	Other liabilities	18,042	14,439	3,603	25.0
90.	Employee termination indemnities	1,109	1,200	-91	-7.6
100.	Allowances for risks and charges	5,764	5,964	-200	-3.4
	a) commitments and guarantees given	*534*	*626*	*-92*	*-14.7*
	b) post-employment benefits	*312*	*324*	*-12*	*-3.7*
	c) other allowances for risks and charges	*4,918*	*5,014*	*-96*	*-1.9*
110.	Technical reserves	118,616	96,811	21,805	22.5
120.	Valuation reserves	-569	-515	54	10.5
125.	Valuation reserves pertaining to insurance companies	677	809	-132	-16.3
130.	Redeemable shares	-	-	-	
140.	Equity instruments	6,279	7,441	-1,162	-15.6
150.	Reserves	19,379	17,461	1,918	11.0
160.	Share premium reserve	27,287	27,444	-157	-0.6
170.	Share capital	10,084	10,084	-	-
180.	Treasury shares (-)	-158	-130	28	21.5
190.	Minority interests (+/-)	299	450	-151	-33.6
200.	Net income (loss) (+/-)	4,006	3,277	729	22.2
Total liabilities and shareholders' equity		**1,071,418**	**1,002,614**	**68,804**	**6.9**

Consolidated income statement

(millions of euro)

		30.09.2021	30.09.2020	Changes amount	Changes %
10.	Interest and similar income	7,843	7,396	447	6.0
	of which: interest income calculated using the effective interest rate method	*7,563*	*7,556*	*7*	*0.1*
20.	Interest and similar expense	-1,811	-1,830	-19	-1.0
30.	**Interest margin**	**6,032**	**5,566**	**466**	**8.4**
40.	Fee and commission income	8,828	7,157	1,671	23.3
50.	Fee and commission expense	-1,989	-1,682	307	18.3
60.	**Net fee and commission income**	**6,839**	**5,475**	**1,364**	**24.9**
70.	Dividend and similar income	113	70	43	61.4
80.	Profits (Losses) on trading	406	457	-51	-11.2
90.	Fair value adjustments in hedge accounting	36	58	-22	-37.9
100.	Profits (Losses) on disposal or repurchase of:	741	726	15	2.1
	a) financial assets measured at amortised cost	*215*	*17*	*198*	
	b) financial assets measured at fair value through other comprehensive income	*570*	*741*	*-171*	*-23.1*
	c) financial liabilities	*-44*	*-32*	*12*	*37.5*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	157	108	49	45.4
	a) financial assets and liabilities designated at fair value	*-28*	*120*	*-148*	
	b) other financial assets mandatorily measured at fair value	*185*	*-12*	*197*	
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	3,353	2,278	1,075	47.2
120.	**Net interest and other banking income**	**17,677**	**14,738**	**2,939**	**19.9**
130.	Net losses/recoveries for credit risks associated with:	-1,607	-2,671	-1,064	-39.8
	a) financial assets measured at amortised cost	*-1,595*	*-2,658*	*-1,063*	*-40.0*
	b) financial assets measured at fair value through other comprehensive income	*-12*	*-13*	*-1*	*-7.7*
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS39	-4	-78	-74	-94.9
140.	Profits (Losses) on changes in contracts without derecognition	-25	-13	12	92.3
150.	**Net income from banking activities**	**16,041**	**11,976**	**4,065**	**33.9**
160.	Net insurance premiums	7,848	7,175	673	9.4
170.	Other net insurance income (expense)	-9,887	-8,301	1,586	19.1
180.	**Net income from banking and insurance activities**	**14,002**	**10,850**	**3,152**	**29.1**
190.	Administrative expenses:	-8,568	-7,505	1,063	14.2
	a) personnel expenses	*-5,016*	*-4,344*	*672*	*15.5*
	b) other administrative expenses	*-3,552*	*-3,161*	*391*	*12.4*
200.	Net provisions for risks and charges	-204	-233	-29	-12.4
	a) commitments and guarantees given	*73*	*-11*	*84*	
	b) other net provisions	*-277*	*-222*	*55*	*24.8*
210.	Net adjustments to / recoveries on property and equipment	-479	-405	74	18.3
220.	Net adjustments to / recoveries on intangible assets	-612	-566	46	8.1
230.	Other operating expenses (income)	703	3,938	-3,235	-82.1
240.	**Operating expenses**	**-9,160**	**-4,771**	**4,389**	**92.0**
250.	Profits (Losses) on investments in associates and companies subject to joint control	130	-29	159	
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	4	
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	190	36	154	
290.	**Income (Loss) before tax from continuing operations**	**5,158**	**6,086**	**-928**	**-15.2**
300.	Taxes on income from continuing operations	-1,200	-850	350	41.2
310.	**Income (Loss) after tax from continuing operations**	**3,958**	**5,236**	**-1,278**	**-24.4**
320.	Income (Loss) after tax from discontinued operations	-	1,136	-1,136	
330.	**Net income (loss)**	**3,958**	**6,372**	**-2,414**	**-37.9**
340.	Minority interests	48	4	44	
350.	**Parent Company's net income (loss)**	**4,006**	**6,376**	**-2,370**	**-37.2**
	Basic EPS - Euro	**0.21**	**0.36**		
	Diluted EPS - Euro	**0.21**	**0.36**		

Statement of consolidated comprehensive income

(millions of euro)

		30.09.2021	30.09.2020	Changes	
				amount	%
10.	**Net income (Loss)**	**3,958**	**6,372**	**-2,414**	**-37.9**
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**96**	**-233**	**329**	
20.	Equity instruments designated at fair value through other comprehensive income	62	-159	221	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	10	-63	73	
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50.	Property and equipment	22	-11	33	
60.	Intangible assets	-	-	-	
70.	Defined benefit plans	2	-	2	
80.	Non current assets classified as held for sale	-	-	-	
90.	Share of valuation reserves connected with investments carried at equity	-	-	-	
	Other comprehensive income (net of tax) that may be reclassified to the income statement	**-277**	**-421**	**-144**	**-34.2**
100.	Hedges of foreign investments	-	-	-	
110.	Foreign exchange differences	84	-217	301	
120.	Cash flow hedges	136	39	97	
130.	Hedging instruments (not designated elements)	-	-	-	
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	-396	-311	85	27.3
145.	Financial assets measured at fair value through other comprehensive income, pertaining to Insurance companies	-130	81	-211	
150.	Non-current assets held for sale and discontinued operations	-	-	-	
160.	Share of valuation reserves connected with investments carried at equity	29	-13	42	
170.	**Total other comprehensive income (net of tax)**	**-181**	**-654**	**-473**	**-72.3**
180.	**Total comprehensive income (captions 10 + 170)**	**3,777**	**5,718**	**-1,941**	**-33.9**
190.	**Total consolidated comprehensive income pertaining to minority interests**	**-43**	**-13**	**-30**	
200.	**Total consolidated comprehensive income pertaining to the Parent Company**	**3,820**	**5,731**	**-1,911**	**-33.3**

Changes in consolidated shareholders' equity as at 30 September 2021

(millions of euro)

	30.09.2021												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Valuation reserves attributable to insurance companies	Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2020	**10,241**	**-**	**27,463**	**16,790**	**992**	**-570**	**809**	**7,441**	**-130**	**3,285**	**66,321**	**65,871**	**450**
Changes in opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2021	**10,241**	**-**	**27,463**	**16,790**	**992**	**-570**	**809**	**7,441**	**-130**	**3,285**	**66,321**	**65,871**	**450**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves				**2,736**						**-2,736**	**-**	**-**	**-**
Dividends and other allocations										**-549**	**-549**	**-549**	**-**
CHANGES IN THE PERIOD													
Changes in reserves			-157		72						-85	-85	-
Operations on shareholders' equity													
Issue of new shares									20		20	20	-
Purchase of treasury shares									-48		-48	-48	-
Dividends											-	-	-
Changes in equity instruments								-1,162			-1,162	-1,162	-
Derivatives on treasury shares											-	-	-
Stockoptions											-	-	-
Changes in equity investments											-	-	-
Other	-21			-969							-990	-882	-108
Total comprehensive income for the period	-	-	-	-	-	-49	-132	-	-	3,958	3,777	3,820	-43
SHAREHOLDERS' EQUITY AS AT 30.09.2021	**10,220**	**-**	**27,306**	**18,557**	**1,064**	**-619**	**677**	**6,279**	**-158**	**3,958**	**67,284**	**66,985**	**299**
- Group	**10,084**	**-**	**27,287**	**18,315**	**1,064**	**-569**	**677**	**6,279**	**-158**	**4,006**	**66,985**		
- minority interests	**136**	**-**	**19**	**242**	**-**	**-50**	**-**	**-**	**-**	**-48**	**299**		

(a) Includes dividends and amounts allocated to the charity fund of the Parent Company, as well as those relating to consolidated companies, pertaining to minorities.

Changes in consolidated shareholders’ equity as at 30 September 2020

(millions of euro)

	30.09.2020												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Valuation reserves attributable to insurance companies	Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2019	**9,455**	**-**	**25,095**	**12,462**	**779**	**-251**	**504**	**4,103**	**-104**	**4,172**	**56,215**	**55,968**	**247**
Changes in opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2020	**9,455**	**-**	**25,095**	**12,462**	**779**	**-251**	**504**	**4,103**	**-104**	**4,172**	**56,215**	**55,968**	**247**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves				**4,160**						**-4,160**	**-**	**-**	**-**
Dividends and other allocations				**-23**						**-12**	**-35**	**-12**	**-23**
CHANGES IN THE PERIOD													
Changes in reserves			4		199						203	203	-
Operations on shareholders' equity													
Issue of new shares	990								17		1,007	1,007	-
Purchase of treasury shares											-	-	-
Dividends											-	-	-
Changes in equity instruments								3,320			3,320	3,320	-
Derivatives on treasury shares											-	-	-
Stock options											-	-	-
Changes in equity investments											-	-	-
Other	-2		2,343	-128							2,213	2,147	66
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-746**	**92**	**-**	**-**	**6,372**	**5,718**	**5,731**	**-13**
SHAREHOLDERS' EQUITY AS AT 30.09.2020	**10,443**	**-**	**27,442**	**16,471**	**978**	**-997**	**596**	**7,423**	**-87**	**6,372**	**68,641**	**68,364**	**277**
- Group	**10,076**	**-**	**27,422**	**16,474**	**978**	**-894**	**596**	**7,423**	**-87**	**6,376**	**68,364**		
- minority interests	**367**	**-**	**20**	**-3**	**-**	**-103**	**-**	**-**	**-**	**-4**	**277**		

(a) Includes dividends and amounts allocated to the charity fund of the Parent Company, as well as those relating to consolidated companies, pertaining to minorities.

Report on operations

Economic results

General aspects

A condensed reclassified consolidated income statement has been prepared to give a more immediate understanding of results. The figures are normally restated, where necessary and if they are material, for ease of comparison. In particular, the amounts are provided as uniformly as possible with reference to the different periods covered, above all in relation to intervening changes in the scope of consolidation. This uniformity is achieved through "restated" figures, which include/exclude the values of the companies that entered or left the scope of consolidation, and through "redetermined" figures when, at the time of major or particular transactions, it is appropriate to display side-by-side/supplement the restated figures with redetermined figures, possibly also including management data.

In particular, the restatements involved:

– the line-by-line income statement results of Intesa Sanpaolo RBM Salute, which entered the line-by-line scope of consolidation in the second quarter of 2020 due to the finalisation of the acquisition of majority shareholding of the company;
– the line-by-line income statement results of the Reyl Group companies (Reyl & Cie S.A., RB Partecipationes S.A. and Asteria Investment Managers S.A.), which entered the line-by-line scope of consolidation in the second quarter of 2021 following the acquisition of control by Fideuram Intesa Sanpaolo Private Banking;

With regard to the acquisition of the UBI Group and the related transactions, it bears recalling that – given the particular nature of the transaction – in 2020 the historical figures were not adjusted to reflect the effects of the consolidation, which took effect from August, retrospectively during the quarters of the year concerned. However, a comparison of the 2021 income statement figures, inclusive of the UBI Group, and the 2020 figures not including them would not be meaningful. Another difference between the periods relates to the effects of the sale of branches to BPER and Banca Popolare di Puglia e Basilicata (BPPB), correlated to the acquisition transaction, carried in the first and second quarters of 2021. Lastly, again in the second quarter of 2021, the acquisition of 100% of the share capital of Cargeas (insurance company operating in the non-life business) by Intesa Sanpaolo Vita was finalised, along with the acquisition of control over Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita (insurance companies operating in the non-life business), with which UBI had started multi-year partnerships and which were previously consolidated using the equity method on account of the smaller stakes held. The income components of these insurance companies were also affected by the sale of the UBI branches to BPER and BPPB: the branch disposals have resulted in the loss of the margins on the policies sold to customers of those branches.

In consideration of the foregoing, it was decided to provide the reader with a like-for-like comparison in the various periods in the interest of a better understanding of income dynamics. In view of the nature of the necessary restatements, this comparison – which also includes income results at the level of each branch object of disposal – is also based on figures of a management nature. Accordingly, to present the figures "redetermined" (in the following tables the "Redetermined figures") on the basis of accounting and management records, schedules have been produced in addition to those determined on the basis of stated figures at the end of the various periods, and the detail tables have been expanded upon or duplicated with separate indication of the "Redetermined figures".

In particular, the "redeterminations" of the figures for the four quarters of 2020 related to:

– the inclusion of the UBI Group's figures on a line-by-line basis, with the attribution by convention of net income to the caption Minority interests in the "redetermined" income statement, and thus without an impact on net income for the period;
– the line-by-line exclusion of the income results relating to the UBI branches sold in the first quarter of 2021 and the UBI and ISP branches sold in the second quarter of 2021, which by convention have been synthetically allocated to the caption Income (loss) from discontinued operations of the "redetermined" income statement.
– the inclusion of the figures of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas on a line-by-line basis, suitably "redetermined" on the basis of management information to exclude the income statement results linked to production from the customers of the branches sold, with the attribution by convention of net income to the caption Minority interests in the "redetermined" income statement, and thus without an impact on net income for the period;
– the elimination of the contribution to the item Other operating income (expense) of the result attributable to the insurance companies Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita (previously consolidated using the equity method), with the attribution by convention to the caption Minority interests in the "redetermined" income statement (hence with no impacts on net income), already used to synthetically allocate the income effects of the line-by-line results of the above companies.

The redeterminations of the figures for the first quarter of 2021 related to:

– the line-by-line exclusion of the income results relating to the UBI branches sold in the first quarter of 2021 and the UBI and ISP branches sold in the second quarter of 2021, which by convention have been synthetically allocated to the caption Income (loss) from discontinued operations of the "redetermined" schedule.
– the inclusion of the figures of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas on a line-by-line basis, suitably "redetermined" on the basis of management information to exclude the income statement results linked to production from the customers of the branches sold to BPER, with the attribution by convention of net income to the caption Minority interests in the "redetermined" income statement, and thus without an impact on net income for the period;
– the elimination of the contribution to the item Other operating income (expense) of the result attributable to the insurance companies Assicurazioni Vita (formerly Aviva Vita) and Lombarda Vita (previously consolidated using the equity method),

with the attribution by convention of net income to the caption Minority interests in the "redetermined" income statement (hence with no impacts on net income), already used to synthetically allocate the income effects of the line-by-line results of the above companies.

The redeterminations of the figures for the second quarter of 2021 related to:

- the line-by-line exclusion of the income results relating to the UBI and ISP branches sold in the second quarter of 2021, which by convention have been synthetically allocated to the caption Income (loss) from discontinued operations of the "redetermined" schedule.
- the inclusion of the insurance company Cargeas' figures on a line-by-line basis for the months of April and May, with the attribution by convention of net income to the caption Minority interests, and thus without an impact on net income for the period.

There were no redeterminations of the figures for the third quarter of 2021.

All comments below therefore refer to the "redetermined" values in order to permit uniform comparisons.

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

The reclassifications and aggregations of the consolidated income statement are as follows:

- dividends relating to shares or units in portfolio and dividends collected or paid within the framework of securities lending, which have been reallocated to the caption Profits (losses) on financial assets and liabilities designated at fair value;
- Profits (losses) on financial assets and liabilities pertaining to insurance companies (measured pursuant to IAS 39, by virtue of the Group's exercise of the option to defer application of IFRS 9), which include the shares of Net interest income, Dividends and Income from financial assets and liabilities relating to insurance business, have been reclassified, along with net premiums and the balance of income and expenses from insurance business, to the specific caption Income from insurance business, to which the effect of the adjustment of the technical reserve has also been attributed, in respect of the component borne by the insured parties, relating to the impairment of the securities held in the portfolios of the Group's insurance companies. The claims in excess of premiums accrued have also been included in the caption Other net provisions and net impairment losses on other assets, as well as the estimated provision for future charges on annual policies in force, determined in accordance with the provisions of IVASS Regulation no. 22/2008, in relation to a financial imbalance which was also generated as a result of the greater use of benefits by insured persons on conclusion of the long periods of lockdown;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, have been allocated among Net interest income owing to the close correlation;
- periodic fees and commissions on current accounts with positive balances applied to customers (excluding the retail customers and SMEs segment), in accordance with the provisions of the term sheets, which are accounted for as interest income, inasmuch as they cover the financing cost incurred by the Bank;
- Profits (losses) on trading, fair value adjustments in hedge accounting, profits (losses) on financial assets and liabilities measured at fair value through profit or loss, profits (losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income and on sale or repurchase of financial liabilities, which have been reallocated to the single caption Profits (losses) on financial assets and liabilities designated at fair value;
- the share of the premium on the issue of the certificates paid to the networks for their placement, which is reclassified from Profits (Losses) on assets and liabilities designated at fair value to Net fee and commission income;
- the return components of the insurance policies taken out to cover contractual indemnities and retention plans for financial advisors, which are deducted directly from Profits (Losses) on financial assets and liabilities designated at fair value, in accordance with the valuation effect of the assets in question, rather than being presented – as attributable to the advisors – among Other net provisions and net impairment losses on other assets (for valuation effects) or among Net fee and commission income or Other operating income (expenses), depending on the type of insurance policy used (for effects from realisation);
- the operating income of entities operating in sectors entirely distinct from banking and finance, reallocated to Other operating income (expenses), including that of the entities not subject to management and coordination within the framework of the Group (Risanamento and its subsidiaries);
- the administrative expenses relative to recoveries of expenses, taxes and duties, which are deducted from the caption instead of being included among Other income (expenses), and the expenses associated with the "bank tax" paid quarterly to the Hungarian treasury by the CIB Group, which - given the nature of the tax - are accounted for as taxes on income.
- profits and losses on disposal or repurchase of financial assets measured at amortised cost (loans and debt securities representing loans), which have been allocated to Net adjustments to loans;
- Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, the effects on the income statement of the changes in contracts and the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single item Net adjustments to loans;
- the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which was included among Net interest income, as a phenomenon deriving directly from the application of the amortised cost criterion, in the absence of changes in projected future cash flows, in keeping with the treatment of the time value of financial assets measured at amortised cost;
- Net losses for credit risk associated with financial assets measured at amortised cost other than loans and net impairment losses on equity investments, as well as property and equipment and intangible assets (including property and other assets, such as those resulting from the enforcement of guarantees or purchase at auction and intended for sale on the market in the near future), which have been reclassified to Other net provisions and net impairment losses on other assets, which consequently include – in addition to the provisions for risks and charges other than those relating to commitments and guarantees – the valuation effects of the assets other than loans, with the sole exception of

impairment losses on intangible assets that have been reclassified to Impairment (net of tax) of goodwill and other intangible assets;
- realised profits (losses) on financial assets measured at amortised cost other than loans, on equity investments and on other investments have been reallocated to Other income (expenses). Accordingly, in addition to the income and expenses not strictly related to operations, this caption represents the summary of the effects from the realisation of assets other than loans. Profits (Losses) realised on debt securities in correlation with trading activity represent an exception; in view of their business model, which involves management closely correlated with the other financial instruments, they are classified to Profits (Losses) on financial assets and liabilities designated at fair value;
- Charges (net of tax) for integration and exit incentives, which are reclassified from Personnel expenses, Other administrative expenses and other captions of the income statement to a separate caption;
- the purely accounting Effects of purchase price allocation, net of the tax effect, are indicated in a specific caption. They normally represent adjustments to and any impairment losses on financial assets and liabilities and property, equipment and intangible assets which were measured at fair value as provided for by IFRS 3;
- levies and other charges aimed at maintaining the stability of the banking industry, which are reclassified, after tax, to the specific caption;
- Goodwill impairment and impairment losses on other intangible assets, which – where present – are shown, as stated above, net of tax.

Reclassified income statement

(millions of euro)

	30.09.2021	30.09.2020	Changes	
			amount	%
Net interest income	6,012	5,608	404	7.2
Net fee and commission income	7,102	5,747	1,355	23.6
Income from insurance business	1,176	1,034	142	13.7
Profits (Losses) on financial assets and liabilities designated at fair value	1,518	1,395	123	8.8
Other operating income (expenses)	90	-2	92	
Operating income	**15,898**	**13,782**	**2,116**	**15.4**
Personnel expenses	-4,975	-4,372	603	13.8
Other administrative expenses	-2,052	-1,804	248	13.7
Adjustments to property, equipment and intangible assets	-908	-838	70	8.4
Operating costs	**-7,935**	**-7,014**	**921**	**13.1**
Operating margin	**7,963**	**6,768**	**1,195**	**17.7**
Net adjustments to loans	-1,550	-2,739	-1,189	-43.4
Other net provisions and net impairment losses on other assets	-433	-224	209	93.3
Other income (expenses)	254	11	243	
Income (Loss) from discontinued operations	-	1,163	-1,163	
Gross income (loss)	**6,234**	**4,979**	**1,255**	**25.2**
Taxes on income	-1,540	-1,194	346	29.0
Charges (net of tax) for integration and exit incentives	-148	-78	70	89.7
Effect of purchase price allocation (net of tax)	-85	3,187	-3,272	
Levies and other charges concerning the banking industry (net of tax)	-502	-474	28	5.9
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	47	-44	91	
Net income (loss)	**4,006**	**6,376**	**-2,370**	**-37.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

Reclassified income statement – Redetermined figures

(millions of euro)

	30.09.2021 Redetermined figures	30.09.2020 Redetermined figures	Changes amount	Changes %
Net interest income	5,946	6,206	-260	-4.2
Net fee and commission income	7,008	6,283	725	11.5
Income from insurance business	1,219	1,249	-30	-2.4
Profits (Losses) on financial assets and liabilities designated at fair value	1,517	1,482	35	2.4
Other operating income (expenses)	76	31	45	
Operating income	**15,766**	**15,251**	**515**	**3.4**
Personnel expenses	-4,924	-4,954	-30	-0.6
Other administrative expenses	-2,059	-2,187	-128	-5.9
Adjustments to property, equipment and intangible assets	-910	-941	-31	-3.3
Operating costs	**-7,893**	**-8,082**	**-189**	**-2.3**
Operating margin	**7,873**	**7,169**	**704**	**9.8**
Net adjustments to loans	-1,544	-3,053	-1,509	-49.4
Other net provisions and net impairment losses on other assets	-436	-244	192	78.7
Other income (expenses)	254	35	219	
Income (Loss) from discontinued operations	58	1,459	-1,401	-96.0
Gross income (loss)	**6,205**	**5,366**	**839**	**15.6**
Taxes on income	-1,541	-1,319	222	16.8
Charges (net of tax) for integration and exit incentives	-148	-64	84	
Effect of purchase price allocation (net of tax)	-85	3,187	-3,272	
Levies and other charges concerning the banking industry (net of tax)	-489	-475	14	2.9
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	64	-319	383	
Net income (loss)	**4,006**	**6,376**	**-2,370**	**-37.2**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development of the reclassified income statement

(millions of euro)

	2021			2020			
	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	1,999	2,000	2,013	2,191	2,103	1,754	1,751
Net fee and commission income	2,325	2,382	2,395	2,597	2,141	1,752	1,854
Income from insurance business	365	438	373	319	298	367	369
Profits (Losses) on financial assets and liabilities designated at fair value	378	344	796	194	130	266	999
Other operating income (expenses)	25	16	49	14	1	12	-15
Operating income	**5,092**	**5,180**	**5,626**	**5,315**	**4,673**	**4,151**	**4,958**
Personnel expenses	-1,642	-1,657	-1,676	-1,824	-1,608	-1,393	-1,371
Other administrative expenses	-694	-708	-650	-889	-662	-585	-557
Adjustments to property, equipment and intangible assets	-302	-300	-306	-321	-304	-269	-265
Operating costs	**-2,638**	**-2,665**	**-2,632**	**-3,034**	**-2,574**	**-2,247**	**-2,193**
Operating margin	**2,454**	**2,515**	**2,994**	**2,281**	**2,099**	**1,904**	**2,765**
Net adjustments to loans	-543	-599	-408	-1,475	-938	-1,398	-403
Other net provisions and net impairment losses on other assets	-82	-218	-133	-122	-67	262	-419
Other income (expenses)	63	-7	198	62	23	-18	6
Income (Loss) from discontinued operations	-	-	-	-	-	1,134	29
Gross income (loss)	**1,892**	**1,691**	**2,651**	**746**	**1,117**	**1,884**	**1,978**
Taxes on income	-619	-82	-839	-167	-319	-314	-561
Charges (net of tax) for integration and exit incentives	-41	-55	-52	-1,485	-28	-35	-15
Effect of purchase price allocation (net of tax)	-51	-18	-16	-1,227	3,237	-24	-26
Levies and other charges concerning the banking industry (net of tax)	-210	-83	-209	-38	-197	-86	-191
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-912	-	-	-
Minority interests	12	54	-19	-16	-	-10	-34
Net income (loss)	**983**	**1,507**	**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 for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

Quarterly development of the reclassified income statement – Redetermined figures

(millions of euro)

	2021			2020			
	Third quarter	Second quarter Redetermined figures	First quarter Redetermined figures	Fourth quarter Redetermined figures	Third quarter Redetermined figures	Second quarter Redetermined figures	First quarter Redetermined figures
Net interest income	1,999	1,995	1,952	2,072	2,129	2,037	2,040
Net fee and commission income	2,325	2,370	2,313	2,442	2,147	2,014	2,122
Income from insurance business	365	456	398	436	353	456	440
Profits (Losses) on financial assets and liabilities designated at fair value	378	344	795	193	127	306	1,049
Other operating income (expenses)	25	19	32	6	1	29	1
Operating income	**5,092**	**5,184**	**5,490**	**5,149**	**4,757**	**4,842**	**5,652**
Personnel expenses	-1,642	-1,655	-1,627	-1,744	-1,646	-1,662	-1,646
Other administrative expenses	-694	-712	-653	-898	-744	-747	-696
Adjustments to property, equipment and intangible assets	-302	-301	-307	-315	-313	-314	-314
Operating costs	**-2,638**	**-2,668**	**-2,587**	**-2,957**	**-2,703**	**-2,723**	**-2,656**
Operating margin	**2,454**	**2,516**	**2,903**	**2,192**	**2,054**	**2,119**	**2,996**
Net adjustments to loans	-543	-599	-402	-1,440	-972	-1,543	-538
Other net provisions and net impairment losses on other assets	-82	-220	-134	-121	-64	251	-431
Other income (expenses)	63	-7	198	62	22	-	13
Income (Loss) from discontinued operations	-	10	48	129	80	1,230	149
Gross income (loss)	**1,892**	**1,700**	**2,613**	**822**	**1,120**	**2,057**	**2,189**
Taxes on income	-619	-85	-837	-191	-322	-362	-635
Charges (net of tax) for integration and exit incentives	-41	-55	-52	-1,485	-27	-22	-15
Effect of purchase price allocation (net of tax)	-51	-18	-16	-1,227	3,237	-24	-26
Levies and other charges concerning the banking industry (net of tax)	-210	-83	-196	-38	-178	-91	-206
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-912	-	-	-
Minority interests	12	48	4	-68	-20	-143	-156
Net income (loss)	**983**	**1,507**	**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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

As indicated in the introduction, in order to ensure a uniform comparison, the analysis of income performance below is based on figures redetermined to take into account the inclusion of the UBI Group and the reallocation of the contribution from the going concerns object of disposal to income (loss) from discontinued operations, as well as the inclusion of the contribution of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Operating income

Against the backdrop of a general improvement in the economic scenario conditioned by the pandemic emergency, the Intesa Sanpaolo Group's operating income amounted to 15,766 million euro in the first nine months of 2021, up 3.4% from 15,251 million euro in the same period of 2020. This result was driven by the positive performance of net fee and commission income and, to a lesser extent, of other net operating income and profits (losses) on financial assets and liabilities designated at fair value, only partly offset by the reductions in net interest income and income deriving from insurance business.

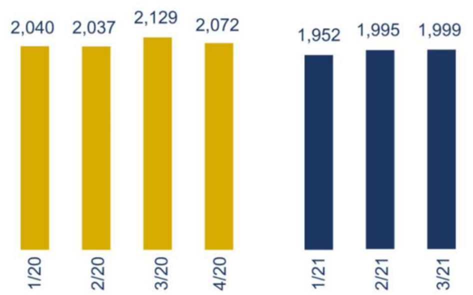
Net interest income

(millions of euro)

	30.09.2021	Adjustments	30.09.2021 Redetermined figures	30.09.2020	Adjustments	30.09.2020 Redetermined figures	Changes (Redetermined figures)	
							amount	%
Relations with customers	5,915	-72	5,843	5,519	544	6,063	-220	-3.6
Securities issued	-1,266	-	-1,266	-1,288	-243	-1,531	-265	-17.3
Customer dealing	**4,649**	**-72**	**4,577**	**4,231**	**301**	**4,532**	**45**	**1.0**
Instruments measured at amortised cost which do not constitute loans	410	-	410	342	58	400	10	2.5
Other financial assets and liabilities designated at fair value through profit or loss	-25	-	-25	57	7	64	-89	
Other financial assets designated at fair value through other comprehensive income	476	-	476	587	51	638	-162	-25.4
Financial assets and liabilities	**861**	**-**	**861**	**986**	**116**	**1,102**	**-241**	**-21.9**
Relations with banks	**530**	**-**	**530**	**420**	**-13**	**407**	**123**	**30.2**
Differentials on hedging derivatives	**-453**	**-**	**-453**	**-513**	**70**	**-443**	**10**	**2.3**
Non-performing assets	**461**	**-**	**461**	**580**	**84**	**664**	**-203**	**-30.6**
Other net interest income	**-36**	**6**	**-30**	**-96**	**40**	**-56**	**-26**	**-46.4**
Net interest income	**6,012**	**-66**	**5,946**	**5,608**	**598**	**6,206**	**-260**	**-4.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Net interest income - Redetermined figures
(millions of euro)



Net interest income was 5,946 million euro, down by 4.2% on the first nine months of 2020. In a market context characterised by interest rates that remain within negative territory, the decline was mainly due to financial assets (-21.9%), markedly those designated at fair value. Customer dealing performed well (+1%), owing to the lower cost of funding from securities issued, only partly offset by the decline in the contribution of relations with customers. Among the other components, there were significant declines in interest on non-performing assets, mainly due to the decrease in NPL volumes, whereas there was an increase in net interest income on relations with banks due to the greater contribution of TLTRO refinancing operations with the ECB, partly offset by the negative contribution of excess liquidity. The balance of differentials on hedging derivatives, which includes the contribution of hedging of core deposits, recorded a fall of 2.3%, while other net interest income, which was also negative, improved on the same period of the previous year.

	2021			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Relations with customers	1,946	1,961	2,008	-0.8	-2.3
Securities issued	-431	-414	-421	4.1	-1.7
Customer dealing	**1,515**	**1,547**	**1,587**	**-2.1**	**-2.5**
Instruments measured at amortised cost which do not constitute loans	132	140	138	-5.7	1.4
Other financial assets and liabilities designated at fair value through profit or loss	-18	-4	-3		33.3
Other financial assets designated at fair value through other comprehensive income	166	153	157	8.5	-2.5
Financial assets and liabilities	**280**	**289**	**292**	**-3.1**	**-1.0**
Relations with banks	**204**	**182**	**144**	**12.1**	**26.4**
Differentials on hedging derivatives	**-141**	**-160**	**-152**	**-11.9**	**5.3**
Non-performing assets	**150**	**149**	**162**	**0.7**	**-8.0**
Other net interest income	**-9**	**-7**	**-20**	**28.6**	**-65.0**
Net interest income	**1,999**	**2,000**	**2,013**	**-0.1**	**-0.6**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter Redetermined figures (b)**	**First quarter Redetermined figures (c)**	(a/b)	(b/c)
Relations with customers	1,946	1,956	1,941	-0.5	0.8
Securities issued	-431	-414	-421	4.1	-1.7
Customer dealing	**1,515**	**1,542**	**1,520**	**-1.8**	**1.4**
Instruments measured at amortised cost which do not constitute loans	132	140	138	-5.7	1.4
Other financial assets and liabilities designated at fair value through profit or loss	-18	-4	-3		33.3
Other financial assets designated at fair value through other comprehensive income	166	153	157	8.5	-2.5
Financial assets and liabilities	**280**	**289**	**292**	**-3.1**	**-1.0**
Relations with banks	**204**	**182**	**144**	**12.1**	**26.4**
Differentials on hedging derivatives	**-141**	**-160**	**-152**	**-11.9**	**5.3**
Non-performing assets	**150**	**149**	**162**	**0.7**	**-8.0**
Other net interest income	**-9**	**-7**	**-14**	**28.6**	**-50.0**
Net interest income	**1,999**	**1,995**	**1,952**	**0.2**	**2.2**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

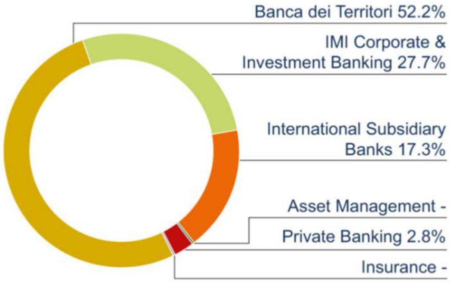
The flow of net interest income recorded in the third quarter of 2021 was in line with the value reported in the second quarter due to the higher net interest income on relations with banks and lower negative differentials on hedging derivatives against lower net interest income on customer dealing.

(millions of euro)

	30.09.2021	30.09.2020	Changes	
			amount	%
Banca dei Territori	2,990	3,169	-179	-5.6
IMI Corporate & Investment Banking	1,587	1,512	75	5.0
International Subsidiary Banks	988	981	7	0.7
Private Banking	161	195	-34	-17.4
Asset Management	-1	-	1	-
Insurance	-	-	-	-
Total business areas	**5,725**	**5,857**	**-132**	**-2.3**
Corporate Centre	221	349	-128	-36.7
Intesa Sanpaolo Group (Redetermined figures)	**5,946**	**6,206**	**-260**	**-4.2**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Business areas
Net interest income



The Banca dei Territori Division, which accounts for 52.2% of operating business area results, recorded net interest income of 2,990 million euro, down on the first nine months of 2020 (-5.6%, or -179 million euro). The net interest income of the IMI Corporate & Investment Banking Division recorded an increase (+5%, or +75 million euro), benefiting from the greater contribution from loans to customers, driven by structured finance and global market operations. The net interest income of the International Subsidiary Banks also increased, albeit to a more modest extent (+0.7%), primarily due to the favourable performances of the subsidiaries operating in Hungary and, to a lesser extent, in Serbia. The Private Banking Division, which in relative terms has a lesser impact on the consolidated accounts, reduced its contribution to net interest income by 34 million euro (-17.4%).
The downtrend of the net interest income of the Corporate Centre was attributable to the greater cost of excess liquidity in view of the decrease in short-term market rates, which remained in negative territory, and the significant increase in customer deposits.

Net fee and commission income

(millions of euro)

	30.09.2021			30.09.2020			Changes	
	Income	Expense	Net	Income	Expense	Net	amount	%
Guarantees given / received	314	-149	165	278	-129	149	16	10.7
Collection and payment services	543	-124	419	455	-120	335	84	25.1
Current accounts	1,077	-	1,077	958	-	958	119	12.4
Credit and debit cards	574	-293	281	450	-227	223	58	26.0
Commercial banking activities	**2,508**	**-566**	**1,942**	**2,141**	**-476**	**1,665**	**277**	**16.6**
Dealing and placement of securities	1,014	-194	820	773	-192	581	239	41.1
Currency dealing	16	-3	13	12	-2	10	3	30.0
Portfolio management	2,934	-654	2,280	2,280	-568	1,712	568	33.2
Distribution of insurance products	1,205	-	1,205	1,076	-	1,076	129	12.0
Other	286	-132	154	240	-59	181	-27	-14.9
Management, dealing and consultancy activities	**5,455**	**-983**	**4,472**	**4,381**	**-821**	**3,560**	**912**	**25.6**
Other fee and commission	**857**	**-169**	**688**	**699**	**-177**	**522**	**166**	**31.8**
Total	**8,820**	**-1,718**	**7,102**	**7,221**	**-1,474**	**5,747**	**1,355**	**23.6**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

	30.09.2021			30.09.2020			Changes (Redetermined figures)	
	Net fee and commission income	Adjustments	Redetermined figures	Net fee and commission income	Adjustments	Redetermined figures	amount	%
Guarantees given / received	165	-2	163	149	-3	146	17	11.6
Collection and payment services	419	-5	414	335	17	352	62	17.6
Current accounts	1,077	-29	1,048	958	107	1,065	-17	-1.6
Credit and debit cards	281	-6	275	223	-	223	52	23.3
Commercial banking activities	**1,942**	**-42**	**1,900**	**1,665**	**121**	**1,786**	**114**	**6.4**
Dealing and placement of securities	820	-26	794	581	-21	560	234	41.8
Currency dealing	13	-4	9	10	-6	4	5	
Portfolio management	2,280	-2	2,278	1,712	287	1,999	279	14.0
Distribution of insurance products	1,205	-15	1,190	1,076	73	1,149	41	3.6
Other	154	-2	152	181	19	200	-48	-24.0
Management, dealing and consultancy activities	**4,472**	**-49**	**4,423**	**3,560**	**352**	**3,912**	**511**	**13.1**
Other fee and commission	**688**	**-3**	**685**	**522**	**63**	**585**	**100**	**17.1**
Total	**7,102**	**-94**	**7,008**	**5,747**	**536**	**6,283**	**725**	**11.5**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Net fee and commission income - Redetermined figures
(millions of euro)

In the first nine months of 2021, net fee and commission income amounted to 7,008 million euro, recording a double-digit growth rate on the same period in 2020 (+11.5%).
This performance was supported by the recovery of financial markets and the increase in the placement of financial products, which were reflected in an increase in fee and commission income on management, dealing and financial consultancy (+13.1%, or +511 million euro); in particular, there was an increase in the contribution relating to individual and collective portfolio management schemes (+14%, or +279 million euro, mostly attributable to mutual funds), dealing and placement of securities (+41.8%, or +234 million euro) and the distribution of insurance products (+3.6%, or +41 million euro). The commercial banking component also recorded an increase (+6.4%, or +114 million euro), driven by higher fee and commission income on collection and payment services (+62 million euro), on ATM and credit card services (+52 million euro) and on guarantees given and received (+17 million euro), against a decrease in fee and commission income on current accounts (-17 million). Lastly, there was a higher contribution from other net fee and commission income (+17.1%, or +100 million euro), particularly those relating to income on land financing.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Guarantees given / received	61	55	49	10.9	12.2
Collection and payment services	138	139	142	-0.7	-2.1
Current accounts	352	356	369	-1.1	-3.5
Credit and debit cards	108	107	66	0.9	62.1
Commercial banking activities	**659**	**657**	**626**	**0.3**	**5.0**
Dealing and placement of securities	211	291	318	-27.5	-8.5
Currency dealing	3	3	7	-	-57.1
Portfolio management	764	781	735	-2.2	6.3
Distribution of insurance products	401	385	419	4.2	-8.1
Other	54	46	54	17.4	-14.8
Management, dealing and consultancy activities	**1,433**	**1,506**	**1,533**	**-4.8**	**-1.8**
Other net fee and commission income	**233**	**219**	**236**	**6.4**	**-7.2**
Net fee and commission income	**2,325**	**2,382**	**2,395**	**-2.4**	**-0.5**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter Redetermined figures (b)**	**First quarter Redetermined figures (c)**	(a/b)	(b/c)
Guarantees given / received	61	55	47	10.9	17.0
Collection and payment services	138	139	137	-0.7	1.5
Current accounts	352	352	344	-	2.3
Credit and debit cards	108	106	61	1.9	73.8
Commercial banking activities	**659**	**652**	**589**	**1.1**	**10.7**
Dealing and placement of securities	211	288	295	-26.7	-2.4
Currency dealing	3	3	3	-	-
Portfolio management	764	781	733	-2.2	6.5
Distribution of insurance products	401	383	406	4.7	-5.7
Other	54	45	53	20.0	-15.1
Management, dealing and consultancy activities	**1,433**	**1,500**	**1,490**	**-4.5**	**0.7**
Other net fee and commission income	**233**	**218**	**234**	**6.9**	**-6.8**
Net fee and commission income	**2,325**	**2,370**	**2,313**	**-1.9**	**2.5**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

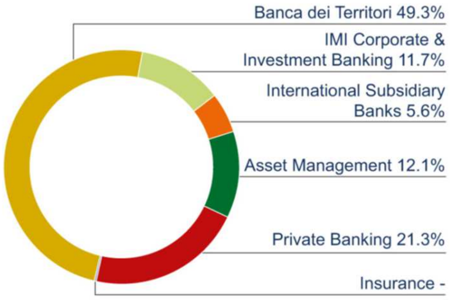
In the third quarter of 2021, fee and commission income decreased slightly on the second quarter, mainly due to the slowdown of management, dealing and consultancy activities, and in particular in dealing and placement of securities and portfolio management schemes.

(millions of euro)

	30.09.2021	30.09.2020	Changes	
			amount	%
Banca dei Territori	3,605	3,335	270	8.1
IMI Corporate & Investment Banking	853	776	77	9.9
International Subsidiary Banks	408	368	40	10.9
Private Banking	1,558	1,408	150	10.7
Asset Management	887	698	189	27.1
Insurance	1	-2	3	
Total business areas	**7,312**	**6,583**	**729**	**11.1**
Corporate Centre	-304	-300	4	1.3
Intesa Sanpaolo Group (Redetermined figures)	**7,008**	**6,283**	**725**	**11.5**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Business areas
Net fee and commission income



All sectors of activity contributed positively to the Group's fee and commission performance. In detail, the Banca dei Territori Division, which accounts for 49.3% of the total fee and commission income for the business areas, recorded an increase (+8.1%, or +270 million euro) in fee and commission income, specifically that from asset management and bancassurance and, to a lesser extent, from commercial banking. IMI Corporate & Investment Banking recorded an increase in net fee and commission income of +9.9% (+77 million euro), mainly due to the performance of the investment banking business, as did the Asset Management Division (+27.1%, or +189 million euro), due to the increase in performance fees collected during the period, management fees and placement fees; the Private Banking Division recorded an increase of +10.7% (+150 million euro), in relation to the development of average assets under management, and the International Subsidiary Banks Division posted an increase of +10.9% (+40 million euro), essentially due to the contributions of the subsidiaries operating in Croatia, Bosnia, Serbia, Slovakia and, to a lesser extent, Egypt.

Income from insurance business

(millions of euro)

Captions (a)	30.09.2021			30.09.2020			Changes	
	Life	Non-life	**Total**	Life	Non-life	**Total**	**amount**	**%**
Technical margin	**239**	**252**	**491**	**136**	**292**	**428**	**63**	**14,7**
Net insurance premiums (b)	7.023	847	7.870	6.618	721	7.339	531	7,2
Net charges for insurance claims and surrenders (c)	-7.359	-428	-7.787	-5.064	-289	-5.353	2.434	45,5
Net charges for changes in technical reserves (d)	-790	-2	-792	-2.058	-3	-2.061	-1.269	-61,6
Gains (Losses) on investments pertaining to insured parties on insurance products (e)	1.400	-	1.400	739	-	739	661	89,4
Net fees on investment contracts (f)	293	-	293	236	-	236	57	24,2
Commission expenses on insurance contracts (g)	-355	-129	-484	-343	-109	-452	32	7,1
Other technical income and expense (h)	27	-36	-9	8	-28	-20	-11	-55,0
Net investment result	**638**	**17**	**655**	**533**	**6**	**539**	**116**	**21,5**
Operating income from investments	5.891	17	5.908	470	6	476	5.432	
Net interest income	*1.381*	-	*1.381*	*1.220*	*2*	*1.222*	*159*	*13,0*
Dividends	*273*	*6*	*279*	*186*	*4*	*190*	*89*	*46,8*
Gains/losses on disposal	*1.736*	*12*	*1.748*	*-361*	*1*	*-360*	*2.108*	
Valuation gains/losses	*2.613*	-	*2.613*	*-512*	-	*-512*	*3.125*	
Portfolio management fees paid (i)	*-112*	*-1*	*-113*	*-63*	*-1*	*-64*	*49*	*76,6*
Gains (losses) on investments pertaining to insured parties	-5.253	-	-5.253	63	-	63	-5.316	
Insurance products (j)	*-1.380*	-	*-1.380*	*-822*	-	*-822*	*558*	*67,9*
Investment's unrealized capital gains/losses pertaining to insured parties on insurance products (k)	*-45*	-	*-45*	*84*	-	*84*	*-129*	
Investment products (l)	*-3.828*	-	*-3.828*	*801*	-	*801*	*-4.629*	
Income from insurance business gross of consolidation effects	**877**	**269**	**1.146**	**669**	**298**	**967**	**179**	**18,5**
Consolidation effects	30	-	30	67	-	67	-37	-55,2
Income from insurance business	**907**	**269**	**1.176**	**736**	**298**	**1.034**	**142**	**13,7**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(a) The table illustrates the economic components of the insurance business broken down into those regarding:
- products considered to be insurance products according to IAS/IFRS, which include contracts where the risk insured is considered significant or in which the decision of the return on the contracts is not market-based but depends on the insurance company's choices;
- investment products, which include financial products without a significant insurance risk. The latter are accounted for in the consolidated financial statements as financial movements.

(b) The caption includes premiums issued only for products considered to be insurance products according to IAS/IFRS, net of the portions ceded to reinsurers. For the non-life insurance business, the change in the premiums reserve is also included.

(c) The caption includes the amounts paid (claims, surrenders and maturities) and the change in claims reserves and reserves for amounts to be paid, net of portions ceded to reinsurers.

(d) The caption includes the change in technical reserves, net of the portions ceded to reinsurers.

(e) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, including the impact of shadow accounting.

(f) The caption includes net fees on investment products; specifically, charges paid by customers, management fees received by the financial units and fee expenses reversed by the insurance companies to the sales network and management companies.

(g) The caption includes commission expenses on insurance products (including unit and index-linked insurance products and pension funds) paid to the sales network.

(h) Residual caption comprising fee income on insurance product management fee income (unit and index-linked insurance products and pension funds), rebates, net interest income on current accounts of the insurance company and on subordinated loans and other income and technical charges.

(i) The caption includes fees paid to management companies for the management of traditional insurance products (separate management) portfolios and pension funds. This also includes fees from consolidated funds underlying insurance units.

(j) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, without the impact of shadow accounting.

(k) The caption includes the portion of unrealized capital gains/losses pertaining to insured parties on insurance products (shadow accounting).

(l) The caption refers to the valuation of financial liabilities designated at fair value which represent the amount payable to insured parties for investment products.

(millions of euro)

Captions (a)	30.09.2021 Redetermined figures			30.09.2020 Redetermined figures			Changes	
	Life	Non-life	**Total**	Life	Non-life	**Total**	**amount**	**%**
Technical margin	**203**	**295**	**498**	**180**	**364**	**544**	**-46**	**-8.5**
Net insurance premiums (b)	7,429	938	8,367	7,981	863	8,844	-477	-5.4
Net charges for insurance claims and surrenders (c)	-8,102	-455	-8,557	-7,047	-329	-7,376	1,181	16.0
Net charges for changes in technical reserves (d)	-563	2	-561	-1,574	-7	-1,581	-1,020	-64.5
Gains (Losses) on investments pertaining to insured parties on insurance products (e)	1,504	-	1,504	1,028	-	1,028	476	46.3
Net fees on investment contracts (f)	306	-	306	263	-	263	43	16.3
Commission expenses on insurance contracts (g)	-398	-149	-547	-475	-131	-606	-59	-9.7
Other technical income and expense (h)	27	-41	-14	4	-32	-28	-14	-50.0
Net investment result	**667**	**24**	**691**	**626**	**12**	**638**	**53**	**8.3**
Operating income from investments	5,781	24	5,805	456	12	468	5,337	
Net interest income	*1,483*	*3*	*1,486*	*1,609*	*9*	*1,618*	*-132*	*-8.2*
Dividends	*285*	*6*	*291*	*219*	*4*	*223*	*68*	*30.5*
Gains/losses on disposal	*1,641*	*12*	*1,653*	*-730*	*1*	*-729*	*2,382*	
Valuation gains/losses	*2,484*	*5*	*2,489*	*-571*	-	*-571*	*3,060*	
Portfolio management fees paid (i)	*-112*	*-2*	*-114*	*-71*	*-2*	*-73*	*41*	*56.2*
Gains (losses) on investments pertaining to insured parties	-5,114	-	-5,114	170	-	170	-5,284	
Insurance products (j)	*-1,484*	-	*-1,484*	*-1,126*	-	*-1,126*	*358*	*31.8*
Investment's unrealized capital gains/losses pertaining to insured parties on insurance products (k)	*-45*	-	*-45*	*99*	-	*99*	*-144*	
Investment products (l)	*-3,585*	-	*-3,585*	*1,197*	-	*1,197*	*-4,782*	
Income from insurance business gross of consolidation effects	**870**	**319**	**1,189**	**806**	**376**	**1,182**	**7**	**0.6**
Consolidation effects	30	-	30	67	-	67	-37	-55.2
Income from insurance business	**900**	**319**	**1,219**	**873**	**376**	**1,249**	**-30**	**-2.4**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

(a) The table illustrates the economic components of the insurance business broken down into those regarding:
- products considered to be insurance products according to IAS/IFRS, which include contracts where the risk insured is considered significant or in which the decision of the return on the contracts is not market-based but depends on the insurance company's choices;
- investment products, which include financial products without a significant insurance risk. The latter are accounted for in the consolidated financial statements as financial movements.

(b) The caption includes premiums issued only for products considered to be insurance products according to IAS/IFRS, net of the portions ceded to reinsurers. For the non-life insurance business, the change in the premiums reserve is also included.

(c) The caption includes the amounts paid (claims, surrenders and maturities) and the change in claims reserves and reserves for amounts to be paid, net of portions ceded to reinsurers.

(d) The caption includes the change in technical reserves, net of the portions ceded to reinsurers.

(e) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, including the impact of shadow accounting.

(f) The caption includes net fees on investment products; specifically, charges paid by customers, management fees received by the financial units and fee expenses reversed by the insurance companies to the sales network and management companies.

(g) The caption includes commission expenses on insurance products (including unit and index-linked insurance products and pension funds) paid to the sales network.

(h) Residual caption comprising fee income on insurance product management fee income (unit and index-linked insurance products and pension funds), rebates, net interest income on current accounts of the insurance company and on subordinated loans and other income and technical charges.

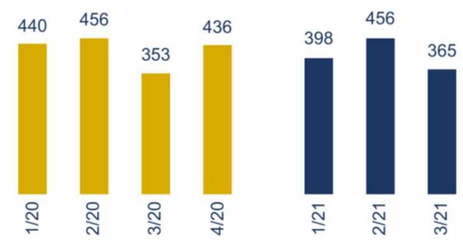
(i) The caption includes fees paid to management companies for the management of traditional insurance products (separate management) portfolios and pension funds. This also includes fees from consolidated funds underlying insurance units.

(j) The caption includes the portion of the profit/loss from investments (for insurance products) pertaining to insured parties, without the impact of shadow accounting.

(k) The caption includes the portion of unrealized capital gains/losses pertaining to insured parties on insurance products (shadow accounting).

(l) The caption refers to the valuation of financial liabilities designated at fair value which represent the amount payable to insured parties for investment products.

Quarterly development
Income from insurance business - Redetermined figures
(millions of euro)



Income from insurance business, which includes the cost and revenue captions of the insurance business of the Group's life and non-life companies, also includes the results of Intesa Sanpaolo RBM Salute, following the finalisation of the acquisition of the majority shareholding of the company in May 2020, as well as the contribution of the insurance companies BancAssurance Popolari, Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas. In the first nine months of 2021, it was 1,219 million euro, down 2.4% on the same period in 2020. The performance is due to the decrease of the technical margin, which was affected by the higher charges relating to claims and surrenders that affected the life and non-life businesses. By contrast, the net investment result recorded an increase, thanks to the favourable trend in the financial markets, which translated into a rise in operating income from investments, net of the portion pertaining to insured parties.

(millions of euro)

Captions (a)	2021 Third quarter (a)	2021 Second quarter (b)	2021 First quarter (c)	Changes % (a/b)	Changes % (b/c)
Technical margin	**220**	**112**	**159**	**96.4**	**-29.6**
Net insurance premiums (b)	2,823	2,505	2,542	12.7	-1.5
Net charges for insurance claims and surrenders (c)	-2,467	-3,016	-2,304	-18.2	30.9
Net charges for changes in technical reserves (d)	-415	84	-461		
Gains (Losses) on investments pertaining to insured parties on insurance products (e)	416	542	442	-23.2	22.6
Net fees on investment contracts (f)	108	83	102	30.1	-18.6
Commission expenses on insurance contracts (g)	-162	-158	-164	2.5	-3.7
Other technical income and expense (h)	-83	72	2		
Net investment result	**145**	**308**	**202**	**-52.9**	**52.5**
Operating income from investments	694	2,781	2,433	-75.0	14.3
Net interest income	*470*	*526*	*385*	*-10.6*	*36.6*
Dividends	*112*	*105*	*62*	*6.7*	*69.4*
Gains/losses on disposal	*574*	*661*	*513*	*-13.2*	*28.8*
Valuation gains/losses	*-393*	*1,509*	*1,497*		*0.8*
Portfolio management fees paid (i)	*-69*	*-20*	*-24*		*-16.7*
Gains (losses) on investments pertaining to insured parties	-549	-2,473	-2,231	-77.8	10.8
Insurance products (j)	-410	-548	-422	*-25.2*	29.9
Investment's unrealized capital gains/losses pertaining to insured parties on insurance products (k)	-6	-10	-29	*-40.0*	-65.5
Investment products (l)	-133	-1,915	-1,780	*-93.1*	7.6
Income from insurance business gross of consolidation effects	**365**	**420**	**361**	**-13.1**	**16.3**
Consolidation effects	-	18	12	-	50.0
Income from insurance business	**365**	**438**	**373**	**-16.7**	**17.4**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

For notes, see the previous tables

(millions of euro)

Captions (a)	**2021**			**Changes %**	
	Third quarter (a)	**Second quarter Redetermined figures (b)**	**First quarter Redetermined figures (c)**	(a/b)	(b/c)
Technical margin	**220**	**123**	**155**	**78.9**	**-20.6**
Net insurance premiums (b)	2,823	2,545	2,999	10.9	-15.1
Net charges for insurance claims and surrenders (c)	-2,467	-3,030	-3,060	-18.6	-1.0
Net charges for changes in technical reserves (d)	-415	86	-232		
Gains (Losses) on investments pertaining to insured parties on insurance products (e)	416	542	546	-23.2	-0.7
Net fees on investment contracts (f)	108	83	115	30.1	-27.8
Commission expenses on insurance contracts (g)	-162	-172	-213	-5.8	-19.2
Other technical income and expense (h)	-83	69	-		-
Net investment result	**145**	**315**	**231**	**-54.0**	**36.4**
Operating income from investments	694	2,788	2,323	-75.1	20.0
Net interest income	*470*	*527*	*489*	*-10.8*	*7.8*
Dividends	*112*	*105*	*74*	*6.7*	*41.9*
Gains/losses on disposal	*574*	*661*	*418*	*-13.2*	*58.1*
Valuation gains/losses	*-393*	*1,513*	*1,369*		*10.5*
Portfolio management fees paid (i)	*-69*	*-18*	*-27*		*-33.3*
Gains (losses) on investments pertaining to insured parties	-549	-2,473	-2,092	-77.8	18.2
Insurance products (j)	*-410*	*-548*	*-526*	*-25.2*	4.2
Investment's unrealized capital gains/losses pertaining to insured parties on insurance products (k)	*-6*	*-10*	*-29*	*-40.0*	-65.5
Investment products (l)	*-133*	*-1,915*	*-1,537*	*-93.1*	24.6
Income from insurance business gross of consolidation effects	**365**	**438**	**386**	**-16.7**	**13.5**
Consolidation effects	-	18	12	-	50.0
Income from insurance business	**365**	**456**	**398**	**-20.0**	**14.6**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

For notes, see the previous tables

Income from insurance business, including both the life and non-life/health businesses, was lower in the third quarter of 2021 than in the second quarter of the current year, due to the downtrend in the net investment result.

(millions of euro)

Business	30.09.2021				30.09.2020
	Periodic premiums	Single premiums	Total	*of which new business*	
Life insurance business	**283**	**6,744**	**7,027**	***6,528***	**6,619**
Premiums issued on traditional products	139	3,712	3,851	*3,522*	5,048
Premiums issued on unit-linked products	136	2,549	2,685	*2,527*	1,065
Premiums issued on capitalisation products	2	12	14	*8*	6
Premiums issued on pension funds	6	471	477	*471*	500
Non-life insurance business	**788**	**211**	**999**	*149*	**857**
Premiums issued	820	193	1,013	*307*	886
Change in premium reserves	-32	18	-14	*-158*	-29
Premiums ceded to reinsurers	**-117**	**-39**	**-156**	*-17*	**-137**
Net premiums from insurance products	**954**	**6,916**	**7,870**	***6,660***	**7,339**
Business on index-linked contracts	-	-	-	-	-
Business on unit-linked contracts	58	6,574	6,632	*6,534*	4,582
Total business from investment contracts	**58**	**6,574**	**6,632**	***6,534***	**4,582**
Total business	**1,012**	**13,490**	**14,502**	***13,194***	**11,921**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

Business	30.09.2021 Redetermined figures				30.09.2020 Redetermined figures
	Periodic premiums	Single premiums	Total	*of which new business*	
Life insurance business	**305**	**7,132**	**7,437**	***6,663***	**7,984**
Premiums issued on traditional products	161	4,061	4,222	*3,654*	6,219
Premiums issued on unit-linked products	136	2,582	2,718	*2,527*	1,196
Premiums issued on capitalisation products	2	14	16	*9*	62
Premiums issued on pension funds	6	475	481	*473*	507
Non-life insurance business	**788**	**306**	**1,094**	*149*	**988**
Premiums issued	820	256	1,076	*307*	982
Change in premium reserves	-32	50	18	*-158*	6
Premiums ceded to reinsurers	**-117**	**-47**	**-164**	*-18*	**-128**
Net premiums from insurance products	**976**	**7,391**	**8,367**	***6,794***	**8,844**
Business on index-linked contracts	-	-	-	-	-
Business on unit-linked contracts	64	6,679	6,743	*6,599*	4,969
Total business from investment contracts	**64**	**6,679**	**6,743**	***6,599***	**4,969**
Total business	**1,040**	**14,070**	**15,110**	***13,393***	**13,813**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

In the first nine months of 2021, business in the insurance segment amounted to 15.1 billion euro, up on the 13.8 billion euro recorded in the same period of 2020. The growth is attributable to unit-linked policies, both those of a primarily insurance nature (+1.5 billion euro) and those of a primarily financial nature belonging to class III (+1.8 billion euro). By contrast, there was a slowdown in traditional policies (-2 billion euro).
Non-life business increased progressively to 1,094 million euro from 988 million euro in the first nine months of 2020.
Total new business amounted to 13.4 billion euro, around 89% of the total premium inflows of the Group's insurance companies, coming mainly from new single-premium contracts.

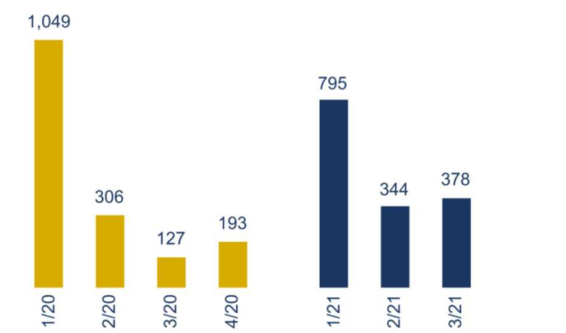
Profits (Losses) on financial assets and liabilities designated at fair value

(millions of euro)

	30.09.2021	Adjustments	30.09.2021 Redetermined figures	30.09.2020	Adjustments	30.09.2020 Redetermined figures	Changes (Redetermined figures)	
							amount	%
Profits (losses) on trading and on financial instruments under fair value option	438	-	438	585	37	622	-184	-29.6
Profits (losses) on hedges under hedge accounting	35	-	35	63	-14	49	-14	-28.6
Profits (losses) on assets mandatorily measured at fair value through profit or loss	204	-1	203	4	-1	3	200	
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	903	-	903	775	67	842	61	7.2
Profits (losses) on the buyback of financial liabilities	-62	-	-62	-32	-2	-34	28	82.4
Profits (Losses) on financial assets and liabilities designated at fair value	**1,518**	**-1**	**1,517**	**1,395**	**87**	**1,482**	**35**	**2.4**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Profits (Losses) on financial assets and liabilities designated at fair value - Redetermined figures
(millions of euro)



Profits on financial assets and liabilities designated at fair value, amounting to 1,517 million euro, exceeded the 1,482 million euro recorded in the first nine months of 2020, already exceptionally high as a result of the valuation effects due to the debt value adjustment (DVA) correlated with liabilities comprised of certificates.

The increase (+2.4%) is due to Income from operations on assets designated at fair value through profit or loss (+200 million euro, mainly attributable to higher capital gains on UCI funds and other equity instruments) and Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost (+61 million euro). Conversely, Profits (losses) on trading and on financial instruments under fair value option decreased (-184 million euro), essentially due to the negative result of interest rate and foreign exchange business, only partially offset by fair value changes of derivative contracts. Higher losses on the buyback of financial liabilities attributable to dealing on own account in debt securities on the secondary market (-28 million euro) and income (loss) on hedge accounting transactions (-14 million euro) also had a negative impact.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Profits (losses) on trading and on financial instruments under fair value option	28	88	322	-68.2	-72.7
Profits (losses) on hedges under hedge accounting	-10	1	44		-97.7
Profits (losses) on assets mandatorily measured at fair value through profit or loss	66	83	55	-20.5	50.9
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	310	191	402	62.3	-52.5
Profits (losses) on the buyback of financial liabilities	-16	-19	-27	-15.8	-29.6
Profits (Losses) on financial assets and liabilities designated at fair value	**378**	**344**	**796**	**9.9**	**-56.8**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter Redetermined figures (b)**	**First quarter Redetermined figures (c)**	(a/b)	(b/c)
Profits (losses) on trading and on financial instruments under fair value option	28	88	322	-68.2	-72.7
Profits (losses) on hedges under hedge accounting	-10	1	44		-97.7
Profits (losses) on assets mandatorily measured at fair value through profit or loss	66	83	54	-20.5	53.7
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	310	191	402	62.3	-52.5
Profits (losses) on the buyback of financial liabilities	-16	-19	-27	-15.8	-29.6
Profits (Losses) on financial assets and liabilities designated at fair value	**378**	**344**	**795**	**9.9**	**-56.7**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

The result for the third quarter of 2021 shows a value slightly higher than that of the second quarter, due to the increase in Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost.

Other operating income (expenses)

In the first nine months of 2021, other net operating income came to 76 million euro, compared to 31 million euro in the same period of 2020. This caption includes both operating income and expenses – including those of subsidiaries not subject to management and coordination operating in sectors completely distinct from banking and finance – and profits on investments carried at equity. The increase is mainly due to the caption dividends and profits on investments carried at equity, among which the Chinese associates stand out.

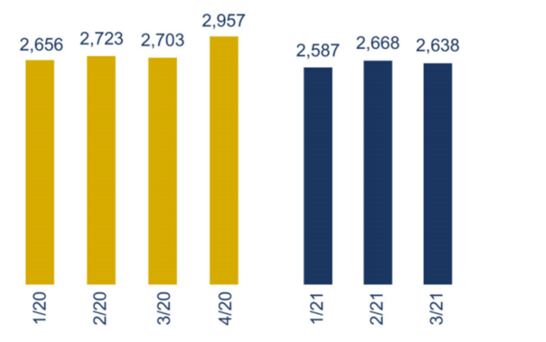
Operating costs

(millions of euro)

	30.09.2021	Adjustments	30.09.2021 Redetermined figures	30.09.2020	Adjustments	30.09.2020 Redetermined figures	Changes (Redetermined figures)	
							amount	%
Wages and salaries	3,440	-40	3,400	3,009	402	3,411	-11	-0.3
Social security charges	891	-11	880	779	106	885	-5	-0.6
Other	644	-	644	584	74	658	-14	-2.1
Personnel expenses	**4,975**	**-51**	**4,924**	**4,372**	**582**	**4,954**	**-30**	**-0.6**
Information technology expenses	632	6	638	530	110	640	-2	-0.3
Management of real estate assets expenses	254	-1	253	234	43	277	-24	-8.7
General structure costs	302	-1	301	273	27	300	1	0.3
Professional and legal expenses	217	7	224	195	95	290	-66	-22.8
Advertising and promotional expenses	74	-	74	73	13	86	-12	-14.0
Indirect personnel costs	35	-	35	32	8	40	-5	-12.5
Other costs	420	-3	417	395	69	464	-47	-10.1
Indirect taxes and duties	803	-1	802	696	152	848	-46	-5.4
Recovery of expenses and charges	-685	-	-685	-624	-134	-758	-73	-9.6
Administrative expenses	**2,052**	**7**	**2,059**	**1,804**	**383**	**2,187**	**-128**	**-5.9**
Property and equipment	433	-	433	390	52	442	-9	-2.0
Intangible assets	475	2	477	448	51	499	-22	-4.4
Adjustments	**908**	**2**	**910**	**838**	**103**	**941**	**-31**	**-3.3**
Operating costs	**7,935**	**-42**	**7,893**	**7,014**	**1,068**	**8,082**	**-189**	**-2.3**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Operating costs - Redetermined figures
(millions of euro)



Operating costs amounted to 7,893 million euro in the first nine months of 2021, a decrease of 2.3% on the same period of 2020.
Personnel expenses of 4,924 million euro decreased slightly, by 0.6%, mainly due to the savings on negotiated exits, largely offset by the change in the performance of the variable component and the higher costs related to the renewal of the National Collective Bargaining Agreement (CCNL).
Administrative expenses, which amounted to 2,059 million euro, were down by 5.9% on the first nine months of 2020, due in part to the realization of the first synergies of the integration of the UBI Group.
There were also widespread savings on legal and professional fees, property management expenses, advertising and promotional expenses and other expenses. Finally, there was an improvement in recovery of expenses and charges and indirect personnel costs, which benefited from the effects of the spread of smart working and the ensuing reduction in business trips.
Depreciation and amortisation of property and equipment and intangible assets, which in accordance with IFRS 16 also include the share relating to rights of use acquired under operating leases, decreased (-3.3%) on the same period of 2020, to be viewed in connection with the write-off of the UBI Group's IT investments in the fourth quarter of 2020, which related above all to software and, to a lesser extent, to systems and equipment.

The cost/income ratio for the first nine months of 2021 came to 50.1%, an improvement compared to the same period of 2020 (53%), reflecting the positive performance of revenues combined with the reduction in costs.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Wages and salaries	1,134	1,145	1,161	-1.0	-1.4
Social security charges	288	296	307	-2.7	-3.6
Other	220	216	208	1.9	3.8
Personnel expenses	**1,642**	**1,657**	**1,676**	**-0.9**	**-1.1**
Information technology expenses	212	222	198	-4.5	12.1
Management of real estate assets expenses	85	82	87	3.7	-5.7
General structure costs	106	104	92	1.9	13.0
Professional and legal expenses	70	77	70	-9.1	10.0
Advertising and promotional expenses	25	30	19	-16.7	57.9
Indirect personnel costs	13	12	10	8.3	20.0
Other costs	146	137	137	6.6	-
Indirect taxes and duties	260	249	294	4.4	-15.3
Recovery of expenses and charges	-223	-205	-257	8.8	-20.2
Administrative expenses	**694**	**708**	**650**	**-2.0**	**8.9**
Property and equipment	142	143	148	-0.7	-3.4
Intangible assets	160	157	158	1.9	-0.6
Adjustments	**302**	**300**	**306**	**0.7**	**-2.0**
Operating costs	**2,638**	**2,665**	**2,632**	**-1.0**	**1.3**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter Redetermined figures (b)**	**First quarter Redetermined figures (c)**	(a/b)	(b/c)
Wages and salaries	1,134	1,143	1,123	-0.8	1.8
Social security charges	288	295	297	-2.4	-0.7
Other	220	217	207	1.4	4.8
Personnel expenses	**1,642**	**1,655**	**1,627**	**-0.8**	**1.7**
Information technology expenses	212	224	202	-5.4	10.9
Management of real estate assets expenses	85	82	86	3.7	-4.7
General structure costs	106	104	91	1.9	14.3
Professional and legal expenses	70	79	75	-11.4	5.3
Advertising and promotional expenses	25	30	19	-16.7	57.9
Indirect personnel costs	13	12	10	8.3	20.0
Other costs	146	137	134	6.6	2.2
Indirect taxes and duties	260	249	293	4.4	-15.0
Recovery of expenses and charges	-223	-205	-257	8.8	-20.2
Administrative expenses	**694**	**712**	**653**	**-2.5**	**9.0**
Property and equipment	142	143	148	-0.7	-3.4
Intangible assets	160	158	159	1.3	-0.6
Adjustments	**302**	**301**	**307**	**0.3**	**-2.0**
Operating costs	**2,638**	**2,668**	**2,587**	**-1.1**	**3.1**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

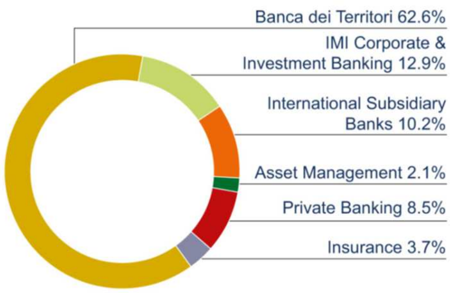
Operating costs in the third quarter of 2021 decreased slightly over the second quarter, due to the trend in administrative and personnel expenses.

(millions of euro)

	30.09.2021	30.09.2020	Changes	
			amount	%
Banca dei Territori	-4,775	-4,911	-136	-2.8
IMI Corporate & Investment Banking	-989	-973	16	1.6
International Subsidiary Banks	-773	-759	14	1.8
Private Banking	-652	-638	14	2.2
Asset Management	-163	-156	7	4.5
Insurance	-286	-276	10	3.6
Total business areas	**-7,638**	**-7,713**	**-75**	**-1.0**
Corporate Centre	-255	-369	-114	-30.9
Intesa Sanpaolo Group (Redetermined figures)	**-7,893**	**-8,082**	**-189**	**-2.3**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Business areas
Operating costs



At the level of operating costs, the Banca dei Territori Division, which accounts for 62.6% of all costs of the business areas, reported significant savings compared to the first nine months of 2020 (-2.8%, or -136 million euro) thanks to lower personnel expenses, in relation to negotiated exits, and administrative expenses, mainly concerning advertising, consulting and services in the real estate and operations sectors. By contrast, there were moderate cost increases in IMI Corporate & Investment Banking (+1.6%, or +16 million euro), Asset Management (+4.5%, or +7 million euro), attributable to the growth of personnel expenses, Private Banking (+2.2%, or +14 million euro), essentially due to administrative expenses and amortisation/depreciation, International Subsidiary Banks (+1.8%, or +14 million euro), mainly due to personnel expenses and amortisation/depreciation, and the Insurance Division (+3.6%, or +10 million euro). Lastly, the Corporate Centre reported a reduction in costs on a like-for-like basis of 30.9%, or -114 million euro, following review of the cost allocation criteria, above all in relation to synergies on administrative expenses and amortisation/depreciation as a result of the integration of UBI.

Operating margin

The operating margin in the period under review amounted to 7,873 million euro, up by 9.8% on the first nine months of 2020, thanks to the increase in revenues and the reduction in operating costs.

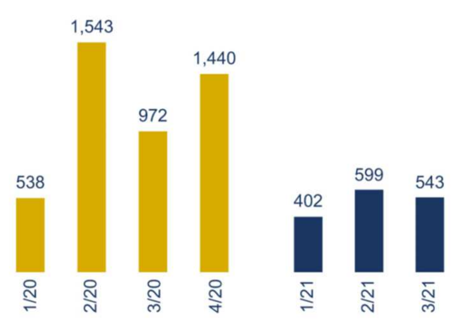
Net adjustments to loans

(millions of euro)

	30.09.2021	Adjustments	30.09.2021 Redetermined figures	30.09.2020	Adjustments	30.09.2020 Redetermined figures	Changes (Redetermined figures) amount	%
Bad loans	-689	6	-683	-806	-131	-937	-254	-27.1
Unlikely to pay	-761	-	-761	-1,144	-125	-1,269	-508	-40.0
Past due loans	-145	-	-145	-198	-4	-202	-57	-28.2
Stage 3 loans	**-1,595**	**6**	**-1,589**	**-2,148**	**-260**	**-2,408**	**-819**	**-34.0**
of which debt securities	*-1*	-	*-1*	-	-	-	*1*	-
Stage 2 loans	-72	-	**-72**	-458	-38	**-496**	**-424**	**-85.5**
of which debt securities	*-3*	-	*-3*	*8*	-	*8*	*-11*	
Stage 1 loans	70	-	**70**	-110	10	**-100**	**170**	
of which debt securities	*11*	-	*11*	*1*	-	*1*	*10*	
Net losses/recoveries on impairment of loans	**-1,597**	**6**	**-1,591**	**-2,716**	**-288**	**-3,004**	**-1,413**	**-47.0**
Profits/losses from changes in contracts without derecognition	**-25**	**-**	**-25**	**-13**	**-20**	**-33**	**-8**	**-24.2**
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**72**	**-**	**72**	**-10**	**-6**	**-16**	**88**	
Net adjustments to loans	**-1,550**	**6**	**-1,544**	**-2,739**	**-314**	**-3,053**	**-1,509**	**-49.4**

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Net adjustments to loans - Redetermined figures
(millions of euro)



Adjustments to loans, which include an allocation of around 360 million euro concerning initiatives to reduce non-performing loans launched during the year, amounted to 1,544 million euro, almost halved compared to the first nine months of 2020 (3,053 million euro), which were impacted by higher provisions due to the revision of the scenario following the pandemic. The decrease was driven by lower adjustments to non-performing loans in Stage 3 (-34%, or -819 million euro) as well as by lower adjustments to loans in Stage 2 (-85.5%, or -424 million euro) and by recoveries for 70 million euro in Stage 1, compared with -100 million euro of adjustments in the first nine months of 2020. The decrease in adjustments to loans in Stage 3 was broken down as follows: -254 million euro to bad loans, -508 million euro to unlikely-to-pay loans and -57 million euro to past-due loans. In September 2021, there was a reduction in non-performing loans as a percentage of total loans to 3.8%, compared to 4.1% recorded in June 2021 and to 4.4% in March 2021 and December 2020.
The annualised cost of credit, represented by the ratio of net adjustments to net loans, amounted to 44 bps (34 bps excluding the allocation involving specific portfolios to accelerate the reduction in non-performing loans) in the first nine months of 2021, down on the figure for 2020 (97 bps, 48 bps excluding the provisions due to the revision of the scenario last year as a result of the pandemic).
The coverage of non-performing loans in September 2021 amounted to 49.9%. In detail, bad loans required net adjustments of 683 million euro – compared with 937 million euro in the same period of 2020 – with a coverage ratio of 60.7%. Net adjustments to unlikely-to-pay loans, totalling 761 million euro, were down from 1,269 million euro recorded in the first nine months of 2020, with a coverage ratio of 40.9%. Net adjustments to past due loans amounted to 145 million euro (202 million euro of adjustments in the same period of 2020), with a coverage ratio of 20%. The coverage ratio for forborne positions within the non-performing loans category was 40.7%. Finally, the coverage of performing loans was stable at 0.6% and incorporates the physiological risk inherent in the loan portfolio.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Bad loans	-141	-393	-155	-64.1	
Unlikely to pay	-442	-152	-167		-9.0
Past due loans	-60	-65	-20	-7.7	
Stage 3 loans	**-643**	**-610**	**-342**	**5.4**	**78.4**
of which debt securities	-1	-	-	-	-
Stage 2 loans	**31**	**-16**	**-87**		**-81.6**
of which debt securities	*-2*	*1*	*-2*		
Stage 1 loans	**65**	**5**	**-**		**-**
of which debt securities	*2*	*4*	*5*	*-50.0*	*-20.0*
Net losses/recoveries on impairment of loans	**-547**	**-621**	**-429**	**-11.9**	**44.8**
Profits/losses from changes in contracts without derecognition	**-7**	**-6**	**-12**	**16.7**	**-50.0**
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**11**	**28**	**33**	**-60.7**	**-15.2**
Net adjustments to loans	**-543**	**-599**	**-408**	**-9.3**	**46.8**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter Redetermined figures (b)**	**First quarter Redetermined figures (c)**	(a/b)	(b/c)
Bad loans	-141	-393	-149	-64.1	
Unlikely to pay	-442	-152	-167		-9.0
Past due loans	-60	-65	-20	-7.7	
Stage 3 loans	**-643**	**-610**	**-336**	**5.4**	**81.5**
of which debt securities	-1	-	-	-	-
Stage 2 loans	**31**	**-16**	**-87**		**-81.6**
of which debt securities	*-2*	*1*	*-2*		
Stage 1 loans	**65**	**5**	**-**		**-**
of which debt securities	*2*	*4*	*5*	*-50.0*	*-20.0*
Net losses/recoveries on impairment of loans	**-547**	**-621**	**-423**	**-11.9**	**46.8**
Profits/losses from changes in contracts without derecognition	**-7**	**-6**	**-12**	**16.7**	**-50.0**
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**11**	**28**	**33**	**-60.7**	**-15.2**
Net adjustments to loans	**-543**	**-599**	**-402**	**-9.3**	**49.0**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

The quarterly comparison shows that adjustments to loans decreased by 9.3% in the third quarter of 2021 compared to the second quarter of the current year, despite the additional adjustment of 160 million euro on specific portfolios to accelerate reduction of non-performing loans.

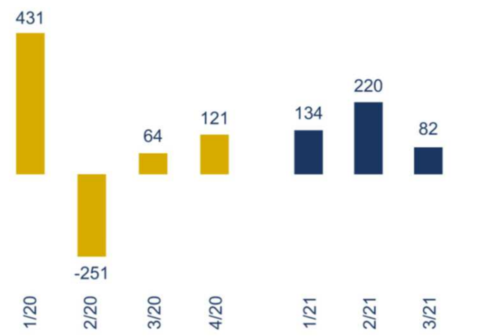
Other net provisions and net impairment losses on other assets

(millions of euro)

	30.09.2021	Adjustments	30.09.2021 Redetermined figures	30.09.2020	Adjustments	30.09.2020 Redetermined figures	Changes (Redetermined figures) amount	Changes (Redetermined figures) %
Other net provisions	-394	-2	-396	-132	2	-130	266	
Net impairment losses on instruments measured at amortised cost and on instruments designated at fair value through other comprehensive income	-4	-	-4	2	-4	-2	2	
Net impairment losses on other assets	-34	-	-34	-78	-9	-87	-53	-60.9
Net Losses/Recoveries pertaining to insurance companies pursuant to IAS 39	-1	-1	-2	-16	-9	-25	-23	-92.0
Other net provisions and net impairment losses on other assets	**-433**	**-3**	**-436**	**-224**	**-20**	**-244**	**192**	**78.7**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. 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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Quarterly development
Net provisions and net impairment losses on other assets - Redetermined figures
(millions of euro)



Within the layout of the reclassified income statement, this caption primarily consists of other net provisions for risks and charges and net impairment losses on other assets and on securities measured at amortised cost and at fair value. In the first nine months of 2021, other net provisions and net impairment losses on other assets amounted to 436 million euro, up sharply from 244 million euro in the same period of the previous year.

The increase recorded was due to other net provisions, which include the provision of 126 million euro in the insurance sector representing the claims in excess of premiums accrued and the estimated future charges on annual policies in force, in relation to a financial imbalance which was also generated as a result of the greater use of benefits by insured persons on conclusion of the long periods of lockdown.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter (b)**	**First quarter (c)**	(a/b)	(b/c)
Other net provisions	-77	-196	-121	-60.7	62.0
Net impairment losses on instruments measured at amortised cost and on instruments designated at fair value through other comprehensive income	-2	7	-9		
Net impairment losses on other assets	-2	-29	-3	-93.1	
Net Losses/Recoveries pertaining to insurance companies pursuant to IAS 39	-1	-	-	-	-
Other net provisions and net impairment losses on other assets	**-82**	**-218**	**-133**	**-62.4**	**63.9**

Figures restated, where necessary and material, considering the changes in the scope of consolidation. The figures for the UBI Group and the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas have not been restated.

(millions of euro)

	2021			Changes %	
	Third quarter (a)	**Second quarter Redetermined figures (b)**	**First quarter Redetermined figures (c)**	(a/b)	(b/c)
Other net provisions	-77	-198	-121	-61.1	63.6
Net impairment losses on instruments measured at amortised cost and on instruments designated at fair value through other comprehensive income	-2	7	-9		
Net impairment losses on other assets	-2	-29	-3	-93.1	
Net Losses/Recoveries pertaining to insurance companies pursuant to IAS 39	-1	-	-1	-	
Other net provisions and net impairment losses on other assets	**-82**	**-220**	**-134**	**-62.7**	**64.2**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

The figure for the third quarter of 2021 was significantly lower than in the second quarter, which included the aforementioned insurance provision.

Other income (expenses)

In this caption of the reclassified income statement, the "profits (losses) on financial assets measured at amortised cost other than loans, equity investments and other investments" are aggregated together with other income and expenses not strictly linked to operations.
Other income amounted to 254 million euro, compared with the 35 million euro recorded in the first nine months of 2020. The change is mainly attributable to the capital gain of 194 million euro on the sale to State Street of the business line related to the Custodian Bank and Fund Administration activities carried out by Fideuram Bank (Luxembourg).

Income (Loss) from discontinued operations

During the reporting period, the caption amounted to 58 million euro of income, attributable to the reclassification of the profits from branches sold by the UBI Group and the Parent Company. This figure compares with the 1,459 million euro recorded in the same period of the previous year, which included the capital gain and income components relating to the business line consisting of the acquiring activities contributed to Nexi (1,163 million euro), as well as the above-mentioned reclassification linked to the disposal of branches (296 million euro).

Gross income (loss)

In the first nine months of 2021, income before tax from continuing operations came to 6,205 million euro, up by 15.6% on the same period in 2020, which also benefited from the above-mentioned Nexi capital gain.

Taxes on income

Current and deferred taxes came to 1,541 million euro for an effective tax rate of 24.8%, essentially in line with the first nine months of 2020 (24.6%). The caption benefited from a net benefit of approximately 460 million euro from the realignment of the tax values of intangible assets permitted by Law Decree no. 104/2020 recognised in the second quarter.

Charges (net of tax) for integration and exit incentives

This caption, the main component of which is provisions for risks and charges, climbed to 148 million euro, compared with 64 million euro in the first nine months of 2020, due to an increase in the Parent Company's charges for integration in terms of personnel expenses and amortisation/depreciation.

Effect of purchase price allocation (net of tax)

This caption comprises amounts attributable to the revaluation of loans, debts, real estate and the recognition of new intangible assets, in application of IFRS 3, upon recognition of acquisition of investments and/or aggregate assets. In the first nine months of 2021, this caption amounted to -85 million euro, compared to +3,187 million euro recorded in the same period of 2020, which included the extraordinary positive effect (approximately 3.3 billion euro) relating to the provisional recognition of the negative goodwill deriving from the acquisition of the UBI Group.

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

The caption includes the levies imposed by legislative provisions and/or aimed at maintaining the stability of the banking industry and consequently outside the company management. In the first nine months of 2021, these charges came to 489 million euro, compared to the 475 million euro recorded in the same period of the previous year.
The charges recognised during the reporting period may be broken down as follows: 261 million euro attributable to resolution funds, 213 million euro to deposit guarantee funds, 14 million euro to levies recognised by international subsidiary banks and 1 million euro to the Atlante Fund.

Minority interests

In the first nine months of 2021, the minority interest share of net losses of companies within the scope of line-by-line consolidation amounted to +64 million euro. The figure recorded in the same period of 2020, which was negative by 319 million euro, included the reclassification into this caption of profit relating to the UBI Group, attributable to minority interests as it preceded the acquisition, as well as that of RBM.

Net income (loss)

Thanks to a general improvement in the economic situation, which benefited from the gradual easing of pandemic restrictions, and to the efforts devoted to integration activities, the Intesa Sanpaolo Group achieved excellent results in these first nine months of 2021, with a consolidated net income of over 4 billion euro. The comparison with the net income of 6,376 million euro recorded in the same period of 2020 is undermined by the positive effect relating to provisional negative goodwill (approximately 3.3 billion euro) on the acquisition of the UBI Group recognised at the time. Net of this contribution, the result for the first nine months of 2021 is up considerably (+28.7%), bearing out the sustainable profitability of the business model, in the form of robust revenues, accurate operating cost management and effective control of the cost of risk.

Balance sheet aggregates

General aspects

A reclassified condensed balance sheet has been prepared to permit a more immediate understanding of the Group's assets and liabilities.
The format adopted includes not only the figures for the reporting period, but also the comparative figures. In the interest of consistent comparison, the figures for previous periods are normally restated, where necessary and material, including to account for changes in the scope of consolidation.
In particular, the restatements involved:

- the inclusion on a line-by-line basis of the balance sheet results of Intesa Sanpaolo RBM Salute, which entered the line-by-line scope of consolidation, as already mentioned, in the second quarter of 2020;
- the inclusion on a line-by-line basis of the balance sheet results of Reyl & Cie S.A., RB Partecipationes S.A. and Asteria Investment Managers S.A. (Reyl Group), which entered into the scope of consolidation in the second quarter of 2021, as described above;
- the inclusion on a line-by-line basis of the balance sheet results of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, as specified in more detail below.

With regard to the UBI Group acquisition, given that the figures as at 31 December 2020 were already uniform, in order to permit a significant comparison at the quarterly level as well, for periods prior to the acquisition, and thus for the first three quarters of 2020, balance sheet figures were subject to line-by-line inclusion of the figures concerning the UBI Group and line-by-line exclusion of balance sheet figures concerning the UBI and ISP branches sold in the first and second quarters of 2021, which in the quarterly reclassified balance sheet have by convention been allocated to the captions Non-current assets held for sale and Liabilities associated with non-current assets held for sale ("Redetermined" figures).
As regards the inclusion of the insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, whose balance sheet values were restated as illustrated above, please note that it was not deemed necessary to "redetermine" the balance sheet figures so as to exclude - on the basis of management data - the items (investments and technical reserves) linked to production from the customers of the branches sold to third parties, as was done in the income statement, since said items were of negligible amounts and hence not relevant for comparability.
Certain aggregations and reclassifications are then made with respect to the model provided in Circular 262/05 of the Bank of Italy. Breakdowns of restatements, aggregations and reclassifications are provided in separate tables included in the attachments to the consolidated financial statements, as also required by Consob in its Communication 6064293 of 28 July 2006.
Aggregations and reclassifications of captions refer to:

- the inclusion of Cash and cash equivalents in the residual caption Other assets;
- the separate presentation of financial assets constituting Due from banks and Loans to customers, regardless of the accounting portfolios to which they have been allocated;
- the separate presentation of financial assets not constituting loans, divided into financial assets measured at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, net of the amounts reclassified to Due from banks and Loans to customers;
- the separate presentation of financial assets and liabilities pertaining to the insurance business, measured pursuant to IAS 39, in application of the deferral approach, by the Group's insurance companies;
- the aggregation in one single caption of Property and equipment and Intangible assets, broken down into the sub-captions Assets owned and Rights of use acquired under lease;
- the inclusion of Hedging derivatives and Fair value changes of financial assets/liabilities in hedged portfolios under Other assets/liabilities;
- the inclusion of the technical insurance reserves reassured with third parties under Other assets;
- the separate presentation of Due to banks at amortised cost;
- the aggregation of Due to customers at amortised cost and Securities issued into one caption;
- the aggregation into one caption (Allowances for risks and charges) of allowances for specific purposes (Employee termination indemnities, Allowances for risks and charges, Allowances for commitments and financial guarantees given);
- the reclassification of Lease payables to a specific sub-caption of Other liabilities;
- the presentation of Reserves as an aggregate and net of any treasury shares.

Reclassified balance sheet

(millions of euro)

Assets	30.09.2021	31.12.2020	Changes	
			amount	%
Due from banks	169,805	108,310	61,495	56.8
Loans to customers	463,295	462,802	*493*	*0.1*
Loans to customers measured at amortised cost	*460,903*	*461,373*	*-470*	*-0.1*
Loans to customers designated at fair value through other comprehensive income and through profit or loss	*2,392*	*1,429*	*963*	*67.4*
Financial assets measured at amortised cost which do not constitute loans	41,286	47,102	-5,816	-12.3
Financial assets at fair value through profit or loss	59,924	57,074	2,850	5.0
Financial assets at fair value through other comprehensive income	63,589	57,590	5,999	10.4
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	205,631	205,537	94	-
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	997	1,562	-565	-36.2
Investments in associates and companies subject to joint control	1,738	1,671	67	4.0
Property, equipment and intangible assets	19,408	19,131	277	1.4
Assets owned	*17,800*	*17,311*	*489*	*2.8*
Rights of use acquired under leases	*1,608*	*1,820*	*-212*	*-11.6*
Tax assets	18,805	19,777	-972	-4.9
Non-current assets held for sale and discontinued operations	3,181	28,702	-25,521	-88.9
Other assets	23,759	24,744	-985	-4.0
Total Assets	**1,071,418**	**1,034,002**	**37,416**	**3.6**

Liabilities	30.09.2021	31.12.2020	Changes	
			amount	%
Due to banks at amortised cost	179,514	115,944	63,570	54.8
Due to customers at amortised cost and securities issued	523,699	514,229	9,470	1.8
Financial liabilities held for trading	57,533	59,044	-1,511	-2.6
Financial liabilities designated at fair value	3,266	3,032	234	7.7
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,563	2,023	540	26.7
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	83,093	80,699	2,394	3.0
Tax liabilities	2,618	3,370	-752	-22.3
Liabilities associated with non-current assets held for sale and discontinued operations	1,404	35,676	-34,272	-96.1
Other liabilities	24,955	24,365	590	2.4
of which lease payables	*1,519*	*1,762*	*-243*	*-13.8*
Technical reserves	118,616	121,360	-2,744	-2.3
Allowances for risks and charges	6,873	7,194	-321	-4.5
of which allowances for commitments and financial guarantees given	*534*	*626*	*-92*	*-14.7*
Share capital	10,084	10,084	-	-
Reserves	46,508	44,775	1,733	3.9
Valuation reserves	-569	-515	54	10.5
Valuation reserves pertaining to insurance companies	677	809	-132	-16.3
Equity instruments	6,279	7,464	-1,185	-15.9
Minority interests	299	1,172	-873	-74.5
Net income (loss)	4,006	3,277	729	22.2
Total liabilities and shareholders' equity	**1,071,418**	**1,034,002**	**37,416**	**3.6**

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

Quarterly development of the reclassified balance sheet

(millions of euro)

Assets	2021 30/9	2021 30/6	2021 31/3	2020 31/12	2020 30/9 Redetermined figures	2020 30/6 Redetermined figures	2020 31/3 Redetermined figures
Due from banks	169,805	152,688	132,423	108,310	85,578	76,486	77,211
Loans to customers	463,295	463,297	464,661	462,802	464,438	464,001	466,721
Loans to customers measured at amortised cost	*460,903*	*461,348*	*463,129*	*461,373*	*462,973*	*462,538*	*465,242*
Loans to customers designated at fair value through other comprehensive income and through profit or loss	*2,392*	*1,949*	*1,532*	*1,429*	*1,465*	*1,463*	*1,479*
Financial assets measured at amortised cost which do not constitute loans	41,286	42,615	44,857	47,102	43,453	41,926	35,744
Financial assets at fair value through profit or loss	59,924	59,826	55,455	57,074	61,248	62,151	57,190
Financial assets at fair value through other comprehensive income	63,589	66,415	60,778	57,590	80,626	83,536	81,220
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	205,631	206,138	206,388	205,537	197,806	194,504	186,749
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	997	906	920	1,562	1,444	1,101	944
Investments in associates and companies subject to joint control	1,738	1,707	1,708	1,671	1,536	1,517	1,324
Property, equipment and intangible assets	19,408	19,451	18,908	19,131	19,508	21,086	20,700
Assets owned	*17,800*	*17,815*	*17,158*	*17,311*	*17,744*	*19,299*	*18,877*
Rights of use acquired under leases	*1,608*	*1,636*	*1,750*	*1,820*	*1,764*	*1,787*	*1,823*
Tax assets	18,805	19,014	19,582	19,777	19,490	19,575	19,869
Non-current assets held for sale and discontinued operations	3,181	1,566	3,169	28,702	29,504	29,235	27,460
Other assets	23,759	23,972	23,132	24,744	22,575	27,502	28,087
Total Assets	**1,071,418**	**1,057,595**	**1,031,981**	**1,034,002**	**1,027,206**	**1,022,620**	**1,003,219**

Liabilities	2021 30/9	2021 30/6	2021 31/3	2020 31/12	2020 30/9 Redetermined figures	2020 30/6 Redetermined figures	2020 31/3 Redetermined figures
Due to banks at amortised cost	179,514	164,840	151,746	115,944	118,555	125,315	134,613
Due to customers at amortised cost and securities issued	523,699	519,223	512,263	514,229	505,284	495,185	490,011
Financial liabilities held for trading	57,533	57,335	53,544	59,044	57,024	55,731	54,997
Financial liabilities designated at fair value	3,266	3,361	3,116	3,032	2,978	2,288	845
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,563	2,518	2,414	2,023	1,957	1,889	937
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	83,093	83,010	82,040	80,699	77,304	76,370	72,019
Tax liabilities	2,618	2,490	3,303	3,370	2,879	2,751	3,079
Liabilities associated with non-current assets held for sale and discontinued operations	1,404	78	3,585	35,676	34,737	33,858	30,038
Other liabilities	24,955	31,674	26,283	24,365	32,237	38,970	31,448
of which lease payables	*1,519*	*1,570*	*1,708*	*1,762*	*1,734*	*1,744*	*1,768*
Technical reserves	118,616	119,475	119,943	121,360	118,337	115,308	111,516
Allowances for risks and charges	6,873	7,041	7,437	7,194	6,529	5,163	5,784
of which allowances for commitments and financial guarantees given	*534*	*548*	*576*	*626*	*547*	*559*	*514*
Share capital	10,084	10,084	10,084	10,084	10,076	9,086	9,086
Reserves	46,508	46,671	47,529	44,775	44,787	42,419	42,380
Valuation reserves	-569	-476	-738	-515	-894	-1,441	-1,833
Valuation reserves pertaining to insurance companies	677	661	777	809	596	403	182
Equity instruments	6,279	6,269	6,202	7,464	7,446	5,971	5,972
Minority interests	299	318	937	1,172	998	10,788	10,994
Net income (loss)	4,006	3,023	1,516	3,277	6,376	2,566	1,151
Total Liabilities and Shareholders' Equity	**1,071,418**	**1,057,595**	**1,031,981**	**1,034,002**	**1,027,206**	**1,022,620**	**1,003,219**

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 discontinued operations and associated liabilities.

BANKING BUSINESS

Loans to customers

Loans to customers: breakdown

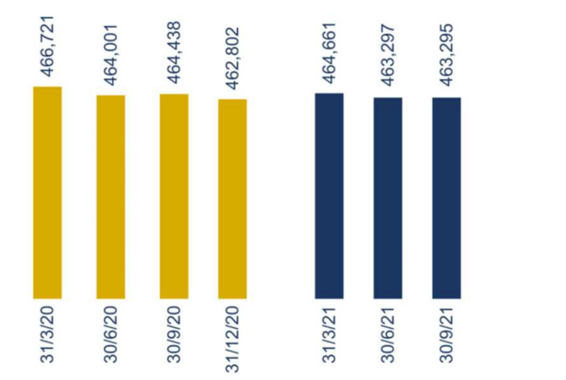
(millions of euro)

	30.09.2021	% breakdown	31.12.2020	% breakdown	Changes amount	Changes %
Current accounts	21,726	4.7	21,006	4.5	720	3.4
Mortgages	250,758	54.1	248,802	53.8	1,956	0.8
Advances and other loans	154,976	33.4	158,193	34.2	-3,217	-2.0
Commercial banking loans	**427,460**	**92.2**	**428,001**	**92.5**	**-541**	**-0.1**
Repurchase agreements	**19,882**	**4.3**	**16,864**	**3.6**	**3,018**	**17.9**
Loans represented by securities	**6,812**	**1.5**	**7,194**	**1.6**	**-382**	**-5.3**
Non-performing loans	**9,141**	**2.0**	**10,743**	**2.3**	**-1,602**	**-14.9**
Loans to customers	**463,295**	**100.0**	**462,802**	**100.0**	**493**	**0.1**

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

The Group's loans to customers exceeded 463 billion euro as at 30 September 2021, remaining essentially stable on a like-for-like basis (+0.1%) since the beginning of the year. As regards commercial banking loans, current accounts increased moderately (+0.7 billion euro), whereas there was a partial shift of short-term loans in the form of advances and other loans (-3.2 billion euro) towards medium-/long-term loans, specifically mortgage loans (+2 billion euro). The stability of loans is thus the result of a slight reduction in commercial banking loans (-0.5 billion euro) and a reduction in non-performing loans (-1.6 billion euro) and loans represented by securities (-0.4 billion euro), offset by an increase in repurchase agreements (+3 billion euro).

Quarterly development Loans to customers
(millions of euro)



In the domestic medium/long-term loan market, disbursements to households in the first nine months of 2021 (including the small business accounts having similar needs to family businesses) amounted to 17.2 billion euro, while disbursements to businesses under the Banca dei Territori scope (including customers with turnover of up to 350 million euro) came to 13.8 billion euro. Loans granted by the new Agribusiness department amounted to approximately 1.4 billion euro. The medium/long-term disbursements to customers of the IMI Corporate & Investment Banking Division amounted to 16.7 billion euro. Overall disbursements within Italy, inclusive of the loans to the non-profit sector, disbursements through third-party networks and through UBI Leasing and Prestitalia, were approximately 50.2 billion euro. If the activities of the international subsidiary banks are included, the Group's medium/long-term disbursements reached 58.4 billion euro.
As at 30 September 2021, the Intesa Sanpaolo Group's share of the Italian domestic market was estimated at 20.7% for total loans to customers. This estimate was based on the sample deriving from the ten-day report of the Bank of Italy as the global banking system figures for the end of September are not yet available.

(millions of euro)

	30.09.2021	31.12.2020	Changes amount	Changes %
Banca dei Territori	251,057	251,809	-752	-0.3
IMI Corporate & Investment Banking	149,034	145,974	3,060	2.1
International Subsidiary Banks	37,642	36,079	1,563	4.3
Private Banking	13,181	12,128	1,053	8.7
Asset Management	397	452	-55	-12.2
Insurance	-	-	-	-
Total business areas	**451,311**	**446,442**	**4,869**	**1.1**
Corporate Centre	11,984	16,360	-4,376	-26.7
Intesa Sanpaolo Group	**463,295**	**462,802**	**493**	**0.1**

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

Business areas
Loans to customers

In the analysis by business area, Banca dei Territori, which accounts for 56% of the aggregate for the Group's operating companies, was substantially stable year to date (-0.3%), due to the good performance of medium/long-term loans to private individuals and businesses which offset the downward trend in short-term credit, mainly aimed at businesses. The IMI Corporate & Investment Banking Division reported growth of 3.1 billion euro (+2.1%), attributable to loans for structured finance transactions and global markets. The loans of the International Subsidiary Banks Division grew (+1.6 billion euro, or +4.3%), specifically due to the increase in the loans granted by the subsidiaries operating in Slovakia, Serbia and Egypt. Turning to the other divisions, whose loans are of relatively modest amounts in light of their specific businesses, there were gains by the loans of the Private Banking Division (+8.7%), driven by the increase in current account facilities and mortgage loans, whereas those of the Asset Management Division declined (-12.2%). The Corporate Centre's loans on central assets declined.

Loans to customers: credit quality

(millions of euro)

	30.09.2021		31.12.2020		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Bad loans	3,583	0.8	4,003	0.9	-420
Unlikely to pay	4,961	1.1	6,223	1.3	-1,262
Past due loans	597	0.1	517	0.1	80
Non-Performing Loans	**9,141**	**2.0**	**10,743**	**2.3**	**-1,602**
Non-performing loans in Stage 3 (subject to impairment)	*9,081*	*2.0*	*10,686*	*2.3*	*-1,605*
Non-performing loans designated at fair value through profit or loss	*60*	*-*	*57*	*-*	*3*
Performing loans	**447,323**	**96.5**	**444,843**	**96.1**	**2,480**
Stage 2	*62,541*	*13.5*	*69,023*	*14.9*	*-6,482*
Stage 1	*383,683*	*82.8*	*374,742*	*81.0*	*8,941*
Performing loans designated at fair value through profit or loss	*1,099*	*0.2*	*1,078*	*0.2*	*21*
Performing loans represented by securities	**6,812**	**1.5**	**7,194**	**1.6**	**-382**
Stage 2	*1,936*	*0.4*	*3,060*	*0.7*	*-1,124*
Stage 1	*4,876*	*1.1*	*4,134*	*0.9*	*742*
Loans held for trading	**19**	**-**	**22**	**-**	**-3**
Total loans to customers	**463,295**	**100.0**	**462,802**	**100.0**	**493**
of which forborne performing	***8,127***		***5,256***		***2,871***
of which forborne non-performing	***3,244***		***3,542***		***-298***
Loans to customers classified as discontinued operations (*)	**1,658**		**26,140**		**-24,482**

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

(*) As at 30 September 2021, this caption related to the portfolio of bad loans and unlikely-to-pay exposures soon to be sold (gross exposure of 4,704 million euro, adjustments of 3,046 million euro and net exposure of 1,658 million euro).

As at 30 September 2021, the Group's net non-performing loans amounted to 9.1 billion euro, an all-time low. The double-digit reduction (-14.9%) from the beginning of the year confirms the virtuous trend already recorded in previous years. The non-performing assets percentage of total net loans to customers amounted to 2%, a low proportion and down on the figure recorded in December 2020 (2.3%), with an increased coverage ratio for non-performing loans of 49.9%.
In further detail, at the end of September bad loans, net of adjustments, came to 3.6 billion euro (-10.5%), and represented 0.8% of total net loans. During the same period, the coverage ratio came to 60.7% (79.7% including the write-offs applied). Loans included in the unlikely-to-pay category amounted to 5 billion euro, down by 20.3%, accounting for 1.1% of total net loans to customers, with a coverage ratio of 40.9%. Past due loans amounted to 597 million euro (+15.5%), with a coverage ratio of 20%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 3.2 billion euro, with a coverage ratio of 40.7%, while forborne exposures in the performing loans category amounted to 8.1 billion euro.
The coverage ratio of performing loans was 0.6%, in line with the figure at the end of 2020.

Other banking business financial assets and liabilities: breakdown

(millions of euro)

Type of financial instruments	Financial assets designated at fair value through profit or loss	Financial assets designated at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL financial assets	Financial liabilities held for trading (*)
Debt securities issued by Governments					
30.09.2021	27,873	46,748	24,723	**99,344**	X
31.12.2020	19,553	42,574	30,732	**92,859**	X
Changes amount	8,320	4,174	-6,009	**6,485**	
Changes %	42.6	9.8	-19.6	**7.0**	
Other debt securities					
30.09.2021	3,245	13,337	16,563	**33,145**	X
31.12.2020	3,368	11,311	16,370	**31,049**	X
Changes amount	-123	2,026	193	**2,096**	
Changes %	-3.7	17.9	1.2	**6.8**	
Equities					
30.09.2021	1,233	3,504	X	**4,737**	X
31.12.2020	1,058	3,705	X	**4,763**	X
Changes amount	175	-201	X	**-26**	
Changes %	16.5	-5.4	X	**-0.5**	
Quotas of UCI					
30.09.2021	3,408	X	X	**3,408**	X
31.12.2020	3,187	X	X	**3,187**	X
Changes amount	221	X	X	**221**	
Changes %	6.9	X	X	**6.9**	
Due to banks and to customers					
30.09.2021	X	X	X	**X**	-21,962
31.12.2020	X	X	X	**X**	-15,945
Changes amount	X	X	X	**X**	6,017
Changes %	X	X	X	**X**	37.7
Financial derivatives					
30.09.2021	22,110	X	X	**22,110**	-24,600
31.12.2020	28,292	X	X	**28,292**	-31,850
Changes amount	-6,182	X	X	**-6,182**	-7,250
Changes %	-21.9	X	X	**-21.9**	-22.8
Credit derivatives					
30.09.2021	2,055	X	X	**2,055**	-2,190
31.12.2020	1,616	X	X	**1,616**	-1,745
Changes amount	439	X	X	**439**	445
Changes %	27.2	X	X	**27.2**	25.5
TOTAL 30.09.2021	**59,924**	**63,589**	**41,286**	**164,799**	**-48,752**
TOTAL 31.12.2020	**57,074**	**57,590**	**47,102**	**161,766**	**-49,540**
Changes amount	**2,850**	**5,999**	**-5,816**	**3,033**	**-788**
Changes %	**5.0**	**10.4**	**-12.3**	**1.9**	**-1.6**

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

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

The table above shows the breakdown of other financial assets and liabilities, excluding insurance companies. Financial liabilities held for trading do not include certificates, which are included in the direct deposits from banking business aggregates.
The Intesa Sanpaolo Group's other financial assets, excluding those of the insurance companies, amounted to 165 billion euro, up by 1.9% compared with the beginning of the year, whereas financial liabilities held for trading came to 49 billion euro, down by 1.6%.

The performance of total financial assets was mainly due to the growth in government debt securities (+6.5 billion euro) and other debt securities (+2.1 billion euro), only partially offset by the decline in financial derivatives (-6.2 billion euro). The decline in financial liabilities held for trading was due to the performance of financial derivatives (-7.3 billion euro), largely offset by the increase in amounts due to banks and customers (+6 billion euro).

Financial assets measured at fair value through profit or loss amounted to approximately 60 billion euro, recording an increase (+5%, or +2.9 billion euro) driven by the positive performance of government bonds (+8.3 billion euro), partly offset by the negative performance of financial derivatives (-6.2 billion euro).

Financial assets at fair value through other comprehensive income amounted to approximately 64 billion euro, up by 10.4% year-to-date due to the increase in exposures to government bonds (+4.2 billion euro) and other debt securities (+2 billion euro). HTCS debt securities have been classified almost exclusively to Stage 1 (98%).

On the other hand, instruments measured at amortised cost which do not constitute loans amounted to 41 billion euro, down by 12.3% due to the maturities of government debt securities. HTC debt securities have primarily been classified to Stage 1 (92%).

Debt securities: stage allocation

(millions of euro)

Debt securities: stage allocation	Financial assets designated at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL
Stage 1			
30.09.2021	58,838	37,947	**96,785**
31.12.2020	52,586	42,516	**95,102**
Changes amount	6,252	-4,569	**1,683**
Changes %	11.9	-10.7	**1.8**
Stage 2			
30.09.2021	1,247	3,325	**4,572**
31.12.2020	1,299	4,573	**5,872**
Changes amount	-52	-1,248	**-1,300**
Changes %	-4.0	-27.3	**-22.1**
Stage 3			
30.09.2021	-	14	**14**
31.12.2020	-	13	**13**
Changes amount	-	1	**1**
Changes %	-	7.7	**7.7**
TOTAL 30.09.2021	**60,085**	**41,286**	**101,371**
TOTAL 31.12.2020	**53,885**	**47,102**	**100,987**
Changes amount	**6,200**	**-5,816**	**384**
Changes %	**11.5**	**-12.3**	**0.4**

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

Customer financial assets

(millions of euro)

	30.09.2021	% breakdown	31.12.2020	% breakdown	Changes amount	Changes %
Direct deposits from banking business	535,746	43.1	526,765	44.4	8,981	1.7
Direct deposits from insurance business and technical reserves	203,538	16.4	203,211	17.1	327	0.2
Indirect customer deposits	703,721	56.7	658,016	55.5	45,705	6.9
Netting (a)	-201,585	-16.2	-201,892	-17.0	-307	-0.2
Customer financial assets	**1,241,420**	**100.0**	**1,186,100**	**100.0**	**55,320**	**4.7**

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

(a) Netting refers to components of indirect customer deposits which are also included in direct customer deposits (financial liabilities of the insurance business designated at fair value, technical reserves).

As at 30 September 2021 customer financial assets reached 1,241 billion euro, up year-to-date (+4.7%, or +55 billion euro), driven by indirect customer deposits (+6.9%, or +46 billion euro) and, to a lesser extent, by direct deposits from banking business (+1.7%, or +9 billion euro).

Direct deposits from banking business

The table below sets out amounts due to customers, securities issued, including those designated at fair value and certificates, which represent an alternative form of funding to bonds.

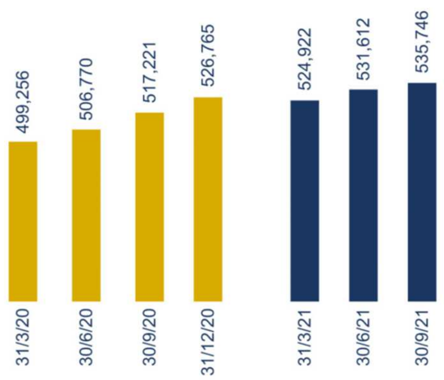
(millions of euro)

	30.09.2021	% breakdown	31.12.2020	% breakdown	Changes amount	Changes %
Current accounts and deposits	419,456	78.3	409,598	77.8	9,858	2.4
Repurchase agreements and securities lending	5,117	1.0	944	0.2	4,173	
Bonds	63,840	11.9	70,060	13.3	-6,220	-8.9
Certificates of deposit	3,387	0.6	3,976	0.7	-589	-14.8
Subordinated liabilities	12,544	2.3	11,786	2.2	758	6.4
Other deposits	31,402	5.9	30,401	5.8	1,001	3.3
of which designated at fair value (*)	*12,047*	*2.2*	*12,536*	*2.4*	*-489*	*-3.9*
Direct deposits from banking business	**535,746**	**100.0**	**526,765**	**100.0**	**8,981**	**1.7**

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

(*) Figures relating to investment certificates and other forms of funding included in the Balance sheet under “Financial liabilities held for trading” and “Financial liabilities designated at fair value”. Specifically:
- as at 30 September 2021, this caption consisted of 8,781 million euro of certificates classified under “Financial liabilities held for trading” and 3,266 million euro of certificates (3,262 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”;
- as at 31 December 2020, this caption consisted of 9,504 million euro of certificates classified under “Financial liabilities held for trading” and 3,032 million euro of certificates (3,028 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”;.

Quarterly development
Direct deposits from banking business
(millions of euro)



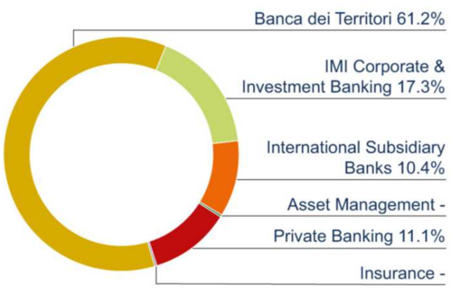
The Group's direct deposits from banking business came to 536 billion euro, up by 9 billion euro on the beginning of the year. The performance was due to the increase in current accounts and deposits (+2.4%, or +10 billion euro), repurchase agreements and securities lending (+4 billion euro) and other deposits (+1 billion euro), which benefited from the growth of commercial papers; conversely, there was a decrease in bonds (-6 billion euro), in the presence of abundant liquidity in deposits. As at 30 September 2021, the Intesa Sanpaolo Group's direct deposits (deposits and bonds) represented an estimated share of the domestic market of 22.1%. As described above with reference to loans, this estimate is based on the sample deriving from the ten-day report produced by the Bank of Italy.

(millions of euro)

	30.09.2021	31.12.2020	Changes	
			amount	%
Banca dei Territori	286,836	267,450	19,386	7.2
IMI Corporate & Investment Banking	80,912	92,938	-12,026	-12.9
International Subsidiary Banks	49,283	46,308	2,975	6.4
Private Banking	51,957	49,841	2,116	4.2
Asset Management	16	14	2	14.3
Insurance	-	-	-	-
Total business areas	**469,004**	**456,551**	**12,453**	**2.7**
Corporate Centre	66,742	70,214	-3,472	-4.9
Intesa Sanpaolo Group (net of UBI Group)	**535,746**	**526,765**	**8,981**	**1.7**

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

Business areas
Direct deposits from banking business



In the analysis of funding by business segments, the Banca dei Territori Division, which accounts for approximately 61% of the aggregate of the Group's business areas, increased significantly (+19.4 billion euro, or +7.2%), in the amounts due to customers component, owing to the greater liquidity accumulated in deposits by retail customers and SMEs as they await a more favourable scenario. The IMI Corporate & Investment Banking Division recorded a decline of 12 billion euro (-12.9%) due mainly to the decrease in amounts due to global corporate customers. The International Subsidiary Banks Division reported an increase in funding (+3 billion euro, or +6.4%) attributable to the deposits of the subsidiaries operating in Croatia, Slovakia, Egypt and Serbia. The decrease in Corporate Centre funding is largely attributable to the reduction of the stock of wholesale securities.

Indirect customer deposits

(millions of euro)

	30.09.2021	% breakdown	31.12.2020	% breakdown	Changes amount	Changes %
Mutual funds [(a)]	171,085	24.3	159,003	24.2	12,082	7.6
Open-ended pension funds and individual pension plans	12,102	1.7	11,006	1.7	1,096	10.0
Portfolio management	75,223	10.7	68,268	10.4	6,955	10.2
Technical reserves and financial liabilities of the insurance business	185,406	26.4	183,708	27.9	1,698	0.9
Relations with institutional customers	20,399	2.9	17,350	2.6	3,049	17.6
Assets under management	**464,215**	**66.0**	**439,335**	**66.8**	**24,880**	**5.7**
Assets under administration and in custody	**239,506**	**34.0**	**218,681**	**33.2**	**20,825**	**9.5**
Indirect customer deposits	**703,721**	**100.0**	**658,016**	**100.0**	**45,705**	**6.9**

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

(a) This caption does not include funds held by Group insurance companies and managed by the Group's asset management companies, whose values are included in the technical reserves, and the funds established by third parties and managed by Group companies, whose values are included in assets under administration and in custody.

Quarterly development
Indirect customer deposits
(millions of euro)

As at 30 September 2021, indirect customer deposits had risen to 704 billion euro, driven by the positive financial market performance and robust placement activity by the Group's distribution networks. The growth, attributable to the balanced development of the assets under management and administration components, was +6.9% year-to-date.
Assets under management, which at over 464 billion euro account for two-thirds of the total aggregate, increased significantly (+5.7%, or +24.9 billion euro), approximately one-half of which is attributable to mutual funds (+12.1 billion euro), portfolio management schemes (+7 billion euro), relations with institutional customers (+3 billion euro) and technical reserves and insurance financial liabilities (+1.7 billion euro). Pension funds also grew (+1.1 billion euro). In the first nine months of 2021, the new life business of the insurance companies of the Intesa Sanpaolo Group, including pension products, amounted to 13.3 billion euro. Assets under administration also increased (+9.5%, or +20.8 billion euro), concentrated in securities and third-party products in custody.

Net interbank position

As at 30 September 2021, the net interbank position came to a negative balance of approximately 10 billion euro, higher than the approximately 8 billion euro recorded at the beginning of the year, due to the increase in amounts due to banks, which exceeded 179 billion euro – primarily consisting of the debt to the ECB (131 billion euro compared to 83 billion euro at the end of December 2020) – only partially offset by the parallel increase in amounts due from banks, which rose to 170 billion euro.

INSURANCE BUSINESS
Financial assets and liabilities pertaining to insurance companies pursuant to IAS 39

(millions of euro)

Type of financial instruments	Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39: Financial assets held for trading and hedging derivatives	Financial assets designated at fair value	Financial assets available for sale	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	TOTAL Financial assets pertaining to insurance companies measured pursuant to IAS 39	Financial liabilities pertaining to insurance companies measured pursuant to IAS 39 (*)	
Debt securities issued by Governments							
30.09.2021	124	3,624	72,370	-	**76,118**	X	
31.12.2020	128	3,888	77,230	-	**81,246**	X	
Changes amount	-4	-264	-4,860	-	**-5,128**		
Changes %	-3.1	-6.8	-6.3	-	**-6.3**		
Other debt securities							
30.09.2021	694	1,058	17,615	-	**19,367**	X	
31.12.2020	25	1,283	19,086	-	**20,394**	X	
Changes amount	669	-225	-1,471		**-1,027**		
Changes %	-	-17.5	-7.7		**-5.0**		
Equities							
30.09.2021	-	3,171	2,133	-	**5,304**	X	
31.12.2020	-	2,798	1,842	-	**4,640**	X	
Changes amount	-	373	291	-	**664**		
Changes %	-	13.3	15.8	-	**14.3**		
Quotas of UCI							
30.09.2021	171	89,103	14,128	-	**103,402**	X	
31.12.2020	185	84,178	13,545	-	**97,908**	X	
Changes amount	-14	4,925	583	-	**5,494**		
Changes %	-7.6	5.9	4.3	-	**5.6**		
Due from banks and loans to customers							
30.09.2021	-	1,038	-	997	**2,035**	X	
31.12.2020	-	818	-	1,562	**2,380**	X	
Changes amount	-	220	-	-565	**-345**		
Changes %	-	26.9	-	-36.2	**-14.5**		
Due to banks							
30.09.2021	X	X	X	X	X	-610	(**)
31.12.2020	X	X	X	X	X	-704	(**)
Changes amount						-94	
Changes %						-13.4	
Financial derivatives							
30.09.2021	402	-	-	-	**402**	-124	(***)
31.12.2020	531	-	-	-	**531**	-167	(***)
Changes amount	-129	-	-	-	**-129**	-43	
Changes %	-24.3	-	-	-	**-24.3**	-25.7	
Credit derivatives							
30.09.2021	-	-	-	-	**-**	-	(***)
31.12.2020	-	-	-	-	**-**	-	(***)
Changes amount	-	-	-	-	**-**	-	
Changes %	-	-	-	-	**-**	-	
TOTAL 30.09.2021	**1,391**	**97,994**	**106,246**	**997**	**206,628**	**-734**	
TOTAL 31.12.2020	**869**	**92,965**	**111,703**	**1,562**	**207,099**	**-871**	
Changes amount	**522**	**5,029**	**-5,457**	**-565**	**-471**	**-137**	
Changes %	**60.1**	**5.4**	**-4.9**	**-36.2**	**-0.2**	**-15.7**	

Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.
(*) This amount does not include "Financial liabilities of the insurance business designated at fair value" included in the table on direct deposits from insurance business.

(**) Value included in the Balance Sheet under "Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39".

(***) Value included in the Balance Sheet under "Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39".

Financial assets and liabilities pertaining to insurance companies pursuant to IAS 39, summarised in the table above, amounted to 207 billion euro and 734 million euro, respectively. Financial assets declined slightly year-to-date (-0.2%), essentially as a result of the downtrend in financial assets available for sale (-4.9%), and markedly in government bonds and other debt securities, offset by the positive dynamic of financial assets designated at fair value (+5.4%), particularly quotas of UCI and equities.

Direct deposits from insurance business and technical reserves

(millions of euro)

	30.09.2021	% breakdown	31.12.2020	% breakdown	Changes amount	Changes %
Financial liabilities of the insurance business designated at fair value IAS39 (*)	**82,969**	**40.8**	**80,532**	**39.6**	**2,437**	**3.0**
Index-linked products	-	-	-	-	-	-
Unit-linked products	*82,969*	*40.8*	*80,532*	*39.6*	*2,437*	*3.0*
Technical reserves	**118,616**	**58.3**	**121,360**	**59.8**	**-2,744**	**-2.3**
Life business	116,884	57.4	119,632	58.9	-2,748	-2.3
Mathematical reserves	*99,687*	*49.0*	*99,920*	*49.2*	*-233*	*-0.2*
Technical reserves where the investment risk is borne by the policyholders (**) and reserves related to pension funds	*8,870*	*4.3*	*8,463*	*4.2*	*407*	*4.8*
Other reserves	*8,327*	*4.1*	*11,249*	*5.5*	*-2,922*	*-26.0*
Non-life business	1,732	0.9	1,728	0.9	4	0.2
Other insurance deposits (***)	**1,953**	**0.9**	**1,319**	**0.6**	**634**	**48.1**
Direct deposits from insurance business and technical reserves	**203,538**	**100.0**	**203,211**	**100.0**	**327**	**0.2**

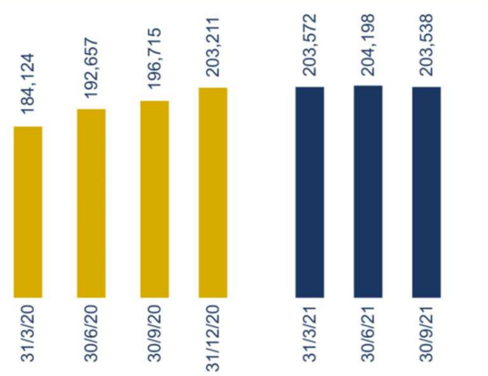
Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) Values included in the Balance Sheet under Financial liabilities pertaining to insurance companies measured at fair value to IAS 39.

(**) This caption includes unit- and index-linked policies with significant insurance risk.

(***) Values included in the Balance Sheet under Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39. The caption includes subordinated liabilities.

Quarterly development
Direct deposits from insurance business and technical reserves
(millions of euro)



Direct deposits from insurance business came to approximately 204 billion euro as at 30 September 2021, up slightly (+0.2% or +0.3 billion euro) compared to December 2020. On the positive side, financial liabilities designated at fair value, consisting of unit-linked products, increased by 2.4 billion euro (+3%), as did other deposits from insurance business, which include subordinated liabilities, up by 0.6 billion euro (+48.1%). Technical reserves, which constitute the amounts owed to customers taking out traditional policies or policies with significant insurance risk, recorded a decrease of 2.7 billion euro (-2.3%), attributable to the life business, which accounts for almost all reserves.

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

This caption contains assets and related liabilities which no longer refer to continuing operations as they are being disposed of. As at 30 September 2021, assets held for sale amounted to 3.2 billion euro and the associated liabilities to 1.4 billion euro. The significant decrease from the December 2020 values may be attributed to the disposal of the business lines to BPER and Banca Popolare di Puglia e Basilicata. Assets held for sale at 30 September 2021 include the non-performing loan portfolios of Intesa Sanpaolo, including those from UBI Banca, Intesa Sanpaolo Provis and UBI Leasing, which will be sold as part of the Group's de-risking strategies in the fourth quarter of 2021 and in 2022. Likewise, assets held for sale include single-name non-performing credit exposures subject to already approved transactions expected to be closed after 30 September 2021. The caption also includes the Banca 5 banking services business line, which will be transferred to Mooney Group by the end of 2021 within the framework of the partnership launched in 2019, and the Intesa Sanpaolo business line dedicated to the acquiring activity within the payment systems relating to the scope of the former UBI Banca, which was transferred to Nexi at the end of October. Finally, assets held for sale at 30 September 2021 include a business line within the Group's Insurance Division relating to some line IV policies and collective agreements the assignment of which was finalised in October.

SHAREHOLDERS' EQUITY

As at 30 September 2021, the Group's shareholders' equity, including the net income for the period, came to 66,985 million euro, compared to 65,894 million euro at the beginning of the year. The increase is mainly attributable to reserves (+1.7 billion euro), in part offset by the reduction in equity instruments; the aggregate includes the 4 billion euro of net income accrued in the first nine months of this year and the payment of 694 million euro of cash dividends in May.

Valuation reserves

(millions of euro)

	Reserve 31.12.2020	Change of the period	Reserve 30.09.2021
Financial assets designated at fair value through other comprehensive income (debt instruments)	200	-396	-196
Financial assets designated at fair value through other comprehensive income (equities)	-112	62	-50
Property and equipment	1,569	21	1,590
Cash flow hedges	-781	138	-643
Foreign exchange differences	-1,184	80	-1,104
Non-current assets held for sale and discontinued operations	-	-	-
Financial liabilities designated at fair value through profit or loss (change in its creditworthiness)	-103	10	-93
Actuarial profits (losses) on defined benefit pension plans	-422	2	-420
Portion of the valuation reserves connected with investments carried at equity	10	29	39
Legally-required revaluations	308	-	308
Valuation reserves (excluding valuation reserves pertaining to insurance companies)	**-515**	**-54**	**-569**
Valuation reserves pertaining to insurance companies	**809**	**-132**	**677**

Banking valuation reserves were negative (-569 million euro), increasing compared to 31 December 2020, mainly due to the effect of the reserves on debt securities (-196 million euro), which had a positive value of 200 million euro at the beginning of the year; on the other hand, cash flow hedging reserves declined from -781 million euro in December 2020 to -643 million euro in September 2021, as did those on equities and foreign exchange differences, albeit to a lesser degree. The valuation reserves of the insurance companies were positive for 677 million euro, compared with 809 million euro at the end of 2020.

OWN FUNDS AND CAPITAL RATIOS

(millions of euro)

Own funds and capital ratios	30.09.2021		31.12.2020
	IFRS9 "Fully loaded"	IFRS9 "Transitional"	IFRS9 "Transitional"
Own funds			
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	45,476	46,992	51,070
Additional Tier 1 capital (AT1) net of regulatory adjustments	6,264	6,264	7,486
TIER 1 CAPITAL	**51,740**	**53,256**	**58,556**
Tier 2 capital net of regulatory adjustments	10,082	9,175	9,377
TOTAL OWN FUNDS	**61,822**	**62,431**	**67,933**
Risk-weighted assets			
Credit and counterparty risks	286,402	285,480	299,564
Market and settlement risk	16,172	16,172	19,521
Operational risks	26,378	26,378	27,559
Other specific risks (a)	146	146	428
RISK-WEIGHTED ASSETS	**329,098**	**328,176**	**347,072**
% Capital ratios			
Common Equity Tier 1 capital ratio	13.8%	14.3%	14.7%
Tier 1 capital ratio	15.7%	16.2%	16.9%
Total capital ratio	18.8%	19.0%	19.6%

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

Own Funds, risk-weighted assets and the capital ratios as at 30 September 2021 were calculated according to the harmonised rules and regulations for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013, as amended respectively by Directive 2019/878/EU (CRD V) and by Regulation (EU) 2019/876 (CRR II), which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws, and on the basis of the related Bank of Italy Circulars.
The regulations governing own funds, which provided for the gradual introduction of the Basel 3 framework, are now in full effect, following the conclusion in 2018 of the specific transitional period during which some elements to be fully included in or deducted from Common Equity when the framework is "fully loaded" only had a partial percent impact on Common Equity Tier 1 capital. The Intesa Sanpaolo Group chose to take the "static approach" to adopting IFRS 9 envisaged in Regulation (EU) 2017/2395. This approach permits the re-inclusion in Common Equity of a gradually decreasing amount, ending in 2022 (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021 and 25% in 2022), of the impact of IFRS 9, calculated net of the tax effect, based on the comparison of the IAS 39 adjustments as at 31 December 2017 and the IFRS 9 adjustments as at 1 January 2018, excluding the reclassification of financial instruments, and after eliminating the shortfall as at 31 December 2017.
Regulation (EU) 2017/2395 also lays down the reporting obligations that entities are required to publish, while charging the EBA with issuing specific guidelines on this subject. In implementation of the Regulation, the EBA issued specific guidelines according to which banks that adopt a transitional treatment of the impact of IFRS 9 (such as the static approach mentioned above) are required to publish, with quarterly frequency, the fully loaded consolidated figures (as if the transitional treatment had not been applied) and the transitional consolidated figures for Common Equity Tier 1 (CET1) capital, Tier 1 capital, total capital, total risk-weighted assets, capital ratios and the leverage ratio.

Own funds

As at 30 September 2021, taking account of the transitional treatment adopted to mitigate the impact of IFRS 9, Own Funds amounted to 62,431 million euro; as at that same date, considering the full inclusion of the impact of IFRS 9, Own Funds stood at 61,822 million euro. Own funds calculated considering the full impact of IFRS 9 (i.e., on a "fully-loaded" basis) take account of the provisions of the 2019 Budget Act calling for the adjustments upon first-time adoption of the Standard to be applied in instalments for tax purposes, with the recognition of the resulting DTAs. These DTAs have been considered at 50% of their book value for the purposes of calculating transitional own funds, in accordance with Article 473bis of the CRR with regard to the application of the static approach, whereas they have been fully included among deductible elements in fully-loaded own funds. The impact of such DTAs on fully-loaded own funds is nonetheless temporary since they will be phased out by 2028.
In addition, the Group has not yet adopted the new IFRS 9 transitional rules relating to adjustments to loans after 31 December 2019 or the reintroduction of the prudential filter for exposures to central governments classified to the FVOCI category, both introduced by the European Commission in Regulation (EU) 2020/873 of 24 June 2020.
Own funds also take into account the applicable amount, subject to deduction from CET1, related to the minimum coverage of losses on non-performing exposures, known as Minimum Loss Coverage, based on the provisions of Regulation (EU) 2019/630 of 17 April 2019.

For the purposes of calculating Own funds as at 30 September 2021, the net income for the first nine months of 2021 was considered, less the related dividend, calculated on the basis of the payout ratio envisaged in the 2018-2021 Business Plan (70% for 2021) and other foreseeable charges. In addition, the cash distribution of part of the Extraordinary reserve that took place on 20 October 2021, approved by Intesa Sanpaolo's Shareholders' Meeting on 14 October 2021 in the total amount of 1,935 million euro, was deducted from own funds at 30 September 2021; in particular, the amount deducted from own funds was considered net of the portion not distributed in respect of any own shares held in portfolio on the record date, amounting to 3 million euro. This distribution – which follows the communication from the European Central Bank of 23 July 2021 that it was not extending its recommendation to all banks to limit dividends beyond 30 September 2021, and is in addition to the cash dividends of 694 million euro approved in April and paid in May 2021 – leads to a total payout for 2020 corresponding to a payout ratio of 75% of the 3,505 million euro adjusted consolidated net income[12], in line with the 2018-2021 Business Plan.

Risk-weighted assets

As at 30 September 2021, taking account of the transitional treatment adopted to mitigate the impact of IFRS 9, risk-weighted assets came to 328,176 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk. As at that same date, considering the full inclusion of the impact of IFRS 9, risk-weighted assets stood at 329,098 million euro. The decline on 31 December 2020 was largely due to the sale of the branches to BPER finalised in February 2021 and, residually, in June 2021.

Common Equity Tier 1 Capital and risk-weighted assets as at 30 September 2021 take account of the impact of the application of the "Danish Compromise" (Article 49.1 of Regulation (EU) No 575/2013), as per the specific authorisation received from the ECB in 2019, according to which insurance investments, excluding those not directly owned by Intesa Sanpaolo Vita, for which an extension of the "Danish Compromise" has not been sought yet, are treated as risk-weighted assets instead of being deducted from capital.

Solvency ratios

On the basis of the foregoing, solvency ratios as at 30 September 2021, calculated taking account of the transitional treatment of the impact of IFRS 9 (IFRS 9 Transitional), amounted to a Common Equity ratio of 14.3%, a Tier 1 ratio of 16.2% and a Total capital ratio of 19.0%. Considering the full inclusion of the impact of IFRS 9 (IFRS 9 Fully Loaded), solvency ratios as at 30 September 2021 were as follows: a Common Equity ratio of 13.8%, a Tier 1 ratio of 15.7% and a Total capital ratio of 18.8%.

On 25 November 2020 Intesa Sanpaolo disclosed that it had received a communication from the ECB following the results of the Supervisory Review and Evaluation Process (SREP) concerning the capital requirement to be met on a consolidated basis, which was set equal to that for the previous year. The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 8.64% on a fully loaded basis, considering the countercyclical capital buffer requirements established at the present date by the competent national authorities for the various countries in which the Group is present.

Lastly, it should be noted that Intesa Sanpaolo was subject to the 2021 EU-Wide Stress Test, conducted by the European Banking Authority (EBA), in cooperation with the Bank of Italy, the European Central Bank and the European Systemic Risk Board (ESRB). Intesa Sanpaolo takes note of the announcements made by the EBA on 30 July 2021 on the EU-Wide Stress Test and fully acknowledges the outcomes of this exercise. The fully loaded CET1 ratio for Intesa Sanpaolo resulting from the stress test for 2023, the final year considered in the exercise, stands at 15.06% under the baseline scenario and 9.38% under the adverse scenario, compared to the starting-point figure of 14.04% recorded as at 31 December 2020. The fully loaded CET1 ratio under the adverse scenario would be 9.97% restoring the actual neutral effect on capital ratios of the 2018-2021 Long-term Incentive Plan LECOIP 2.0 based on financial instruments, not captured by stress test assumption of a static balance sheet, and considering the sale transactions of the going concerns - related to the acquisition of UBI Banca in 2020 - finalised in the first half of 2021, other things being equal.

[12] 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.

Reconciliation of Shareholders' equity and Common Equity Tier 1 capital

(millions of euro)

Captions	30.09.2021	31.12.2020
Group Shareholders' equity	66,985	65,894
Minority interests	299	1,172
Shareholders' equity as per the Balance Sheet	**67,284**	**67,066**
Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period		
- Other equity instruments eligible for inclusion in AT1	-6,263	-7,480
- Minority interests eligible for inclusion in AT1	-1	-6
- Minority interests eligible for inclusion in T2	-1	-5
- Ineligible minority interests on full phase-in	-293	-1,130
- Ineligible net income for the period (a)	-2,849	-821
- Treasury shares included under regulatory adjustments	291	263
- Cash distribution from extraordinary reserve (b)	-1,932	-
- Other ineligible components on full phase-in	-193	-170
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**56,043**	**57,717**
Regulatory adjustments (including transitional adjustments) (c)	**-9,051**	**-6,647**
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	**46,992**	**51,070**

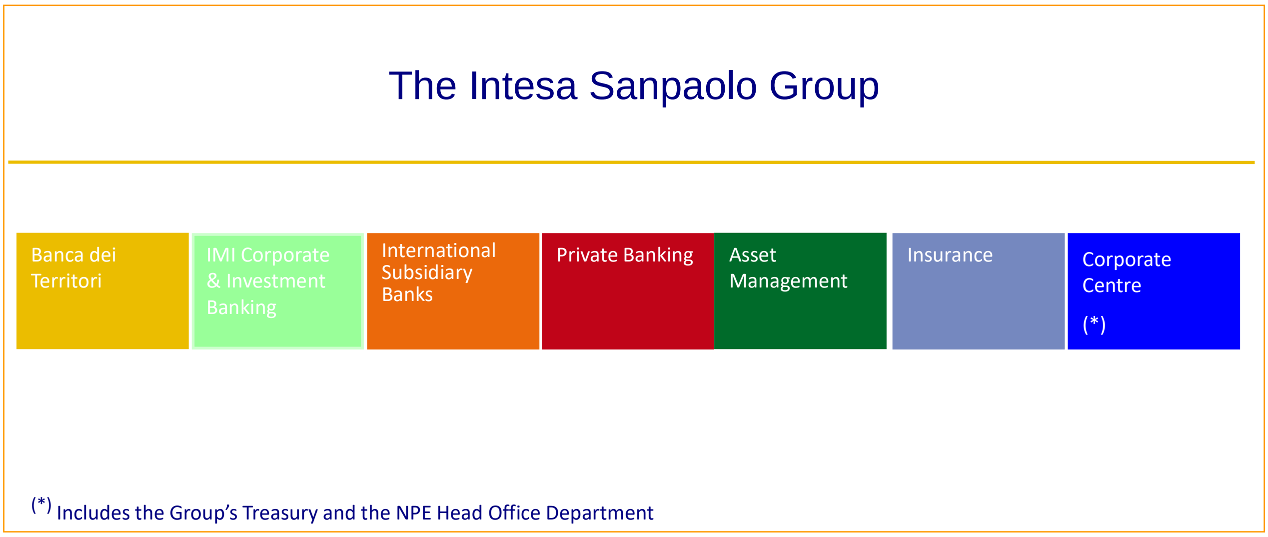
(a) Common Equity Tier 1 capital as at 30 September 2021 includes the net income as at that date, less the related dividend, calculated taking into account the payout envisaged in the 2018-2021 Business Plan (70% for 2021) and other foreseeable charges (accrued coupon on Additional Tier 1 instruments).

(b) the cash distribution that took place on 20 October 2021 from the Extraordinary Reserve, approved by Intesa Sanpaolo's Shareholders' Meeting on 14 October 2021, in the total amount of 1,935 million euro was deducted from own funds at 30 September 2021; in particular, the amount deducted from own funds was considered net of the portion not distributed in respect of any own shares held in portfolio on the record date.

(c) Adjustments for the transitional period as at 30 September 2021 take account of the prudential filter, which allows re-inclusion in Common Equity of a portion of the impact of IFRS 9 (50% in 2021) set to decrease progressively until 2022.

Breakdown of consolidated results by business area

The Intesa Sanpaolo Group organisational structure is based on six Business Units. In addition, there is the Corporate Centre, which is charged with providing guidance, coordination and control for the entire Group.



The Intesa Sanpaolo Group's segment reporting is based on the elements that management uses to make its own operating decisions (the "management approach") and is therefore consistent with the disclosure requirements of IFRS 8.
In addition to reflecting the operating responsibilities assigned in accordance with the Group's organisational structure, the business areas are an aggregation of business lines similar in the type of products and services they sell.

Given the lack of significant changes in the consolidation scope, the same restatements already shown in the Half-yearly Report as at 30 June are confirmed in the third quarter of 2021.
In detail, the customers of the Parent Company UBI Banca were assigned to the Divisions based on the criteria defined in the Service Model adopted by the Intesa Sanpaolo Group, while the legal entities subject to line-by-line consolidation in the UBI Group were attributed to the Business Units of the Intesa Sanpaolo Group as shown below:
– Prestitalia, UBI Leasing and UBI Factor were included in the Banca dei Territori Division;
– Pramerica SGR and Pramerica Management Company were included in the Asset Management Division and from 1 July 2021 they were merged into Eurizon Capital SGR and Eurizon Capital SA, respectively;
– IW Bank was included in the Private Banking Division;
– BancAssurance Popolari was included in the Insurance Division.

The income statement effects relating to the branches object of disposal were conventionally and synthetically allocated – based on the "redetermined" figures described for the consolidated figures – to the caption Income (loss) from discontinued operations of the Corporate Centre.

Moreover, divisional figures for the comparative periods have been restated to reflect the changes in scope of the Business Units, where necessary and if they are material. In particular, the restatement concerned:
– inclusion in the Insurance Division of the income statement and balance sheet results of Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas Assicurazioni (net of the effects attributable to the branches object of disposal, as indicated in the comments on the consolidated income statement results), which entered the line-by-line scope of consolidation due to the finalisation of the acquisition of 100% of the capital;
– inclusion in the Private Banking Division, of the income statement and balance sheet results of the Reyl Group, which entered the line-by-line scope of consolidation in the second quarter of 2021 due to the finalisation of the acquisition of the majority shareholding by Fideuram Intesa Sanpaolo Private Banking;
– revision of the allocation methods for costs and revenues between the Business Units and Corporate Centre, as previously indicated in the chapter "Accounting policies" of the Half-yearly Report as at 30 June 2021 relating to the criteria for the preparation of segment reporting, also in relation to the need to integrate UBI Banca in accordance with the segment reporting approaches of the Intesa Sanpaolo Group.
  More specifically, as regards revenues, the context featuring market interest rates that continue to be negative and the growth in the cost of excess liquidity led to the suspension of the management retrocession by the Corporate Centre to Banca dei Territori of the figurative model hedging of core deposits modelled for interest rate risk. Likewise, the introduction of a regulatory limit of NSFR of 100% entailed the introduction of an equivalent limit also for Global Market

operations of the IMI C&IB Division, limiting the benefits in favour of the Division. Moreover, the Divisions were assigned certain fee and commission expenses which, due to the fine-tuning of the reporting methods, were identified as pertinent to the business operations performed by the Divisions.
As part of a gradual fine-tuning of the approaches and allocation methods for costs, it was decided to fully allocate the costs connected to the provision of service activities and to charge back to the Divisions most of the costs connected with the "guidance and control activities".
Specifically regarding the latter category of costs, though not directly attributable to the Divisions, it was decided to allocate them to the Divisions to strengthen the approach of joint accountability for institutional, strategic or guidance and control initiatives, also to favour increased attention to the consumption of resources, irrespective of the nature of the expense considered in each case.
Lastly, it was decided to allocate to the Divisions the levies and charges for the banking system, relating to the Deposit Guarantee Scheme, which are a direct result of the level of guaranteed deposits.

The most significant impacts quantified on the Corporate Centre in the first nine months of 2021 regarded:
- around 520 million euro in higher net interest income, of which around 440 million euro relating to the elimination of the recognition to the Banca dei Territori Division of the benefit of the interest rate risk model on demand deposits, and around 80 million euro attributable to the increase to 100% of the internal NSFR assigned to the Global Markets area of the IMI C&IB Division;
- around 60 million euro due to lower fee and commission expenses paid to third parties for electronic services, credit recovery and other services, primarily attributable to the Banca dei Territori Division and, to a lesser extent, to the IMI C&IB Division, based on sustainable criteria of correlation with the business conducted by the Divisions;
- around 540 million euro in lower operating costs due to the full allocation to the Divisions of all costs connected with the provision of services (around 120 million euro), completing a fine-tuning process launched in 2020 in line with the business approach of the Internal Pricing Model, as well as the transfer to the Divisions, based on suitable drivers, of most of the costs connected with "guidance and control activities" (around 420 million euro);
- 227 million euro in lower charges relating to the Deposit Guarantee Scheme, represented in the reclassified income statement in the caption Levies and other charges concerning the banking industry (net of tax), specifically reallocated to the Banca dei Territori Division and, to a lesser extent, to some banks of the International Subsidiary Banks Division and the Private Banking Division.

The table below shows the main data summarising the trend of the business areas of the Intesa Sanpaolo Group in the first nine months of 2021 compared to the like-for-like comparison data, based on the "redetermined" figures approach described for the consolidated data.

The following itemised analysis of the business areas illustrates the income statement figures and the main balance sheet aggregates. Finally, for each business area, the capital absorbed based on Risk Weighted Assets (RWAs) was also calculated. RWAs were determined in accordance with the provisions in force (Circular 285) issued by the Bank of Italy following the implementation of Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) of 26 June 2013, amended by Regulation (EU) 2019/876 of 20 May 2019, known as CRR II, in force as at 30 June 2019, which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws. Absorbed capital also takes account of the regulatory changes introduced by the ECB with effect from 12 March 2020, allowing the Pillar 2 requirement to be met partially using equity instruments not classified as Common Equity Tier 1. For each Division, the absorbed capital is supplemented, where necessary, with management data on "economic" capital to take into account the risks not covered by the regulatory metric.

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total (Redetermined figures)
Operating income								
30.09.2021	6,681	3,600	1,471	1,781	938	1,180	115	15,766
30.09.2020	6,594	3,509	1,413	1,637	719	1,178	201	15,251
% change	1.3	2.6	4.1	8.8	30.5	0.2	-42.8	3.4
Operating costs								
30.09.2021	-4,775	-989	-773	-652	-163	-286	-255	-7,893
30.09.2020	-4,911	-973	-759	-638	-156	-276	-369	-8,082
% change	-2.8	1.6	1.8	2.2	4.5	3.6	-30.9	-2.3
Operating margin								
30.09.2021	1,906	2,611	698	1,129	775	894	-140	7,873
30.09.2020	1,683	2,536	654	999	563	902	-168	7,169
% change	13.3	3.0	6.7	13.0	37.7	-0.9	-16.7	9.8
Net income (loss)								
30.09.2021	398	1,775	393	862	557	617	-596	4,006
30.09.2020	-501	1,449	302	635	379	476	3,636	6,376
% change		22.5	30.1	35.7	47.0	29.6		-37.2

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Loans to customers								
30.09.2021	251,057	149,034	37,642	13,181	397	-	11,984	463,295
31.12.2020	251,809	145,974	36,079	12,128	452	-	16,360	462,802
% change	-0.3	2.1	4.3	8.7	-12.2	-	-26.7	0.1
Direct deposits from banking business								
30.09.2021	286,836	80,912	49,283	51,957	16	-	66,742	535,746
31.12.2020	267,450	92,938	46,308	49,841	14	-	70,214	526,765
% change	7.2	-12.9	6.4	4.2	14.3	-	-4.9	1.7
Risk-weighted assets								
30.09.2021	95,121	111,398	33,877	11,886	2,011	-	73,883	328,176
31.12.2020	104,550	113,688	32,886	11,157	1,752	-	83,039	347,072
% change	-9.0	-2.0	3.0	6.5	14.8	-	-11.0	-5.4
Absorbed capital								
30.09.2021	8,171	9,573	3,632	1,038	209	4,266	4,516	31,405
31.12.2020	8,981	9,768	3,541	964	174	4,975	5,188	33,591
% change	-9.0	-2.0	2.6	7.7	20.1	-14.3	-13.0	-6.5

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

BUSINESS AREAS

Banca dei Territori

(millions of euro)

Income statement	30.09.2021	30.09.2020	Changes	
			amount	%
Net interest income	2,990	3,169	-179	-5.6
Net fee and commission income	3,605	3,335	270	8.1
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	74	86	-12	-14.0
Other operating income (expenses)	12	4	8	
Operating income	**6,681**	**6,594**	**87**	**1.3**
Personnel expenses	-2,605	-2,675	-70	-2.6
Other administrative expenses	-2,165	-2,232	-67	-3.0
Adjustments to property, equipment and intangible assets	-5	-4	1	25.0
Operating costs	**-4,775**	**-4,911**	**-136**	**-2.8**
Operating margin	**1,906**	**1,683**	**223**	**13.3**
Net adjustments to loans	-1,015	-2,255	-1,240	-55.0
Other net provisions and net impairment losses on other assets	-52	-44	8	18.2
Other income (expenses)	52	29	23	79.3
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**891**	**-587**	**1,478**	
Taxes on income	-279	222	-501	
Charges (net of tax) for integration and exit incentives	-19	-8	11	
Effect of purchase price allocation (net of tax)	-3	-	3	-
Levies and other charges concerning the banking industry (net of tax)	-190	-128	62	48.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-2	-	2	-
Net income (loss)	**398**	**-501**	**899**	

(millions of euro)

	30.09.2021	31.12.2020	Changes	
			amount	%
Loans to customers	251,057	251,809	-752	-0.3
Direct deposits from banking business	286,836	267,450	19,386	7.2
Risk-weighted assets	95,121	104,550	-9,429	-9.0
Absorbed capital	8,171	8,981	-810	-9.0

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

In a context of progressive attenuation of the pandemic emergency, the revenues of the **Banca dei Territori Division** for the first nine months of 2021, amounting to 6,681 million euro and accounting for over 40% of the Group's consolidated revenues, grew by 1.3% on the same period of the previous year, due to the efficacy of the sales network and the reinforcement of remote sales through digital channels in support of customers.
Specifically, there was a significant increase in net fee and commission income (+8.1%), particularly in the assets under management and bancassurance segments, due to the placement of funds and the distribution of insurance products and, to a lesser extent, in the commercial banking segment in the collection and payment services component, including electronic services. Conversely, net interest income was down by 5.6%, as margins were impacted by interest rates at historical lows. Among the other revenue components, which however provide a marginal contribution to the Division's income, profits (losses) on financial assets and liabilities designated at fair value decreased (-12 million euro), while other operating income increased (+8 million euro). Operating costs, equal to 4,775 million euro, were down by 2.8%, thanks to the savings in personnel expenses, mainly attributable to the negotiated exits, and to the containment of administrative expenses, mainly for advertising and consulting, as well as of service costs in the real estate and operations sectors. As a result of the foregoing, the operating margin amounted to 1,906 million euro, up 13.3% on the same period of the previous year. Gross income amounted to 891 million euro, compared to a gross loss of 587 million euro in the first nine months of 2020, impacted by

significant adjustments to loans due to the revision of the scenario last year as a result of the pandemic. Lastly, after allocation to the Division of taxes of 279 million euro, levies and other charges concerning the banking industry of 190 million euro, charges for integration of 19 million euro and other negative captions for 5 million euro, net income came to 398 million euro, compared to -501 million euro in the first nine months of 2020, redetermined based on the revision of the criteria of cost allocation to the Corporate Centre illustrated at the start of this chapter.

In the quarterly evolution, there is an increase both in the operating margin, attributable to the improvement in revenues and cost containment, and in the gross income, which benefited from lower adjustments to loans and other income. On the other hand, net income showed a decrease compared to the second quarter of 2021, essentially attributable to the recognition in the third quarter of the levies and other charges concerning the banking system attributed to the Division (Deposit Guarantee Scheme).

The balance sheet figures at the end of September 2021 showed growth in total intermediated volumes of loans and deposits from the beginning of the year (+3.6%). In detail, loans to customers, equal to 251,057 million euro, were substantially stable (-0.3%) resulting from the good performance of medium-/long-term loans to private individuals and businesses which offset the downward trend in short-term credit, mainly aimed at businesses. Direct deposits from banking business, amounting to 286,836 million euro, were up (+19.4 billion euro, or +7.2%) in the amounts due to customers component, due to the higher liquidity accumulated on deposits held by individuals and businesses awaiting a more favourable scenario.

IMI Corporate & Investment Banking

(millions of euro)

Income statement	30.09.2021	30.09.2020	Changes	
			amount	%
Net interest income	1,587	1,512	75	5.0
Net fee and commission income	853	776	77	9.9
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	1,160	1,214	-54	-4.4
Other operating income (expenses)	-	7	-7	
Operating income	**3,600**	**3,509**	**91**	**2.6**
Personnel expenses	-355	-334	21	6.3
Other administrative expenses	-618	-623	-5	-0.8
Adjustments to property, equipment and intangible assets	-16	-16	-	-
Operating costs	**-989**	**-973**	**16**	**1.6**
Operating margin	**2,611**	**2,536**	**75**	**3.0**
Net adjustments to loans	-38	-324	-286	-88.3
Other net provisions and net impairment losses on other assets	-	-41	-41	
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**2,573**	**2,171**	**402**	**18.5**
Taxes on income	-803	-712	91	12.8
Charges (net of tax) for integration and exit incentives	-15	-10	5	50.0
Effect of purchase price allocation (net of tax)	20	-	20	-
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**1,775**	**1,449**	**326**	**22.5**

(millions of euro)

	30.09.2021	31.12.2020	Changes	
			amount	%
Loans to customers	149,034	145,974	3,060	2.1
Direct deposits from banking business (a)	80,912	92,938	-12,026	-12.9
Risk-weighted assets	111,398	113,688	-2,290	-2.0
Absorbed capital	9,573	9,768	-195	-2.0

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

(a) The item includes certificates.

In the first nine months of 2021, the **IMI Corporate & Investment Banking Division** recorded operating income of 3,600 million euro (representing around 23% of the Group's consolidated total), up 2.6% compared to the same period of last year.
In detail, net interest income of 1,587 million euro was up by 5%, benefiting from the greater contribution of loans to customers, supported by structured finance business and global markets. Net fee and commission income, amounting to 853 million euro, increased by 9.9%, driven by the performance of the investment banking segment. Profits on financial assets and liabilities designated at fair value, amounting to 1,160 million euro, decreased (-4.4%), mainly owing to the reduction of the valuation effects due to the debt value adjustment (DVA) correlated with liabilities comprised of certificates and lower profits on the securities portfolio. Operating costs amounted to 989 million euro, slightly higher (+1.6%) than those of the first nine months of 2020, due to higher personnel expenses. As a result of the above revenue and cost trends, the operating margin came to 2,611 million euro, up 3% compared to the first three quarters of the previous year. Gross income, amounting to 2,573 million euro, was up 18.5% compared to 2,171 million euro in the first nine months of 2020, when it was penalised by significant net adjustments to loans recorded due to the COVID-19 pandemic. Lastly, net income reached 1,775 million euro (+22.5%).

In the third quarter of 2021, the IMI Corporate & Investment Banking Division recorded an improvement in operating margin compared to the second quarter, to be analysed along with the development of revenues mainly attributable to net profits (losses) on financial assets and liabilities designated at fair value, which outweighed the increase in operating costs. This trend was reflected in the gross income and in the net income.

The Division’s intermediated volumes were down slightly compared to the beginning of the year (-3.8%). In detail, loans to customers of 149,034 million euro increased by 3.1 billion euro (+2.1%), attributable to loans for structured finance transactions and global markets transactions, which widely offset the reduction in global corporate loans. Direct deposits from banking business amounted to 80,912 million euro, down by 12 billion euro (-12.9%) mainly due to the decrease in amounts due to global corporate customers and, to a lesser extent, to international customers of the International Department, only partly offset by the increase in global markets operations.

International Subsidiary Banks

(millions of euro)

Income statement	30.09.2021	30.09.2020	Changes	
			amount	%
Net interest income	988	981	7	0.7
Net fee and commission income	408	368	40	10.9
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	104	89	15	16.9
Other operating income (expenses)	-29	-25	4	16.0
Operating income	**1,471**	**1,413**	**58**	**4.1**
Personnel expenses	-400	-392	8	2.0
Other administrative expenses	-287	-285	2	0.7
Adjustments to property, equipment and intangible assets	-86	-82	4	4.9
Operating costs	**-773**	**-759**	**14**	**1.8**
Operating margin	**698**	**654**	**44**	**6.7**
Net adjustments to loans	-117	-173	-56	-32.4
Other net provisions and net impairment losses on other assets	-24	-2	22	
Other income (expenses)	4	6	-2	-33.3
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**561**	**485**	**76**	**15.7**
Taxes on income	-117	-103	14	13.6
Charges (net of tax) for integration and exit incentives	-29	-29	-	-
Effect of purchase price allocation (net of tax)	-	-	-	-
Levies and other charges concerning the banking industry (net of tax)	-22	-51	-29	-56.9
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**393**	**302**	**91**	**30.1**

(millions of euro)

	30.09.2021	31.12.2020	Changes	
			amount	%
Loans to customers	37,642	36,079	1,563	4.3
Direct deposits from banking business	49,283	46,308	2,975	6.4
Risk-weighted assets	33,877	32,886	991	3.0
Absorbed capital	3,632	3,541	91	2.6

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

The **International Subsidiary Banks Division** is responsible for the Group's activities in foreign markets through commercial banking subsidiaries and associates, mainly active in retail banking.

In the first nine months of 2021, the Division's operating income came to 1,471 million euro, up 4.1% compared to the same period of the previous year (+5.5% at constant exchange rates). A detailed analysis shows that net interest income came to 988 million euro (+0.7%), mainly thanks to the favourable trends reported by CIB Bank (+22 million euro) and, to a lesser extent, by Banca Intesa Beograd, including Intesa Leasing Beograd (+3 million euro), which more than offset the decline recorded by VUB Banka (-10 million euro), and PBZ - including Intesa Sanpaolo Bank (Slovenia) and Intesa Sanpaolo Banka Bosna i Hercegovina (-9 million euro). Net fee and commission income, equal to 408 million euro, was up sharply (+10.9%), mainly due to the contribution of PBZ – including Intesa Sanpaolo Bank (Slovenia) and Intesa Sanpaolo Banka Bosna i Hercegovina (+12 million euro), Banca Intesa Beograd, including Intesa Leasing Beograd (+10 million euro), VUB Banka (+9 million euro) and, to a lesser extent, Bank of Alexandria (+5 million euro). Among the other revenue components, profits on financial assets and liabilities designated at fair value increased (+16.9%) on the first nine months of 2020, as did, in negative terms, also other operating expenses (+16%).
Operating costs amounted to 773 million euro (+1.8%; +3.1% at constant exchange rates) mainly due to the growth of personnel expenses and depreciation/amortisation of property, equipment and intangible assets.

As a result of the above revenue and cost trends, the operating margin increased (+6.7%) to 698 million euro. Gross income, equal to 561 million euro, grew by 15.7%, benefiting from lower adjustments to loans. The Division closed the first nine months of the year with net income of 393 million euro (+30.1%).
At the quarterly level, in the third quarter of 2021 the operating margin recorded a decline compared with the second quarter, as a result of the increase in operating costs, which more than offset the favourable trend in revenues. Moreover, gross income and net income were adversely impacted by the increase in net adjustments to loans.

The Division's intermediated volumes grew at the end of September 2021 (+5.5%), compared to the beginning of the year, owing to direct deposits from banking business (+6.4%), both as regards amounts due to customers and securities issued, and loans to customers (+4.3%). The performance of deposits is mainly attributable to the subsidiaries operating in Croatia, Slovakia, Egypt and Serbia while the performance of loans is attributable to subsidiaries active in Slovakia, Serbia and Egypt.

Private Banking

(millions of euro)

Income statement	30.09.2021	30.09.2020	Changes	
			amount	%
Net interest income	161	195	-34	-17.4
Net fee and commission income	1,558	1,408	150	10.7
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	41	30	11	36.7
Other operating income (expenses)	21	4	17	
Operating income	**1,781**	**1,637**	**144**	**8.8**
Personnel expenses	-344	-343	1	0.3
Other administrative expenses	-254	-244	10	4.1
Adjustments to property, equipment and intangible assets	-54	-51	3	5.9
Operating costs	**-652**	**-638**	**14**	**2.2**
Operating margin	**1,129**	**999**	**130**	**13.0**
Net adjustments to loans	-	-21	-21	
Other net provisions and net impairment losses on other assets	-28	-36	-8	-22.2
Other income (expenses)	194	6	188	
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,295**	**948**	**347**	**36.6**
Taxes on income	-390	-293	97	33.1
Charges (net of tax) for integration and exit incentives	-14	-12	2	16.7
Effect of purchase price allocation (net of tax)	-16	-1	15	
Levies and other charges concerning the banking industry (net of tax)	-15	-13	2	15.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	2	6	-4	-66.7
Net income (loss)	**862**	**635**	**227**	**35.7**

(millions of euro)

	30.09.2021	31.12.2020	Changes	
			amount	%
Assets under management [(1)]	157,968	145,706	12,262	8.4
Risk-weighted assets	11,886	11,157	729	6.5
Absorbed capital	1,038	964	74	7.7

(1) Figures restated in line with consolidated reporting criteria of indirect customer deposits.

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

The **Private Banking Division** serves the top customer segment (Private and High Net Worth Individuals), creating value by offering top products and services. The Division coordinates the operations of Fideuram, Intesa Sanpaolo Private Banking, Fideuram Asset Management SGR (formerly Fideuram Investimenti), SIREF Fiduciaria, Intesa Sanpaolo Private Bank (Suisse) Morval, Fideuram Asset Management Ireland, Fideuram Bank (Luxembourg), Financière Fideuram and, starting from the second quarter, also IW Bank and the Swiss banking group Reyl. An equity investment of 69% of the share capital of Reyl & Cie SA was acquired, with the concurrent contribution to Reyl of the entire equity investment held by Fideuram in Intesa Sanpaolo Private Bank (Suisse) Morval.

In the first nine months of 2021, the Division achieved gross income of 1,295 million euro, up by 347 million euro (+36.6%) compared to the same period of the previous year. The significant increase is largely attributable to the capital gain of 194 million euro realised on the sale of the custodian bank business line of Fideuram Bank (Luxembourg), posted under other income. The operating margin also showed a positive performance (+130 million euro), thanks to the increase in operating income (+144 million euro) which largely offset the higher operating costs (+14 million euro), mainly attributable to other administrative expenses, particularly for IT and costs for services provided by third parties, and to depreciation and amortisation of property and equipment and intangible assets relating to software. The revenue performance is attributable to the growth in net fee and commission income (+150 million euro), primarily recurring income, supported by the development of the average assets under management, in other operating income (+17 million euro) and in profits on financial assets and liabilities designated at fair value (+11 million euro), which benefited from the capital gains associated with financial

instruments held to service the incentive plans of risk takers and distribution networks. By contrast, net interest income showed a downward trend (-34 million euro) due to the reduction in income on customer dealing.
The Division closed the first nine months of 2021 with net income of 862 million euro, up by 35.7% compared to the same period of 2020.

The values of assets gathered have been recognised in accordance with the reporting criteria for indirect customer deposits used in the Intesa Sanpaolo Group's consolidated financial statements, involving in particular the elimination of customer current accounts correlated with investment transactions, bonds and certificates that, despite being part of customers' assets, are already included in direct customer deposits. In addition, third-party products were reallocated from assets under management to assets under administration.

As at 30 September 2021, assets gathered, which also include the contribution of the trust mandates for SIREF Fiduciaria, amounted to 278.8 billion euro (+27.1 billion euro compared to the beginning of the year). This performance was due to the revaluation of assets as well as the positive contribution of net inflows. The assets under management component amounted to 158 billion euro (+12.3 billion euro).

Asset Management

(millions of euro)

Income statement	30.09.2021	30.09.2020	Changes	
			amount	%
Net interest income	-1	-	1	-
Net fee and commission income	887	698	189	27.1
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities designated at fair value	-3	-2	1	50.0
Other operating income (expenses)	55	23	32	
Operating income	**938**	**719**	**219**	**30.5**
Personnel expenses	-78	-71	7	9.9
Other administrative expenses	-80	-80	-	-
Adjustments to property, equipment and intangible assets	-5	-5	-	-
Operating costs	**-163**	**-156**	**7**	**4.5**
Operating margin	**775**	**563**	**212**	**37.7**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	1	-	1	-
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**776**	**563**	**213**	**37.8**
Taxes on income	-205	-149	56	37.6
Charges (net of tax) for integration and exit incentives	-2	-	2	-
Effect of purchase price allocation (net of tax)	-3	-	3	-
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-9	-35	-26	-74.3
Net income (loss)	**557**	**379**	**178**	**47.0**

(millions of euro)

	30.09.2021	31.12.2020	Changes	
			amount	%
Assets under management	350,686	338,752	11,934	3.5
Risk-weighted assets	2,011	1,752	259	14.8
Absorbed capital	209	174	35	20.1

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

The **Asset Management Division** pursues the mission of developing the best asset management solutions aimed at the Group's customers and its presence on the open market segment through the subsidiary Eurizon Capital SGR and its subsidiaries. The scope of the Division also includes Pramerica SGR and Pramerica Management Company, which were included in the second quarter, as part of the integration of asset management operations of the UBI Banca Group. In particular, on 1 July 2021, the mergers by incorporation of the two companies into Eurizon Capital SGR and Eurizon Capital SA, respectively, were completed.

Operating income in the first nine months of 2021, amounting to 938 million euro, showed a significant increase (+30.5%) on the same period of the previous year, mainly attributable to the growth in fee and commission income (+189 million euro) sustained above all by operations in mutual funds and, to a lesser extent, to the greater contribution from the Chinese subsidiary consolidated at equity (+25 million euro) and other operating income. In particular, net fee and commission income benefited from the growth of performance fees collected during the period; management fees also increased, thanks to the increase of assets under management given by the positive responsiveness of financial markets, as well as placement fees. The performance of operating costs (+4.5%) is attributable to the increase in personnel expenses associated with the increase in the average workforce and with the provisions relating to the incentive system. As a result of the above revenue and cost trends, the operating margin came to 775 million euro, up 37.7% on the same period of the 2020. The Division closed the first nine months of 2021 with net income of 557 million euro (+47%).

As at 30 September 2021 assets managed by the Asset Management Division totalled 350.7 billion euro, up by 11.9 billion euro (+3.5%) since the beginning of the year, as a result of the revaluation of assets and net inflows. Net inflows for the first nine months amounted to 6.5 billion euro, mainly due to mutual funds (+6.4 billion euro); with regard to the other components, products dedicated to institutional customers including insurance mandates contributed positively (+0.5 billion euro), while portfolio management schemes for retail and private customers recorded an outflow (-0.4 billion euro).

As at 30 September 2021, Eurizon Capital's Italian market share of assets under management was 16.9% (gross of duplications). Excluding the closed-end funds segment, in which the company has limited operations through Alternative Individual Savings Plans and the equity fund "Eurizon Italian Fund - Eltif", the share of assets under management at the end of September rose to 17.4%.

Insurance

(millions of euro)

Income statement	30.09.2021	30.09.2020	Changes amount	%
Net interest income	-	-	-	-
Net fee and commission income	1	-2	3	
Income from insurance business	1,189	1,183	6	0.5
Profits (Losses) on financial assets and liabilities designated at fair value	-	-	-	-
Other operating income (expenses)	-10	-3	7	
Operating income	**1,180**	**1,178**	**2**	**0.2**
Personnel expenses	-103	-100	3	3.0
Other administrative expenses	-168	-162	6	3.7
Adjustments to property, equipment and intangible assets	-15	-14	1	7.1
Operating costs	**-286**	**-276**	**10**	**3.6**
Operating margin	**894**	**902**	**-8**	**-0.9**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	-155	-26	129	
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**739**	**876**	**-137**	**-15.6**
Taxes on income	-173	-247	-74	-30.0
Charges (net of tax) for integration and exit incentives	-18	-11	7	64
Effect of purchase price allocation (net of tax)	-16	-14	2	14.3
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	85	-128	213	
Net income (loss)	**617**	**476**	**141**	**29.6**

(millions of euro)

	30.09.2021	31.12.2020	Changes amount	%
Direct deposits from insurance business (1)	203,564	203,214	350	0.2
Risk-weighted assets	-	-	-	-
Absorbed capital	4,266	4,975	-709	-14.3

(1) Including the subordinated securities issued by the companies.

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

The **Insurance Division** includes Intesa Sanpaolo Vita, Intesa Sanpaolo Life, Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo RBM Salute, with the mission of synergically developing the insurance product mix targeting Group customers. During the second quarter, BancAssurance Popolari, Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas Assicurazioni (net of the effects attributable to the branches object of disposal) entered the scope of the Insurance Division, due to the finalisation of the acquisition of 100% of the capital.

In the first nine months of 2021, the Division reported income from insurance business of 1,189 million euro, up 6 million euro (+0.5%) compared to the same period of 2020. This trend is mainly attributable to the improvement in the net investment result in relation to the favourable trend in the financial markets, which translated into higher profitability of investments, net of the portion pertaining to insured parties, only partially offset by the fall in the technical margin attributable to the increase in surrenders and claims, that affected the life and non-life businesses. Gross income, equal to 739 million euro, decreased by 137 million euro (-15.6%), mainly attributable to other net provisions, which include the provision of 126 million euro representing the claims in excess of premiums accrued and the estimated future charges on annual policies in force, in relation to a financial imbalance which was also generated as a result of the greater use of benefits by insured persons on conclusion of the long periods of lockdown. The increase in operating costs (+3.6%) also contributed to the decrease in gross income.

The cost/income ratio, at 24.2%, remained at very good levels, slightly above those recorded in the first nine months of 2020.
Lastly, net income amounted to 617 million euro (+29.6%), after the attribution of taxes of 173 million euro, charges for integration and exit incentives of 18 million euro, effects of purchase price allocation for 16 million euro and minority interests recording 85 million euro of losses relating to the portion pertaining to third parties of the losses recognised as a result of the provisions described above.

Direct deposits from insurance business, amounting to 203,564 million euro, were up slightly (+0.2%) compared to the beginning of the year, due to the growth of financial liabilities measured at fair value, comprised of unit-linked products, and other deposits, which include subordinated liabilities, almost entirely offset by the decline in technical reserves.

The Division's collected premiums for life policies and pension products, amounting to 14.2 billion euro, increased by over 9% compared to the first nine months of last year, due to unit-linked products (+48%). On the other hand, traditional products were significantly reduced (-28%), in line with the strategy of focusing the offer on products with a lower capital impact, also considering the current level of government bond yields. Premiums on pension products were also down slightly.

Collected premiums for the protection business totalled 1.1 billion euro, up by around 10% on the same period of 2020, restated to include Intesa Sanpaolo RBM Salute and Cargeas for a like-for-like comparison. There was an increase in non-motor products (excluding CPI - Credit Protection Insurance), which are the focus of the 2018-2021 Business Plan, equal to 18%.

Corporate Centre

The Corporate Centre is responsible for guidance, coordination and control of the whole Group, as well as for the NPE Department, Treasury and Strategic ALM. The income statement figures for the Corporate Centre were redetermined in light of the revision of the criteria of allocation of costs and revenues to the operating Divisions, illustrated in the introduction to this chapter.

The Corporate Centre Departments generated a negative operating margin of 140 million euro in the first nine months of 2021, compared to -168 million euro in the same period of the previous year. That performance is essentially attributable to the significant containment of operating costs primarily in relation to synergies on administrative expenses and depreciation and amortisation resulting from the integration of UBI. Conversely, operating income recorded a decline mainly attributable to a reduction in net interest income, due to the higher cost of excess liquidity in view of the decrease in short-term market rates, always on negative ground, and the significant increase in customer deposits only partially offset by the growth in profits (losses) on financial assets and liabilities designated at fair value. The gross loss amounted to 630 million euro compared to gross income of 910 million euro in the first nine months of last year, which included income from discontinued operations of 1,459 million euro. The period ended with net loss of 596 million euro, compared to net income of 3,636 million euro recorded in the same period of the previous year which included the extraordinary positive effect (approximately 3.3 billion euro) relating to the provisional recognition of the negative goodwill relating to the acquisition of the UBI Group. The income statement of the Corporate Centre includes more than half of the charges imposed by legislative provisions and/or aimed at maintaining the stability of the banking industry and consequently outside the company management, essentially related to the resolution funds. These charges amounted - after tax - to 262 million euro, compared with 283 million euro in the first nine months of 2020.

Treasury services

The Group Treasury and Finance includes treasury services in euro and foreign currencies, and the integrated management of liquidity requirements/surpluses, financial risks (ALM) and settlement risks.

During the third quarter of 2021, Intesa Sanpaolo confirmed its systemic role as a critical participant in the ECB's settlement systems (Target2 and Target2 Securities), maintaining the regulated volumes at average annual levels, as well as the relative market shares. The Bank moved ahead at full pace with work on the new single European platform of "Target Services", which will see the centralisation, under the governance of the ECB, of all cash settlement (Target2 and TIPS for instant payments), securities (T2S) and collateral (ECMS) by 2023. With regard to the “Consolidation” project (new Target2), Intesa Sanpaolo is proceeding according to the timelines envisaged to be able to carry out Community Tests with the other Italian banks from the end of 2021. With reference to the TIPS project, all the activities that will guarantee the go-live scheduled for the end of November 2021 have been managed. For ECMS, after the conclusion of the impact assessment, the phase of drafting the functional requirements is underway.

In Europe, in the third quarter of 2021, the extension of vaccination coverage and the consequent economic recovery brought the attention of the markets to the issue of inflation, whose latest published data record a rate of over 2% for the three main economies (Germany, France and Italy). The ECB, after concluding the strategy review in July, established that the price stability objective will be maintained, aiming at a symmetric 2% inflation target. Furthermore, during its next Governing Council, the forward guidance was amended, indicating that the central bank will undertake to maintain a persistently accommodative monetary policy stance and that, implicitly, a transitory period in which inflation may be moderately above the target will be tolerated. The ECB also announced that the pandemic emergency purchase program (PEPP), in the last quarter of 2021, will be conducted at a moderately slower pace than in the previous two quarters. ECB President Lagarde justified the decision by stating that the "increasingly advanced" recovery in the euro area can presumably be maintained even with less monetary help.
During the period, the Euribor fixings were always below the level of the Depo Facility, with the exception of the 12-month period, which remained at these levels for only a few days and then returned to -0.49%. The €STR OIS curve recorded a slightly bearish move in the first part of the third quarter, then reversed the trend in the second part. The 1y1y forward went from -0.52% in early July to -0.58% in early August and finally settled at around -0.51%.
With regard to the US, during its meeting on 22 September, the FED indicated that the reduction in purchases could start as early as November, without giving any indications on the methods and pace; it also indicated that it was still premature to predict a date for the future rate hike. In the absence of specific instructions, the US futures market at the end of the quarter priced in an expectation for an initial rate hike of 25 bps in December 2022.
Given the ample excess liquidity, Intesa Sanpaolo decided to limit the short-term securities fund-raising activity in euro and foreign currencies. Operations focused mainly on renewing maturities mostly between 6 and 12 months.

In terms of medium/long-term funding operations, in the third quarter of the year the total amount of Group securities placed on the domestic market via its own networks and direct listings was 760 million euro. Among the securities placed, there was a prevalence (92%) of the component consisting of structured financial instruments, mainly comprised of index-linked structures. A breakdown by average maturity shows that 60% is comprised of instruments with maturities up to 5 years, whereas the remaining 40% is represented by 6- and 7-year securities.

During the period, institutional unsecured funding transactions were completed for a total of around 50 million euro, of which 38 million euro through senior preferred bond issues placed with institutional investors and 12 million euro through the issue of bonds and certificates by the IMI Corporate & Investment Banking Division placed with institutional investors.

There were no changes in the notional amounts of the covered bonds issued under Intesa Sanpaolo's programmes.

For the management of collateral, Intesa Sanpaolo also uses the A.Ba.Co. (Collateralised Bank Assets) procedure, which allows bank loans disbursed to non-financial companies to be used to secure loan transactions with the Bank of Italy: at 30 September 2021 the amount outstanding, gross of the haircuts applicable to loans lodged as pledge by the Group, amounted to approximately 15.4 billion euro.
In the third quarter, the prospect of a gradual reduction in monetary stimulus measures favoured the steepening of interest rate curves. However, the general risk-on picture was not disturbed, and only in the second half of September did equity markets begin to feel the effects of fears about the persistence of the inflationary acceleration and the excess leverage achieved in some sectors of the Chinese economy. Credit markets remain stable, with spread levels close to the low values of the current cyclical phase.
During the period, portfolio turnover remained low, also due to the low volatility on the credit markets, and aimed at keeping a moderate risk profile.
With regard to the repo market, the volumes of Italian government bonds traded remained essentially unchanged on the previous quarter and interest rates came to levels slightly lower than the Depo Facility.
The spread between the rates of the core countries and Italian government bonds widened slightly compared to the previous quarter. At the end of the quarter, interest rates decreased, associated with a significant widening of spreads.

Strategic ALM

With regard to the Group's Asset & Liability Management (ALM), operational management of the financial risks of the Group's banking book is carried out under the supervision of the CRO Area. Interest rate risk is monitored and managed mainly by examining the sensitivity of the market value of the various positions in the banking book to parallel shifts in the interest rate curve; moreover, specific scenario analysis techniques on rate developments are used, as well as performance scenarios for specific positions. The strategic choices on interest rate risk are made by the Group Financial Risk Committee within the limits established by the Board of Directors: the Group Treasury & Finance structure actively supports the Committee's decision-making activity by formulating analyses and proposals. The structural component of liquidity risk is managed, based on the liquidity policies defined at Group level, by monitoring the current and future short and long-term liquidity balances, defining the funding plan on the various channels and instruments (domestic/international, retail/corporate, secured/unsecured, preferred/non preferred/subordinate), as well as the loan-deposit gap targets of the Business Units.

Risk management

THE BASIC PRINCIPLES OF RISK MANAGEMENT

The policies relating to risk taking and the processes for the management of the risks to which the Group is or could be exposed are approved by the Board of Directors of Intesa Sanpaolo as the Parent Company, with the support of the Risk Committee. The Management Control Committee, which is the body with control functions, supervises the adequacy, efficiency, functionality and reliability of the risk management process and of the Risk Appetite Framework.

The Managing Director and CEO has the power to submit proposals for the adoption of resolutions concerning the risk system and implements all the resolutions of the Board of Directors, with particular reference to the implementation of the strategic guidelines, the RAF and the risk governance policies.

The Corporate Bodies also benefit from the action of some Managerial Committees on risk management. These committees, which include the Steering Committee, operate in compliance with the primary responsibilities of the Corporate Bodies regarding the internal control system and the prerogatives of corporate control functions, and in particular the risk control function.

Subject to the powers of the Corporate Bodies, the Chief Risk Officer Governance Area – reporting directly to the Managing Director and CEO – is responsible for: (i) governing the macro-process of definition, approval, control and implementation of the Group's Risk Appetite Framework with the support of the other corporate functions involved; (ii) cooperating with the Corporate Bodies in setting the Group's risk management guidelines and policies in accordance with the company strategies and objectives; (iii) coordinating and verifying the implementation of those guidelines and policies by the responsible units of the Group, also within the various corporate departments; (iv) ensuring the management of the Group's overall risk profile by establishing methods and monitoring exposures to the various types of risk and reporting the situation periodically to the Corporate Bodies; and (v) carrying out level 2 controls on credit and other risks and ensuring the validation of internal risk measurement systems.

The Parent Company performs a guidance and coordination role with respect to the Group companies[13], aimed at ensuring effective and efficient risk management at Group level, exercising responsibility in setting the guidelines and methodological rules for the risk management process, and pursuing, in particular, integrated information at Group level to the Bodies of the Parent Company, with regard to the completeness, adequacy, functioning and reliability of internal control system. For the corporate control functions in particular, there are two different types of models within the Group: (i) the centralised management model based on the centralisation of the activities at the Parent Company and (ii) the decentralised management model that involves the presence of locally established corporate control functions that conduct their activities under the direction and coordination of the same corporate control functions of the Parent Company, to which they report in functional terms.

Irrespective of the control model adopted within their company, the Corporate Bodies of the Group companies are aware of the choices made by the Parent Company and are responsible for the implementation, within their respective organisations, of the control strategies and policies pursued and promoting their integration within the Group controls.

Following the merger by incorporation of UBI Banca into Intesa Sanpaolo, approaches and tools for integrating the risk management framework are being shared in order to best take advantage of possible synergies, with the harmonisation of the measurement and valuation processes and the extension of the rating models according to the procedures agreed with the Regulator.

The risk measurement and management tools contribute to defining a risk-monitoring framework at Group level, capable of assessing the risks assumed by the Group from a regulatory and economic point of view. The level of absorption of economic capital, defined as the maximum "unexpected" loss the Group might incur over a year, is a key measure for determining the Group's financial structure, risk appetite and for guiding operations, ensuring a balance between risks assumed and shareholder returns. It is estimated on the basis of the current situation and also as a forecast, based on the budget assumptions and projected economic scenario. The assessment of capital is included in business reporting and is submitted quarterly to the Steering Committee, the Risk Committee and the Board of Directors, as part of the Tableau de Bord of the Group Risks. Risk hedging, given the nature, frequency and potential impact of the risk, is based on a constant balance between mitigation/hedging action, control procedures/processes and capital protection measures.

[13] In this regard, it is specified that Intesa Sanpaolo does not exercise management and coordination over Risanamento S.p.A. or its subsidiaries pursuant to Article 2497 et seq. of the Italian Civil Code.

THE BASEL 3 REGULATIONS

In view of compliance with the reforms of the previous accord by the Basel Committee ("Basel 3"), the Intesa Sanpaolo Group has undertaken adequate project initiatives, expanding the objectives of the Basel 2 Project in order to improve the measurement systems and the related risk management systems.
With regard to credit risks, the ECB's authorisations to use the new Institutions and Retail SME models for regulatory purposes were implemented starting from June 2021.

The periodic updating and alignment to changes in regulations governing IRB systems and their extension to the Italian subsidiaries originating from the UBI Group and the international subsidiaries (according to the Group's roll-out plan) continue in accordance with the Regulatory Roadmap agreed with the Supervisory Authorities.

With regard to counterparty risk, there were no changes in the scope of application compared to 30 June 2021.

With regard to operational risk, the Group obtained authorisation to use the Advanced Measurement Approach (AMA – internal model) to determine the associated capital requirement for regulatory purposes, with effect from the report as at 31 December 2009. There were no changes in the scope of application compared to 30 June 2021.

The annual Internal Capital Adequacy Assessment Process (ICAAP) Report, based on the extensive use of internal approaches for the measurement of risk, internal capital and total capital available, was approved and sent to the ECB in April 2021.

As part of its adoption of Basel 3, the Group publishes information concerning capital adequacy, exposure to risks and the general characteristics of the systems aimed at identifying, monitoring and managing them in a document entitled "Basel 3 - Pillar 3" or simply "Pillar 3".
The document is published on the website (group.intesasanpaolo.com) on a quarterly basis.

CREDIT RISK

The Intesa Sanpaolo Group has developed a set of techniques and tools for credit risk measurement and management which ensures analytical control over the quality of loans to customers and financial institutions, and loans subject to country risk.
In particular, with regard to loans to customers, risk measurement is performed by means of different internal rating models according to borrower segment (Corporate, Retail SME, Retail, Sovereigns, Italian Public Sector Entities and Banks). These models make it possible to summarise the counterparty's credit quality in a value, the rating, which reflects the probability of default over a period of one year, adjusted on the basis of the average level of the economic cycle. These ratings are then made comparable with those awarded by rating agencies, by means of a consistent scale of reference.
Ratings and credit-risk mitigating factors (guarantees, loan types and covenants) play a key role in the loan granting and managing process.

Credit quality

(millions of euro)

	30.09.2021			31.12.2020			Change
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Bad loans	9,113	-5,530	3,583	9,594	-5,591	4,003	-420
Unlikely to pay	8,397	-3,436	4,961	10,678	-4,455	6,223	-1,262
Past due loans	746	-149	597	627	-110	517	80
Non-Performing Loans	**18,256**	**-9,115**	**9,141**	**20,899**	**-10,156**	**10,743**	**-1,602**
Non-performing loans in Stage 3 (subject to impairment)	*18,182*	*-9,101*	*9,081*	*20,818*	*-10,132*	*10,686*	*-1,605*
Non-performing loans designated at fair value through profit or loss	*74*	*-14*	*60*	*81*	*-24*	*57*	*3*
Performing loans	**450,133**	**-2,810**	**447,323**	**447,650**	**-2,807**	**444,843**	**2,480**
Stage 2	*64,542*	*-2,001*	*62,541*	*71,037*	*-2,014*	*69,023*	*-6,482*
Stage 1	*384,492*	*-809*	*383,683*	*375,535*	*-793*	*374,742*	*8,941*
Performing loans designated at fair value through profit or loss	*1,099*	*-*	*1,099*	*1,078*	*-*	*1,078*	*21*
Performing loans represented by securities	**6,846**	**-34**	**6,812**	**7,231**	**-37**	**7,194**	**-382**
Stage 2	*1,959*	*-23*	*1,936*	*3,090*	*-30*	*3,060*	*-1,124*
Stage 1	*4,887*	*-11*	*4,876*	*4,141*	*-7*	*4,134*	*742*
Loans held for trading	**19**	**-**	**19**	**22**	**-**	**22**	**-3**
Total loans to customers	**475,254**	**-11,959**	**463,295**	**475,802**	**-13,000**	**462,802**	**493**
of which forborne performing	***8,616***	***-489***	***8,127***	***5,560***	***-304***	***5,256***	***2,871***
of which forborne non-performing	***5,466***	***-2,222***	***3,244***	***5,902***	***-2,360***	***3,542***	***-298***
							-
Loans to customers classified as discontinued operations (*)	**4,704**	**-3,046**	**1,658**	**29,602**	**-3,462**	**26,140**	**-24,482**

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

(*) As at 30 September 2021, this caption related to the portfolio of bad loans and unlikely-to-pay exposures soon to be sold.

At 30 September 2021, the Group's gross non-performing loans had fallen to 18.3 billion euro, a decrease of 2.6 billion euro (-12.6%) compared to December 2020. In addition to the de-risking initiatives carried out, the aggregate is benefiting from a significant reduction in inflows from performing loans, both in gross terms (2.4 billion euro in 2021 compared to 3 billion euro in the first nine months of 2020) and in net terms, i.e. net of the outflows to performing loans (1.7 billion euro compared to 2.2 billion euro in the comparison period). As can be noted from the table above, more than 86% of the decrease in gross stocks over the nine months related to unlikely-to-pay loans (-2.3 billion euro, or -21.4%), which in the third quarter of 2021 saw the reclassification of 1.1 billion euro into assets held for sale (see the chapter "The first nine months of 2021").
At the end of September, the Group's net non-performing loans amounted to 9.1 billion euro, an all-time low. The double-digit reduction (-14.9%) from the beginning of the year confirms the virtuous trend already recorded in previous years. The non-performing assets percentage of total net loans to customers amounted to 2%, a low proportion and down on the figure recorded in December 2020 (2.3%), with an increased coverage ratio for non-performing loans of 49.9%.
In further detail, at the end of September bad loans came to 3.6 billion euro, net of adjustments (-10.5%), and represented 0.8% of total net loans. During the same period, the coverage ratio came to 60.7% (79.7% including the write-offs applied). Loans included in the unlikely-to-pay category amounted to 5 billion euro, down by 20.3%, accounting for 1.1% of total net loans to customers, with a coverage ratio of 40.9%. Past due loans amounted to 597 million euro (+15.5%), with a coverage ratio of 20%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to approximately 3.2 billion euro, with a coverage ratio of 40.7%, while forborne exposures in the performing loans category amounted to 8.1 billion euro.
The coverage ratio of performing loans was 0.6%, in line with the figure at the end of 2020.

MARKET RISKS

TRADING BOOK

Below is a summary of the daily managerial VaR for the trading book only, which also shows the overall exposure of the main risk taking centres.

Daily managerial VaR of the trading book

(millions of euro)

	2021					2020			
	average 3rd quarter	minimum 3rd quarter	maximum 3rd quarter	average 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Total Group Trading Book (a)	20.4	17.8	24.1	25.8	41.3	59.0	73.3	85.6	41.1
of which: Group Treasury and Finance Department	*2.6*	*2.3*	*3.0*	*2.8*	*3.2*	*3.4*	*9.9*	*37.9*	*15.0*
of which: IMI C&IB Division	*20.5*	*17.1*	*24.7*	*25.9*	*38.1*	*52.5*	*59.6*	*47.7*	*26.1*

Each line in the table sets out past estimates of daily VaR calculated on the historical quarterly time-series of the Intesa Sanpaolo Group (including other subsidiaries), the Group Treasury and Finance Department and the IMI C&IB Division respectively; minimum and maximum values for the overall perimeter are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

(a) The Group Trading Book figure includes the managerial VaR of the Group Treasury and Finance Department, the IMI C&IB Division (Trading Book perimeter) and the other subsidiaries.

During the third quarter of 2021, as shown in both the tables and the graph below, there was a reduction in the overall trading risks compared to the averages for the first and second quarter of 2021 (compared to the second quarter of 2021, from 25.8 million euro to 20.4 million euro) and, more generally, compared to the averages for the full year 2020. These reductions are mainly attributable to the scenario “rolling effect” due to the lower market volatility following the exceptional market shocks related to the spread of the COVID-19 pandemic.

In the interest of completeness, the table below shows the average, minimum and maximum managerial VaR for the first 9 months of 2021 compared with the same period of 2020.

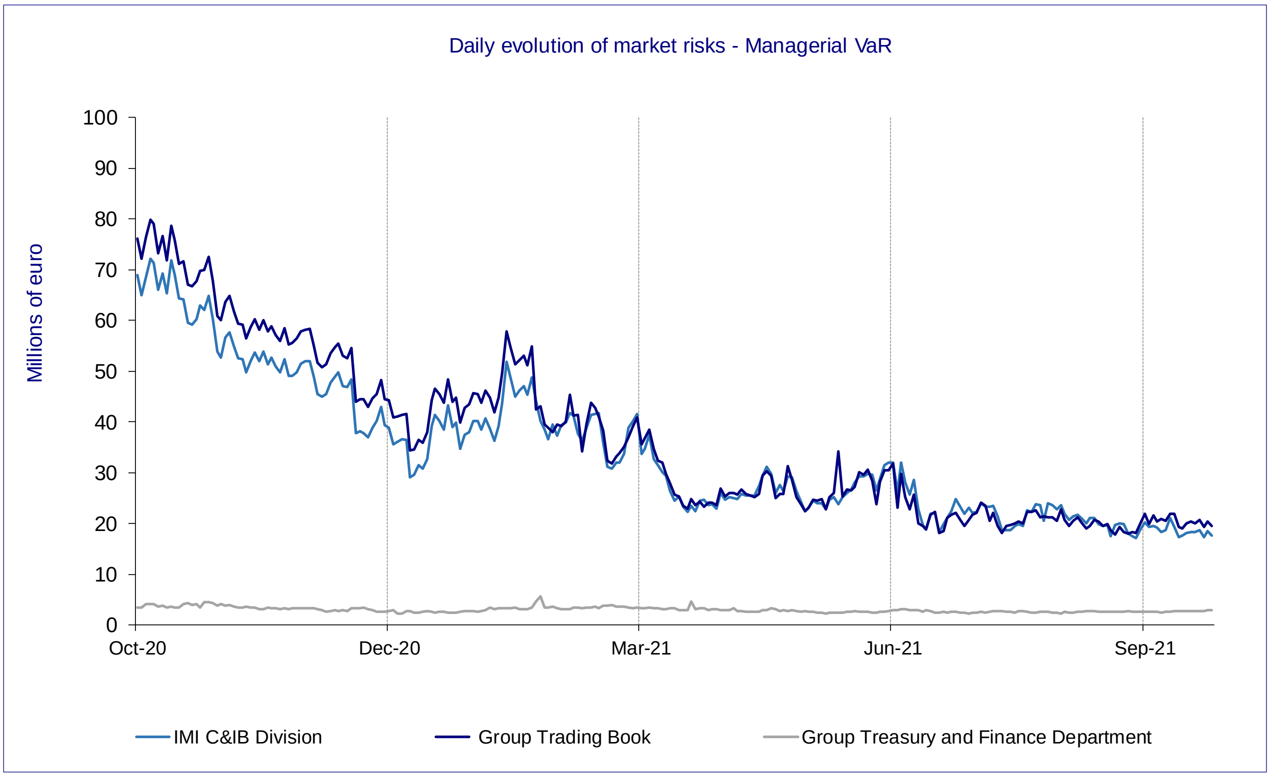
(millions of euro)

	2021			2020		
	average 30.09	minimum 30.09	maximum 30.09	average 30.09	minimum 30.09	maximum 30.09
Total Group Trading Book (a)						
of which: Group Treasury and Finance Department	2.9	2.3	5.6	20.9	3.1	42.6
of which: IMI C&IB Division	28.0	17.1	51.9	44.6	20.7	69.1

Each line in the table sets out past estimates of daily VaR calculated on the historical time-series of the first six months of the Intesa Sanpaolo Group (including other subsidiaries), the year respectively of the Group Treasury and Finance Department and the IMI C&IB Division; minimum and maximum values for the overall perimeter are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

(a) The Group Trading Book figure includes the managerial VaR of the Group Treasury and Finance Department, the IMI C&IB Division (Trading Book perimeter) and the other subsidiaries.

With regard to the trend in the trading VaR during the third quarter of 2021, the change was mainly due to the IMI C&IB Division. The movements are shown in the chart below:



The breakdown of the Group's risk profile in the trading book in the third quarter of 2021 shows a prevalence of credit spread risk and interest rate risk, accounting for 38% and 21%, respectively, of the Group's total managerial VaR. Instead, the single risk-taking centres show a prevalence of interest rate risk and exchange rate risk for the Group Treasury and Finance Department (45% and 37%, respectively) and of credit spread and interest rate risk for the IMI C&IB Division (37% and 23%, respectively).

Contribution of risk factors to total managerial VaR[(a)]

3rd quarter 2021	Shares	Interest rates	Credit spreads	Foreign exchange rates	Other parameters	Commodities
Group Treasury and Finance Department	10%	45%	8%	37%	0%	0%
IMI C&IB Division	16%	23%	37%	3%	6%	15%
Total	**15%**	**21%**	**38%**	**6%**	**14%**	**6%**

(a) Each line in the table sets out the contribution of risk factors considering 100% the overall capital at risk, calculated as the average of daily estimates in the third quarter of 2021, broken down between the Group Treasury and Finance Department and IMI C&IB Division and indicating the distribution of the Group's overall capital at risk.

Risk control with regard to the activity of the Intesa Sanpaolo Group also uses scenario analyses and stress tests. The shocks applied to the portfolio were subject to the usual annual assessment and updating. The impact of selected scenarios relating to the evolution of stock prices, interest rates, credit spreads, foreign exchange rates and commodity prices at the end of September is summarised in the following table.

(millions of euro)

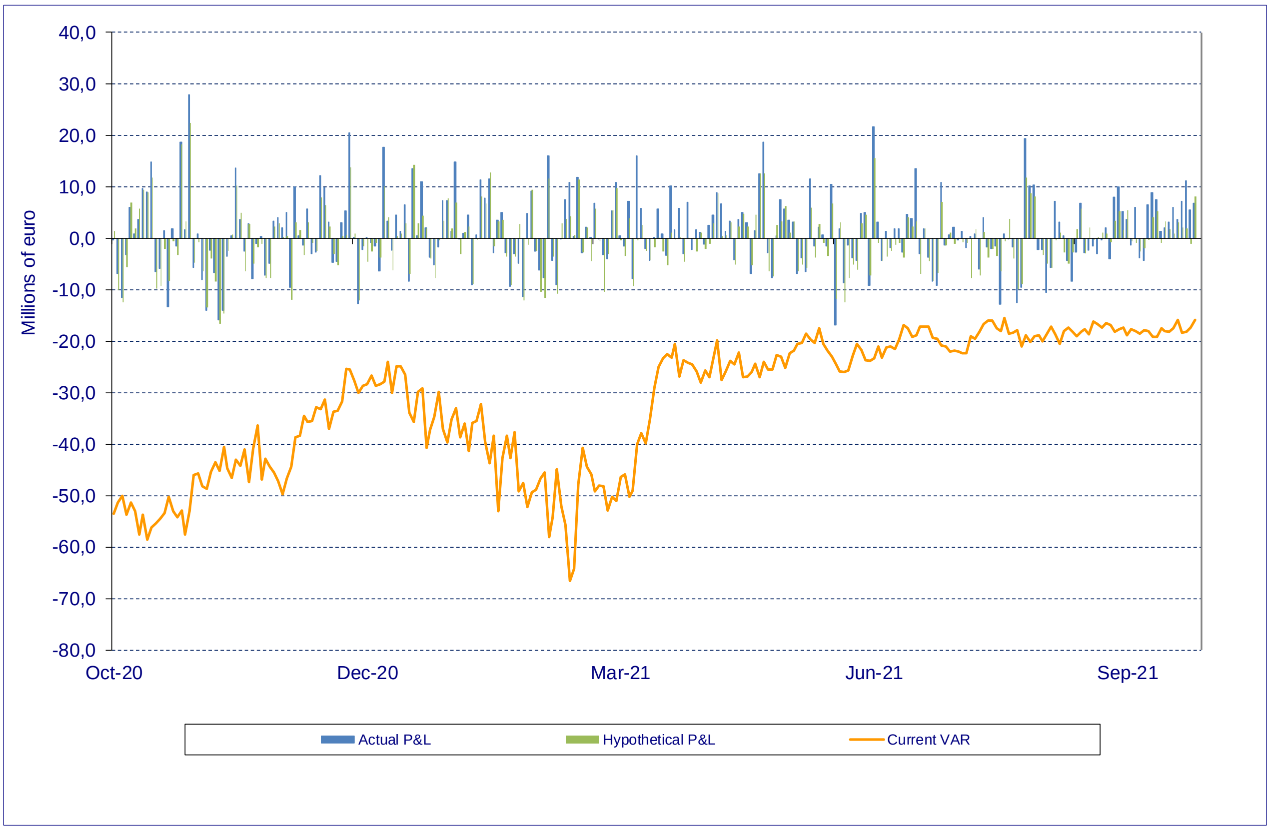
	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITIES	
	Crash	Bullish	+40bp	lower rate	-25bp	+25bp	-5%	+5%	Crash	Bullish
Total Trading Book	87	-9	-33	-16	42	-30	41	-9	-21	22

More specifically:
- for stock market positions, there would be potential losses of 9 million euro in the event of a sudden rise in equity prices and a concurrent sharp reduction in volatility;
- for positions in interest rates, there would be potential losses of 33 million euro in the event of a rise in interest rates;
- for positions in credit spreads, a widening of credit spreads of 25 bps would result in an overall loss of 30 million euro;
- for positions in exchange rates, there would be potential losses of 9 million euro in the event of appreciation in the Euro against the other currencies;
- finally, for positions in commodities, there would be a loss of 21 million euro in the event of a fall in prices of commodities other than precious metals.

With regard to the use of the overall limit relating to trading and the hold to collect and sell (HTCS) business model, there was a slight increase in the market managerial VaR in the third quarter from 126 million euro (average managerial VaR in the second quarter 2021) to 144 million euro (average managerial VaR in the third quarter 2021). The increase in average managerial VaR was mainly due to operations in the HTCS portfolio.

Backtesting

In the last twelve months, there were no backtesting exceptions. The Current VaR measure benefited from the reduction in volatility of the main risk factors. Following the sliding out of all COVID-19 scenarios, VaR measure progressively decreased without compromising the performance of the model[14].



[14] From 12 April 2021, estimates include the former UBI's trading book.

BANKING BOOK

At the end of September 2021, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity of value, amounted to -1,167 million euro.
The sensitivity of net interest income – assuming a +50, -50 and +100 basis point change in interest rates – amounted to 1,171 million euro, -889 million euro and 2,315 million euro, respectively, at the end of September 2021.
Interest rate risk, measured in terms of VaR, recorded a value of 342 million euro at the end of September 2021.
Price risk generated by minority stakes in listed companies, mostly held in the HTCS category, amounted to 181 million euro at the end of September 2021.

The table below shows the changes in the main risk measures during the third quarter of 2021 relating to the Intesa Sanpaolo Group.

(millions of euro)

	3rd quarter 2021			30.09.2021	31.12.2020
	average	minimum	maximum		
Shift Sensitivity of the Economic Value +100 bp	-1,260	-1,470	-1,094	-1,167	-1,305
Shift Sensitivity of Net Interest Income -50bp	-877	-1,044	-803	-889	-1,011
Shift Sensitivity of Net Interest Income +50bp	1,244	1,143	1,364	1,171	1,312
Shift Sensitivity of Net Interest Income +100bp	2,433	2,264	2,687	2,315	2,581
Value at Risk - Interest Rate	414	342	498	342	492

Lastly, the table below shows a sensitivity analysis of the banking book to price risk, measuring the impact on Shareholders' Equity of a price shock of ±10% for the abovementioned quoted assets recorded in the HTCS category.

Price risk: impact on Shareholders' Equity

		3rd quarter 2021 impact on shareholders' equity at 30.09.2021	2nd quarter 2021 impact on shareholders' equity at 30.06.2021	1st quarter 2021 impact on shareholders' equity at 31.03.2021	Impact on shareholders' equity at 31.12.2020
Price shock	10%	181	208	152	155
Price shock	-10%	-181	-208	-152	-155

LIQUIDITY RISK

The Group's liquidity position – supported by suitable high-quality liquid assets (HQLA) and the significant contribution from stable customer deposits – remained within the risk limits set out in the current Group Liquidity Policy in the nine months of 2021. Both regulatory indicators, LCR and NSFR, were well above the minimum regulatory requirements.
Over the last 12 months, the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, has amounted to an average of 179.5%.
At the end of September 2021, the value of unencumbered HQLA reserves at the various Treasury Departments of the Group, reached a total of 174 billion euro (170 billion euro in December 2020). Including the other marketable reserves and/or eligible Central Bank reserves, including retained self-securitisations, the Group's unencumbered liquidity reserves amounted to 181 billion euro (195 billion euro in December 2020).
At 30 September 2021, the Intesa Sanpaolo Group's NSFR, supported by a solid base of stable deposits from customers, adequate wholesale medium/long-term securities funding and the TLTRO funding from the ECB, was 123.8%. This indicator remains significantly higher than 100%, even excluding the positive contribution from TLTRO funding.
The stress tests, in view of the high availability of liquidity reserves, yielded results in excess of the target threshold for the Intesa Sanpaolo Group, with a liquidity surplus capable of meeting extraordinary cash outflows for a period longer than 3 months.
Adequate and timely information regarding the development of market conditions and the position of the Bank and/or Group was regularly provided to the corporate bodies and internal committees in order to ensure full awareness and manageability of the main risk factors.

INFORMATION ON FINANCIAL PRODUCTS

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy – Excluding insurance companies

(millions of euro)

Assets / liabilities at fair value	30.09.2021			31.12.2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	31,600	26,001	3,530	22,890	31,994	3,362
a) Financial assets held for trading	30,372	25,092	187	21,861	30,900	404
of which: Equities	*669*	*-*	*16*	*663*	*-*	*1*
of which: quotas of UCI	*153*	*3*	*25*	*169*	*3*	*31*
b) Financial assets designated at fair value	*-*	*1*	*3*	*-*	*1*	*2*
c) Other financial assets mandatorily measured at fair value	*1,228*	*908*	*3,340*	*1,029*	*1,093*	*2,956*
of which: Equities	*168*	*153*	*227*	*10*	*191*	*193*
of which: quotas of UCI	*1,056*	*150*	*2,022*	*1,018*	*227*	*1,740*
2. Financial assets measured at fair value through other comprehensive income	55,716	8,697	391	49,681	7,747	430
of which: Equities	*1,598*	*1,532*	*374*	*1,559*	*1,754*	*387*
3. Hedging derivatives	-	1,372	-	1	1,118	15
4. Property and equipment	-	-	7,225	-	-	7,252
5. Intangible assets	-	-	-	-	-	-
Total	**87,316**	**36,070**	**11,146**	**72,572**	**40,859**	**11,059**
1. Financial liabilities held for trading	22,649	34,688	196	15,742	43,168	123
2. Financial liabilities designated at fair value	183	3,057	26	-	3,032	-
3. Hedging derivatives	10	5,112	-	1	7,084	3
Total	**22,842**	**42,857**	**222**	**15,743**	**53,284**	**126**

The Group's assets measured at fair value (excluding the insurance companies), primarily consisted of level 1 instruments (around 65% of the total assets measured at fair value as at 30 September 2021 compared to around 58% at the end of 2020), measured using market prices and therefore without any discretion by the valuator. The Level 1 assets increased by 14.7 billion euro compared to December 2020, mainly due to the debt securities component.

As at 30 September 2021, level 3 assets, which are subject to greater discretion in determining fair value, made up approximately 8% of the total assets measured at fair value, a slight decrease compared to 31 December 2020 (around 9%). In contrast, the stock of Level 3 assets increased slightly (1%) compared to December 2020. The most significant component of the Level 3 assets was property and equipment.

For the Level 2 assets, there was a decrease in the percentage of total assets measured at fair value compared to 31 December 2020 (from approximately 33% to approximately 27%). This decrease was also driven by the reduction in exposures to OTC derivatives, which had a similar effect on liabilities.

As far as liabilities are concerned, level 3 instruments remain at essentially insignificant levels (well below 1% of total liabilities), whereas level 2 instruments, mostly OTC derivatives, continue to prevail.

Fair value hierarchy – Insurance companies

(millions of euro)

Assets / liabilities at fair value	30.09.2021			31.12.2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	316	351	389	321	33	47
of which: Equities	-	-	-	-	-	-
of which: quotas of UCI	*122*	-	*49*	*120*	-	*47*
2. Financial assets designated at fair value through profit or loss	97,372	26	596	86,779	51	377
of which: Equities	*3,171*	-	-	*2,749*	-	-
of which: quotas of UCI	*89,103*	-	-	*79,538*	-	-
3. Financial assets available for sale	93,000	9,503	3,743	82,076	4,845	2,192
of which: Equities	*2,073*	-	*60*	*1,713*	-	*43*
of which: quotas of UCI	*10,632*	*66*	*3,431*	*10,271*	*20*	*2,138*
4. Hedging derivatives	-	335	-	-	449	-
5. Property and equipment	-	-	8	-	-	8
6. Intangible assets	-	-	-	-	-	-
Total	**190,688**	**10,215**	**4,736**	**169,176**	**5,378**	**2,624**
1. Financial liabilities held for trading	3	121	-	4	54	-
2. Financial liabilities designated at fair value through profit or loss	-	82,969	-	-	77,149	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**3**	**83,090**	**-**	**4**	**77,203**	**-**

For the insurance companies, 93% of the financial assets measured at fair value were measured using market prices (level 1 inputs) and therefore without any discretion by the valuator.
Level 3 instruments, which are subject to greater discretion in determining fair value, made up 2% of the total assets, a slight increase compared to 31 December 2020 (1.5%).
Liabilities at fair value were almost entirely measured using level 2 inputs.
The most significant changes compared to December 2020 are due to the new entries into the consolidation scope of Assicurazioni Vita S.p.A. (formerly Aviva Vita), Lombarda Vita S.p.A., and Cargeas Assicurazioni S.p.A. (although the changes attributable to Cargeas are less significant).

INFORMATION ON STRUCTURED CREDIT PRODUCTS

The risk exposure in structured credit products came to 3,266 million euro as at 30 September 2021, a net increase of 537 million euro compared to the stock of 2,729 million euro as at 31 December 2020. The exposure includes investments in ABSs (Asset-Backed Securities) of 1,698 million euro, in CLOs (Collateralised Loan Obligations) of 1,493 million euro and, to a residual extent, in CDOs (Collateralised Debt Obligations) of 75 million euro, which continued to be a marginal activity also in 2021.

(millions of euro)

Accounting categories	30.09.2021				31.12.2020	changes	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	Total		absolute	%
Financial assets held for sale	355	584	-	**939**	**849**	90	10.6
Financial assets mandatorily measured at fair value	-	3	-	**3**	**4**	-1	-25.0
Financial assets measured at fair value through other comprehensive income	758	893	-	**1,651**	**1,119**	532	47.5
Financial assets measured at amortised cost	380	218	75	**673**	**757**	-84	-11.1
Total	**1,493**	**1,698**	**75**	**3,266**	**2,729**	**537**	**19.7**

In this disclosure, structured credit products include debt securities held by the Group divided into tranches upon issue consisting of various degrees of subordination and not issued within the framework of transactions originated by entities of the

Intesa Sanpaolo Group or by public entities, in addition to transactions whereby the Group finances its corporate and financial institution customers (operations implemented by the Group through the subsidiary Duomo Funding Plc).
The strategy for transactions in structured credit products shows a prevalence of investments aimed at exploiting market opportunities over disposals of the portfolio during the period.
The exposure in ABSs and CLOs measured at fair value went from 1,972 million euro in December 2020 to 2,593 million euro in September 2021, a net increase of 621 million euro, mainly attributable to operations on positions of the IMI Corporate & Investment Banking Division, in the assets measured at fair value through other comprehensive income portfolio and to a lesser extent in the assets held for trading portfolio.
The exposure to debt securities classified as assets measured at amortised cost amounted to 673 million euro in September 2021, compared with an exposure of 757 million euro in December 2020.
From a profit or loss perspective, a profit of +10 million euro was posted as at 30 September of 2021, a significant improvement on -17 million euro recorded in the first nine months of 2020.
The profit on trading – caption 80 of the income statement – amounts to +10 million euro and relates to the exposures in ABSs and CLOs, as a result of valuation effects of +5 million euro and realised gains of +5 million euro. As at 30 September 2020, this caption showed a loss of -18 million euro, resulting from valuation effects attributable to the downturn in the markets in the period due to the COVID-19 health emergency.
The profit from financial assets mandatorily measured at fair value was +1 million euro, compared to a loss of 1 million euro in the first nine months of 2020.
The exposures to debt securities classified as assets measured at fair value through other comprehensive income recorded a net increase in fair value of +3 million euro in the first nine months of 2021 through a shareholders' equity reserve (from a reserve of -4 million euro in December 2020 to -1 million euro in September 2021); on the other hand, there was no impact from sales from the portfolio as at 30 September 2021, against an impact of +4 million euro in the first half of 2020.
As at 30 September 2021, there were adjustments of -1 million euro on the debt securities classified as assets measured at amortised cost, compared to -2 million euro recognised in the first nine months of 2020.

(millions of euro)

Income statement results broken down by accounting category	30.09.2021				30.09.2020	changes	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	Total		absolute	%
Financial assets held for sale	3	7	-	**10**	**-18**	28	
Financial assets mandatorily measured at fair value	-	1	-	**1**	**-1**	2	
Financial assets measured at fair value through other comprehensive income	-	-	-	**-**	**4**	-4	
Financial assets measured at amortised cost	-	-1	-	**-1**	**-2**	-1	-50.0
Total	**3**	**7**	**-**	**10**	**-17**	**27**	

INFORMATION ON ACTIVITIES PERFORMED THROUGH SPECIAL PURPOSE ENTITIES (SPES)

For the purpose of this analysis, legal entities established to pursue a specific, clearly defined and limited objective (raising funds on the market, acquiring/selling/managing assets both for asset securitisations, acquisition of funding through self-securitisations and the issue of covered bonds, developing and/or financing specific business initiatives, undertaking leveraged buy-out transactions, or managing credit risk inherent in an entity's portfolio) are considered Special Purpose Entities (SPEs).
The sponsor of the transaction is normally an entity which requests the structuring of a transaction that involves the SPE for the purpose of achieving certain objectives. In some cases, the sponsor may be the Bank itself, which establishes a SPE to achieve one of the aims mentioned above.
As to the SPE categories identified as non-consolidated structured entities, no changes have been made to the criteria applied by the Intesa Sanpaolo Group to decide whether to include said entities in the scope of consolidation, compared to the information already provided in the 2020 Annual Report.
In the third quarter of 2021, there were no changes in the notional amounts of the covered bonds issued under Intesa Sanpaolo's programmes.

INFORMATION ON LEVERAGED TRANSACTIONS

In 2017, the ECB published specific Guidance on Leveraged Transactions, which applies to all the significant entities subject to direct supervision by the ECB. The stated purpose of the guidance is to strengthen company controls over "leveraged" transactions, in view of the global increase in leveraged finance activities and the highly competitive market, characterised by a prolonged period of very low interest rates and the ensuing search for yields.
The scope of the ECB Guidance includes exposures in which the borrower's level of leverage, measured as the ratio of total financial debt to EBITDA, is greater than 4, as well as exposures where the borrower is owned by one or more financial sponsors. Moreover, counterparties with Investment Grade ratings, private individuals, credit institutions, financial institutions and companies in the financial sector in general, public entities, non-profit entities, as well as counterparties with credit facilities below a certain materiality threshold (5 million euro), Retail SME counterparties and Corporate SME counterparties (the latter if not owned by financial sponsors) are explicitly excluded from the scope of Leveraged Transactions. Specialised

lending transactions (project finance, real estate and object financing) and certain other types of credit, such as trade finance transactions, are also excluded.
As at 30 September 2021, for the Intesa Sanpaolo Group, the transactions that meet the definition of Leveraged Transactions as per the ECB Guidance amounted to 30 billion euro, relating to 2,373 credit lines (compared to 31 billion euro as at 31 December 2020, net of the positions classified as Leveraged Transactions and then sold in the context of the sale of branches associated with the merger of UBI Banca).
In accordance with the requirements of the ECB Guidance, as part of the Credit Risk Appetite a specific limit for the outstanding stock of leveraged transactions and limits on new transaction flows were submitted for approval to the Board of Directors, in line with the Bank's risk appetite on these types of operations.

INFORMATION ON INVESTMENTS IN HEDGE FUNDS

The Hedge Fund portfolio as at 30 September 2021 amounted to 27 million euro for the trading book and 213 million euro for the banking book, compared to 39 million euro and 277 million euro respectively in December 2020.
The investments in the banking book are recognised under financial assets mandatorily measured at fair value and pertain to funds that adopt medium/long-term investment strategies and redemption times that are longer than those of UCITS (Undertakings for Collective Investment in Transferable Securities) funds.
During the first nine months of 2021, the stock of these investments decreased by 76 million euro compared to 31 December 2020. Of this decrease, 64 million euro concerned the banking book (mainly due to the disposals in the period) while 12 million euro concerned the trading segment.
In terms of income statement effects, a profit of +14 million euro was recorded as at 30 September 2021 (compared to a loss of -15 million euro as at 30 September 2020). This result comprised +10 million euro attributable to the valuation component of the funds in the portfolio, and +4 million euro attributable to the realisation component.
The profits (losses) on trading – caption 80 of the income statement (trading book) – showed a loss of -6 million euro as at 30 September 2021, mainly attributable to valuation losses, compared to a loss of -23 million euro in the first nine months of 2020, mainly attributable to sales during the period.
The net profit (loss) on financial assets mandatorily measured at fair value – caption 110 of the income statement (banking book portfolio) – recorded a profit of +20 million euro (compared to +8 million euro in September 2020). This result was comprised of +16 million euro for valuation effects and +4 million for realisation impacts.

INFORMATION ON TRADING TRANSACTIONS IN DERIVATIVES WITH CUSTOMERS

Considering relations with customers only, as at 30 September 2021, the Intesa Sanpaolo Group, in relation to derivatives trading with retail customers, non-financial companies and public entities (therefore excluding banks, financial and insurance companies), presented a positive fair value, not having applied netting agreements, of 7,601 million euro (8,934 million euro as at 31 December 2020). The notional value of these derivatives totalled 79,683 million euro (75,296 million euro as at 31 December 2020).
The positive fair value of contracts outstanding with the 10 customers with the highest exposures was 4,820 million euro (5,802 million euro as at 31 December 2020).
Conversely, the negative fair value referring to total contracts outstanding, determined with the same criteria, for the same types of contracts and with the same counterparties, totalled 2,098 million euro as at 30 September 2021 (1,460 million euro as at 31 December 2020). The notional value of these derivatives totalled 22,685 million euro (19,222 million euro as at 31 December 2020).
The fair value of derivative financial instruments entered into with customers was determined considering, as for all other OTC derivatives, the creditworthiness of the single counterparty ("Bilateral Credit Value Adjustment"). With regard to contracts outstanding as at 30 September 2021, this led to a positive effect of 73 million euro being recorded under "Profits (Losses) on trading" in the income statement.
As regards the methodologies used in determining the fair value of financial instruments, see the specific paragraphs of the section on accounting policies in the Notes to the 2020 consolidated financial statements and the information on risk management in the Half-yearly Report as at 30 June 2021.

OPERATIONAL RISK

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, people and systems or from external events[15].

The Intesa Sanpaolo Group has long defined the overall operational risk management framework by setting up a Group policy and organisational processes for measuring, managing and controlling operational risk.

To determine its capital requirements, the Group uses a combination of the methods allowed under applicable regulations (advanced measurement approach partially used along with the standardised approach and basic indicator approach). The capital absorption resulting from this process amounted to 2,110 million euro as at 30 September 2021, unchanged compared to 30 June 2021.

Legal risks

Legal risks are carefully analysed by the Parent Company and the individual Group companies. Provisions are made to the allowances for risks and charges in the event of disputes for which it is probable that funds will be disbursed and where the amount of the disbursement may be reliably estimated. There were no new significant legal disputes during the third quarter. For the main pending disputes, the significant developments in the quarter are described below. For details of the previous disputes, see the Notes to the 2020 Annual Report and the Half-yearly Report 2021 of the Intesa Sanpaolo Group.

Judgement of the Court of Cassation on derivatives entered into with local entities

With regard to ruling no. 8770/2020 of the Joint Sections of the Court of Cassation on derivative financial instruments entered into by local authorities, there were no new disputes.

With regard to the current disputes with companies owned by local authorities and Regional governments, in the case brought by EUR S.p.A. against Intesa Sanpaolo and other intermediaries, Intesa Sanpaolo filed an appearance before the Court raising a number of preliminary objections, including: the lack of jurisdiction of the Italian court and the *lis pendens* and/or international connection in view of the claim form submitted by another bank in the pool of lending banks before the High Court of Justice of London. In addition, a petition has been filed with the Court of Justice of the European Union to verify that the EU legislation is being correctly applied in Italy, in light of Court of Cassation ruling no. 8770/2020. The first hearing has been adjourned to 22 November 2021.

With regard to disputes with private individuals, in a case concerning currency options, the Bologna Court of Appeal, in a ruling dated 13 September 2021, confirmed the suspension of the provisional enforceability of the first instance ruling, which had ordered the Bank to pay around 13 million euro, in application of the principles set out in the above-mentioned Court of Cassation ruling concerning IRSs to the currency options contracts, without considering the difference between the two instruments. The order by the Court strengthens the Bank's defence both with regard to the merits of the case and the risk associated with possible payment. As a result, the Bank is not currently obliged to make any payment to the counterparty.

S.e.l.a.r.l. Bruno Raulet (former Dargent Tirmant Raulet) Dispute

In a ruling delivered on 27 July 2021, the Metz Court of Appeal partially upheld the receivership's claim for 55.6 million euro for wrongful granting of credit and ordered the Bank to pay around 20 million euro, plus legal costs of the various instances of the proceedings (for a total of 20.6 million euro).

The Court quantified the damage suffered by the insolvency estate as being equal to the loan granted by the Bank, less the proceeds from the sale of the asset given as security.

In the opinion of the external lawyers assisting Intesa Sanpaolo, there are grounds for a revision of the ruling. An appeal before the Court of Cassation is therefore being prepared.

Disputes arising from the acquisition of certain assets, liabilities and legal relationships of Banca Popolare di Vicenza S.p.A. in compulsory administrative liquidation and Veneto Banca S.p.A. in compulsory administrative liquidation

With regard to the claims already filed, the deadline for the submission of objections by the compulsory administrative liquidation has been extended to 30 April 2022 and no objections have been raised to date.

In the proceedings relating to the Excluded Disputes brought for the alleged misselling of BPV shares in which Intesa Sanpaolo is also a party, the Court of Florence, by order of 20 July 2021, referred the question of the constitutionality of Law Decree 99/2017 to the Constitutional Court.

With regard to the criminal proceedings before the Court of Vicenza against BPV senior officers and executives, charged with market-rigging, obstructing banking supervisory authorities and financial reporting irregularities, last June a ruling was issued against them and BPV in compulsory administrative liquidation for corporate liability pursuant to Legislative Decree no. 231/01 (the summons of Intesa Sanpaolo for civil liability was rejected). The position of the former CEO Samuele Sorato was excluded from the main proceedings due to his poor health. Recently, the Court of Vicenza upheld the request for the summons of the bank for civil liability in relation to the charges against Sorato, authorising the summons for the hearing of 10 November 2021. In this regard, Intesa Sanpaolo will file an entry of appearance requesting its exclusion pursuant to Article 86 of the Code of Criminal Procedure in accordance with the provisions of Law Decree no. 99/2017 and of the sale agreement of 26 June 2017.

[15] As far as the financial losses component is concerned, the Operational risk includes: legal and compliance risk, conduct risk, IT and Cyber risk, physical security risk, business continuity risk, financial crime and financial reporting risk, third-party and model risk. Strategic risk and reputational risk are not included.

Tax litigation

The outstanding tax litigation risks are covered by adequate allowances for risks and charges.
During the quarter, there were no new disputes of a significant amount involving Intesa Sanpaolo and no significant events were reported for the Italian and international subsidiaries.
As at 30 September 2021, Intesa Sanpaolo had 701 pending litigation proceedings (687 as at 31 December 2020) for a total amount claimed (taxes, penalties and interest) of 142.5 million euro (138.6 million euro as at 31 December 2020), considering both administrative and judicial proceedings at various instances.
In relation to these proceedings, the provision as at 30 September 2021 was quantified at 61.4 million euro (57 million euro as at 31 December 2020).
Compared to 30 June 2021, the main events that influenced the reduction in the amount claimed (-7.6 million euro) consisted of the positive conclusion of a dispute concerning the applicability of motor vehicle tax on leased vehicles (2.4 million euro), the settlement of two IRES (corporate income tax) and IRAP (regional production tax) disputes and a dispute concerning municipal waste taxes (so-called TARSU/TARI) ((4.5 million euro), and the settlement of municipal property (so-called IMU) tax disputes (1.2 million euro).
More specifically: (i) the Court of Cassation definitively annulled the claims of 2.4 million euro made by the Emilia-Romagna Region for the 2010 tax year in relation to motor vehicle taxes, recognising that the tax is payable by the user of the leased asset rather than the leasing company (in this case, the former Neos Finance); (ii) the Court of Cassation also closed the disputes regarding two notices of assessment for IRES (corporate tax) and IRAP (regional production tax) for the year 2008 – in which the non-deductibility for tax purposes of negative components relating to hedging instruments had been contested (value 2 million euro) – due to the settlement of the pending disputes in accordance with Article 6 of Law Decree no. 119 of 2018; and (iii) the Municipality of Naples definitively recognised the validity of the Bank's arguments with regard to a dispute concerning municipal waste tax (so-called TARSU) (value 1.6 million euro).
As noted above, with regard to the main outstanding disputes there were no significant changes during the quarter and, therefore, reference should be made to the Half-yearly report for a detailed analysis.
Lastly, below is a summary of the audits and checks currently being conducted by the tax authorities, which have not yet given rise to any claims.
With regard to the questionnaires notified between the end of 2020 and March 2021, more details are provided in the December 2020 and March 2021 reports.
Moreover on 6 August 2021, the Italian Revenue Agency – Lombardy Regional Directorate – Large Taxpayers Office served a notice to attend for cross examination, requesting information and documentation regarding the invoicing of nautical leasing services provided by Mediocredito Italiano under the non-taxable VAT regime pursuant to Article 8-bis of Presidential Decree no. 633/72, in the 2016 tax year. Clarifications and documentation have been provided in response to the various points of the questionnaire. Given that the aforementioned audit is a logical consequence of the assessments already carried out for the tax years 2014 and 2015 on the same subject, a provision of 1.3 million for taxes and interest had already been made in 2019 for the above-mentioned tax year. No claims have been made for the time being.
On 17 September 2021, a questionnaire was sent by the Italian Revenue Agency – Emilia Romagna Regional Directorate – Large Taxpayers Office requesting information and documentation regarding the opening of a credit line by the merged Cassa di Risparmio di Bologna to a company declared bankrupt in 2006, and the subsequent sale of that credit in 2018 as part of a securitisation transaction. The deadline for providing responses to the questionnaire was extended to 31 October 2021.

INSURANCE RISKS

Investment portfolios

The investments of the insurance companies of the Intesa Sanpaolo Group (Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura, Intesa Sanpaolo Life, Fideuram Vita, Intesa Sanpaolo RBM Salute, BancAssurance Popolari, Assicurazioni Vita, Lombarda Vita and Cargeas) are made with their shareholder fund and to cover contractual obligations with customers. These refer to traditional revaluable life insurance policies, Index- and Unit-linked policies, pension funds and non-life policies.
The companies Assicurazioni Vita, Lombarda Vita and Cargeas became part of the Insurance Group during the second quarter, and a project for their integration into the Insurance Group has been launched, with the objective, among others, of achieving their gradual alignment with the Insurance Group's risk management framework. The analysis provided below already includes the effect of the acquisition.
As at 30 September 2021, the investment portfolios, recorded at book value, amounted to 208,895 million euro. Of these, a part amounting to 111,305 million euro relates to traditional revaluable life policies (the financial risk of which is shared with the policyholders by virtue of the mechanism whereby the returns on assets subject to segregated management are determined), non-life policies and free capital. The other component, whose risk is borne solely by the policyholders, consists of investments related to Unit-linked policies and pension funds and amounted to 97,590 million euro.
Considering the various types of risks, the analysis of investment portfolios, described below, concentrates on the assets held to cover traditional revaluable life policies, non-life policies and shareholder fund.
In terms of breakdown by asset class, net of derivative financial instruments, 84.9% of assets, i.e. 94,281 million euro, were bonds, whereas equity instruments represented 1.9% of the total and amounted to 2,136 million euro. The remainder (14,607 million euro) consisted of investments relating to UCI, Private Equity and Hedge Funds (13.2%).
The carrying value of derivatives came to approximately 281.3 million euro, of which -53.8 million euro relating to effective management derivatives[16], and the remaining portion (335.1 million euro) is attributable to hedging derivatives.
At the end of the first nine months of 2021, investments made with the shareholder fund of Intesa Sanpaolo Vita and Fideuram Vita amounted to approximately 1,801 million euro at market value, and presented a risk in terms of VaR (99% confidence level, 10-day holding period) of approximately 20 million euro.
The breakdown of the bond portfolio in terms of fair value sensitivity to interest rate changes showed that a +100 basis points parallel shift in the curve leads to a decrease of approximately 6,434 million euro.
The distribution of the portfolio by rating class is as follows. AAA/AA bonds represented approximately 8.3% of total investments and A bonds approximately 7.4%. Low investment grade securities (BBB) were approximately 80.1% of the total and the portion of speculative grade or unrated securities was minimal (4.2%).
A considerable portion of the BBB area is made up of securities issued by the Italian Republic.
The analysis of the exposure in terms of the issuers/counterparties produced the following results: securities issued by Governments and Central Banks made up approximately 78.7% of the total investments, while financial companies (mostly banks) contributed approximately 12.4% of exposure and industrial securities made up approximately 8.9%.
At the end of the third quarter of 2021, the fair value sensitivity of bonds to a change in issuer credit rating, intended as a market credit spread shock of +100 basis points, was 6,603 million euro, with 5,582 million euro due to government issuers and 1,021 million euro to corporate issuers (financial institutions and industrial companies).

[16] ISVAP Regulation 36 of 31 January 2011 on investments defines as "effective management derivatives" all derivatives aimed at achieving pre-established investment objectives in a faster, easier, more economical or more flexible manner than would have been possible acting on the underlying assets.

Accounting policies

Criteria for the preparation of the Interim Statement

General preparation principles

As known, with Legislative Decree 25 of 15 February 2016, Directive 2013/50/EU, amending Directive 2004/109/EC (i.e. “Transparency Directive”), has been transposed into the Italian legal system. By transposing the European regulation, the provisions concerning financial reports were changed, among others, innovating the rules regarding the publication, by the listed issuers with Italy as Member State of origin, of additional periodic information other than the annual report and half-yearly report. The wording of Article 154-ter (Financial reports), paragraphs 5 and 5-bis, of the Consolidated Law on Finance, allows CONSOB to arrange, towards the issuers stated above, the obligation to publish the additional periodic information. However, in exercising its duties – and following a consultation process – CONSOB has given the issuers the choice on publishing the Interim Statements.
In this context, Intesa Sanpaolo publishes – on a voluntary basis – financial information as at 31 March and 30 September of each financial year, in addition to the annual report and half-yearly report. This information consists of interim statements on operations approved by the Board of Directors, basically providing continuity with the interim statements published in the past.

The Interim Statement as at 30 September 2021 has been prepared, in consolidated form, in compliance with the recognition and measurement criteria required by the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS-IC) and endorsed by the European Commission as provided for by Community Regulation 1606 of 19 July 2002.

The accounting standards adopted in preparation of this Consolidated interim report on operations, with regard to the classification, recognition, measurement and derecognition of the balance sheet assets and liabilities, and the recognition methods for revenues and costs, have remained unchanged compared to those adopted for the Intesa Sanpaolo Group 2020 Annual Report and Half-Yearly Report at 30 June 2021, which should be consulted for the complete details.

In addition, the indications provided by the authorities and the IASB during 2020, together with the application decisions made by Intesa Sanpaolo, as referred to in the chapter “The nine months of 2021”, should be consulted on the consequences of the impact of the COVID-19 health emergency.

With reference to changes in the accounting regulations, please note that from 2021, Regulation (EU) 2021/25 of 13 January 2021, endorsing the document “Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16” published by the IASB on 27 August 2020 regarding issues pertaining to the second phase of the interest rate reform project (Interest Rate Benchmark Reform – IBOR Reform), became mandatory and applicable for the first time. The main amendments introduced concern the possible accounting impacts of the application of the new rates (so-called replacement issue), in particular the accounting treatment of amendments to existing contracts and to hedge accounting.
With regard to the first aspect – under IFRS 9, but also similarly in application of IFRS 16 to leases and IFRS 4 to insurance contracts – it is clarified that amendments resulting from the IBOR Reform relating to the replacement of the existing IBOR rate with the new risk-free rate, must not constitute a derecognition event but are to be considered a modification from an accounting standpoint. To this end, a practical expedient has been introduced allowing such amendments, if made as a direct consequence of the IBOR Reform and applied on equivalent economic bases, to be represented with a prospective adjustment of the effective interest rate, with impacts on net interest income in future periods.
In relation to the hedge accounting, several exceptions have been introduced to IAS 39 (and to IFRS 9 for entities that have also adopted it for hedges) that make it possible not to apply discontinuation following an update of the documentation of the hedging relationship (due to modification of the hedged risk, the hedged underlying or the hedging derivative, or of the method for verifying hedge effectiveness) in the case of modifications required as a direct consequence of the IBOR Reform and applied on equivalent economic bases.
No impacts on the Intesa Sanpaolo Group are foreseen for the modifications with the characteristics envisaged by the standard, in line with the objective of the amendments introduced by the IASB aimed at preventing distortions in the financial statements as a result of the reform.
In view of the regulatory measures and the actions taken by the Bank described in the Half-yearly Report, no problem issues are envisaged in completing the transition within the deadlines set. With regard to derivative instruments, it should also be noted that in October the OIS contracts with Central Counterparties were converted at the new risk-free rate €STR, in replacement of the Eonia.

In addition, Regulation 2097/2020 of 15 December 2020, endorsing the extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4 Insurance Contracts) published by the IASB on 25 June 2020, came into force from 1 January 2021. In view of the IASB’s decision to postpone the date of first-time adoption of IFRS 17 until 1 January 2023 – also made on 25 June 2020 – the authorisation to postpone the application of IFRS 9 (the “Deferral Approach”) was also extended until 1 January 2023 in order to remedy the temporary accounting consequences of the mismatch between the date of entry into force of IFRS 9 - Financial Instruments and that of the future IFRS 17 - Insurance Contracts.
In the interest of completeness, mention should also be made of the publication of Regulation 1421/2021 of 30 August 2021 on “Covid-19-related rent concessions after 30 June 2021”, transposing the IASB's amendments of 31 March 2021 extending by one year – until 30 June 2022 – the period of application of the amendment to IFRS 16 Leasing issued in May 2020, which

facilitates lessees in accounting for Covid-19-related concessions, making it possible, in some conditions, not to apply the accounting rules for lease modifications (such as suspensions or temporary reductions of payments).
The Intesa Sanpaolo Group has chosen not to apply this practical expedient with effect from 2020, including in view of the immateriality of its impacts on the Group. Accordingly, these additional amendments are not relevant to the Group.

As stated in the Half-yearly Report, on 9 February 2021, ESMA submitted a query to the IFRS Interpretations Committee (IFRS-IC) regarding the methods of accounting of TLTRO III (Targeted Longer Term Refinancing Operations), with particular reference to the following aspects: applicability to the operations in question of IFRS 9 or IAS 20, method for the recognition of interest in the so-called “special interest period” and accounting treatment of the estimation changes (both following contractual amendments and concerning the achievement of benchmarks which provide benefits from improved rates), on which the IFRS-IC has not given a definitive answer yet.
In preparing the Interim Statement, given the absence of specific and definitive instructions from the Regulators and considering the sound rationale behind the accounting policy adopted by Intesa Sanpaolo, TLTRO III continued to be recognised in line with the current practice.
As illustrated in the Accounting Policies of the 2020 Financial Statements, to which reference is made for more details, the Intesa Sanpaolo Group applies the accounting treatment determined in accordance with IFRS 9 to TLTRO III, treating the refinancing conditions established by the ECB as floating market rates within the Eurosystem’s monetary policy measures.
With reference to the overall exposure of the Intesa Sanpaolo Group, as at 30 September there are advances for 131 billion euro against which, based on the close and constant monitoring of the volumes necessary to reach the benchmarks required by the ECB, interest income totalling 846 million euro was recorded.

The Interim Statement as at 30 September 2021, drawn up in euro as the functional currency, contains the Balance sheet, the Income statement, the Statement of comprehensive income for the period, the Changes in shareholders’ equity, and the explanatory notes. They are also complemented by information on significant events which occurred in the period, and on the main risks and uncertainties to be faced in the remaining months of the year.
The amounts indicated in the financial statements and explanatory notes are expressed in millions of euro, unless otherwise specified.
In addition to the amounts for the reporting period, the financial statements also indicate the corresponding comparison figures for the period ended 30 September 2020 for the Income statement and as at 31 December 2020 for the Balance sheet.

The assets held for sale include the non-performing loan portfolios of Intesa Sanpaolo, including those from UBI Banca, merged into Intesa Sanpaolo from 12 April 2021, Intesa Sanpaolo Provis and UBI Leasing, which will be sold as part of the Group’s de-risking strategies, primarily in the fourth quarter of 2021 and, to a residual extent, in 2022. Likewise, assets held for sale include single-name non-performing credit exposures subject to already approved transactions expected to be closed after 30 September 2021. Assets held for sale also include the Banca 5 banking services business line, which will be transferred to Mooney Group by the end of 2021 within the framework of the partnership launched in 2019, and the Intesa Sanpaolo business line dedicated to the acquiring activity within the payment systems relating to the scope of the former UBI Banca, which was transferred to Nexi at the end of October. Finally, assets held for sale at 30 September 2021 include a business line within the Group’s Insurance Division relating to some line IV policies and collective agreements the assignment of which was finalised in October.

The Interim Statement as at 30 September 2021 is accompanied by certification of the Manager responsible for preparing the Company’s financial reports pursuant to Article 154-bis of the Consolidated Law on Finance, and the consolidated financial statements are subject to a limited review by the Independent Auditors for the sole purpose of issuing the certification required by Art. 26 (2) of European Union Regulation no. 575/2013 and European Central Bank Decision no. 2015/656.
With regard to auditing activity, as previously reported, on 30 April 2019 the ordinary shareholders’ meeting awarded EY S.p.A. the engagement for the independent audit of the accounts for the financial years 2021 to 2029.

Scope of consolidation and consolidation methods

Scope of consolidation

The Consolidated Interim Statement includes Intesa Sanpaolo and the companies that it directly and indirectly controls, jointly controlled or subject to significant influence, also including – as specified by IAS/IFRS – companies operating in sectors different from that of the Parent Company and private equity investments. Similarly, structured entities are included when the requisite of effective control recurs, even if there is no stake in the company.
Certain companies in which the Parent Company holds an equity stake exceeding 20% of voting share capital, and in any case of limited absolute amount, are excluded from the scope of consolidation and are classified based on the provisions of IFRS 9, since Intesa Sanpaolo, directly or indirectly, exclusively holds rights on a portion of the rewards of the investment, does not have access to management policies and may exercise limited governance rights to safeguard its economic interests.
Equity investments held, directly or through funds, in companies involved in the venture capital business are also excluded from the line-by-line scope of consolidation. These equity investments are included in the category of Financial assets measured at fair value through profit or loss.
Companies for which the shares have been received as pledges with voting rights exceeding 20% are not consolidated, in consideration of the substance underlying the pledge, which has the purpose of guaranteeing loans and not of exercising control and direction over financial and economic policies in order to benefit from the economic return on the shares.

You are reminded that Intesa Sanpaolo does not perform management and coordination activity over Risanamento S.p.A. and its subsidiaries pursuant to Article 2497 et seq. of the Italian Civil Code.

The changes in the scope of consolidation in the third quarter mainly relate to corporate transactions within the Group (and thus without impact at the consolidated level), i.e.:
- merger of Pramerica SGR S.p.A. into Eurizon Capital SGR S.p.A.;
- merger of Pramerica Management Company S.A. into Eurizon Capital S.A. Luxembourg;
- merger of UBI.S into Intesa Sanpaolo S.p.A.;
- merger of IMMIT – Immobili italiani S.r.l. into BPB Immobiliare S.r.l., with change of name of the absorbing company, which took the name of the absorbed company (IMMIT – Immobili italiani S.r.l.) and subsequent merger of Kedomus S.r.l. into the new IMMIT.

In addition, Fideuram Asset Management UK Limited, 100% owned by Fideuram Asset Management Ireland, was established.
With regard to Intesa Sanpaolo Forvalue – which was removed from the scope of line-by-line consolidation in June 2021 as consolidated according to the equity method in view of the limited materiality and significance of the interests held, and classified among disposal groups pursuant to IFRS 5 within the framework of the strategic partnership with the Tinexta Group – it should be noted that the contribution to Innolva, 75% owned by Tinexta and 25% by Intesa Sanpaolo S.p.A., took place in July.
Accordingly, in view of what is started above, there are no changes at the level of the scope of line-by-line consolidation, whereas the scope of consolidation according to the equity method saw the removal of Intesa Sanpaolo Forvalue and the addition of Innolva in the third quarter.

For an indication of the changes in the scope of consolidation in the first six months of the year, see the Half-yearly Report as at 30 June 2021.

Consolidation methods

The methods used for line-by-line consolidation of subsidiaries and consolidation by the equity method of associates and companies subject to joint control have remained unchanged with respect to those adopted for the 2020 Intesa Sanpaolo Group Annual Report, to which reference should therefore be made.
The financial statements of the Parent Company and of other companies used to prepare the Interim Statement as at 30 September 2021 refer to the same date.
In certain limited cases, for subsidiaries which are not material, the latest official figures are used.
Where necessary – and only in wholly marginal cases – the financial statements of consolidated companies which are drawn up using different accounting criteria are restated to be compliant with the standards used by the Group.

The financial statements of non-Eurozone companies are translated into euro by applying the spot exchange rate at period-end to assets and liabilities in the Balance sheet, and the average exchange rate for the period to Income statement captions.

The Board of Directors

Milan, 3 November 2021

Declaration of the Manager responsible for Preparing the Company's financial reports

Pursuant to art. 154-bis, subsection 2 of the Italian Consolidated Law on Finance, the Manager responsible for preparing the Company's financial reports, Fabrizio Dabbene, hereby declares that the accounting information contained in this Interim Statement as at 30 September 2021 corresponds to corporate records, books and accounts.

Milan, 3 November 2021

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

Attachments

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2020 and adjusted consolidated balance sheet as at 31 December 2020

Reconciliation between published consolidated income statement for the period ended 30 September 2020 and adjusted income statement for the period ended 30 September 2020

Reconciliation between adjusted/published consolidated financial statements and restated consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2020 and restated consolidated balance sheet as at 31 December 2020

Reconciliation between published consolidated income statement for the period ended 30 September 2020 and restated consolidated income statement for the period ended 30 September 2020

Reconciliation between consolidated income statement for the period ended 30 September 2021 and restated consolidated income statement for the period ended 30 September 2021

Restated consolidated financial statements

Restated consolidated balance sheet

Restated consolidated income statement

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between consolidated balance sheet and reclassified consolidated balance sheet

Reconciliation between restated consolidated income statement and reclassified consolidated income statement

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2020 and adjusted consolidated balance sheet as at 31 December 2020

The published consolidated balance sheet as at 31 December 2020 did not require any adjustments.

Reconciliation between published consolidated income statement for the period ended 30 September 2020 and adjusted income statement for the period ended 30 September 2020

The published consolidated income statement as at 30 September 2020, did not require any adjustments.

Reconciliation between adjusted/published consolidated financial statements and restated consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2020 and restated consolidated balance sheet as at 31 December 2020

(millions of euro)

Assets		31.12.2020	Changes in the scope of consolidation (a)	31.12.2020 Restated
10.	Cash and cash equivalents	9,814	366	10,180
20.	Financial assets measured at fair value through profit or loss	58,246	9	58,255
	a) financial assets held for trading	*53,165*	*9*	*53,174*
	b) financial assets designated at fair value	*3*	*-*	*3*
	c) other financial assets mandatorily measured at fair value	*5,078*	*-*	*5,078*
30.	Financial assets measured at fair value through other comprehensive income	57,858	5	57,863
35.	Financial assets pertaining to insurance companies, measured at fair value pursuant to IAS 39	177,170	28,367	205,537
40.	Financial assets measured at amortised cost	615,260	1,500	616,760
	a) due from banks	*110,095*	*270*	*110,365*
	b) loans to customers	*505,165*	*1,230*	*506,395*
45.	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	1,211	351	1,562
50.	Hedging derivatives	1,134	-	1,134
60.	Fair value change of financial assets in hedged portfolios (+/-)	2,400	-	2,400
70.	Investments in associates and companies subject to joint control	1,996	-325	1,671
80.	Technical insurance reserves reassured with third parties	93	91	184
90.	Property and equipment	10,850	17	10,867
100.	Intangible assets	8,194	70	8,264
	of which:			
	- goodwill	*3,154*	*-*	*3,154*
110.	Tax assets	19,503	274	19,777
	a) current	*2,326*	*8*	*2,334*
	b) deferred	*17,177*	*266*	*17,443*
120.	Non-current assets held for sale and discontinued operations	28,702	-	28,702
130.	Other assets	10,183	663	10,846
Total assets		**1,002,614**	**31,388**	**1,034,002**

(a) The restatement refers to the inclusion in the Group of the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas and the Reyl Group.

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2020	Changes in the scope of consolidation (a)	31.12.2020 Restated
10.	Financial liabilities measured at amortised cost	630,146	1,777	631,923
	a) due to banks	*115,947*	*1*	*115,948*
	b) due to customers	*422,365*	*1,776*	*424,141*
	c) securities issued	*91,834*	-	*91,834*
15.	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	1,935	*100*	2,035
20.	Financial liabilities held for trading	59,033	*11*	59,044
30.	Financial liabilities designated at fair value	3,032	-	3,032
35.	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	77,207	*3,492*	80,699
40.	Hedging derivatives	7,088	-	7,088
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	733	-	733
60.	Tax liabilities	3,029	341	3,370
	a) current	*284*	*2*	*286*
	b) deferred	*2,745*	*339*	*3,084*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	35,676	-	35,676
80.	Other liabilities	14,439	343	14,782
90.	Employee termination indemnities	1,200	1	1,201
100.	Allowances for risks and charges	5,964	29	5,993
	a) commitments and guarantees given	*626*	-	*626*
	b) post-employment benefits	*324*	*21*	*345*
	c) other allowances for risks and charges	*5,014*	*8*	*5,022*
110.	Technical reserves	96,811	24,549	121,360
120.	Valuation reserves	-515	-	-515
125.	Valuation reserves pertaining to insurance companies	809	-	809
130.	Redeemable shares	-	-	-
140.	Equity instruments	7,441	23	7,464
150.	Reserves	17,461	-	17,461
160.	Share premium reserve	27,444	-	27,444
170.	Share capital	10,084	-	10,084
180.	Treasury shares (-)	-130	-	-130
190.	Minority interests (+/-)	450	722	1,172
200.	Net income (loss) (+/-)	3,277	-	3,277
Total liabilities and shareholders' equity		**1,002,614**	**31,388**	**1,034,002**

(a) The restatement refers to the inclusion in the Group of the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas and the Reyl Group.

Reconciliation between published consolidated income statement for the period ended 30 September 2020 and restated consolidated income statement for the period ended 30 September 2020

(millions of euro)

		30.09.2020	Change in the scope of consolidation (a)	30.09.2020 Restated
10.	Interest and similar income	7,396	15	7,411
	of which: interest income calculated using the effective interest rate method	*7,556*	-	*7,556*
20.	Interest and similar expense	-1,830	-3	-1,833
30.	**Interest margin**	**5,566**	**12**	**5,578**
40.	Fee and commission income	7,157	36	7,193
50.	Fee and commission expense	-1,682	-10	-1,692
60.	**Net fee and commission income**	**5,475**	**26**	**5,501**
70.	Dividend and similar income	70	-	70
80.	Profits (Losses) on trading	457	12	469
90.	Fair value adjustments in hedge accounting	58	-	58
100.	Profits (Losses) on disposal or repurchase of:	726	-	726
	a) financial assets measured at amortised cost	*17*	-	*17*
	b) financial assets measured at fair value through other comprehensive income	*741*	-	*741*
	c) financial liabilities	*-32*	-	*-32*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	108	-	108
	a) financial assets and liabilities designated at fair value	*120*	-	*120*
	b) other financial assets mandatorily measured at fair value	*-12*	-	*-12*
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	2,278	-	2,278
120.	**Net interest and other banking income**	**14,738**	**50**	**14,788**
130.	Net losses/recoveries for credit risks associated with:	-2,671	-	-2,671
	a) financial assets measured at amortised cost	*-2,658*	-	*-2,658*
	b) financial assets measured at fair value through other comprehensive income	*-13*	-	*-13*
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS39	-78	-	-78
140.	Profits (Losses) on changes in contracts without derecognition	-13	-	-13
150.	**Net income from banking activities**	**11,976**	**50**	**12,026**
160.	Net insurance premiums	7,175	165	7,340
170.	Other net insurance income (expense)	-8,301	-88	-8,389
180.	**Net income from banking and insurance activities**	**10,850**	**127**	**10,977**
190.	Administrative expenses:	-7,505	-59	-7,564
	a) personnel expenses	*-4,344*	*-43*	*-4,387*
	b) other administrative expenses	*-3,161*	*-16*	*-3,177*
200.	Net provisions for risks and charges	-233	-	-233
	a) commitments and guarantees given	*-11*	-	*-11*
	b) other net provisions	*-222*	-	*-222*
210.	Net adjustments to / recoveries on property and equipment	-405	-3	-408
220.	Net adjustments to / recoveries on intangible assets	-566	-1	-567
230.	Other operating expenses (income)	3,938	-1	3,937
240.	**Operating expenses**	**-4,771**	**-64**	**-4,835**
250.	Profits (Losses) on investments in associates and companies subject to joint control	-29	6	-23
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-
270.	Goodwill impairment	-	-	-
280.	Profits (Losses) on disposal of investments	36	-	36
290.	**Income (Loss) before tax from continuing operations**	**6,086**	**69**	**6,155**
300.	Taxes on income from continuing operations	-850	-21	-871
310.	**Income (Loss) after tax from continuing operations**	**5,236**	**48**	**5,284**
320.	Income (Loss) after tax from discontinued operations	1,136	-	1,136
330.	**Net income (loss)**	**6,372**	**48**	**6,420**
340.	Minority interests	4	-48	-44
350.	**Parent Company's net income (loss)**	**6,376**	**-**	**6,376**

(a) The restatement refers to the economic results of the first four months of 2020 of RBM Assicurazione Salute S.p.A. and the economic results of the first nine months of 2020 of Reyl Group.

Reconciliation between consolidated income statement for the period ended 30 September 2021 and restated consolidated income statement for the period ended 30 September 2021

(millions of euro)

		30.09.2021	Changes in the scope of consolidation (a)	30.09.2021 Restated
10.	Interest and similar income	7,843	9	7,852
	of which: interest income calculated using the effective interest rate method	*7,563*	-	*7,563*
20.	Interest and similar expense	-1,811	-2	-1,813
30.	**Interest margin**	**6,032**	**7**	**6,039**
40.	Fee and commission income	8,828	25	8,853
50.	Fee and commission expense	-1,989	-5	-1,994
60.	**Net fee and commission income**	**6,839**	**20**	**6,859**
70.	Dividend and similar income	113	-	113
80.	Profits (Losses) on trading	406	7	413
90.	Fair value adjustments in hedge accounting	36	-	36
100.	Profits (Losses) on disposal or repurchase of:	741	-	741
	a) financial assets measured at amortised cost	*215*	-	*215*
	b) financial assets measured at fair value through other comprehensive income	*570*	-	*570*
	c) financial liabilities	*-44*	-	*-44*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	157	-	157
	a) financial assets and liabilities designated at fair value	*-28*	-	*-28*
	b) other financial assets mandatorily measured at fair value	*185*	-	*185*
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	3,353	-	3,353
120.	**Net interest and other banking income**	**17,677**	**34**	**17,711**
130.	Net losses/recoveries for credit risks associated with:	-1,607	-	-1,607
	a) financial assets measured at amortised cost	*-1,595*	-	*-1,595*
	b) financial assets measured at fair value through other comprehensive income	*-12*	-	*-12*
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS39	-4	-	-4
140.	Profits (Losses) on changes in contracts without derecognition	-25	-	-25
150.	**Net income from banking activities**	**16,041**	**34**	**16,075**
160.	Net insurance premiums	7,848	-	7,848
170.	Other net insurance income (expense)	-9,887	-	-9,887
180.	**Net income from banking and insurance activities**	**14,002**	**34**	**14,036**
190.	Administrative expenses:	-8,568	-33	-8,601
	a) personnel expenses	*-5,016*	*-27*	*-5,043*
	b) other administrative expenses	*-3,552*	*-6*	*-3,558*
200.	Net provisions for risks and charges	-204	-	-204
	a) commitments and guarantees given	*73*	-	*73*
	b) other net provisions	*-277*	-	*-277*
210.	Net adjustments to / recoveries on property and equipment	-479	-1	-480
220.	Net adjustments to / recoveries on intangible assets	-612	-1	-613
230.	Other operating expenses (income)	703	-	703
240.	**Operating expenses**	**-9,160**	**-35**	**-9,195**
250.	Profits (Losses) on investments in associates and companies subject to joint control	130	2	132
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	-4
270.	Goodwill impairment	-	-	-
280.	Profits (Losses) on disposal of investments	190	-	190
290.	**Income (Loss) before tax from continuing operations**	**5,158**	**1**	**5,159**
300.	Taxes on income from continuing operations	-1,200	-	-1,200
310.	**Income (Loss) after tax from continuing operations**	**3,958**	**1**	**3,959**
320.	Income (Loss) after tax from discontinued operations	-	-	-
330.	**Net income (loss)**	**3,958**	**1**	**3,959**
340.	Minority interests	48	-1	47
350.	**Parent Company's net income (loss)**	**4,006**	**-**	**4,006**

(a) The restatement refers to the economic results of the first five months of 2021 of Reyl Group.

Restated consolidated financial statements

Restated consolidated balance sheet

(millions of euro)

Assets		30.09.2021	31.12.2020 Restated	Changes amount	%
10.	Cash and cash equivalents	9,303	10,180	-877	-8.6
20.	Financial assets measured at fair value through profit or loss	61,131	58,255	2,876	4.9
	a) financial assets held for trading	*55,651*	*53,174*	*2,477*	*4.7*
	b) financial assets designated at fair value	*4*	*3*	*1*	*33.3*
	c) other financial assets mandatorily measured at fair value	*5,476*	*5,078*	*398*	*7.8*
30.	Financial assets measured at fair value through other comprehensive income	64,804	57,863	6,941	12.0
35.	Financial assets pertaining to insurance companies, measured at fair value pursuant to IAS 39	205,631	205,537	94	0.0
40.	Financial assets measured at amortised cost	671,964	616,760	55,204	9.0
	a) due from banks	*171,687*	*110,365*	*61,322*	*55.6*
	b) loans to customers	*500,277*	*506,395*	*-6,118*	*-1.2*
45.	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	997	1,562	-565	-36.2
50.	Hedging derivatives	1,372	1,134	238	21.0
60.	Fair value change of financial assets in hedged portfolios (+/-)	932	2,400	-1,468	-61.2
70.	Investments in associates and companies subject to joint control	1,738	1,671	67	4.0
80.	Technical insurance reserves reassured with third parties	177	184	-7	-3.8
90.	Property and equipment	10,535	10,867	-332	-3.1
100.	Intangible assets	8,873	8,264	609	7.4
	of which:				
	- goodwill	*3,983*	*3,154*	*829*	*26.3*
110.	Tax assets	18,805	19,777	-972	-4.9
	a) current	*2,577*	*2,334*	*243*	*10.4*
	b) deferred	*16,228*	*17,443*	*-1,215*	*-7.0*
120.	Non-current assets held for sale and discontinued operations	3,181	28,702	-25,521	-88.9
130.	Other assets	11,975	10,846	1,129	10.4
Total assets		**1,071,418**	**1,034,002**	**37,416**	**3.6**

(millions of euro)

Liabilities and Shareholders' Equity		30.09.2021	31.12.2020 Restated	Changes amount	%
10.	Financial liabilities measured at amortised cost	704,724	631,923	72,801	11.5
	a) due to banks	*179,520*	*115,948*	*63,572*	*54.8*
	b) due to customers	*437,071*	*424,141*	*12,930*	*3.0*
	c) securities issued	*88,133*	*91,834*	*-3,701*	*-4.0*
15.	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,571	2,035	536	26.3
20.	Financial liabilities held for trading	57,533	59,044	-1,511	-2.6
30.	Financial liabilities designated at fair value	3,266	3,032	234	7.7
35.	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	83,093	80,699	2,394	3.0
40.	Hedging derivatives	5,122	7,088	-1,966	-27.7
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	272	733	-461	-62.9
60.	Tax liabilities	2,618	3,370	-752	-22.3
	a) current	*518*	*286*	*232*	*81.1*
	b) deferred	*2,100*	*3,084*	*-984*	*-31.9*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	1,404	35,676	-34,272	-96.1
80.	Other liabilities	18,042	14,782	3,260	22.1
90.	Employee termination indemnities	1,109	1,201	-92	-7.7
100.	Allowances for risks and charges	5,764	5,993	-229	-3.8
	a) commitments and guarantees given	*534*	*626*	*-92*	*-14.7*
	b) post-employment benefits	*312*	*345*	*-33*	*-9.6*
	c) other allowances for risks and charges	*4,918*	*5,022*	*-104*	*-2.1*
110.	Technical reserves	118,616	121,360	-2,744	-2.3
120.	Valuation reserves	-569	-515	54	10.5
125.	Valuation reserves pertaining to insurance companies	677	809	-132	-16.3
130.	Redeemable shares	-	-	-	
140.	Equity instruments	6,279	7,464	-1,185	-15.9
150.	Reserves	19,379	17,461	1,918	11.0
160.	Share premium reserve	27,287	27,444	-157	-0.6
170.	Share capital	10,084	10,084	-	-
180.	Treasury shares (-)	-158	-130	28	21.5
190.	Minority interests (+/-)	299	1,172	-873	-74.5
200.	Net income (loss) (+/-)	4,006	3,277	729	22.2
Total liabilities and shareholders' equity		**1,071,418**	**1,034,002**	**37,416**	**3.6**

Restated consolidated income statement

(millions of euro)

		30.09.2021 Restated	30.09.2020 Restated	Changes amount	Changes %
10.	Interest and similar income	7,852	7,411	441	6.0
	of which: interest income calculated using the effective interest rate method	*7,563*	*7,556*	*7*	*0.1*
20.	Interest and similar expense	-1,813	-1,833	-20	-1.1
30.	**Interest margin**	**6,039**	**5,578**	**461**	**8.3**
40.	Fee and commission income	8,853	7,193	1,660	23.1
50.	Fee and commission expense	-1,994	-1,692	302	17.8
60.	**Net fee and commission income**	**6,859**	**5,501**	**1,358**	**24.7**
70.	Dividend and similar income	113	70	43	61.4
80.	Profits (Losses) on trading	413	469	-56	-11.9
90.	Fair value adjustments in hedge accounting	36	58	-22	-37.9
100.	Profits (Losses) on disposal or repurchase of:	741	726	15	2.1
	a) financial assets measured at amortised cost	*215*	*17*	*198*	
	b) financial assets measured at fair value through other comprehensive income	*570*	*741*	*-171*	*-23.1*
	c) financial liabilities	*-44*	*-32*	*12*	*37.5*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	157	108	49	45.4
	a) financial assets and liabilities designated at fair value	*-28*	*120*	*-148*	
	b) other financial assets mandatorily measured at fair value	*185*	*-12*	*197*	
115.	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	3,353	2,278	1,075	47.2
120.	**Net interest and other banking income**	**17,711**	**14,788**	**2,923**	**19.8**
130.	Net losses/recoveries for credit risks associated with:	-1,607	-2,671	-1,064	-39.8
	a) financial assets measured at amortised cost	*-1,595*	*-2,658*	*-1,063*	*-40.0*
	b) financial assets measured at fair value through other comprehensive income	*-12*	*-13*	*-1*	*-7.7*
135.	Net losses/recoveries pertaining to insurance companies pursuant to IAS39	-4	-78	-74	-94.9
140.	Profits (Losses) on changes in contracts without derecognition	-25	-13	12	92.3
150.	**Net income from banking activities**	**16,075**	**12,026**	**4,049**	**33.7**
160.	Net insurance premiums	7,848	7,340	508	6.9
170.	Other net insurance income (expense)	-9,887	-8,389	1,498	17.9
180.	**Net income from banking and insurance activities**	**14,036**	**10,977**	**3,059**	**27.9**
190.	Administrative expenses:	-8,601	-7,564	1,037	13.7
	a) personnel expenses	*-5,043*	*-4,387*	*656*	*15.0*
	b) other administrative expenses	*-3,558*	*-3,177*	*381*	*12.0*
200.	Net provisions for risks and charges	-204	-233	-29	-12.4
	a) commitments and guarantees given	*73*	*-11*	*84*	
	b) other net provisions	*-277*	*-222*	*55*	*24.8*
210.	Net adjustments to / recoveries on property and equipment	-480	-408	72	17.6
220.	Net adjustments to / recoveries on intangible assets	-613	-567	46	8.1
230.	Other operating expenses (income)	703	3,937	-3,234	-82.1
240.	**Operating expenses**	**-9,195**	**-4,835**	**4,360**	**90.2**
250.	Profits (Losses) on investments in associates and companies subject to joint control	132	-23	155	
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-	4	
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	190	36	154	
290.	**Income (Loss) before tax from continuing operations**	**5,159**	**6,155**	**-996**	**-16.2**
300.	Taxes on income from continuing operations	-1,200	-871	329	37.8
310.	**Income (Loss) after tax from continuing operations**	**3,959**	**5,284**	**-1,325**	**-25.1**
320.	Income (Loss) after tax from discontinued operations	-	1,136	-1,136	
330.	**Net income (loss)**	**3,959**	**6,420**	**-2,461**	**-38.3**
340.	Minority interests	47	-44	91	
350.	**Parent Company's net income (loss)**	**4,006**	**6,376**	**-2,370**	**-37.2**

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between consolidated balance sheet and reclassified consolidated balance sheet

(millions of euro)

Assets		30.09.2021	31.12.2020 Restated
Due from banks		**169,805**	**108,310**
Caption 40a (partial)	Financial assets measured at amortised cost - Due from banks	169,775	108,285
Caption 20a (partial)	Financial assets held for trading - Due from banks	-	-
Caption 20b (partial)	Financial assets designated at fair value - Due from banks	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Due from banks	30	25
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Due from banks	-	-
Loans to customers		**463,295**	**462,802**
Loans to customers measured at amortised cost		***460,903***	***461,373***
Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers	454,061	454,148
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	6,842	7,225
Loans to customers at fair value through other comprehensive income and through profit or loss		***2,392***	***1,429***
Caption 20a (partial)	Financial assets held for trading - Loans to customers	19	21
Caption 20b (partial)	Financial assets designated at fair value - Loans to customers	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Loans to customers	1,158	1,135
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Loans to customers	1,215	273
Financial assets measured at amortised cost which do not constitute loans		**41,286**	**47,102**
Caption 40a (partial)	Financial assets measured at amortised cost - Debt securities (banks)	1,912	2,080
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	39,374	45,022
Financial assets at fair value through profit or loss		**59,924**	**57,074**
Caption 20a (partial)	Financial assets held for trading	55,633	53,152
Caption 20b (partial)	Financial assets designated at fair value - Debt securities	4	3
Caption 20c (partial)	Other financial assets mandatorily measured at fair value	4,287	3,919
Financial assets at fair value through other comprehensive income		**63,589**	**57,590**
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income	63,589	57,590
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39		**205,631**	**205,537**
Caption 35	Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	205,631	205,537
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39		**997**	**1,562**
Caption 45	Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	997	1,562
Investments in associates and companies subject to joint control		**1,738**	**1,671**
Caption 70	Investments in associates and companies subject to joint control	1,738	1,671
Property, equipment and intangible assets		**19,408**	**19,131**
Assets owned		***17,800***	***17,311***
Caption 90 (partial)	Property and equipment	8,927	9,047
Caption 100	Intangible assets	8,873	8,264
Rights of use acquired under leases		***1,608***	***1,820***
Caption 90 (partial)	Property and equipment	1,608	1,820
Tax assets		**18,805**	**19,777**
Caption 110	Tax assets	18,805	19,777
Non-current assets held for sale and discontinued operations		**3,181**	**28,702**
Caption 120	Non-current assets held for sale and discontinued operations	3,181	28,702
Other assets		**23,759**	**24,744**
Caption 10	Cash and cash equivalents	9,303	10,180
Caption 50	Hedging derivatives	1,372	1,134
Caption 60	Fair value change of financial assets in hedged portfolios (+/-)	932	2,400
Caption 80	Technical insurance reserves reassured with third parties	177	184
Caption 130	Other assets	11,975	10,846
Total Assets		**1,071,418**	**1,034,002**

(millions of euro)

Liabilities			30.09.2021	31.12.2020 Restated
Due to banks at amortised cost			**179,514**	**115,944**
	Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks	179,520	115,948
	- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	-6	-4
Due to customers at amortised cost and securities issued			**523,699**	**514,229**
	Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers	437,071	424,141
	Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued	88,133	91,834
	- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	-1,505	-1,746
Financial liabilities held for trading			**57,533**	**59,044**
	Caption 20	Financial liabilities held for trading	57,533	59,044
Financial liabilities designated at fair value			**3,266**	**3,032**
	Caption 30	Financial liabilities designated at fair value	3,266	3,032
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39			**2,563**	**2,023**
	Caption 15	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,571	2,035
	- Caption 15 (partial)	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39 (of which lease payables)	-8	-12
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39			**83,093**	**80,699**
	Caption 35	Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	83,093	80,699
Tax liabilities			**2,618**	**3,370**
	Caption 60	Tax liabilities	2,618	3,370
Liabilities associated with non-current assets held for sale and discontinued operations			**1,404**	**35,676**
	Caption 70	Liabilities associated with non-current assets held for sale and discontinued operations	1,404	35,676
Other liabilities			**24,955**	**24,365**
	Caption 40	Hedging derivatives	5,122	7,088
	Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	272	733
	Caption 80	Other liabilities	18,042	14,782
	Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	6	4
	Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	1,505	1,746
	Caption 15 (partial)	Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39 (of which lease payables)	8	12
Technical reserves			**118,616**	**121,360**
	Caption 110	Technical reserves	118,616	121,360
Allowances for risks and charges			**6,873**	**7,194**
	Caption 90	Employee termination indemnities	1,109	1,201
	Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	534	626
	Caption 100 b)	Allowances for risks and charges - Post-employment benefits	312	345
	Caption 100 c)	Allowances for risks and charges - Other allowances for risks and charges	4,918	5,022
Share capital			**10,084**	**10,084**
	Caption 170	Share capital	10,084	10,084
Reserves			**46,508**	**44,775**
	Caption 130	Redeemable shares	-	-
	Caption 150	Reserves	19,379	17,461
	Caption 160	Share premium reserve	27,287	27,444
	- Caption 180	Treasury shares	-158	-130
Valuation reserves			**-569**	**-515**
	Caption 120	Valuation reserves	-569	-515
Valuation reserves pertaining to insurance companies			**677**	**809**
	Caption 125	Valuation reserves pertaining to insurance companies	677	809
Equity instruments			**6,279**	**7,464**
	Caption 140	Equity instruments	6,279	7,464
Minority interests			**299**	**1,172**
	Caption 190	Minority interests	299	1,172
Net income (loss)			**4,006**	**3,277**
	Caption 200	Net income (loss) (+/-)	4,006	3,277
Total Liabilities and Shareholders' Equity			**1,071,418**	**1,034,002**

Reconciliation between restated consolidated income statement and reclassified consolidated income statement

(millions of euro)

Captions		30.09.2021 Restated	30.09.2020 Restated
Net interest income		**6,012**	**5,608**
Caption 30	Interest margin	6,039	5,578
- Caption 30 (partial)	Interest margin - Intragroup transactions between Banks/Other companies and the Insurance Segment	-27	-20
- Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	6	79
- Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	18	36
+ Caption 60 (partial)	Net fee and commission income (Fee and commission income negative rates)	29	-
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (Dividends received and paid within securities lending operations)	7	-
+ Caption 80 (partial)	Hedging swap differentials	-50	-51
+ Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-10	-14
+ Caption 200 (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-	-
Net fee and commission income		**7,102**	**5,747**
Caption 60	Net fee and commission income	6,859	5,501
- Caption 60 (partial)	Net fee and commission income - Contribution of insurance business	233	157
- Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	2	3
- Caption 60 (partial)	Net fee and commission income (Effect of purchase price allocation)	-	9
- Caption 60 (partial)	Net fee and commission income (Fee and commission income negative rates)	-29	-
+ Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	43	30
+ Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value (Placement of Certificates)	33	81
+ Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	3	-
+ Caption 190 b) (partial)	Other administrative expenses (Recovery of other expenses)	-42	-34
Income from insurance business		**1,176**	**1,034**
Caption 115	Profits (Losses) on financial assets and liabilities pertaining to insurance companies pursuant to IAS 39	3,353	2,278
Caption 160	Net insurance premiums	7,848	7,340
Caption 170	Other net insurance income (expense)	-9,887	-8,389
+ Caption 30 (partial)	Interest margin - Intragroup transactions between Banks/Other companies and the Insurance Segment	27	20
+ Caption 60 (partial)	Net fee and commission income - Contribution of insurance business	-233	-157
+ Caption 80 (partial)	Intragroup transactions between Banks/Other companies and the Insurance Segment	-53	6
+ Caption 135 (partial)	Impairment of securities through other comprehensive income - share attributable to insured parties	-3	-62
- Caption 160 (partial)	Net premiums (Annual policies: prospective claims in excess of premiums accruing)	22	-
- Caption 170 (partial)	Other net insurance income (expense) (Annual policies: provisions for settled and open claims)	104	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment	-2	-2
Profits (Losses) on financial assets and liabilities designated at fair value		**1,518**	**1,395**
Caption 80	Profits (Losses) on trading	413	469
Caption 90	Fair value adjustments in hedge accounting	36	58
Caption 110 a)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value	-28	120
Caption 110 b)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value	185	-12
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	570	741
Caption 100 c)	Profits (Losses) on disposal or repurchase of financial liabilities	-44	-32
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs)	113	70
- Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (Dividends received and paid within securities lending operations)	-7	-
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-43	-30
- Caption 80 (partial)	Intragroup transactions between Banks/Other companies and the Insurance Segment	53	-6
- Caption 80 (partial)	Hedging swap differentials	50	51
- Caption 80 (partial)	Profits (losses) on trading (Components relating to Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	-	-47
- Caption 80 (partial)	Profits (Losses) on trading (Effect of purchase price allocation)	10	-
- Caption 90 (partial)	Fair value adjustments in hedge accounting - Reclassification of operations of entities not subject to management and coordination	-	4
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	309	87
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)	-29	-
- Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value (Placement of Certificates)	-33	-81
- Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	-19	1
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Charges concerning the banking industry)	1	2
- Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-18	-
+ Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	-1	-

(millions of euro)

Captions		30.09.2021 Restated	30.09.2020 Restated
Other operating income (expenses)		**90**	**-2**
Caption 70	Dividend and similar income	113	70
Caption 230	Other operating expenses (income)	703	3,937
+ Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	-6	-79
+ Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	-2	-3
- Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs)	-113	-70
+ Caption 80 (partial)	Profits (losses) on trading (Components relating to Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	-	47
+ Caption 90 (partial)	Fair value adjustments in hedge accounting - Reclassification of operations of entities not subject to management and coordination	-	-4
+ Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	-	-
- Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-20	-12
- Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	-658	-587
- Caption 230 (partial)	Other operating expenses (income) (Non-recurring expenses)	9	18
- Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	-2	64
- Caption 230 (partial)	Other operating expenses (income) (Impairment losses on repurchased property and equipment)	-	-
- Caption 230 (partial)	Other operating expenses (income) (Profits/losses on disposal of repurchased property and equipment)	-	-
- Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	1	-
- Caption 230 (partial)	Other operating expenses (income) (Effect of purchase price allocation)	-	-3,365
- Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	1	-
+ Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-3	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-20	-
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-2	-
+ Caption 250 (partial)	Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	89	-18
Operating income		**15,898**	**13,782**
Personnel expenses		**-4,975**	**-4,372**
Caption 190 a)	Personnel expenses	-5,043	-4,387
- Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	58	1
- Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	10	14
Other administrative expenses		**-2,052**	**-1,804**
Caption 190 b)	Other administrative expenses	-3,558	-3,177
- Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	42	35
- Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	730	684
- Caption 190 b) (partial)	Other administrative expenses (Recovery of other expenses)	42	34
- Caption 190 b) (partial)	Other administrative expenses (Effect of purchase price allocation)	-	21
- Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	3	-
- Caption 190 b) (partial)	Other administrative expenses (taxes on income)	11	-
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	658	587
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	20	12
Adjustments to property, equipment and intangible assets		**-908**	**-838**
Caption 210	Net adjustments to / recoveries on property and equipment	-480	-408
Caption 220	Net adjustments to / recoveries on intangible assets	-613	-567
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment	2	2
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	25	17
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	1	-
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	20	-
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Entities not subject to management and coordination - concession rights)	-	14
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	83	53
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	1	-
- Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	51	51
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	2	-
Operating costs		**-7,935**	**-7,014**
Operating margin		**7,963**	**6,768**

(millions of euro)

Captions		30.09.2021 Restated	30.09.2020 Restated
Net adjustments to loans		**-1,550**	**-2,739**
Caption 140	Profits/losses from changes in contracts without derecognition	-25	-13
Caption 200 a)	Net provisions for risks and charges for credit risk related to commitments and guarantees given	73	-11
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans	-98	-69
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	4	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation)	92	26
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	-1,606	-2,677
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	2	9
+ Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Loans	1	-4
+ Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	7	-
Other net provisions and net impairment losses on other assets		**-433**	**-224**
Caption 135	Net losses/recoveries pertaining to insurance companies pursuant to IAS 39	-4	-78
Caption 260	Valuation differences on property, equipment and intangible assets measured at fair value	-4	-
Caption 200 b)	Net provisions for risks and charges - Other net provisions	-277	-222
+ Caption 110 b) (partial)	Profits (Losses) on financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	16	-1
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	10	13
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (Banks)	-1	-3
+ Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Debt securities	-13	-9
- Caption 135 (partial)	Impairment of securities through other comprehensive income - share attributable to insured parties	3	62
+ Caption 160 (partial)	Net premiums (Annual policies: prospective claims in excess of premiums accruing)	-22	-
+ Caption 170 (partial)	Other net insurance income (expense) (Annual policies: provisions for settled and open claims)	-104	-
- Caption 200 (partial)	Net provisions for risks and charges (Charges for integration)	-	1
- Caption 200 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	90
- Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	-7	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-1	-
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-1	-
+ Caption 230 (partial)	Other operating expenses (income) (Impairment losses on repurchased property and equipment)	-	-
+ Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	2	-64
+ Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	-30	-13
Other income (expenses)		**254**	**11**
Caption 250	Profits (Losses) on investments in associates and companies subject to joint control	132	-23
Caption 280	Profits (Losses) on disposal of investments	190	36
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	309	86
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks)	-	-
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	-309	-87
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Entities not subject to management and coordination - concession rights)	-	-14
+ Caption 230 (partial)	Other operating expenses (income) (Profits/losses on disposal of repurchased property and equipment)	-	-
+ Caption 230 (partial)	Other operating expenses (income) (Non-recurring expenses)	-9	-18
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	-89	18
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	30	13
Income (Loss) from discontinued operations		**-**	**1,163**
Caption 320	Income (Loss) after tax from discontinued operations	-	1,136
+ Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Taxes)	-	27
Gross income (loss)		**6,234**	**4,979**

(millions of euro)

Captions		30.09.2021 Restated	30.09.2020 Restated
Taxes on income		**-1,540**	**-1,194**
Caption 300	Taxes on income from continuing operations	-1,200	-871
+ Caption 190 b) (partial)	Other administrative expenses (taxes on income)	-11	-
- Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	-61	-29
- Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-39	-55
- Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-229	-212
- Caption 300 (partial)	Taxes on income from continuing operations (Impairment of goodwill and other intangible assets)	-	-
- Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Taxes)	-	-27
Charges (net of tax) for integration and exit incentives		**-148**	**-78**
+ Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-58	-1
+ Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	-42	-35
+ Caption 200 (partial)	Net provisions for risks and charges (Charges for integration)	-	-1
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-25	-17
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-83	-53
+ Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	-1	-
+ Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	61	29
Effect of purchase price allocation (net of tax)		**-85**	**3,187**
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-18	-36
+ Caption 60 (partial)	Net fee and commission income (Effect of purchase price allocation)	-	-9
- Caption 80 (partial)	Profits (Losses) on trading (Effect of purchase price allocation)	-10	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation)	-92	-26
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)	29	-
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	18	-
+ Caption 190 b) (partial)	Other administrative expenses (Effect of purchase price allocation)	-	-21
+ Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	-90
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Effect of purchase price allocation)	-51	-51
+ Caption 230 (partial)	Other operating expenses (income) (Effect of purchase price allocation)	-	3,365
+ Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	39	55
Levies and other charges concerning the banking industry (net of tax)		**-502**	**-474**
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Charges concerning the banking industry)	-1	-2
+ Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-730	-684
+ Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	229	212
Impairment (net of tax) of goodwill and other intangible assets		**-**	**-**
Caption 270	Goodwill impairment	-	-
+ Caption 300 (partial)	Taxes on income from continuing operations (Impairment of goodwill and other intangible assets)	-	-
Minority interests		**47**	**-44**
Caption 340	Minority interests	47	-44
Net income (loss)		**4,006**	**6,376**

Reclassified consolidated income statement – Reconciliation with redetermined figures

Reclassified consolidated income statement – Reconciliation with redetermined figures

(millions of euro)

	30.09.2021 Restated	Going concerns object of disposal	Inclusion insurance companies	30.09.2021 Redetermined figures	30.09.2020 Restated	Inclusion of the UBI Group	Inclusion insurance companies	Going concerns object of disposal	30.09.2020 Redetermined figures
Net interest income	6,012	-66	-	5,946	5,608	966	-368	-	6,206
Net fee and commission income	7,102	-94	-	7,008	5,747	991	-455	-	6,283
Income from insurance business	1,176	-	43	1,219	1,034	10	-	205	1,249
Profits (Losses) on financial assets and liabilities designated at fair value	1,518	-1	-	1,517	1,395	91	-4	-	1,482
Other operating income (expenses)	90	-	-14	76	-2	45	-1	-11	31
Operating income	**15,898**	**-161**	**29**	**15,766**	**13,782**	**2,103**	**-828**	**194**	**15,251**
Personnel expenses	-4,975	65	-14	-4,924	-4,372	-816	258	-24	-4,954
Other administrative expenses	-2,052	13	-20	-2,059	-1,804	-392	57	-48	-2,187
Adjustments to property, equipment and intangible assets	-908	-	-2	-910	-838	-128	28	-3	-941
Operating costs	**-7,935**	**78**	**-36**	**-7,893**	**-7,014**	**-1,336**	**343**	**-75**	**-8,082**
Operating margin	**7,963**	**-83**	**-7**	**7,873**	**6,768**	**767**	**-485**	**119**	**7,169**
Net adjustments to loans	-1,550	6	-	-1,544	-2,739	-446	132	-	-3,053
Other net provisions and net impairment losses on other assets	-433	-	-3	-436	-224	-11	-	-9	-244
Other income (expenses)	254	-	-	254	11	24	-	-	35
Income (Loss) from discontinued operations	-	58	-	58	1,163	-	296	-	1,459
Gross income (loss)	**6,234**	**-19**	**-10**	**6,205**	**4,979**	**334**	**-57**	**110**	**5,366**
Taxes on income	-1,540	6	-7	-1,541	-1,194	-104	18	-39	-1,319
Charges (net of tax) for integration and exit incentives	-148	-	-	-148	-78	13	1	-	-64
Effect of purchase price allocation (net of tax)	-85	-	-	-85	3,187	-	-	-	3,187
Levies and other charges concerning the banking industry (net of tax)	-502	13	-	-489	-474	-39	38	-	-475
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-	-	-
Minority interests	47	-	17	64	-44	-204	-	-71	-319
Net income (loss)	**4,006**	**-**	**-**	**4,006**	**6,376**	**-**	**-**	**-**	**6,376**

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, as well as the inclusion of the contribution from the insurance companies Assicurazioni Vita (former Aviva Vita), Lombarda Vita and Cargeas, net of the effects attributable to the branches object of disposal.

Glossary

ABS – Asset-Backed Securities
Financial securities whose yield and redemption are guaranteed by a pool of assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively intended to ensure satisfaction of the rights attached to said financial securities.
Examples of assets pledged as collateral include mortgages, credit card receivables, short-term trade receivables and auto loans.

ABS (receivables)
ABS whose collateral is made up of receivables.

Acquisition finance
Leveraged buy-out financing.

Additional return
Type of remuneration of the junior securities arising from securitisation transactions. In addition to a fixed dividend, such securities accrue periodic earnings (quarterly, semi-annual, etc.), whose amount is linked to the profit generated by the transaction (which in turn reflects the performance of the securitised assets).

Advisor
Financial broker assisting government authorities or companies involved in privatisation or other corporate finance transactions, whose tasks range from arranging appraisals to drawing up documents and providing general professional advice about specific transactions.

AIRB (Advanced Internal Rating Based) Approach
Approach to using internal ratings within the framework of the New Basel Accord, which provides for either the Foundation or the Advanced Approach. The Advanced Approach may be used only by institutions meeting more stringent requirements compared to the Foundation Approach. In this case, the Bank uses its own internal estimates for all inputs (PD, LGD, EAD and Maturity) for credit risk assessment, whereas for Foundation IRB it only estimates PD.

ALM – Asset & Liability Management
Integrated management of assets and liabilities designed to allocate the resources with a view to optimising the risk/yield ratio.

ALT-A Agency
Securities whose collateral consists of Alt-A mortgages, guaranteed by specialised Government Agencies.

ALT- A - Alternative A Loan
Residential mortgages generally of "prime" category, but which, due to various factors such as LTV ratio, documentation provided, borrower's income/employment situation, type of property etc., cannot be classified as standard contracts usable in subscription programmes.
Incomplete documentation is the main reason for a loan being classified as "Alt-A".

Alternative investment
Alternative investments comprise a wide range of investment products, including private equity and hedge funds (see definitions below).

Other related parties – close relatives
An individual's "close relatives" comprise those family members likely to influence or be influenced by such individual in their relations with the entity. They include the individual's non-separated spouse/domestic partner and the individual's children, his/her spouse's/domestic partner's children, and the individual's or his/her spouse's/domestic partner's dependents.

AP – Attachment Point
Level above which a protection seller will cover the losses of a protection buyer. It is typically used in synthetic CDOs.

Arrangement fee
A fee paid for professional advice and assistance provided in the loan structuring and arranging stage.

Arranger
In the structured finance sector, the arranger is the entity that – albeit in different forms and with different titles (mandated lead arranger, joint lead arranger, sole arranger etc.) – coordinates the organisational aspects of the transaction.

Asset allocation
The distribution of assets in an investment portfolio among different markets, geographical areas, sectors and products.

Asset management
The various activities relating to the management and administration of different customer assets.

AT1
Additional Tier 1 Capital (AT1). In general, the AT1 category includes equity instruments other than ordinary shares (which are eligible for Common Equity) and which meet the regulatory requirements for inclusion in that level of own funds (e.g. savings shares).

Intangible asset
An identifiable, non-monetary asset lacking physical substance.

Discounting
Process of determining the present value of a payment or payment flows to be received in the future.

Audit
In listed companies, it indicates the various examinations of the business activities and bookkeeping of a company, performed by both in-house staff (internal audit) and independent audit firms (external audit).

AVA (Additional Valuation Adjustment)
Additional valuation adjustments necessary to adjust the fair value to the prudent value of the positions. To perform a prudent valuation of the positions measured at fair value, the EBA envisages two approaches for calculating the AVA (the Simplified approach and Core approach). The prudent valuation requirements apply to all positions measured at fair value regardless of whether they are held in the trading book or not, where the term 'positions' refers solely to financial instruments and commodities.

AUM Assets under management
Overall market value of assets such as deposits, securities and funds managed by the Group on behalf of customers.

β
The beta coefficient of an issuer or a group of comparable issuers, an expression of the relationship between an equity's actual return and the total return of the market in question.

Back office
The unit of a bank or financial company that processes all the transactions performed by the operational units (front office).

Backtesting
Retrospective analyses performed to verify the reliability of the measurement of risk sources associated with different asset portfolios.

Banking book
Usually referred to securities or financial instruments in general, it identifies the portion of a portfolio dedicated to "proprietary" trading.

Basis swap
Contract providing for the exchange between two parties, of two floating-rate payments linked to a different index.

Best practice
It generally identifies conduct in line with state-of-the-art skills and techniques in a given technical/professional area.

Bid-ask spread
The difference between the buying and selling price of a given financial instrument or set of financial instruments.

Bookrunner
See Lead manager and Joint lead manager.

Brand name
IFRS 3 considers the "brand name" a potential, marketing related intangible asset, which may be recorded in the purchase price allocation process. The term "brand" is not used in accounting standards a restrictive sense as a synonym for "logo" and "name"; it is rather considered as a general marketing term which defines a set of complementary intangible assets (including, in addition to name and logo, the skills, the trust placed by the consumer, the quality of the services, etc.) which concur to form the so called "brand equity".

Budget
Forecast of cost and revenue performance of a company over a period of time.

Business combinations
In accordance with IFRS 3, a transaction or other event in which an acquirer obtains control of one or more company assets.

Business model
The business model within which financial assets are managed.
With regard to the business models, IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed: Hold to Collect (HTC), Hold to Collect and Sell (HTCS), Others/Trading.

CAGR (Compound Annual Growth Rate)
Compound annual growth rate of an investment over a specified period of time. If n is the number of years, the CAGR is calculated as follows: (Ending value/Beginning value)^(1/n) -1.

Capital Asset Pricing Model (CAPM)
An economic model for determining the "opportunity cost" i.e. the amount of income for the period necessary to remunerate the cost of capital.

Capital structure
It is the entire set of the various classes of bonds (tranches) issued by a special purpose vehicle (SPV), and backed by its asset portfolio, which have different risk and return characteristics, to meet the requirements of different categories of investors. Subordination relationships between the various tranches are regulated by a set of rules on the allocation of losses generated by the collateral:
Equity Tranche (B): the riskiest portion of the portfolio, it is also known as "first loss" and is subordinated to all other tranches; hence, it is the first to bear the losses which might occur in the recovery of the underlying assets.
Mezzanine Tranche (B): the tranche with intermediate subordination level between equity and senior tranches. The mezzanine tranche is normally divided into 2-4 tranches with different risk levels, subordinated to one another. They are usually rated in the range between BBB-AAA.

Senior/Supersenior Tranche (B): the tranche with the highest credit enhancement, i.e. having the highest priority claim on remuneration and reimbursement. It is normally also called super-senior tranche and, if rated, it has a rating higher than AAA since it is senior with respect to the AAA mezzanine tranche.

Captive
Term generically referring to “networks” or companies that operate in the exclusive interest of their parent company or group.

Carry trade
The carry trade is a financial transaction in which funds are procured in a country with a low cost of money and then invested in a country with high interest rates to take advantage of the difference in returns.

Securitisation
A transaction in which the risk associated with financial or real assets is transferred to a special-purpose vehicle by selling the underlying assets or using derivative contracts. In Italy the primary applicable statute is Law 130 of 30 April 1999 as amended.

STS Securitisations
Securitisations, except for ABCP programmes and ABCP transactions, that meet the requirements set out in Articles 20, 21 and 22 of Regulation 2017/2402, are considered Simple, Transparent and Standardised Securitisations. For ABCP transactions and programmes, the requirements are set out in Articles 24 and 25-26 of that Regulation. As a result of their characteristics, STS securitisations can benefit from lighter prudential treatment in accordance with Regulation 2017/2401, which allows lower risk-weight floors than for other securitisations.

Cash flow hedge
Coverage against exposure to variability in cash flows associated with a particular risk.

Cash-generating Unit (CGU)
The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash management
A banking service that in addition to informing companies on the status of their relations with the bank, is an operational tool enabling companies to transfer funds, thus leading to more efficient treasury management.

Certificates
Financial instruments which, based on their contracts, may be classified as optional derivatives that replicate the performance of an underlying asset. By purchasing a certificate, an investor acquires the right to receive – at a set date – an amount linked to the value of the underlying. In other words, through certificates investors can acquire an indirect position in the underlying asset. In some cases, investors can use the option structure to obtain full or partial protection of the invested capital, which takes the form of full or partial return of the premiums paid, irrespective of the performance of the parameters set in the contracts.
Certificates are securitised instruments and, as such, they can be freely traded as credit securities (traded on the SeDeX - Securitised Derivatives Exchange - managed by Borsa Italiana, and on the EuroTLX market).

Sale without recourse
Transfer of a loan or receivable in which the transferor does not offer any guarantees in the event of default by the debtor. The transferor thus only guarantees the transferee that the transferred loan or receivable exists, but not that the debtor is solvent.

Sale with recourse
Transfer of a loan or receivable in which the transferor guarantees payment by the debtor. The transferor thus guarantees the transferee both that the transferred loan or receivable exists and that the debtor is solvent.

CCF - Credit Conversion Factor
In determining credit risk, the CCF is the factor used to transform the EAD (Exposure At Default) of an off-balance sheet exposure into that of an on-balance sheet exposure. Where the Bank does not use internal models to estimate those factors (internal CCF), these are indicated as follows by the supervisory rules (regulatory CCF):
a) 100 % if it is a full risk item;
b) 50 % if it is a medium-risk item;
c) 20 % if it is a medium/low-risk item;
d) 0 % if it is a low-risk item.

CCP (Central Counterparty Clearing House)
A central counterparty is an institution interposed in securities trades between the two contracting parties, protecting the latter against default risk and guaranteeing the successful execution of the transaction. The central counterparty protects itself against its own risk by taking securities or cash collateral (margins) commensurate with the value and risk of the contracts guaranteed. Central counterparty services can be provided not only in the markets that expressly provide for them but also in respect of over-the-counter trading outside regulated markets.

CDO – Collateralised Debt Obligation
Financial instruments issued within the framework of securitisation transactions, backed by a pool of loans, bonds and other financial assets (including securitisation tranches). In the case of synthetic CDOs the risk is backed by credit derivatives instead of the sale of assets (cash CDOs).

CDSs on ABX
An Asset-backed security index (ABX) is an index with asset-backed securities as an underlying. Each ABX refers to a basket of 20 reference obligations belonging to a specific ABS sector. Each ABX (there are five in total) reproduces a rating class (AAA, AA, A, BBB, and BBB-).
In particular, the ABX.HE index, launched on 19 January 2006 (Annex Date), is made up of reference obligations of the home equity segment of ABS (Residential Mortgage-Backed Security – RMBS). The CDS on an ABX.HE therefore hedges the credit risk of underlying RMBSs or the risk relative to the 20 reference obligations which make up the index.
For ABX, the market does not provide credit curves but directly price valuation. The settlement admitted for contracts on ABX indices, as described in ISDA 2005 documentation, is PAUG (Pay As You Go): the protection seller pays the protection buyer the losses incurred as these emerge, without leading to termination of the contract.
Please note that the coverage achieved via the purchase of ABX indices, even if it is structured so as to match as closely as possible the characteristics of the hedged portfolio, remains in any case exposed to basis risks. In other words, since it is not a specific hedge of individual exposures, it may generate volatility in the income statement whenever there is imperfect correlation between index prices and market value of the hedged positions.

CLO - Collateralised Loan Obligation
CDOs backed by a portfolio of corporate loans.

CMBS - Commercial Mortgage-Backed Securities
Securitisations Debt instruments backed by mortgages on commercial real estate.

CMO - Collateralised Mortgage Obligation
Securities backed by mortgages in which the total amount of the issue is divided into tranches with different maturities and return. The tranches are repaid according to an order specified in the issue.

Commercial paper
Short-term notes issued in order to collect funds from third-party underwriters as an alternative to other forms of indebtedness.

Consumer ABS
ABS whose collateral is made up of consumer credits.

Core Business
Main area of business on which company's strategies and policies are focused.

Core deposits
"Core deposits" are "customer-related intangibles", generally recorded in business combinations between banks. The intangible value of core deposits stems from the future benefits for the acquirer deriving from the normally lower funding cost compared to market parameters. Basically, the acquirer may use funding for its lending and investment activities which, under normal conditions, pays less than the market interest rate.

Common Equity Tier 1 Ratio (CET1 Ratio)
The ratio of Common Equity Tier 1 capital (CET1) to total risk-weighted assets.

Corporate
Customer segment consisting of medium- and large-sized companies (mid-corporate, large corporate).

Cost/income ratio
Economic indicator consisting of the ratio of operating costs to net operating income.

Amortised cost
Differs from "cost" in that it provides for the progressive amortisation of the differential between the book value and nominal value of an asset or liability on the basis of the effective rate of return.

Transaction costs
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. It is a cost that would not have been incurred if the entity had not acquired issued or disposed of the financial instrument.

Covenant
A covenant is a clause, expressly agreed upon during the contractual phase, under which a lender is entitled to renegotiate and revoke a loan upon the occurrence of the events set out in the clause, linking the debtor's financial performance to events that trigger termination/amendment of contractual conditions (maturity, rates, etc.).

Coverage ratio
It represents the percentage coverage of the value adjustment with respect to the gross exposure.

Covered bond
Special bank bond that, in addition to the guarantee of the issuing bank, is also backed by a portfolio of mortgage loans or other high-quality loans sold to a special purpose vehicle.

CPPI (Constant Proportion Portfolio Insurance)
A technique consisting of forming a portfolio of two assets, one without risk that offers a certain rate of return (risk-free) and one with risk that offers a generally higher return. The purpose of the re-balancing procedure is to prevent the value of the portfolio from falling below a predetermined level (floor), which rises at the risk-free rate over time and coincides with the capital to be guaranteed at maturity.

Credit default swap/option
Contract under which one party transfers to another - in exchange for payment of a premium - the credit risk of a loan or security contingent on occurrence of a default event (in the case of an option the right must be exercised by the purchaser).

Credit derivatives
Derivative contracts for the transfer of credit risks. These products allow investors to perform arbitrage and/or hedging on the credit market, mainly by means of instruments other than cash, to acquire credit exposures of varying maturities and intensities, to modify the risk profile of a portfolio and to separate credit risks from other market risks.

Credit enhancement
Techniques and instruments used by issuers to improve the credit rating of their issues (providing sureties, cash credit lines, etc.).

Credit/emerging markets (Funds)
Funds that invest in securities with credit risk exposure, since they are issued by financial or corporate entities, which may be located in emerging countries.

Credit-linked notes
Similar to bonds issued by a protection buyer or a special purpose vehicle whose holders (protection sellers) – in exchange for a yield equal to the yield of a bond with the same maturity plus the premium received for credit risk hedging – take the risk of losing (in whole or in part) the maturing capital and the related flow of interest, upon occurrence of a default event.

Credit Risk Adjustment (CRA)
A technique that aims to draw attention to the penalty resulting from the counterparty's creditworthiness used in determining the fair value of unlisted derivative financial instruments.

Credit spread option
Contract under which the protection buyer reserves the right, against payment of a premium, to collect from the protection seller a sum depending on the positive difference between the market spread and that fixed in the contract, applied to the notional value of the bond.

Past due loans
“Past due exposures” are non-performing exposures on which payments are past due on a continuing basis for over 90 days, in accordance with the definition set forth in current supervisory reporting rules.

CreditVaR
Value that indicates an unexpected loss with respect to a credit portfolio at a specified confidence interval and a specified time horizon. CreditVaR is estimated through loss distribution and represents the difference between the average value of the distribution and the value corresponding to a certain percentile (usually 99.9%), which reflects the Bank’s risk appetite.

Cross selling
Activity designed to increase customer loyalty through the sale of integrated products and services.

CRM – Credit Risk Mitigation
Techniques used by institutions to reduce the credit risk associated with their exposures.

CRP (Country Risk Premium)
Country risk premium: it expresses the component of the cost of capital aimed specifically at providing compensation for the risk implicit in a particular country (namely the risk associated with financial, political and monetary instability).

CR01
Referred to a credit portfolio, it indicates the change in portfolio value that would occur for a 1-basis-point increase in credit spreads.

CSA (Credit Support Annex)
A document through which counterparties trading in an over-the-counter derivative instrument establish the terms of contribution and transfer of the underlying guarantees to mitigate credit risk in the event of in-the-money position of the instrument. This document, although not mandatory for the transaction, is one of the four components that contribute to the establishment of the Master Agreement according to the standards established by the International Swaps and Derivatives Association (ISDA).

Reclassification date
The first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

Default
Declared inability to honour one’s debts and/or make the relevant interest payments.

Delinquency
Failure to make loan payments at a certain date, normally provided at 30, 60 and 90 days.

Delta
Value that expresses the sensitivity of the price of the underlying asset for an option. Delta is positive for call options because the price of the option rises along with the price of the underlying asset. Delta is negative for put options because a rise in the price of the underlying asset yields a decrease in the price of the option.

Embedded derivatives
Embedded derivatives are clauses (contractual terms) included in a financial instrument that generate the same effects as an independent derivative.

Desk
It usually designates an operating unit dedicated to a particular activity.

Dynamics of funding
Sum of deposits in a current account (free current accounts and bank drafts), returnable deposits upon prior notice (free savings deposits), time deposits (time current accounts and time deposits, certificates of deposit), repo agreements and bonds (including subordinated loans). All contract types, with the exception of bonds, refer to Italian customers, excluding the Central Administration, in euro and foreign currency. Bonds refer to the total amount issued, irrespective of residence and sector of the holder.

Directional (Funds)
Funds that invest in financial instruments that profit from directional market movements, also through macroeconomic forecasting.

Domestic Currency Swap
Contract settled in euro, whose economic effect is equal to that of a time purchase or sale of a foreign currency in exchange for domestic currency. On expiry, the difference between the forward and the spot exchange rates is settled in euro.

Duration
An indicator of the interest rate risk of a bond or bond portfolio. In its most frequent form, it is calculated as a weighted average of the due dates of interest and principal payments associated with a bond.

EAD – Exposure At Default
Relating to on- or off-balance sheet positions, it is defined as the estimated future value of an exposure upon default of a debtor. Only banks meeting the requirements for using the AIRB approach are entitled to estimate EAD. The others are required to make reference to statutory estimates.

ECAI – External Credit Assessment Institution
An external credit assessment institution.

EDF – Expected Default Frequency
Frequency of default, normally based on a sample internal or external to the bank, which represents the average risk level associable with a counterparty.

EHQLA (Extremely High Quality Liquid Asset)
Encumbered assets that are notionally eligible to be classified as extremely high quality liquid assets. Notionally eligible encumbered EHQLA and HQLA are the assets listed in Articles 11, 12 and 13 of Commission Delegated Regulation (EU) 2015/61.

ETD – Exchange Trade Derivatives
Standard derivative contracts (futures and options with various types of underlying) traded on regulated markets.

Embedded value
A measure of the underlying value of a life insurance company. It is the sum of the company's adjusted net asset value and the present value of the future income margins from the policies already in force over the period of their residual life.

Eonia (Euro overnight index average)
Weighted average of the overnight rates transmitted to the ECB by a sample of banks operating in the Euro area.

Equity hedge / long-short (Funds)
Funds that predominantly invest in stocks with the possibility of creating hedging strategies by means of short sales of the same stocks or strategies in derivative contracts involving securities or market indices.

Equity origination
Increase of a company's risk capital achieved by floating a new issue of stock.

ERP (Equity Risk Premium)
Risk premium demanded by investors in the market in question. ISP uses the risk premium calculated according to the historical approach (geometric average of the difference between equity and risk-free returns for the period 1928-2009) by New York University - Stern School of Business.

Exotics (derivatives)
Non-standard instruments unlisted on the regular markets, whose price is based on mathematical models.

EVA (Economic Value Added)
An indicator that provides a snapshot of the amount of value created (if positive) or destroyed (if negative) by enterprises. In contrast to other parameters that measure business performance, EVA is calculated net of the cost of equity capital, that is to say the investment made by shareholders.

Event-driven (Funds)
Funds that invest in opportunities arising out of significant events regarding the corporate sphere, such as mergers, acquisitions, defaults and reorganisations.

EVT – Extreme Value Theory
Statistical methodologies that deal with extreme hypothetical deviations from median of probability distributions of specific events.

Expected Credit Losses (ECL)
Expected credit risk adjustments, determined based on reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.
Calculated as the difference between all contractual flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls) discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

12-Month Expected Loss
Portion of the lifetime expected loss that arises if the default occurs within 12 months from the reporting date (or a shorter period if the expected life is less than 12 months), weighted by the probability of that default.

Facility (fee)
Fee calculated with reference to the disbursed amount of a loan.

Factoring
Sale of trade receivables to factoring companies, for credit management and collection, normally associated with the granting of a loan to the seller.

Fair value
The amount at which an asset could be bought or sold or a liability incurred or settled, in a current transaction between willing parties.

Fair value hedge
Hedging against the risk of change in the fair value of a financial statement item, attributable to a particular risk.

Fair Value Option (FVO)
The Fair Value Option is an option for classifying a financial instrument.
When the option is exercised, even a non-derivative financial instrument not held for trading may be measured at fair value through profit or loss.

Fairness/Legal opinion
An opinion provided on request by experts of recognised professionalism and competence, on the adequacy of the economic terms and/or lawfulness and/or technical aspects of a given transaction.

"G" factor ("g" growth rate)
It is the factor used for perpetuity projection of cash flows in order to calculate "Terminal value".

FICO Score
In the US, a credit score is a number (usually between 300 and 850) based on the statistical analysis of an individual's credit report. The FICO score is an indicator of the borrower's creditworthiness. A mortgage lender will use the "score" to assess borrower default risk and to correctly price risk.

FIFO: First In First Out
Criterion used to recognise the expected credit losses (ECL) recorded on a security through profit or loss at the time of sale

Prudential filters
In schemes for calculating regulatory capital, corrections made to line items with the aim of safeguarding the quality of regulatory capital and reducing its potential volatility as a result of the application of international accounting standards (IAS/IFRS).

Harmonised mutual funds
Mutual funds within the scope of Directive 85/611/EEC of 20 December 1985, as amended, characterised by their open form, the possibility of offering units to the public and certain investment limits. Investment limits include the obligation to invest primarily in quoted financial instruments.

Forward Rate Agreement
See "Forwards".

Forwards
Forward contracts on interest rates, exchange rates or stock indices, generally negotiated in over-the-counter markets and whose conditions are established at the time when the contract is entered into, but which will be executed at a specified future date, by means of the receipt or payment of differentials calculated with reference to parameters that vary according to the object of the contract.

Front office
The divisions of a company designed to deal directly with customers.

Funding
The raising of capital, in various forms, to finance the company business or particular financial transactions.

Futures
Standardised forward contracts under which the parties agree to exchange securities or commodities at a specified price on a specified future date. Futures are normally traded on organised markets, where their execution is guaranteed. In practice, futures on securities often do not involve the physical exchange of the underlying.

FVTOCI: Fair Value Through Other Comprehensive Income
Method of recognition of changes in the fair value of financial assets through other comprehensive income (therefore in shareholders' equity) and not through profit or loss.

FVTPL: Fair Value Through Profit or Loss
Method of recognition of changes in the fair value of financial assets through profit or loss

Global custody
An integrated package of services including, in addition to the custody of securities, the performance of administrative activities relating to the settlement of securities, collections and payments, acting as depositary bank and cash management, as well as various forms of portfolio performance reporting.

GMSLA
Global Master Securities Lending Agreement: these are margin agreements used to mitigate counterparty risk in securities lending transactions

GMRA
Global Master Repurchase Agreement: these are margin agreements used to mitigate counterparty risk in repurchase agreement transactions.

Goodwill
The value attached to intangible assets as part of the purchase price of a shareholding in a going concern.

Governance
The set of instruments, rules and standards regulating the life of the company, particularly as regards the transparency of documents and company records, and the completeness of information made available to the market.

Grandfathering
The new composition of own funds under Basel 3 and other less significant measures will enter into force following a transitional period. Specifically, old instruments included in Basel 2 regulatory capital, which are not included under Basel 3, will be gradually eliminated (referred to as the grandfathering period).

Greeks
Greeks are the quantities that identify the greater or lesser sensitivity of a derivative contract, typically an option, to changes in the value of the underlying asset or other parameters (e.g. intrinsic volatility, interest rates, stock prices, dividends and correlations).

Hedge accounting
Rules pertaining to the accounting of hedging transactions.

Hedge funds
Mutual fund that employs hedging instruments in order to achieve a better result in terms of risk/return ratio.

HELs – Home Equity Loans
Loans granted up to the current market value of the real estate property used as collateral (therefore with a loan-to-value ratio higher than the ordinary thresholds), by means of first or second lien mortgages. Standard & Poor's considers Subprime and Home Equity Loan largely synonymous when the home equity loan borrowers have low credit score (FICO<659).

HQLA (High Quality Liquid Asset)
Encumbered assets that are notionally eligible to be classified as high quality liquid assets. Notionally eligible encumbered EHQLA and HQLA are the assets listed in Articles 11, 12 and 13 of Commission Delegated Regulation (EU) 2015/61.

HY CBO – High-Yield Collateralised Bond Obligation
CDOs with collateral represented by High-Yield securities.

IAS/IFRS
The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

IASB (International Accounting Standard Board)
The IASB (previously known as the IASC) is the entity responsible for issuing international accounting standards (IAS/IFRS).

ICAAP (Internal Capital Adequacy Assessment Process)
The "Second Pillar" provisions require that banks implement processes and instruments of Internal Capital Adequacy Assessment Process (ICAAP), to determine the amount of internal capital needed to cover all risks, including risks different from those covered by the total capital requirement ("First Pillar"), when assessing current and potential future exposure, taking into account business strategies and developments in the economic and business environment.

IFRIC (International Financial Reporting Standards Interpretations Committee)
A committee within the IASB that establishes official interpretations of international accounting standards (IAS/IFRS).

IMA (Internal Models Approach)
Approach for calculating the capital requirement for market risk using internal models.

IMM (Internal Model Method)
Method for calculating Exposure at Default, within the counterparty risk assessment, through internal models based on the concept of Expected Positive Exposure.

Impairment
When referred to a financial asset, a situation of impairment is identified when the book value of an asset exceeds its estimated recoverable amount.

Deferred tax (tax liabilities or assets)
Deferred tax liabilities are the amounts of income tax that will be payable in future periods and arising from taxable temporary differences.
Deferred tax assets are the amounts of income taxes claimable in future periods and arising from:
(a) deductible temporary differences;
(b) the carry forward of unused tax losses; and
(c) the carry forward of unused tax credits.
Temporary difference is the difference between the carrying amount of an asset or liability and its tax base.
There are two types of temporary difference:
a) taxable temporary difference, i.e. a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled; or
b) deductible temporary difference: a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in amounts that are tax deductible in the future when the carrying amount of the asset is recovered or the liability is settled.

Significant increase in credit risk “SICR”
Criterion used to verify the transition between stages: if the credit risk of the financial instrument has increased significantly since initial recognition, the value adjustments are equal to the lifetime expected credit losses of the instrument (lifetime ECL). The bank establishes whether there has been a significant increase in credit risk based on qualitative and quantitative information. Exposures are considered to have had a significant increase in credit risk when:
- the weighted average lifetime PD has increased beyond the threshold at the time of the origination. Other measures of PD deterioration can also be used. The relative thresholds are defined as percentage increases and set at a particular value or segment;
- exposures are determined to be of higher credit risk and subject to closer monitoring;

exposures are more than 30 days past due, used as a backstop rather than a primary driver.

Incurred loss
Loss already inherent in a portfolio, but not yet identifiable at the level of an individual loan or receivable, also known as an "incurred but not reported loss." It represents the risk level inherent in a portfolio of performing loans and is the basic indicator for determining the size of the stock of collective adjustments recognised in the financial statements.

Index-linked
Policies whose performance at maturity depends on the performance of a reference parameter, which may be a stock index, a basket of securities or some other indicator.

CMBX index
The same as the ABX index, the only difference being that the reference entities are CMBSs.

Internal dealing
Transactions between different operating units of the same company. These transactions are recognised in the accounts and contribute to determining the position (trading or hedging) of the individual units involved.

Intraday
Used to refer to an investment/disinvestment transaction performed in the course of a single day involving the negotiation of a security. It is also used with reference to prices quoted during any one day.

Investment property
Real estate owned for the purpose of obtaining income and/or benefiting from an increase in their value.

Investment grade
Term used with reference to high-quality bonds that have received a medium/high rating (e.g., not less than BBB on Standard & Poor’s index).

IRC – Incremental Risk Charge
The maximum potential loss in the trading book resulting from an upgrade/downgrade or bankruptcy of the issuers, over a 1-year period, with a 99.9% confidence level.

IRS – Interest Rate Swap
A binding agreement between two parties to exchange two flows calculated over a notional amount with fixed/floating or floating/floating rate.

ISDA - International Swaps and Derivatives Association
An association of participants in the over-the-counter derivatives market. It is based in New York and has created a standard contract for entering into derivatives transactions.

Joint venture
Agreement between two or more firms for the performance of a given economic activity, generally through the incorporation of a joint-stock company.

Junior
In a securitisation transaction, it is the lowest-ranking tranche of the securities issued, being the first to bear losses that may occur in the course of the recovery of the underlying assets.

Ke (Cost of Equity)
Cost of equity, the minimum return demanded for investments of the same risk level.

Ke – g
Difference between the cash flow discounting rate and the long-term growth rate. If cash flows remain equal, value in use increases as that difference decreases.

Lambda (λ)
Coefficient that measures the assessed item's specific exposure to country risk. In the model used by Intesa Sanpaolo, it is estimated to be 1, in that it is presumed that it is necessary to vary the country's risk level.

LCRE: Low Credit Risk Exemption
Exemption from the ordinary credit risk measurement according to which it can be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk (at least equal to investment grade) at the reporting date.

LDA - Loss Distribution Approach
Method of quantitative assessment of the risk profile through actuarial analysis of individual internal and external loss events; by extension, the term Loss Distribution Approach also refers to the calculation model for the historical capital per business unit.

Lead manager - Bookrunner
Lead bank of a bond issue syndicate. The lead manager deals with the debtor and is responsible for choosing the co-lead managers and the other members of the underwriting syndicate in agreement with the debtor. It also determines the terms and conditions of issue and coordinates its execution (usually placing the largest share of the issue on the market) and keeps the books (bookrunner); in addition to reimbursement of expenses and usual fees, the lead manager receives a special commission for its services.

Risk-based lending
A methodology applied to a credit portfolio to identify the most suitable pricing conditions taking into account the risk factor of each credit.

Leveraged & acquisition finance
See “Acquisition finance”.

Liquidity Coverage Ratio (LCR)
It aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that may be converted into cash to meet its liquidity needs within a period of 30 days under conditions of severe stress. The liquidity coverage ratio is equal to the ratio of liquidity reserves to net outflows of liquidity over a stress period of 30 calendar days.

LTV – Loan-to-Value Ratio
The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.
The LTV ratio measures the weight of the borrower’s own funds used to buy the asset on the value of the asset used as guarantee of the loan. The higher the LTV ratio, the lower the borrower’s own funds used to buy the asset, the lower the creditor’s protection.

Cumulative loss
Cumulative loss incurred, at a certain date, on the collateral of a specific structured product.

Loss Given Default (LGD)
It represents the percentage of loans that are estimated to be irrecoverable in the event of default by the debtor.

M–Maturity
The remaining time of an exposure, calculated according to the prudence principle. For banks authorised to use internal ratings, it is explicitly considered if the advanced approach is adopted, while it is fixed at 2.5 years if the foundation approach is used.

Macro-hedging
Use of macro-hedging. Hedging procedure involving a single derivative product for various positions.

Mark to Market
Process of determining the value of a portfolio of securities or other financial instruments by reference to the prices expressed by the market.

Market dislocation
Turbulence in financial markets characterised by a strong reduction in volumes traded on financial markets with difficulties in finding significant prices on specialised information providers.

Market making
Financial activity carried out by brokerage houses that ensure market liquidity and depth, both through their ongoing presence and by means of their role as competitive guides in determining prices.
Market neutral
Operating strategies involving securities designed to minimise the relevant portfolios’ exposure to market volatility.

Mark-down
Difference between the 1-month Euribor and interest rates on household and business current accounts.

Mark-up
Difference between the overall interest rate applied to households and businesses on loans with a duration of less than one year and 1-month Euribor.

Merchant banking
A range of activities including the underwriting of securities – both equities and bonds – issued by corporate customers for subsequent offering on the market, the acquisition of equity investments for longer periods but always with the aim of selling them later, and the provision of advisory services on mergers, acquisitions and reorganisations.

Mezzanine
In a securitisation transaction it is the tranche ranking between junior and senior tranche.

Monoline
Insurance companies which, in exchange for a commission, guarantee the reimbursement of certain bond issues. Formed in the 1970s to guarantee municipal bond issues from default, their services were subsequently particularly appreciated for issues of complex financial products: the structure and the assets underlying such issues are often highly complex; the debt positions guaranteed by monoline insurers become easier to value and more appealing for risk-averse investors, since default risk is borne by the insurer.

Multistrategy / Funds of funds (Funds)
Funds that do not invest in a single strategy but in a portfolio reflecting different strategies, i.e. in a portfolio of investment funds managed by third parties.

NAV - Net Asset Value
The market value of one share of the fund's managed assets.

Net Stable Funding Ratio (NSFR).
It is aimed at promoting the increased use of stable funding, to prevent medium/long-term operations from giving rise to excessive imbalances to be financed in the short term. Net stable funding requirement is equal to the ratio of the stable funding available to the entity to the stable funding required by the entity and is expressed as a percentage.

Non-performing
Term generally referring to loans for which payments are overdue.

Covered bond
See "Covered Bond".

Option
Against payment of a premium, the buyer acquires the right, but not the obligation, to purchase (call option) or to sell (put option) a financial instrument at a set price (strike price) within (American option) or on (European option) a given future date.

Outsourcing
The transfer of business processes to external providers.

Overnight Indexed Swap (OIS)
Contract involving the exchange of the net flow deriving from the difference between a fixed and floating interest rate applied to a notional principal amount. The fixed rate is set at the inception of the contract, while the floating rate is determined at maturity as the average of the overnight rates surveyed during the term of the contract, with compound interest.

Over-The-Counter (OTC)
It designates transactions carried out directly between the parties outside organised markets.

Packages
Strategy made up of a funded asset whose credit risk is hedged by a specific credit default swap. If present, any interest rate and foreign exchange rate risks can be hedged with financial derivatives.

Expected credit loss
It is calculated as the product of the Probability of Default (PD) and Loss Given Default (LGD) multiplied by the exposure value (EAD). It represents the ratio of the amount expected to be lost on the exposure, over a time horizon of one year, as a result of a potential default by the counterparty and the amount of the exposure at the time of default.

Lifetime expected loss
Expected credit loss that results from all possible default events over the expected life of a financial instrument.

Performing
Term generally referring to loans characterised by regular performance.

Plain vanilla (derivatives)
Products whose price depends on that of the underlying instrument, which is listed on the regulated markets.
POCI: Purchased or Originated Credit-Impaired Assets – Assets for which the lifetime expected losses are recognised upon initial recognition and which are automatically classed as Stage 3.

Index-linked life insurance policies
Life insurance policies the benefits of which are based on indexes, normally drawn from equity markets. Policies may guarantee capital or offer a minimum return.

Pool (transactions)
See “Syndicated lending”.

Held for trading
A financial asset or financial liability that:
- is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Pricing
Broadly speaking, it generally refers to the methods used to determine yields and/or costs of products and services offered by the Bank.

Prime broker
The Prime Broker is an international financial intermediary that operates as agent in the settlement process, carrying out the financial transactions ordered by the hedge fund’s manager with the utmost confidentiality. The Prime Broker also acts as the fund’s lender, providing credit lines and securities lending for short selling, and directly obtaining guarantees in respect of the financing granted to the fund. The Prime Broker also provides risk management services, monitoring the hedge fund’s risk exposure to ensure conditions of financial stability. Other services provided by the Prime Broker are holding and deposit of the fund’s cash and securities, handling of the netting and settlement process, and recording of all market transactions.

Prime loan
Mortgage loan in which both the criteria used to grant the loan (loan-to-value, debt-to-income, etc.) and to assess the borrower’s history (no past due reimbursements of loans, no bankruptcy, etc.) are sufficiently conservative to rank the loan as high-quality (as concerns the borrower) and low-risk.

Private banking
Business designed to provide preferred customers with asset management, professional advice and other personalised services.

Private equity
Activity aimed at the acquisition of equity investments and their subsequent sale to specific counterparties, without public offerings.

One-year Probability of Default (PD)
The likelihood that a debtor will default within the space of 1 year.

Lifetime PD
The likelihood that a debtor will default within a period equal to the expected life of the financial instrument.

Asset-backed commercial paper programme or <<ABCP programme>>
Programme of securitisations the securities issued by which predominantly take the form of asset-backed commercial paper with an original maturity of one year or less, as defined by Reg.2017/2402.

Project finance
Technique for the financing of industrial projects based upon a forecast of the cash flow generated by the projects themselves. The analysis is based upon a series of evaluations differing from those generally made when assessing ordinary credit risk and covering, in addition to cash flow analysis, technical examination of the project, the suitability of the sponsors engaged in its implementation and the markets where the product will be placed.

PV01
Measures the price value change of a financial asset following a one basis point shift in the yield curve.

Indirect customer deposits
The holding of third parties’ securities and similar valuables not issued by the bank, at nominal value, excluding certificates of deposit and bank bonds.

Rating
An evaluation of the quality of a company or of its bond issues, based on the company’s financial strength and outlook. Such evaluation is performed by specialised agencies or by the Bank based on internal models.

Real estate (finance)
Structured finance transactions in the real estate sector.

Real Estate Investment Trust (REITs)
REITs are entities that invest in different types of real estate or financial assets related to real estate, including malls, hotels, offices and mortgage loans.

Relative value/Arbitrage (Funds)
Funds that invest in market neutral strategies, profiting from the price differentials of particular securities or financial contracts, neutralising the underlying market risk.

Retail
Customer segment mainly including households, professionals, retailers and artisans.

Counterparty risk
Counterparty risk is a particular type of credit risk, relating to OTC derivatives and SFTs (Securities Financing Transactions), which refers to the possible default of the counterparty before the expiry of a contract that has a positive market value.

Credit risk
The risk that an unexpected change in a counterparty's creditworthiness, in the value of the collateral provided, or in the margins used in case of default might generate an unexpected variation in the value of the bank's exposure.

Market risk
Risk deriving from the fluctuation in the value of quoted financial instruments (shares, bonds, derivatives, securities denominated in foreign currency) and of financial instruments whose value is linked to market variables (loans to customers as concerns the interest rate component, deposits in euro and in foreign currency, etc.).

Liquidity risk
The risk that a company will be unable to meet its payment obligations due to its inability to liquidate assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of rapidly converting financial assets into cash without negatively and significantly affecting their price due to inadequate market depth or temporary market disruptions (market liquidity risk).

Operational risk
Risk of incurring losses due to inadequacy or failures of processes, human resources or internal systems, or as a result of external events. Operational risk includes legal risk and compliance risk, model risk, ICT risk and financial reporting risk; strategic and reputational risk are not included.

Risk-free
Return on risk-free investments. For the Italy CGU and countries in the International Subsidiary Banks CGU with "normal" growth prospects, the return on 10-year Bunds has been adopted, while for countries with "strong" growth prospects, the return on 30-year Bunds has been used.

Risk Management
Activity pertaining to the identification, measurement, evaluation and overall management of various types of risk and their hedging.

RMBS - Residential Mortgage-Backed Securities
Asset-backed securities guaranteed by mortgages on residential real estate.

ROE (Return On Equity)
It expresses the return on equity in terms of net income. It is the indicator of greatest interest to shareholders in that it allows them to assess the return on their equity investment.

RTS (Regulation Technical Standards)
Regulatory technical standards.

Risk-Weighted Assets (RWA)
On- and off-balance sheet assets (derivatives and guarantees) that are classified and weighted by means of several risk ratios, in accordance with the rules issued by regulatory authorities on the calculation of capital ratios.

Scoring
System for the analysis of company customers, yielding an indicator obtained by examination of financial statements data and sector performance forecasts, analysed by means of statistical methods.

Senior/Super senior tranche
In a securitisation transaction, this is the tranche that has first claim on interest and principal payments.

Sensitivity
It refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other input variables.

Servicer
In securitisation transactions, it is the organisation that – on the basis of a specific servicing contract – continues to manage the securitised credits or assets after they have been transferred to the special purpose vehicle tasked with issuing the securities.

SGR (Società di gestione del risparmio)
Joint-stock companies reserved the possibility of providing both collective and individual asset management service jointly. In particular, they are authorised to set up mutual funds, manage their own or others' mutual funds and the assets of SICAVs and provide individual investment portfolio management service.

Significant Risk Transfer (SRT)
The originator institution of a traditional securitisation may exclude underlying exposures from its calculation of risk-weighted exposure amounts where significant credit risk associated with the underlying exposures has been transferred to third parties. According to Article 244 of Regulation 2017/2401 there is a significant transfer of credit risk in any of the following cases: (i) the risk-weighted exposure amounts of the mezzanine securitisation positions held by the originator institution in the securitisation do not exceed 50% of the risk-weighted exposure amounts of all mezzanine securitisation positions existing in the securitisation; and (ii) if there are no mezzanine securitisation positions, the originator institution does not hold more than 20% of the exposure value of the first loss tranche in the securitisation. Article 245 of Regulation 2017/2401 sets out similar conditions for significant risk transfer through funded or unfunded credit protection securitisations also for synthetic securitisations.

SPE/SPV
A Special Purpose Entity or Special Purpose Vehicle is a company established by one or more entities to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures of their own and rely on those of the other parties involved in the transaction.

Speculative grade
Term used to identify issuers with a low credit rating (e.g., below BBB on Standard & Poor's index).

SPPI TEST
One of the two classification drivers (the other is the "business model") that the classification of the financial assets and the measurement basis depend on. The objective of the SPPI test is to identify the instruments, which can be defined as "basic lending arrangements" in accordance with the standard, whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI - solely payment of principal and interest). Assets with contractual characteristics other than SPPI are mandatorily measured at FVTPL.

Spread
This term can indicate the difference between two interest rates, the difference between the bid and ask price of a security or the price an issuer of stocks and bonds pays above a benchmark rate.

SpreadVar
Value that indicates the maximum possible loss on a trading portfolio due to the market performance of CDS spreads or bond spreads, with a certain degree of probability and assuming a certain amount of time needed for the disposal of positions.

Stage 1
Represents the financial instruments whose credit risk has not significantly increased since the initial recognition date. A 12-month expected loss is recognised for these financial Instruments.

Stage 2
Represents the financial instruments whose credit risk has significantly increased since the initial recognition date. A lifetime expected loss is recognised for these financial Instruments.

Stage 3
Represents financial instruments that are credit impaired or in default. A lifetime expected loss is recognised for these financial Instruments.

Stakeholders
Subjects who, acting in different capacities, interact with the firm's activity, sharing in its profits, influencing its performance/services, and evaluating its economic, social and environmental impact.

Stock options
Term used to indicate the right granted to company managers to purchase the company's shares at a certain price (strike price).

Stress tests
A simulation procedure designed to assess the impact of extreme market scenarios on a bank's overall exposure to risk.

Structured export finance
Structured finance transactions in the goods and services export financing sector.

Financial instruments listed in an active market
A financial instrument is regarded as listed in an active market if listed prices are promptly and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Subprime
A universally agreed-upon definition of sub-prime loans does not exist. In short, this term refers to loans granted to borrowers with low creditworthiness, either because of bad credit history (non-payment, debt settlements or bad loans) or because their debt-to-income or loan-to-value ratio is high.

Swaps
Transactions normally consisting of an exchange of financial flows between operators under various contractual arrangements. In an interest-rate swap, the parties exchange flows which may or may not be benchmarked on interest rates, calculated on a notional principal amount (e.g., one party pays a fixed-rate flow while the other pays a floating-rate flow). In the case of a currency swap, the parties exchange specific amounts of two different currencies at the outset, repaying them over time according to arrangements that may regard both the principal and the indexed interest flows.

Syndicated lending
Loans arranged and guaranteed by a pool of banks and other financial institutions.

Effective interest rate
The effective interest rate is the rate that exactly discounts estimated future cash payments of the loan, for principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to the loan. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/revenues through the expected residual maturity of the loan.

Tax rate
The effective tax rate, determined by the ratio of income taxes to income before tax.

Terminal value
An enterprise's value at the end of an analytical cash-flow forecasting period, calculated by multiplying the analytical cash flow for the final period by (1 + g) and dividing that amount by (Ke-g).

Impairment test
The impairment test is an estimate of the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of an asset or group of assets. Pursuant to IAS 36, the following assets should be tested for impairment annually:
- intangible assets with indefinite useful life;
- goodwill acquired in a business combination;
- any asset, if there is any indication of impairment losses.

Tier 1
Tier 1 Capital consists of Common Equity Tier 1 Capital (CET1) and Additional Tier 1 Capital (AT1).

Tier 1 capital ratio
Ratio of Tier 1 Capital, which consists of Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1), to total risk-weighted assets.

Tier 2
Tier 2 capital is mainly composed of eligible subordinated liabilities and any excess of adjustments over and above expected losses (the excess reserve) for positions weighted according to IRB approaches.
Specific transitional provisions (grandfathering) have also been established for subordinated instruments that do not meet the requirements envisaged in the new Basel 3 regulatory provisions, aimed at the gradual exclusion of instruments no longer regarded as eligible from own funds (over a period of eight years).

Time value
Change in the financial value of an instrument with regard to the time frame in which certain monetary flows will become available or due.

Total capital ratio
Capital ratio referred to regulatory capital components of Own Funds (Tier 1 plus Tier 2).

Total return swap
A contract under which one party, usually the owner of a security or a debt instrument, agrees to make periodic payments to an investor (protection seller) of the capital gains and interest generated by the asset. On the other side, the investor agrees to make payments based on a floating rate, as well as any negative price changes of the asset from the date of the contract.

Trading book
The portion of a portfolio of securities or other financial instruments earmarked for trading activity.

Trustee (Real estate)
Real estate vehicles.

Trust-preferred Securities (TruPS)
Financial instruments similar to preferred shares, which are entitled to particular tax benefits.

Underwriting fee
Fee received in advance by the bank as compensation for assuming the underwriting risk associated with the granting of a loan.

Value in use
Value in use is the present value of estimated future cash flows expected to arise from an asset or from a cash-generating unit.

Collective assessment of performing loans
With reference to a homogeneous group of regularly performing financial assets, collective assessment defines the degree of credit risk potentially associated with them, though it is not yet possible to tie risk to a specific position.

Fundamental Valuation
Stock price analysis performed by estimating the fair value of stocks and comparing it with their market value.

VaR - Value at Risk
The maximum value likely to be lost on a portfolio as a result of market trends, estimating probability and assuming that a certain amount of time is required to liquidate positions.

Vega
Coefficient that measures the sensitivity of an option's value in relation to a change (increase or decrease) in volatility.

Vega 01
Referred to a portfolio, it indicates the change in value that it would undergo as a consequence of a one percent increase in the volatility of the underlying financial instruments.

Vintage
Date of generation of the collateral underlying the securitisation. It is an important factor in the assessment of the risk of the mortgage portfolios underlying securitisations.

Expected life
This refers to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolving financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the bank's exposure to credit losses to the contractual notice period. The expected life for these credit facilities is their behavioural life. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life, based upon other experienced cases or similar cases of peers. Potential future modifications of contracts are not taken into account when determining the expected life or exposure at default until they occur.

Warrant
Negotiable instrument that entitles the holder to purchase from or sell to the issuer fixed-income securities or shares according to specific procedures.

Waterfall
Characteristic of a CDO's cash flow projection that is used in the CDO pricing process to model and allocate flows. It establishes the priority of payment of the various tranches in the event of failure of the tests on overcollateralisation and interest coverage ratios.

Wealth management
See "Asset management".

What-if
Form of analysis that attempts to predict the response of specific elements to changes in baseline parameters.

Wholesale banking
Banking activity mainly consisting of high-value transactions concluded with major counterparties.

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