INTESA SANPAOLO

Half-yearly report as at 30 June 2024

This is an English translation of the original Italian document "Relazione semestrale al 30 giugno 2024". 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 of approval of this document. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Half-yearly report as at 30 June 2024

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 10,368,870,930.08 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

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THE INTESA SANPAOLO GROUP

The Intesa Sanpaolo Group: presence in Italy

Banks

INTESA SANPAOLO

FIDEURAM INTESA SANPAOLO PRIVATE BANKING

isybank

NORTH WEST

Branches
1,069

NORTH EAST

Branches
700

CENTRE

Branches
719

SOUTH

Branches
624

ISLANDS

Branches
213

Figures as at 30 June 2024

Product Companies[1]

FIDEURAM VITA
INTESA SANPAOLO ASSICURA
INTESA SANPAOLO INSURANCE AGENCY
INTESA SANPAOLO RBM SALUTE
INTESA SANPAOLO VITA
InSalute SERVIZI

Bancassurance and Pension Funds

PRESTITALIA

Consumer Credit[2]

EURIZON ASSET MANAGEMENT

Asset Management

SIREF FIDUCIARIA

Fiduciary Services

1 Factoring and Leasing activities are carried out directly by Intesa Sanpaolo S.p.A., the Parent Company
2 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
FIRSTBANK
INTESA SANPAOLO BANK Albania
INTESA SANPAOLO BANK LUXEMBOURG
INTESA SANPAOLO BANK Romania
INTESA SANPAOLO BANK Slovenia
INTESA SANPAOLO BANKA Bosna i Hercegovina
INTESA SANPAOLO BANK IRELAND
INTESA SANPAOLO BRASIL SA
INTESA SANPAOLO WEALTH MANAGEMENT Luxembourg
PRAVEX BANK
PRIVREDNA BANKA ZAGREB
REYL INTESA SANPAOLO
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	

EUROPE

Direct Branches	Representative Offices
Amsterdam	Brussels*
Frankfurt	
Istanbul	
London	
Madrid	
Paris	
Warsaw	

Country	Subsidiaries	Branches
Albania	Intesa Sanpaolo Bank Albania	35
Belgium	Intesa Sanpaolo Wealth Management	2
Bosnia and Herzegovina	Intesa Sanpaolo Banka Bosna i Hercegovina	43
Croatia	Privredna Banka Zagreb	139
Czech Republic	VUB Banka	1
Hungary	CIB Bank	60
Ireland	Intesa Sanpaolo Bank Ireland	1
Luxembourg	Intesa Sanpaolo Wealth Management	1
	Intesa Sanpaolo Bank Luxembourg	1
Moldova	Eximbank	17
Romania	Intesa Sanpaolo Bank Romania	34
	First Bank	40
Russian Federation	Banca Intesa	27
Serbia	Banca Intesa Beograd	141
Slovakia	VUB Banka	153
Slovenia	Intesa Sanpaolo Bank	40
Switzerland	Reyl Intesa Sanpaolo	3
Ukraine	Pravex Bank	39

AFRICA

Representative Offices	Country	Subsidiaries	Branches
Cairo	Egypt	Bank of Alexandria	172

Figures as at 30 June 2024
** European Regulatory & Public Affairs*

Product Companies

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

Wealth Management

CIB LEASING
INTESA LEASING Beograd
PBZ LEASING
VÚB OPERATING LEASING

Leasing

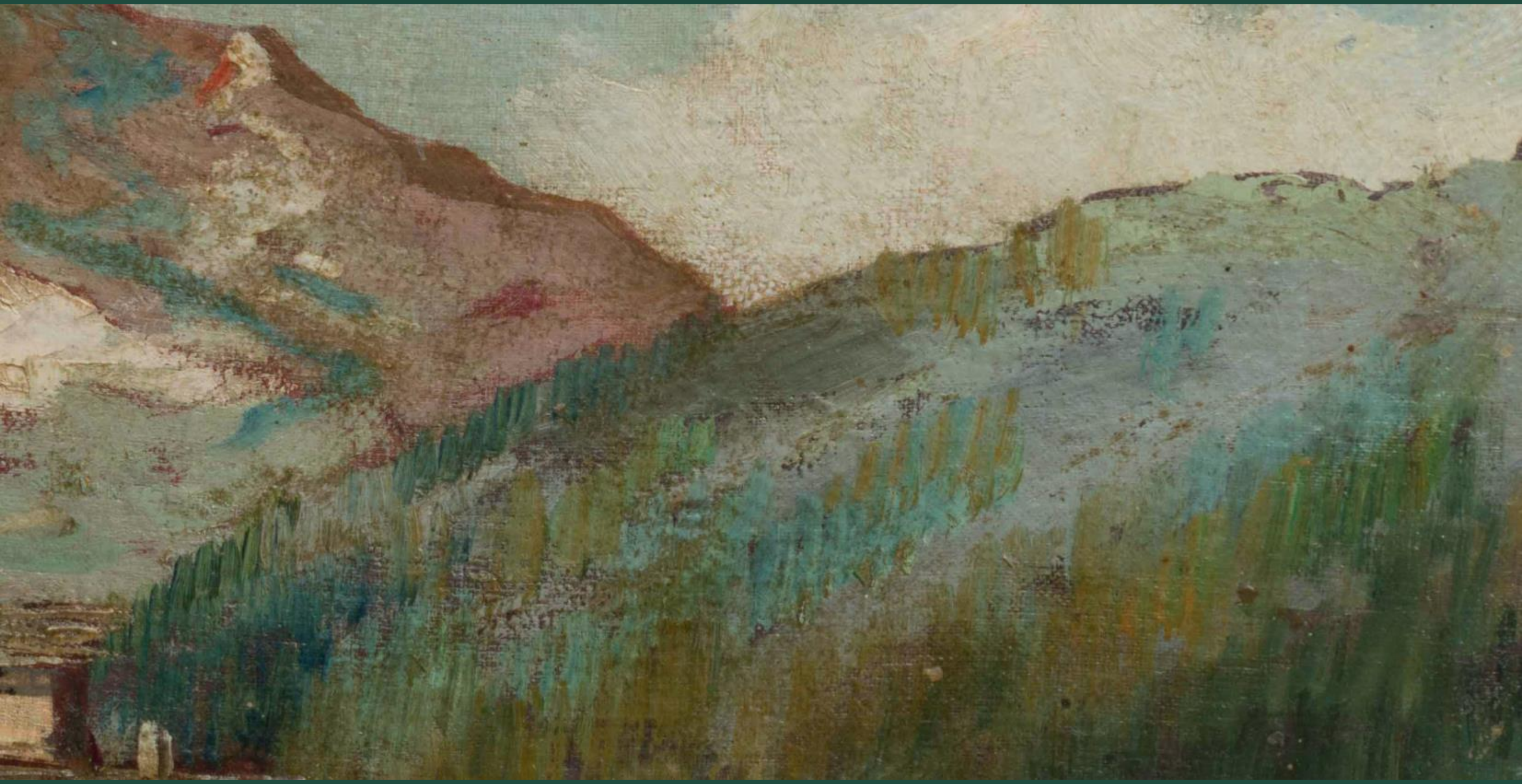
Board of Directors, Manager responsible for preparing the Company's financial reports and Independent Auditors

Board of Directors

Chair	Gian Maria GROS-PIETRO
Deputy Chair	Paolo Andrea COLOMBO
Managing Director and Chief Executive Officer	Carlo MESSINA [(a)]
Directors	Franco CERUTI Roberto FRANCHINI [(*)] Anna GATTI Liana LOGIURATO Maria MAZZARELLA Fabrizio MOSCA [(*)] Milena Teresa MOTTA [(*)] Luciano NEBBIA Bruno Maria PARIGI Bruno PICCA Alberto Maria PISANI [(**)] Livia POMODORO Maria Alessandra STEFANELLI Paola TAGLIAVINI Daniele ZAMBONI Maria Cristina ZOPPO [(*)]
Manager responsible for preparing the company's financial reports	Elisabetta STEGHER
Independent Auditors	EY S.p.A.

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

Half-yearly report on operations



Introduction

The Half-yearly Report as at 30 June 2024 is made up of the Half-yearly report on operations and the Half-yearly condensed consolidated financial statements including the Consolidated financial statements and related Explanatory notes.
As illustrated in detail in the chapter “Accounting Policies” of the Explanatory notes, the Half-yearly condensed consolidated financial statements have been prepared in compliance with Article 154-ter of Italian Legislative Decree 58 of 24 February 1998 and in application of the IAS/IFRS issued by the International Accounting Standards Board (IASB) as well as the related interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS-IC), endorsed by the European Commission, as provided for by European Regulation 1606 of 19 July 2002.
In particular, the Half-yearly condensed consolidated financial statements as at 30 June 2024, subject to review by the company EY S.p.A., have been prepared in compliance with the requirements of IAS 34, which regulates interim reports.

The Half-yearly report on operations 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 2023 Consolidated Financial Statements for a definition of these measures and their calculation methods, confirming that, with specific regard to the military conflict between Russia and Ukraine, in line with the ESMA guidance, no new measures have been added, nor have any changes been made to the measures used.
In line with the 2023 Financial Statements, the information on significant transactions with related parties has been presented as usual in the specific paragraph of the Explanatory Notes to enable a comprehensive understanding of all the other information relating to the Bank’s and the Group’s connections and transactions with related parties as envisaged by IAS 24.

The Explanatory Notes contain specific dedicated chapters that set out several detailed tables of the Income Statement and the Balance Sheet in the format established by Bank of Italy Circular 262 on Notes to Annual Financial Statements, regarding the composition of the main financial statement captions concerning banking operations and insurance operations, which are drawn up in compliance with the disclosure tables set out by IVASS as required by the 8th update to Circular 262.

To support the comments on results for the period, the Half-yearly report on operations also presents and illustrates reclassified income statement and balance sheet schedules.
In the reclassified schedules, the figures are restated, where necessary and where material, to enable the best like-for-like comparison between the different periods covered, particularly in relation to 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.
Breakdowns of restatements and reclassifications as compared to the accounting schedules established in Bank of Italy Circular 262 are provided in separate reconciliation tables included in the attachments to this report, as also required by Consob in its Communication 6064293 of 28 July 2006.

Lastly, please consult the website of Intesa Sanpaolo, www.group.intesasanpaolo.com, for the press releases and all the financial documents published during the half-year period.

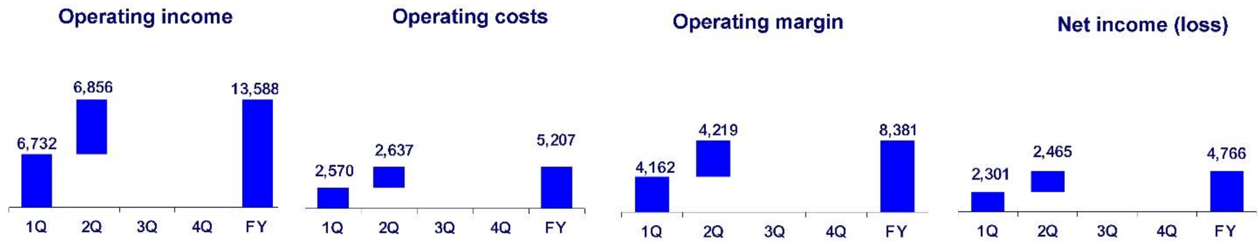
Overview of the first half 2024

Income statement figures and Alternative Performance Measures(°)

Consolidated income statement figures (millions of euro)	30.06.2024	30.06.2023	Changes amount	Changes %
Net interest income	7,945	6,838	1,107	16.2
Net fee and commission income	4,653	4,353	300	6.9
Income from insurance business	903	856	47	5.5
Profits (Losses) on financial assets and liabilities at fair value	97	337	-240	-71.2
Operating income	13,588	12,398	1,190	9.6
Operating costs	-5,207	-5,211	-4	-0.1
Operating margin	8,381	7,187	1,194	16.6
Net adjustments to loans	-554	-556	-2	-0.4
Net income (loss)	4,766	4,222	544	12.9

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

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

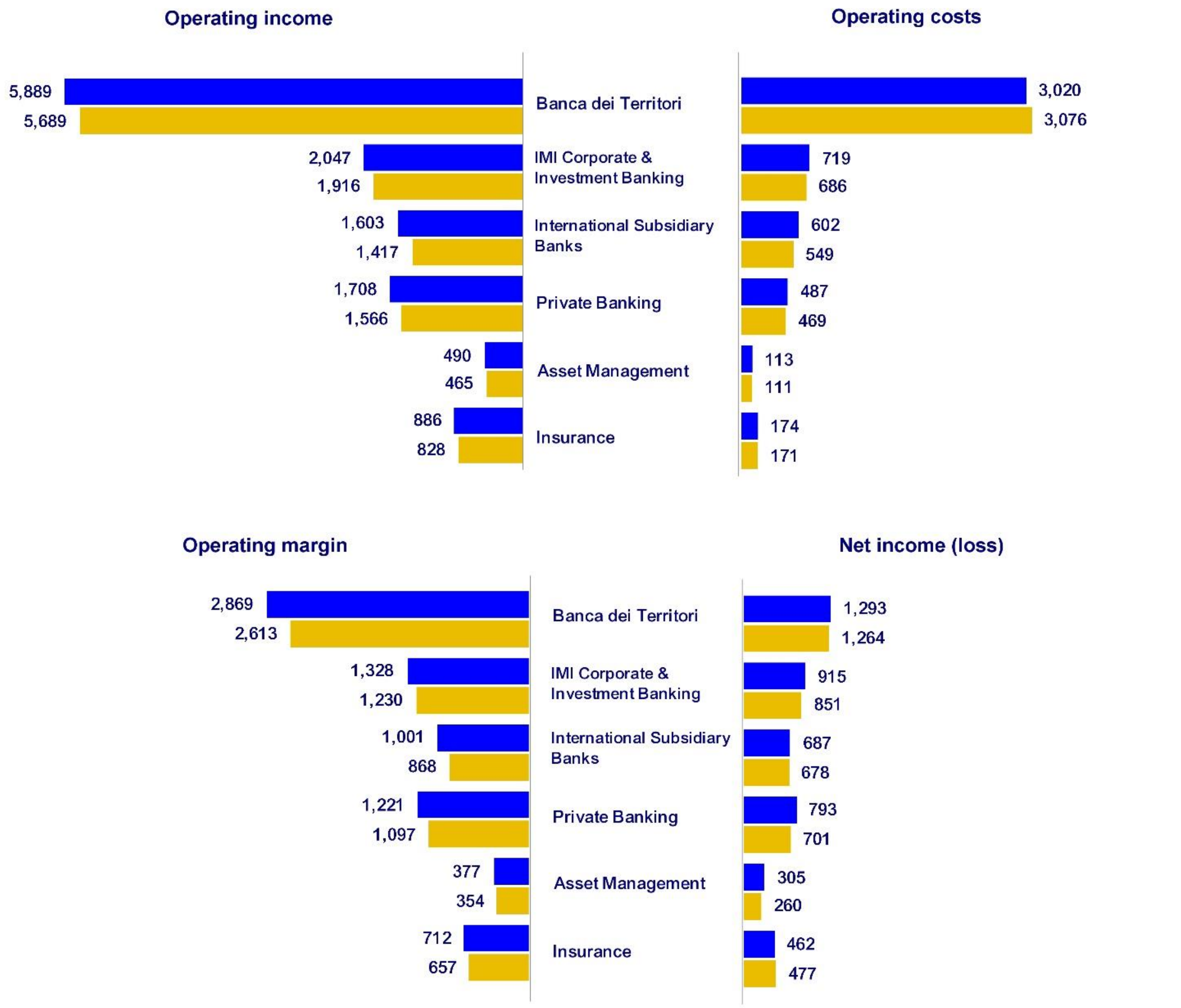


30.06.2024

30.06.2023

(°) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on operations in the 2023 Annual Report.

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



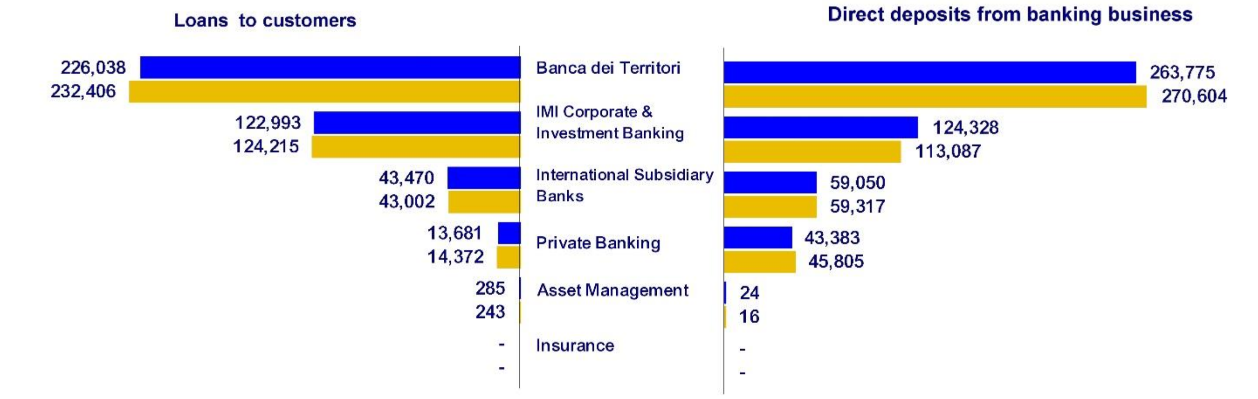
(*) Excluding Corporate Centre

Figures restated, where necessary and material, considering the changes in the scope of consolidation and in business unit constituents. For more details, see the chapter "Breakdown of consolidated results by business area and geographical area".

Balance sheet figures and Alternative Performance Measures(°)

Consolidated balance sheet figures (millions of euro)	30.06.2024	31.12.2023	Changes amount	Changes %
Banking business financial assets	179,711	169,904	9,807	5.8
Financial assets pertaining to insurance companies	171,113	173,858	-2,745	-1.6
Loans to customers	422,214	430,492	-8,278	-1.9
Total assets	934,422	965,251	-30,829	-3.2
Direct deposits from banking business	589,714	577,543	12,171	2.1
Direct deposits from insurance business	171,928	172,746	-818	-0.5
Indirect deposits:	757,058	720,382	36,676	5.1
of which: Assets under management	*455,778*	*442,219*	*13,559*	*3.1*
Shareholders' equity	65,275	63,963	1,312	2.1
Loans to customers / Direct deposits from banking business (%) (Loan to deposit ratio)	71.6%	74.5%		

Main balance sheet 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 and discontinued operations.

30.06.2024
31.12.2023

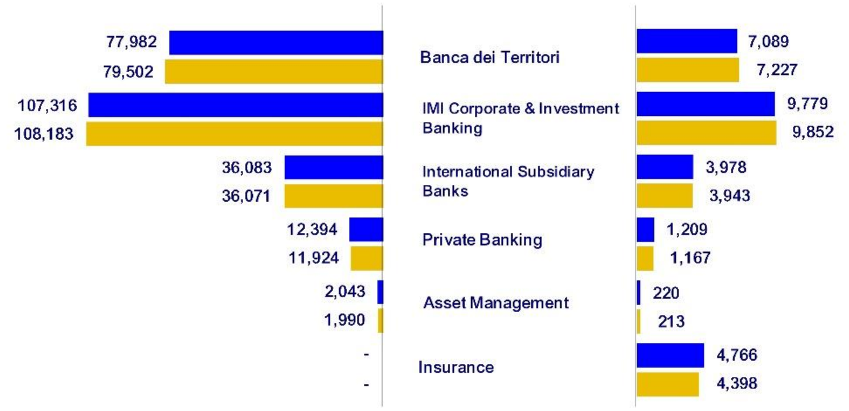
(°) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on operations in the 2023 Annual Report.

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.

30.06.2024
31.12.2023

(°) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on operations in the 2023 Annual Report.

Consolidated profitability ratios (%)

	30.06.2024	30.06.2023
Cost / Income	38.3	42.0
Net income / Shareholders' equity (ROE) [a]	18.4	16.1
Net income / Total assets (ROA) [b]	1.0	0.9

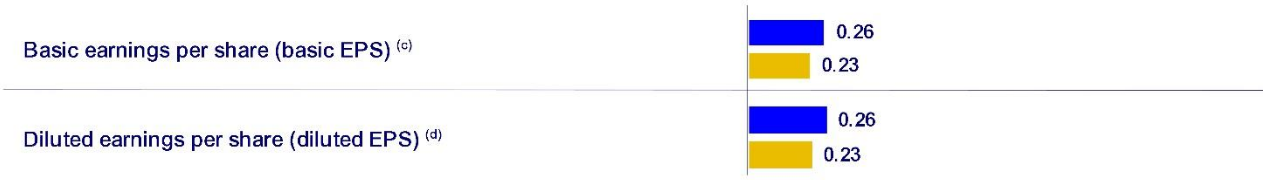
Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(a) Ratio between net income and shareholders' equity at the end of the period. Shareholders' equity does not include AT1 capital instruments and income for the period. The comparative figure has not been restated. You are reminded that it was annualised net of the capital gains recognised in the first half of 2023 for the sale to the Nexi Group of the acquiring business line of PBZ Card and for the sale of Zhong Ou Asset Management.

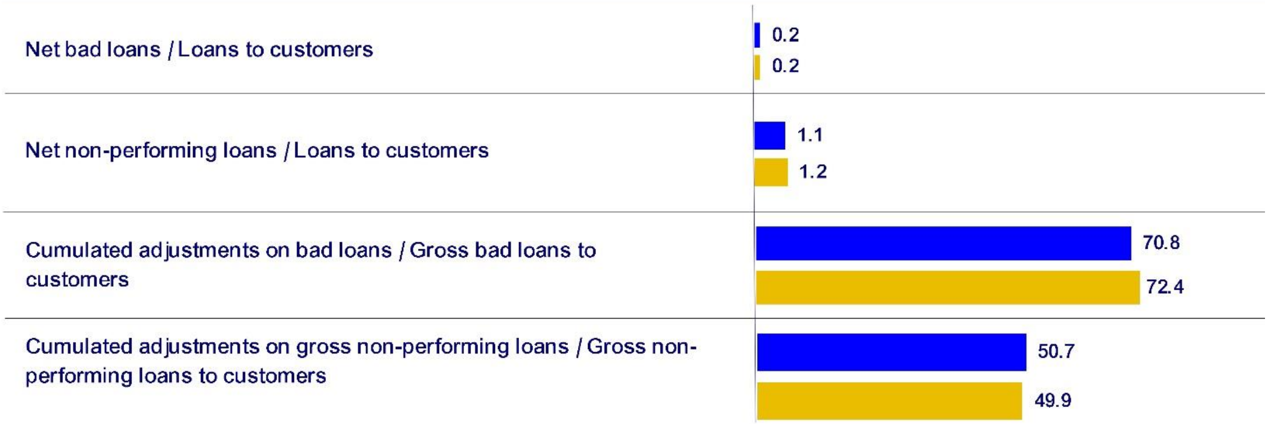
(b) Ratio between net income and total assets at the end of the period. The comparative figure has not been restated. You are reminded that it was annualised net of the capital gains recognised in the first half of 2023 for the sale to the Nexi Group of the acquiring business line of PBZ Card and for the sale of Zhong Ou Asset Management.

30.06.2024
30.06.2023

Earnings per share (euro)



Consolidated risk ratios (%)



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

(c) Net income (loss) attributable to shareholders compared to the weighted average number of outstanding shares, calculated excluding own shares. Intesa Sanpaolo's share capital consists solely of ordinary shares.

(d) The diluted earnings are calculated taking into account any future issuances of new ordinary shares and excluding own shares (including those purchased in execution of the buyback programme).

Operating structure	30.06.2024	31.12.2023	Changes amount
Number of employees (e)	**93,832**	**94,368**	**-536**
Italy	71,421	71,946	-525
Abroad	22,411	22,422	-11
Number of financial advisors	**5,853**	**5,761**	**92**
Number of branches (f)	**4,291**	**4,259**	**32**
Italy	3,325	3,323	2
Abroad	966	936	30

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

(e) 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.

(f) The figure includes Retail/Exclusive Branches, Non-Profit Sector Branches, Agribusiness Branches, SME Branches and Corporate Branches.

30.06.2024

30.06.2023 (Income statement figures)
31.12.2023 (Balance sheet figures)

The first half of 2024

The macroeconomic situation

The economy and the financial markets

In the first half of 2024, global economic activity and international trade gradually gained strength, despite a stronger-than-projected slowdown in China's GDP in in the second quarter. Inflationary pressures that impacted advanced countries in the previous two years eased further. Expectations of monetary policy easing have become less aggressive, particularly in the US. In the face of significant inflation stickiness, the Federal Reserve left official rates unchanged at 5.25-5.50%, while signalling that it expects to lower them later this year. Oil prices rose on the end of 2023, though not replicating last autumn's peaks.

In the Eurozone, growth in economic activity remained weak, especially in industry, but services still guaranteed positive GDP growth (+0.3%) in the first quarter. In June, the climate of confidence was positive and stable for services, but remained weak in other sectors. The unemployment rate remains stable at a low (6.4% in May). In June, inflation was mainly unchanged at 2.5%, while the rate excluding fresh food and energy dropped sharply to 2.8%.

In Italy, industrial production fell further in the first half of 2024, even though economic surveys showed signs of future recovery. In the first quarter GDP growth was positive and exceeded expectations (+0.3%) due to services and construction activity. The latter, which was still supported by incentives for building renovations in January, fell in February and March, though it recovered a portion of the lost ground in the following two months. In June, confidence was weak in the manufacturing sector, but stronger in other segments. In May, the unemployment rate fell to 6.8%, the lowest level since 2008. Inflation (0.9% in June) was low and below the average for the euro area.

In June, the European Central Bank decreased the official rates by 25 basis points, bringing the deposit rate to 3.75%. On the other hand, the draining of excess reserves continued: the APP (Asset Purchase Programme) securities portfolio was further reduced by not reinvesting the maturities, while the redemption of TLTRO IIIs was not compensated by increased demand for liquidity at the regular auctions. As part of the revision of the monetary policy framework, the European Central Bank announced that from 18 September the main refinancing operations rate will be set 15 basis points above the deposit rate, instead of the current 50 basis points.

From January to April, expectations of official rate cuts receded significantly, as reflected in the rise in medium- and long-term government bond yields from their lows at the end of 2023. This movement was significant for US debt, but was also seen in the European markets, with the yield on the ten-year Bund increasing by 59 basis points between 29 December and 28 June. For most of the half year, upward pressure on Italian debt was offset by a decline in risk premiums. In June, however, fears about the impact of political instability in France led to a sudden widening of the BTP-Bund spread, reflecting the movement in French government debt. This movement, which peaked in the days leading up to the first round of French legislative elections, was fully reabsorbed by mid-July. The increase in rate spreads between the US and the Eurozone was accompanied by a modest strengthening of the dollar in the foreign exchange markets, which was also largely reversed in the first half of July.

In the first half of 2024, the international equity markets continued the bullish trend recorded in the previous year, albeit with different strength among geographical areas, and with periods of consolidation.

The gradual improvement in the global growth outlook has reduced the likelihood of a recession, thereby supporting greater risk appetite in the equity markets. In the initial months of the year, investors expected central banks to ease monetary policy quickly. However, a slower-than-expected decrease in inflation led to a cautious revision of expectations for interest rate cuts in 2024.

Corporate results in Italy in the 1st quarter showed differing performance between non-financial sectors, dealing with weak demand and the stabilisation of prices, and financial sectors, supported by fee and commission income and the net interest income. On the whole, forecasts of 2024 income remained stable over the half year, with a slight deterioration in the segment of non-financial securities.

The uncertainty following the results of the European elections at the beginning of June prompted a correction on the European equity markets at the end of the half year, with prices falling back from the peaks reached in May.

The Euro Stoxx index ended the half year up by 5.8%. The CAC 40 remained substantially unchanged (-0.9%), penalised by the political uncertainty in France. The DAX grew by 8.9%, as did the IBEX 35, which recorded an increase of 8.3%. Outside the euro area, the Swiss SMI market index closed the period at +7.7%, while the FTSE 100 index in the UK rose by +5.6%.

The US equity market recorded largely positive performance: the S&P 500 index improved by 14.5%, while the NASDAQ 100 technology stocks index rose by 17.0%. The performance of the main stock markets in Asia diverged: while the NIKKEI 225 index closed the half year at +18.3%, China's benchmark SSE Composite index remained substantially stable (-0.3%).

The Italian equity market outperformed the Eurozone benchmarks: the FTSE MIB index ended the period at +9.2%, after reaching a peak of +16.7% in mid-May, while the FTSE Italia All Share index reported +8.8%.

Mid-cap stocks recorded a marginally negative performance (-0.7%).

The European corporate bond market ended the first six months of the year positively in the cash segment, with risk premiums tightening, while the iTraxx indices were substantially unchanged compared to the beginning of the year. The

expectations that the central banks would normalise monetary policies were the main driver of the bond markets. Investor sentiment was bolstered by signs that the outlook for growth was improving.
Following a positive start to the year, in March the indices went through a consolidation phase, also due to more prudent expectations regarding the decrease of interest rates. In the first half of June, the results of the European elections produced a short phase of spread widening, which was then partially reversed in the following weeks.
In terms of performance, investment grade securities ended the first half at 87 basis points compared to 94 at the beginning of the year (asset swap spread-ASW, source: IHS Markit iBoxx), with positive results for financial issuers (-19 basis points, at 99), while non-financial securities remained unchanged. Expectations on interest rates favoured shorter maturities with a steepening of the curves. High yield securities performed better, with spreads that closed at 300 basis points compared to 331 at the beginning of the year. Also in this case, financial securities showed greater strength. In the derivatives segment, the iTraxx indices (CDS indices) were more penalised by the phase of weakness recorded in June, with the Main index and the Crossover index unchanged on the beginning of the year.
The primary market grew compared to the same period of 2023, according to Bloomberg. Corporate ESG issues also increased in volume (+5%). The breakdown by type of sustainable bond shows that the growth was driven by green bonds, +15%, representing around 80% of the total issued.

Emerging markets and economies

In the main countries where ISP has a presence, in the first three months of 2024, the GDP of Central Eastern Europe (CEE) rose by 0.5% on a quarterly basis (weighted average), following a growth of 0.2% in the previous quarter. The year-on-year change rose to 1.6%, from 1.1% in the previous quarter, driven by positive trends in Slovakia (2.7%), Slovenia (2.1%), Poland (2.0%) and Hungary (1.1%). In contrast, the Czech Republic saw a weaker GDP performance (0.3%). South-Eastern Europe (SEE) recorded economic growth of 1.8% year-on-year (from 3.3%), thanks to the strong performance of Croatia (4.4%) and Serbia (3.8%). During the same period, in Eastern Europe (EE) GDP rose on the back of Russia and Ukraine growth (Russia +5.4% year-on-year, Ukraine +6.5% and Moldova +1.4%). Lastly, Egypt grew by 2.2%, slightly slowing on the +2.3% recorded in the previous quarter.

In line with the global scenario, inflation slowed down in the first half of the year. In June, the year-on-year change in the consumer price index was 2.6% in the CEE area and 4.2% in the SEE area, with values ranging from 1.5% in Slovenia to 4.9% in Romania. In Eastern Europe (EE), inflation rose by 8.3% year-over-year in June, driven by the increase in all countries in the Area. Egypt, on the other hand, went against the trend, recording the fourth consecutive decrease, amounting to +27.5% after the peak reached in February (+35.7%).

Due to the reduction in inflationary pressure, monetary policy featured an inversion of interest rate trend in all countries of the CEE and SEE areas and, with cuts ordered in July in Albania (to 3.0%) and in Romania (to 6.75%), monetary easing began also in these countries. In Russia the key interest rate has remained stable at 16.0% since December 2023. Given the gradual rise in inflationary pressures, the central bank is keeping open the prospect of more monetary tightening to stabilise inflation at around 4% in 2024 and beyond. In Ukraine, the policy rate is 13.0% following three cuts by the central bank (from 15% in December 2023 to 14.5% in March 2024, to 13.5% in April and 13% in June 2024). In Moldova, the central bank has made three cuts since the beginning of 2024, bringing the rate down from 4.75% to 3.6%. Lastly, in Egypt, the key interest rate was increased to the current 28.25% in March 2024 (from 20.25% at the end of 2023).

In the first half of 2024, the MSCI Emerging Markets Equity Index, expressed in US dollars, rose +6.1%. Among the countries with an ISP presence, in the CEE/SEE area the local currency stock indices mostly recorded gains, with double-digit growth in Croatia, Serbia, Slovenia, Poland, Romania and Hungary. Bosnia Herzegovina and the Czech Republic posted more moderate rises. Slovakia's index showed erratic movements but returned to the levels of the beginning of the year. Operations on Ukraine's stock market remain affected by the conflict, while those of the Russian stock market are impacted by international sanctions. In the MENA region, the Egyptian stock exchange ended the half year in highly positive territory.
In the foreign exchange markets, the Russian rouble appreciated marginally against the US dollar (USD/local currency: -3.9%), while the main currencies in the CEE/SEE/EE area depreciated, with the exception of the Albanian lek, which remained stable. In the MENA area, the Egyptian pound weakened significantly. In relation to the Euro, worthy of note among the CEE/SEE countries was the recovery of the Albanian lek, and conversely, the weakening of the Hungarian forint.
In the first six months of the year, the changes in yield spreads between emerging market government bonds and US government bonds (EMBI Plus +18 basis points), as well as the cost of credit risk protection (CDS 8 basis points), were marginal.

The Italian banking system

Interest rates and spreads

In the first half of 2024, differing trends were recorded between bank interest rates on new transactions and interest rates on outstanding amounts, the former generally decreasing and the latter still rising slightly. On the loans side, there was a considerable reduction in interest rates on home mortgage loans to households, whose average level dropped by over 80 basis points compared to the end of 2023, at around 3.6%. The drop was caused by two combined effects: the significant decrease in the fixed rate, which was lower than the floating rate by an average of 136 basis points in the first five months of 2024, and the growing weight of fixed-rate operations, which reached a record high of 90% of total disbursements in May, from an average of 64% in 2023. Interest rates on new loans to non-financial companies were stickier, with an average of 5.35% in the first five months, 15 basis points less than in the fourth quarter of 2023. Differently, the average rate on the stock of loans to households and businesses increased slightly up to May, continuing to reflect the hikes that occurred in 2023.
In the first five months, the total cost of the stock of funding from customers also continued rising, reflecting, among other aspects, the shift towards the more expensive forms. As seen in 2023, the average interest rate on current accounts rose marginally. In contrast, interest rates on new time deposits decreased sharply, specifically those offered to households, whose average level dropped by almost half a point from the end of 2023 to May 2024, to 3.4%.
As a result of the cost of the stock of funding from customers rising more than the rate on loan stock, the spread between lending and funding rates began to slightly invert the trend, decreasing by 5 basis points from the end of 2023 to May 2024, but remaining higher than the previous year's average. The contribution of on-demand deposits also changed direction: the mark-down decreased slightly in the second quarter compared to the record highs in the initial months of 2024 and the closing months of 2023. The mark-up on short-term rates, on the other hand, widened slightly compared to the end of 2023.

Loans

The credit market continued to be impacted by a significant decrease in the demand for loans from businesses, while the supply side's tone improved, with a slight easing of lending criteria in the second quarter. The weakness of demand from businesses continued to mainly be impacted by lower borrowing for fixed investment and greater use of internal financing, and, to a lesser extent, by higher interest rates. This resulted in a continued contraction in loans to non-financial companies, which was slightly less intense in the second quarter, to a period average of -3.3% year-on-year due to a smaller decrease in the short-term component, against persistent weakness in medium/long-term loans. The stock of loans to households reported a modest decrease, around -1% in the second quarter, gradually improving to -0.9% in June. This performance was driven by the component of loans for home purchases, which stalled up to May, then started to grow again in June (+0.2%). In the second quarter, the mortgage market showed signs of recovery, with a slight easing in supply, due to pressure from competition, and a significant recovery in demand from households. The more favourable climate was confirmed by the recovery of growth - though modest - in the disbursement of new mortgage loans in the two-month period of April-May, after two years of double digit decrease.
With regard to the credit quality, there continue to be no particular signs of deterioration. The default rate in terms of annualised flow of non-performing loans in relation to total performing loans remained at a record low of 1% in the first quarter, compared to the level of 0.9% which was reported in the last two years. The increase in the default rate involved both loans to businesses and those to households. As a percentage of total loans, for significant banking groups, the NPL ratio was unchanged in March at 2.4% gross of value adjustments, in line with that reported over 2023.

Funding from customers

Over the half year, bank deposits gradually recovered from the negative phase caused by the interest rate hikes, recording an annual increase in June. This improvement was boosted by the dynamics of deposits from businesses, up again since January, at a pace of 4% in the first five months, and with a jump in June, while deposits from households saw a smaller decrease, by -2% from March to May, to end the half year with almost no change. The transfer of savings from current accounts to time deposits lost strength in the second quarter.
The reallocation of portfolios to instruments with higher returns contributed to supporting the strong recovery of bank bonds, whose growth should also be read in light of the recomposition of banks' medium/long-term funding following the repayment of the TLTRO III. That trend brought the aggregate of deposits and bonds back to growth overall. The performance of total funding, which includes the ECB refinancing and deposits of non-residents, and has been dropping since the fourth quarter of 2022, was impacted by the reduction in liabilities due to the Eurosystem.

Indirect deposits and asset management

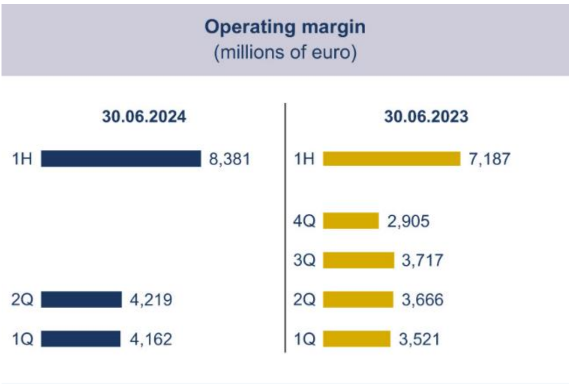
As a result of the process of reallocation of savers' portfolios to domestic government securities and bank bonds, assets under administration continued to grow sharply, though showing initial signs of slowdown. Debt securities of households in custody at banks increased significantly also in the first five months of the year, by almost 49 billion euro, but less than the exceptional increase recorded in the same period of 2023, of 63 billion euro.
Conversely, the asset management industry continued to be impacted by the scenario of higher interest rates, reporting additional outflows from mutual funds in the first five months, as the result of two opposing trends: the continuation of significant subscriptions of bond funds, and net outflows from other fund types, specifically from equity, flexible and balanced

funds. Since the beginning of the year, new life insurance business has returned to grow, driven mainly by the recovery in placements of traditional policies, trailed by unit-linked policies.

Consolidated results of Intesa Sanpaolo

The consolidated income statement for the first half of 2024 posted a *net income* of 4,766 million euro, up by 12.9% on 4,222 million euro for the same period of 2023. This growth was driven by the positive operating performance, which confirmed the growth in revenues, against effective management of costs, which were down slightly.

Operating income rose to 13,588 million euro, from 12,398 million euro in the first six months of 2023 (+1,190 million euro; +9.6%).
The revenue performance continued to be driven primarily by *net interest income*, which grew by 16.2% to 7,945 million euro[1]. The growth of the aggregate was driven by all the main components: by interest income on financial assets in the portfolio, also as a result of increased stock of investment; by interest income on relations with banks, in particular those with the ECB; by other net interest income and by a lower negative contribution from differentials on hedging derivatives. Only customer dealing declined, due to the higher interest expense on securities issued after the significant funding plan implemented in 2023.
Net fee and commission income consolidated its recovery, increasing by 6.9% to 4,653 million euro, mainly attributable to the management, dealing and consultancy activities segment, specifically to dealing and placement of securities, as well as to individual and collective portfolio management schemes. Commercial banking activities, improving in the second quarter, showed a positive trend, fuelled by all the components, with the only exception of current accounts. Other net fee and commission income also grew, especially that connected with lending activities.
The *income from insurance business* also improved by 5.5% to 903 million euro, supported both by the net investment result of the life business, which was largely positive in 2024, and by the non-life business.
The favourable trend in the captions described above largely offset the decrease in *profits (losses) on financial assets and liabilities at fair value,* which dropped to 97 million euro from the 337 million euro in the first half of 2023. This should be read in conjunction with the increase in net interest income on transactions in certificates, which is generating positive effects on interest income in terms of greater liquidity invested and negative effects on trading related to the management of financial risks due to the growth in market interest rates. The decrease was once again concentrated at the level of "Profits (losses) on trading and on financial instruments under fair value option", only partially offset by the increased positive contribution from other components, especially from the disposal/repurchase of financial assets/liabilities.
The caption *other operating income (expenses)*, which includes profits on investments carried at equity and other income/expenses from continuing operations, showed a net balance of -10 million euro, compared to +14 million euro in the first six months of 2023, having incorporated lower profits on investments carried at equity (from 32 million euro to 20 million euro) and higher operating expenses.



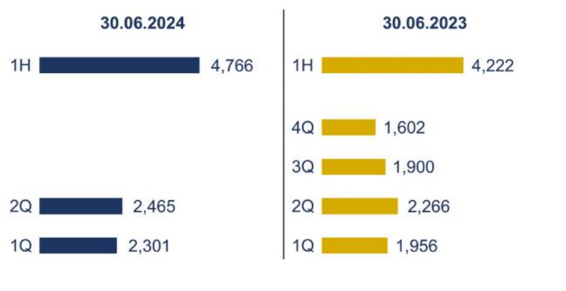
Overall, *operating costs* decreased slightly to 5,207 million euro, from 5,211 million euro in the first half 2023 (-4 million euro; -0.1%), which brings together trends that differ depending on the type of cost.
Personnel expenses increased by 0.5%, even though the average workforce decreased (-854 people; -0.9%), as an effect of the wage adjustments resulting from renewal of the National Collective Bargaining Agreement, for the part effective from 1 July 2023. *Administrative expenses* fell by 2.5%, specifically due to the savings achieved in property management, also related to the streamlining of the branch network, and in IT expenses, due to lower outsourcing costs. *Amortisation and depreciation* rose by 2.5%, as a reflection of investments in technology.
As a result of the revenue and cost dynamics described above, the *operating margin* rose to 8,381 million euro (+1,194 million euro; +16.6%) and the *cost/income ratio* decreased to 38.3% from 42% in the first six months of 2023.

Net adjustments to loans were substantially stable at 554 million euro (-2 million euro; -0.4%).
In comparison with the previous year, the positive effect of lower adjustments on performing loans substantially offset the increased adjustments on Stage 3 non-performing exposures. The cost of risk, represented as the ratio of net adjustments to net loans, consequently stood at 26 basis points in annualised terms (36 basis points for the full year 2023).
Other net provisions and net impairment losses on other assets decreased to 178 million euro from the previous 191 million euro (-6.8%). The caption consisted of: (i) 162 million euro of other net provisions, which also include, in addition to provisions for legal and tax disputes, 90 million euro in order to write off the equity contribution from the Russian investee to the

[1] The half years of the two years under comparison are characterised by different levels of market interest rates: the average of the 1-month Euribor came to 2.75% in the first six months of 2023, compared to 3.82% recorded in the first six months of 2024.

consolidated financial statements against the net income accrued during the period (97 million euro in the first six months of 2023, of which 39 million euro related to the Russian subsidiary); and (ii) 16 million euro of net impairment losses on other assets (net impairment losses of 94 million euro, essentially for credit risk on securities in portfolio, in the first half of 2023).
Other income (expenses), which include realised gains and losses on investments, equity investments and financial assets at amortised cost other than loans, as well as income/expenses not strictly related to operations, made a positive contribution of 88 million euro, mainly attributable to several commercial agreements entered into by the Group in the first quarter. This amount should be compared to 304 million euro recorded in the corresponding period of 2023, which included the capital gain of 116 million euro from the sale of the PBZ Card acquiring business line to Nexi and 157 million euro from the sale of the equity investment in Zhong Ou Asset Management.

As a result of the combined effect of the accounting entries described above, *gross income* improved to 7,737 million euro (+993 million euro; +14.7% compared to the first six months of 2023).
The change in the taxable base led to an increase in *taxes on income* for the period to 2,510 million euro (+426 million euro; +20.4%), resulting in a tax rate of 32.4% (30.9% in the half year of comparison).
The following were recognised after tax: *charges for integration and exit incentives* of 102 million euro (86 million euro in the first half of 2023) and negative *effects of purchase price allocation* of 54 million euro (-90 million euro in the first six months of 2023).



Net income (loss)
(millions of euro)

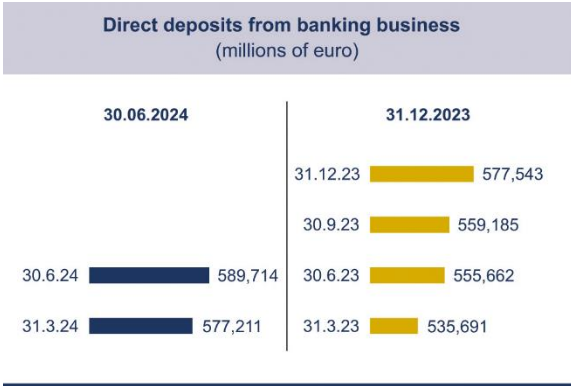
Charges aimed at maintaining the stability of the banking and insurance industry were also recorded for a total of 293 million euro, net of taxes (432 million euro gross of the tax effect). These essentially consisted of: (i) the amount of the 2024 contributions to the deposit guarantee scheme for the Group's Italian banks (235 million euro net; 350 million euro gross), for which an early call up was made[2]; (ii) the Group's estimated share, based on the information available at that date, of the contribution for 2024 to the Life insurance guarantee fund being set up (28 million euro net; 41 million euro gross)[3]. In the first half of 2023, 239 million euro was recorded (344 million euro pre-tax) mainly in relation to the ordinary contribution, for the full year, to the Single Resolution Fund for the Group's Italian and European banks.
After the *allocation of the net income to minority interests* of 12 million euro (23 million euro in the first half of 2023), the consolidated income statement for the first half of 2024 closed, as already stated, with a *net income* of 4,766 million euro, up by 12.9% compared with 4,222 million euro in the first half of 2023.

The *second quarter of 2024* also recorded an improvement in net income, amounting to 2,465 million euro (+164 million euro; +7.1% compared to the first quarter of 2024).
The operating margin showed income growing moderately to 6,856 million euro (+124 million euro; +1.8%), which summarises positive trends in net fee and commission income (+4.8% due to the increased contribution from all components), and in net interest income (+2.1%, despite the negative contribution from customer dealing), against the decrease in the profits (losses) on financial assets and liabilities at fair value (-77.2%, mainly due to the decreased profits on disposal/repurchase of assets/liabilities) and the slight downturn in the income from insurance business (-1.5% as a reflection of the lower contribution of the net investment result).
Operating costs rose overall to 2,637 million euro (+67 million euro; +2.6%). The increase marginally regarded personnel expenses (+1%), with an average workforce that was substantially unchanged. Conversely, administrative expenses increased by 15.1%, with changes that involved all the expense captions, through to differing extents. Only amortisation and depreciation decreased (-12.1%).
As a result of the trend in costs and revenues described, the operating margin reached 4,219 million euro (+57 million euro; +1.4%) with a cost/income ratio of 38.5% (38.2% in the first quarter).
Net adjustments to loans increased to 318 million euro (+82 million euro; +34.7%): within this aggregate, the increased Stage 3 adjustments and the decreased recoveries of provisions for credit risk related to financial commitments and guarantees given were only partially offset by higher recoveries on performing loans.
Other net provisions and net impairment losses on other assets of 125 million euro were recorded (53 million euro in the previous quarter). The change (+72 million euro) derives from: (i) +54 million euro from net provisions, including 56 million euro for the write off of the equity contribution of the Russian investee to the consolidated financial statements (this amounted to 34 million euro in the first quarter); (ii) +18 million euro from the impairment losses on other assets, mainly credit risk adjustments on securities in portfolio (recoveries were recorded in the first quarter).
Other income, which includes realised gains and losses on investments and income/expenses not strictly related to operations, came to 31 million euro compared to 57 million euro recorded in the first three months, which had benefited from several commercial agreements entered into by the Group.
Thus, gross income amounted to 3,807 million euro, down from 3,930 million euro in the first quarter (-123 million euro; -3.1%).
Taxes on income for the period came to 1,232 million euro (-46 million euro; -3.6%).

[2] In line with the provisions of the DGS Directive, the Statute of the National Interbank Deposit Guarantee Fund stipulated that the Fund create a financial endowment until the target level of 0.8% of total covered deposits is reached by 3 July 2024. In order to enable the target level to be reached by the deadline set by law, the National Interbank Deposit Protection Fund has announced an early call up of the 2024 contribution by 2 July 2024.
With regard to the annual contribution due to the Single Resolution Fund, the Single Resolution Board (SRB) has announced that in 2024 no contribution will be required from the European banking system, unless specific circumstances or resolution actions lead to use of the Single Resolution Fund.
[3] Charges borne by the Group's insurance companies and distribution companies.

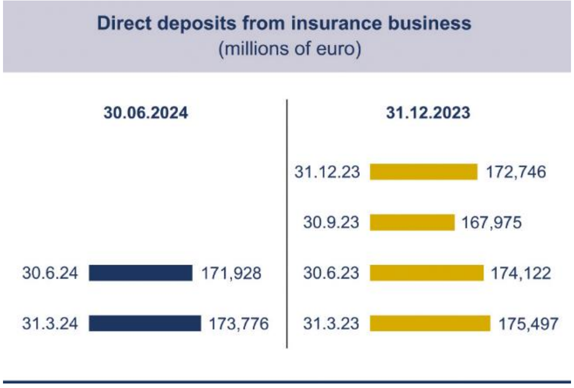
The income statement for the quarter also recorded the following, net of tax: charges for integration and exit incentives for 46 million euro (56 million euro in the first three months); negative effects of purchase price allocation of 25 million euro (29 million euro in the previous three months) and charges aimed at maintaining the stability of the banking and insurance industry of 36 million euro (51 million euro pre-tax), essentially attributable to the previously mentioned estimate of the charge for the Group's contribution for 2024 to the Life insurance guarantee fund being set up (in the first quarter, industry charges amounted to 257 million euro, 381 million euro gross of tax, mainly composed of the estimated contributions for 2024 to the Deposit Guarantee Fund for the Group's Italian banks).
Lastly, net income for the quarter allocated to minority interests came to 3 million euro (9 million euro in the first three months).

With regard to balance sheet aggregates, as at 30 June 2024, loans to customers amounted to 422.2 billion euro, down compared to December 2023 (-8.3 billion euro; -1.9%). The trend was determined by commercial banking loans, which decreased to 390.5 billion euro (-12.5 billion euro; -3.1%), and reflects the trend under way at industry level, due to the persistent weakness in demand from businesses, which keep postponing investment decisions and prioritising the use of self-financing. There are signs of improvement with regard to demand from households, specifically for mortgage loans for home purchase. In greater detail, the decrease in the stocks concerned all the technical forms, both medium/long-term loans (-2.6% to 220 billion euro), due to the predominance of repayments/ expirations over new disbursements, and shorter-term loans, namely advances (-3.1% to 150.7 billion euro) and current accounts (-8.4% to 19.8 billion euro).
The downturn in customer dealing was only partially offset by the increase in short-term financial loans composed of repurchase agreements used in overall treasury management (+19.3% to 19.8 billion euro), and loans represented by securities (+21% to 7.1 billion euro). Net non-performing loans, which benefited from new de-risking measures, decreased further (-4.5% to 4.8 billion euro).
In terms of credit quality, the NPL ratio decreased to 2.2% gross and 1.1% net (2.3% and 1.2% respectively in December 2023)[4]. The coverage ratio for non-performing loans increased to 50.7% from 49.9% at the end of 2023, while the coverage ratio for performing loans, of 0.56%, substantially remained at the level of December 2023 (0.58%).



On the funding side, direct deposits from banking business reached 589.7 billion euro at the end of the first half, up on the end of 2023 (+12.2 billion euro; +2.1%). Within the aggregate, current accounts and deposits, equal to 399.6 billion euro, despite the recovery in the second quarter, remained below December's levels (-9.7 billion euro; -2.4%). In any event, these continue to represent around 68% of the total, confirming their strength in the Group's liquidity position. The downturn is attributable to current accounts – after companies used their liquidity to reduce their use of bank loans, and households increasingly diversified their savings – given the substantial stability of time deposits.
The performance of total funding was specifically supported by (i) short-term financial forms represented by repurchase agreements and securities lending used in treasury management policies, which doubled to 26.5 billion euro (this was 13 billion euro at the end of 2023); (ii) bonds, which rose further to 82.75 billion euro (+4.4 billion euro; +5.7%) due to new senior and covered bond issues; (iii) by other deposits, which rose to 67.4 billion euro (+5 billion euro: +8%), also due to the positive trend in funding at fair value, almost fully comprised of investment certificates, which exceeded 32.7 billion euro (+2.8 billion euro; +9.4%).
Conversely, subordinated liabilities decreased to 11.2 billion euro (-0.95 billion euro; -7.8%) as the combined effect of net issues for a nominal amount of 0.8 billion euro in the first three months of the year and a repayment on maturity for a nominal amount of USD 2 billion (1.8 billion euro) in June.
Certificates of deposit, which decreased to 2.25 billion euro at the end of the first half (-80 million euro; -3.4%), now play a marginal role in the overall funding from customers.
As a result of the different trends in the two aggregates, the loan to deposit ratio decreased to 71.6% from 74.5% in December 2023.

[4] Based on the EBA definition, as at 30 June 2024 the NPL ratio was 1.9% gross and 1.0% net (1.8% and 0.9% respectively at the end of 2023). The increase was mainly attributable to the decrease in the total exposures used as the denominator of the ratio, which include exposures to all the banks (including the reserve requirement and on-demand receivables, i.e. current accounts and on-demand deposits).



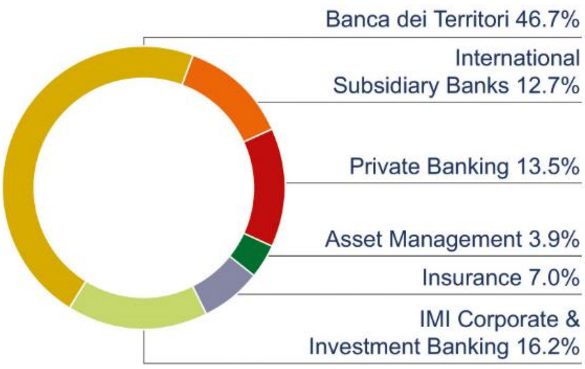
As at 30 June 2024, direct deposits from insurance business neared 172 billion euro, slightly down on the end of the previous year (-818 million euro; -0.5%). 69.6% of the aggregate was insurance liabilities, more of less unchanged at 119.7 billion euro (-173 million euro; -0.1%) despite a decrease in collected premiums in the life policy segment compared to the first half of 2023.
Market volatility impacted financial insurance liabilities – wholly represented by unit-linked investment contracts included among Financial liabilities designated at fair value pertaining to insurance companies in the reclassified balance sheet – which, after a weak recovery in the first three months, ended the first half down to 50.8 billion euro (-663 million euro; -1.3%), despite the fact that collected premiums grew by over 20% compared to the first six months of 2023. Their weight on the total amounted to 29.5%.
Lastly, the residual portion, amounting to 0.9%, consisted of other insurance deposits – included among Financial liabilities measured at amortised cost pertaining to insurance companies – which also incorporate subordinated liabilities. They remained stable at around 1.5 billion euro (+18 million euro; +1.2%).

Indirect customer deposits, measured at market prices, rose to 757.1 billion euro at the end of June 2024, reporting an improvement of 36.7 billion euro (+5.1%) in the six months. Continuing the trend that had already emerged in 2023, the growth was mainly driven by assets under administration, which reached 301.3 billion euro (+23.1 billion euro; +8.3%), representing 39.8% of total indirect customer deposits, also reflecting an ongoing repositioning of customer investments towards bonds and domestic government securities.
Also supported by market valuations, assets under management amounted to almost 455.8 billion euro (+13.6 billion euro; +3.1%), equal to 60.2% of the total. This positive trend concerned almost all the components, but with varying degrees of intensity: mutual funds (+3.6% to 161.1 billion euro), portfolio management schemes (+6.9% to 85.6 billion euro), and, albeit as a small proportion of the total, deposits from institutional customers (+5.4% to 27.6 billion euro) and pension funds (+7.8% to 16 billion euro). In contrast, total insurance liabilities and insurance financial liabilities were substantially stable at 165.4 billion euro (-0.1%).

Results of the Business Units

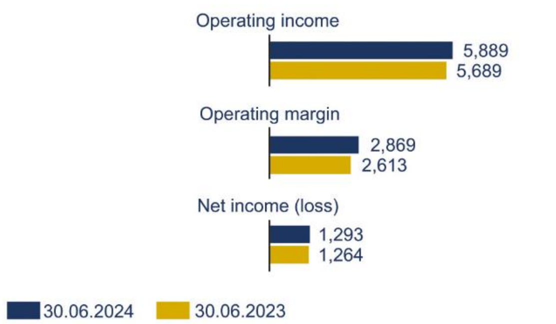
The Intesa Sanpaolo Group organisational structure is based on six business segments: Banca dei Territori, IMI Corporate & Investment Banking, International Subsidiary Banks, Asset Management, Private Banking and Insurance. In addition, there is the Corporate Centre, which is responsible for guidance, coordination and control of the entire Group, as well as for the Treasury, Funding and Strategic ALM operations.
As can be seen in the chart, the share of operating income attributable to each business segment (excluding the Corporate Centre) confirmed that commercial banking activities in Italy continue to account for the majority (46.7% of the operating income of the business areas), although significant contributions were also provided by corporate and investment banking (16.2%), private banking (13.5%), commercial banking activity abroad (12.7%), insurance business (7%) and asset management (3.9%).
Where necessary and where material, the division figures are restated to reflect the changes in scope of the business units to enable a like-for-like comparison.

Operating income:
Breakdown by business area[1]

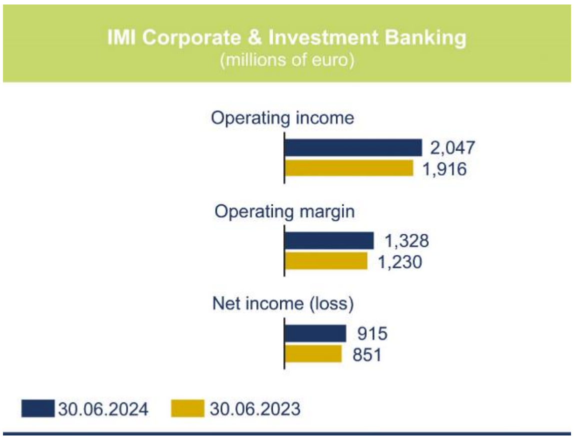


[1] Excluding Corporate Centre

Banca dei Territori
(millions of euro)



In the first half of 2024, the operating income of the Banca dei Territori Division – which oversees the traditional lending and deposit collecting activities in Italy and the related financial services – rose by 3.5% to 5,889 million euro. That trend was driven by net interest income (+3.9%), by virtue of the performance of market interest rates which favoured the profitability of customer dealing, and net fee and commission income (+3.1%), specifically in the segments of assets under management, non-life insurance and assets under administration (placement of certificates and dealing in securities). Operating costs decreased by 1.8% to 3,020 million euro due to savings on personnel expenses, as a result of the decrease in the workforce following negotiated exits, and the reduction in administrative expenses. As a result, the operating margin rose by 9.8% to 2,869 million euro. Gross income also improved (+17.3% to 2,276 million euro), benefiting from decreased adjustments and a lesser need for provisions. Despite the fact that the advance on the charge relating to the contribution to the Deposit Guarantee Fund was recorded in the income statement, Banca dei Territori ended the half year with net income up by 2.3% to 1,293 million euro.
As at 30 June 2024, the Division's balance sheet figures showed a decline in total intermediated volumes of loans and deposits compared to the end of December 2023 (-2.6%). In detail, loans to customers (-2.7% to 226 billion euro) were impacted by demand factors linked to businesses which, as interest rates remained high, limited their use of bank loans privileging their own liquidity or alternative funding sources. Direct deposits from banking business (-2.5% to 263.8 billion euro) was, in turn, impacted by those uses of liquidity by businesses and the portfolio decisions by private customers, who reallocated some of the amounts available on current accounts towards more remunerative investment products.

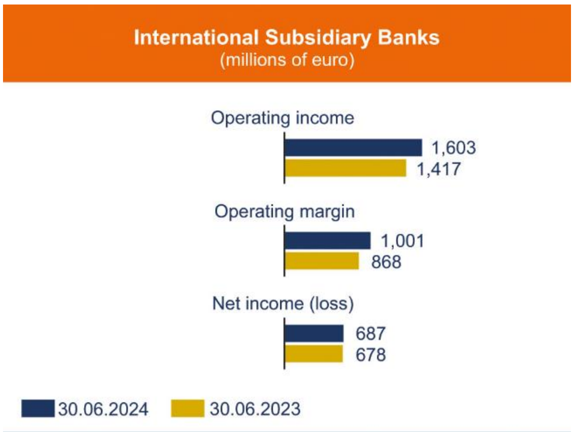


The IMI Corporate & Investment Banking Division generated operating income of 2,047 million euro, up by 6.8% on the same period of 2023.

There were increases in net interest income (+20.8% to 1,553 million euro), due to Global Markets operations, as well as in net fee and commission income (+9.8% to 615 million euro), essentially due to the positive performance in the segments of structured finance and investment banking. Losses on financial assets and liabilities at fair value were recorded for 121 million euro (profits of 70 million euro in the first six months of 2023), impacted by trading operations in the Global Markets area, which were negatively affected by (i) the management of financial risks related to funding in certificates, due to the trend in market interest rates, which, however, produced positive effects on net interest income in terms of greater liquidity invested, as well as (ii) the negative contribution of Own Credit Risk (OCR) of certificates, due to the tightening of the Intesa Sanpaolo credit spread.

With operating costs growing by 4.8% to 719 million euro, attributable to personnel expenses and administrative expenses, the operating margin improved by 8% to 1,328 million euro. Gross income showed similarly positive performance (+9% to 1,358 million euro) benefiting from recoveries on adjustments and provisions. The Division closed the half year with net income of 915 million euro, up by 7.5%.

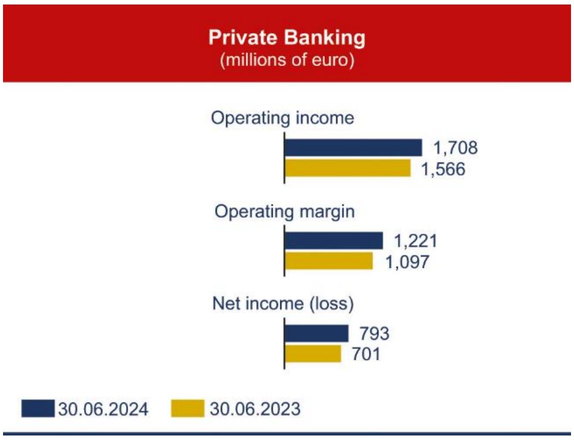
Total volumes intermediated increased by 4.2% compared to the end of 2023. Direct deposits from banking business were up by 9.9% to 124.3 billion euro, thanks to the increase in amounts due to Global Markets and institutional customers, the performance of the transactions in certificates and the growth in securities issued, particularly of the Luxembourg subsidiary. Loans to customers decreased by 1% to 123 billion euro, as a result of the decline for Global Corporate, partly offset by the positive performance of the Global Markets operations, as well as operations with international and institutional customers.



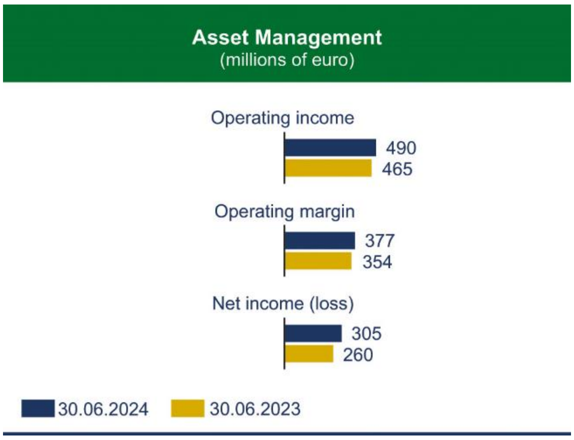
In the first half of 2024, the operating income of the International Subsidiary Banks Division – which is responsible for the Group's operations on international markets through commercial banking subsidiaries and associates that mainly carry out retail banking activities – amounted to 1,603 million euro, up on the same period of the previous year (+13.1%; +18.5% at constant exchange rates). All the main revenue items provided positive contributions: net interest income (+13.8% to 1,245 million euro), net fee and commission income (+10% to 320 million euro) and profits (losses) on financial assets and liabilities at fair value (+10.6% to 73 million euro). Operating costs, amounting to 602 million euro, were also up (+9.7%; +13.4% at constant exchange rates) essentially due to personnel and administrative expenses.

The different trends in the two aggregates resulted in an improvement in the operating margin of 15.3% to 1,001 million euro. Gross income, amounting to 965 million euro, and net income, amounting to 687 million euro, showed slighter improvements, of 4.7% and 1.3%, respectively, as they were impacted by the fact that the comparison half year benefited from the capital gain on the sale of the acquiring business line of PBZ Card: net of that caption, the increases in the two aggregates would be 19.7% and 17.8%, respectively.

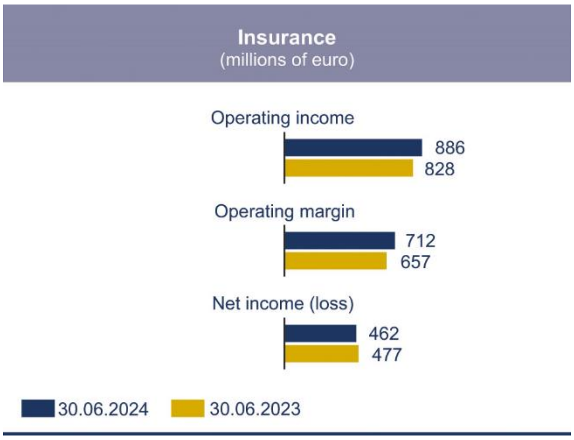
At the end of June 2024, total intermediated volumes grew slightly on December (+0.2%), attributable to loans to customers (+1.1% to 43.5 billion euro) against a decrease in direct deposits from banking business (-0.5% to 59.1 billion euro).



The Private Banking Division – which serves the top customer segment (Private and High Net Worth Individuals), creating value by offering top products and services – posted operating income up 9.1% to 1,708 million euro. This performance was mainly driven by net fee and commission income (+13.3% to 1,055 million euro) – both for the recurring component, as a result of the increase in average assets under management, and those related to receipt and transmission of orders and placement of mutual funds – and by net interest income (+3.3% to 622 million euro), due to the increased contribution of investments in securities and dealing with banks.
Operating costs (+3.8% to 487 million euro) incorporated increases in all components: administrative expenses, due to higher charges for third party services, personnel expenses, due to the expansion of the foreign component, and amortisation and depreciation. Given the performance described, the operating margin improved by 11.3% to 1,221 million euro. Gross income also rose by 12.8% to 1,206 million euro. The Division closed the first half of 2024 with net income of 793 million euro, up by 13.1% on the same period of 2023.
As at 30 June 2024, assets gathered, which also include the contribution of the trust mandates for SIREF Fiduciaria, amounted to 320.5 billion euro, up by 16.9 billion euro on the end of December. This trend was due to the market performance, which had a favourable impact on assets and, to a lesser extent, to positive net inflows. The assets under management component amounted to 163.6 billion euro (+6.2 billion euro).



The Asset Management Division – which 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 Eurizon Capital SGR and its subsidiaries – posted operating income of 490 million euro in the first half of 2024, up 5.4%. Revenues were essentially represented by net fee and commission income (+4.1% to 436 million euro), and benefited from the positive trend in placement fees for mutual funds and incentive fees, partially offset by the reduction in recurring fees as a result of the decrease in average assets under management, of customer investment choices in the new macroeconomic reference environment of positive interest rates, and of the product innovation developed by Eurizon Capital SGR and its subsidiaries in this environment to improve the competitiveness of the mutual funds against other alternative financial products.
In the presence of operating costs that reported a slight change overall (+1.8% to 113 million euro), the operating margin reached 377 million euro (+6.5%). The half year ended with net income increasing by 17.3% to 305 million euro.
As at 30 June 2024, assets under management of the Asset Management Division totalled 316.7 billion euro (+5.4 billion euro compared to the end of the year) due to the revaluation of the assets under management correlated with the positive tone of the markets, though partly attenuated by net outflows (-2.7 billion euro). The net outflows were attributable to insurance and pension products (-4.4 billion euro), which were only partially offset by net inflows on portfolio management schemes for retail and private customers (+0.7 billion euro), other institutional mandates (+0.5 billion euro) and mutual funds (+0.5 billion euro).



The Insurance Division – with the mission of synergically developing the insurance product mix targeting Group customers – generated operating income up by 7% to 886 million euro in the first half of 2024, almost completely composed of income from insurance business (+6.6% to 889 million euro) due to the contributions from both the life business and the non-life business. The life business benefited from the increase in the net investment result and the contribution from new business, while the non-life business benefited from higher insurance revenues as well as from the financial components, specifically net interest income and realised gains.
Due to a slight change in operating costs (+1.8% to 174 million euro) the operating margin improved by 8.4% to 712 million euro. As there were no adjustments, provisions or net income/expenses recorded in the half year, gross income also amounted to 712 million euro (+2.3%).
The income statement for the period, which recorded the charge of 23 million euro for the Life insurance guarantee fund being established, ended with net income for the Insurance Division decreased by 3.1% to 462 million euro.
The performance of the direct deposits from insurance business was described in the section above containing the commentary on the Group's results.

The Corporate Centre Structures generated an operating margin of 873 million euro in the first six months of 2024, compared to 368 million euro in the same period of 2023. This improvement was mainly attributable to the growth in operating income, and, specifically, to net interest income, which benefited from the rise in short-term market interest rates. Operating costs declined, due to higher charge backs by the Corporate Centre to the business units for pure services and guidance and control services and a reduction in personnel expenses. Gross income improved from 516 million euro to 813 million euro. The income statement of the Corporate Centre included the charges aimed at maintaining the stability of the banking industry, which amounted to 51 million euro after tax, compared to 222 million euro in 2023. The first half of 2024 ended with net income of 311 million euro, compared to the loss of 9 million euro recorded in the comparison period.

Highlights for first half of 2024

The military conflict between Russia and Ukraine

The ISP subsidiaries in Russia and Ukraine

The Group is present in Russia and Ukraine through two subsidiaries:
– Joint-Stock Company Banca Intesa (Banca Intesa Russia), 47% owned by Intesa Sanpaolo and 53% by Intesa Sanpaolo Holding International (Luxembourg). This is a Moscow-based corporate bank, which operates with 27 branches and 847 staff. The Group's presence in Russia dates back almost 50 years (initially as a Representative Office, closed in August 2023). The bank has participated in the financing of large national and international Russian projects, also offering a full range of banking services for small and medium-sized enterprises, retail customers and companies. The regional branch network extends from Kaliningrad to Vladivostok;
– Pravex Bank Joint-Stock Company (Pravex), 100%-owned by Intesa Sanpaolo. This is a small commercial bank based in Kyiv, part of the International Subsidiary Banks Division, which operates with 39 branches mainly in the Kyiv region and employs 628 people. Intesa Sanpaolo acquired the bank in 2008 and has been operating in the country continuously since that date.

The observations made in the 2023 Annual Report concerning Intesa Sanpaolo's continued control over the two entities, as reported in Section 5 - Other Aspects of Part A of the Notes to the Consolidated Financial Statements, still apply.

Risk management

In light of the continuing military conflict between Russia and Ukraine, in the first six months of 2024 the Group maintained the internal controls described in the previous financial reports.
The situation continues to be monitored both at Parent Company level and in all the Group banks directly involved in the conflict or close to it, where direct and continuous contacts are being maintained.
Appropriate information is also always prepared for the Board Committees and the Board of Directors.

The Risk Management and Control Task Force and the Crisis Unit
With regard to the monitoring of credit risk, there were no significant new developments to be reported for the first half of 2024. The implementation is continuing under the Credit Action Plan – with regard to the prevention of flows into non-performing status for exposures showing signs of difficulty, without being past-due – of specific diagnostic initiatives on companies in the energy-intensive and gas-intensive industries that are particularly sensitive to fluctuations in energy costs, also connected with the ongoing military conflict between Russia and Ukraine.
In light of the further tightening of the sanctions imposed on Russia by Western countries, in order to ensure regulatory compliance, the close monitoring continued through a specific dashboard at Group level, aimed at overseeing the changes in the lists of sanctioned persons and entities at European and international level, identifying sanctioned persons and entities for the purpose of blocking positions and payments, complying with the specific ban on accepting deposits above the threshold set by the European regulations, and identifying and blocking financial instruments subject to sanctions. As at 30 June 2024, the exposure to Russian counterparties included in the OFAC (Office of Foreign Assets Control) SDN and/or EU asset freeze lists amounted to around 235 million euro[5], essentially stable compared to 237 million euro at the end of 2023. The increase generated in the first quarter by the inclusion of new sanctioned entities with exposure to the Group, as a result of the application of the thirteenth package of sanctions launched on 23 February 2024, was fully offset in the second quarter by a series of repayments of loans already outstanding to several EU/OFAC SDN sanctioned entities, authorised by the competent Authorities.

Since the beginning of the conflict, the Group has also been monitoring the evolution of the fallout of the Russian-Ukrainian crisis on the real economy and the main financial variables, also by conducting specific scenario analyses and stress tests to assess the potential impacts in terms of profitability and capital adequacy. Although the situation is constantly evolving, leaving aside extreme scenarios of conflict escalation that could lead to outcomes that are difficult to assess, these analyses confirm the Group's ability to ensure compliance – also through the implementation of specific actions – with the regulatory requirements and the stricter limits set internally.

[5] The figure does not yet include the effect of the fourteenth package of sanctions on Russia approved by the EU on 24 June 2024.

The Operational Resilience Task Force

With regard to the initiatives implemented since the initial stages of the conflict for Pravex's employees, in particular concerning the support for the expatriation of those employees and their families, when requested, the flow of returns to Ukraine further intensified during the first half of 2024. At the end of June, there were no longer any Pravex employees being assisted in Italy. Their family members still housed in the Group-owned flats and in the residential facilities provided in Bergamo had fallen to 20, compared to 64 colleagues and family members present in December 2023 (200 people were initially accommodated during 2022). With regard to business continuity in Ukraine, also thanks to the actions taken during the more than two years of conflict, it has always been possible to ensure operational capability without the need to implement continuity solutions. To overcome the power supply problems, Starlink satellite equipment was provided to ensure data connection, along with power banks distributed to the headquarters and staff with critical and strategic tasks. Power generators were also installed in all the operational branches. The measures implemented are continuing to enable the uninterrupted provision of services and are still considered valid and sufficient to deal with the situation, even in light of increasing Russian attacks on Ukrainian power plants.

The number of branches opened daily remained higher than 90% of the available branches and in the second quarter of 2024 all the available branches were often open. The decision-making process regarding the operations of the individual branches continues to be based on a risk assessment methodology agreed with the Parent Company, which involves the use of specific indicators, always prioritising the safety of the staff. During the first half of 2024, no branches were temporarily damaged by Russian attacks, while a branch in Kharkiv was permanently closed after having assessed the change in the risk scenario in the area.

At Banca Intesa Russia, the systems have always functioned without any operational problems since the beginning of the conflict.

In the current year, the monitoring is also continuing of the operations of Banca Comerciala Eximbank, the Group's Moldovan subsidiary, which still has no operational problems to report, despite the temporary worsening of the conflict in the area.

In terms of cybersecurity, the monitoring and threat intelligence activities continue, alongside the continued strengthening of the cybersecurity controls throughout the Intesa Sanpaolo Group. Within the threat intelligence activities aimed at monitoring possible attacks on Pravex, the containment measures have enabled the management of the attacks suffered, ensuring service delivery with minimal disruption. Specific educational initiatives on cyber risks, through training courses and in-depth studies on specific topics, are regularly implemented to continually raise awareness among all the Group's staff.

As usual, the additional costs incurred for business continuity and losses resulting from physical damage to premises/branches located in the conflict zone form part of the monitoring of the exposure to operational risk, including that relating to the Risk Appetite Framework.

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

The main accounting issues arising from the ongoing conflict between the Russian Federation and Ukraine and the Intesa Sanpaolo Group's approach to addressing them are summarised in the paragraphs below.

The situation of the Russian/Ukrainian crisis has been the subject of close attention since the outbreak of hostilities at the end of February 2022. The Group had significant cross-border exposures to counterparties resident in the Russian Federation, as well as, as already mentioned, two subsidiaries operating in the warring countries, which were therefore particularly exposed to the consequences of the conflict: Pravex and Banca Intesa Russia.

At the beginning of 2022, loans to Russian customers represented around 1% (almost 5 billion euro) of the Intesa Sanpaolo Group's total loans to customers (net of the exposures backed by Export Credit Agency - ECA guarantees). The de-risking has therefore focused on reducing these exposures; the Group already started carrying it out in the second half of 2022 and continued during 2023 and the first half of 2024. Total gross exposures (customers, banks and securities) as at 30 June 2024 to counterparties resident in Russia and Ukraine amounted to just 1,830 million euro gross (1,571 million euro after adjustments), a decrease of 59 million euro or -3% (-9 million euro in net values, -1%) from 31 December 2023, when the gross exposures amounted to 1,889 million euro (1,580 million euro in net values). More specifically, as at 30 June 2024, the remaining exposures to customers amounted, in terms of gross values, to 174 million euro (101 million euro net) for Banca Intesa Russia and 543 million euro (426 million euro net) for cross-border exposures to customers resident in Russia (net of ECA guarantees). The exposures to Russian counterparties were also accompanied by gross exposures to banks totalling 809 million euro (799 million euro net) and in securities totalling 9 million euro (7 million euro net)[6]. Gross exposures to customers resident in Ukraine amounted to 184 million euro (132 million euro net), of which 51 million euro (book value nil in net terms) related to the subsidiary Pravex (figures as at 31 March 2024, as described below)[7], in addition to exposures to banks and in Ukrainian short-term government bonds totalling 111 million euro gross (106 million euro net). That said, the situation as at 30 June 2024 is essentially the same as that described in the Annual Report as at 31 December 2023. The Intesa Sanpaolo Group continued to exercise control over the two banks, which operated on the basis of the Parent Company's instructions in their respective environments.

Consequently, the main methodological choices – both in terms of consolidation of the two subsidiaries and valuation of the credit exposures – are essentially the same as those used in the 2023 Annual Report. Before outlining the valuation issues regarding the two subsidiaries and the aspects related to the valuation of the cross-border exposures, it is necessary to provide some preliminary information about how Pravex and Banca Intesa Russia contributed to the consolidated financial statements as at 30 June 2024. In particular, while it was possible to consolidate an accounting situation aligned to that of the Parent Company for Banca Intesa Russia (therefore, consolidated with reference to the results as at 30 June 2024), for Pravex, the specific situation in the city of Kyiv (where the bank is based), led to the conclusion that – in order to contain the

[6] There were also 45 million euro (39 million euro net) in gross off-balance sheet exposures to customers at Banca Intesa Russia and 19 million euro cross-border (with essentially no impact in terms of net values) with customers resident in Russia (net of ECA). Lastly, there were 66 million euro (gross and net values) of cross-border positions with Russian resident banks.

[7] The cross-border exposures to customers resident in Ukraine are, for the corporate part, backed by guarantees provided by US persons, while, for the household part, these mainly relate to exposures disbursed by the subsidiary VUB to Ukrainian families with permanent residence in Slovakia.

“operational” risk – it was considered more appropriate to use the accounting situation as at 31 March 2024, at the exchange rate of 30 June 2024 for the consolidation. The results of Pravex are therefore incorporated by means of the line-by-line consolidation of a consolidation package prepared in accordance with the IAS/IFRS for the previous quarter, in keeping with the approach already adopted for the 2022 and 2023 Annual Reports. However, it is worth recalling here that the balance sheet balances of the Ukrainian subsidiary are substantially immaterial in the context of those of the Intesa Sanpaolo Group. The above method of consolidation is also supported by the fact that the balance sheet management data as at 30 June 2024 do not show any significant differences – in the total aggregates – compared to those at the end of March.
With regard to the valuation choices, the absolutely serious situation in all of Ukraine resulted in the definition, for the purpose of measuring Pravex’s loan portfolio, of a specific approach, significantly based on prudent rationales, in light of the continuation of the conflict and the consequent repercussions on the Ukrainian economy. As at 30 June 2024, as in the 2023 Consolidated Financial Statements, it was considered appropriate to maintain the full write down of Pravex’s on-balance sheet loans to customers, with consequent classification to Stage 3. As a result of that choice, for the purposes of the Group’s consolidated financial statements, the equity of the subsidiary has essentially been reduced to zero. Also for Banca Intesa Russia, an approach to classifying and measuring performing loans continued to be adopted that strongly considers the geopolitical risk deriving from the ongoing crisis. Therefore, as was already the case in the 2023 Annual Report, the assessments carried out as at 30 June 2024 on the loans of the subsidiary included a centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict and the increased isolation of the Russian economy. As a result of the recomposition of the portfolio following repayments and reclassifications to non-performing loans, the total coverage of performing loans of the Russian subsidiary amounted to around 41% of their gross value, up on 35% in December 2023. As in the past accounting closings, the provision aimed at reducing the equity of the investee to zero has also been maintained. The significant adjustments on the credit exposures of Banca Intesa Russia and Pravex, made on a prudential basis, reflect the current war situation that generates the need for careful consideration of the above-mentioned country risk, with appropriate measurement of the risk that the capital invested abroad is exposed to, connected to the possibility that political or economic circumstances may result in non-repayment of the loan (irrespective of the specific credit risk of the individual counterparty).
For the cross-border positions, the Group continued to adopt the measurement approach guided by the emergence of the so-called “transfer” risk (an approach applied both for the determination of the SICR and the related classification to Stage 2, and for the calculation of the ECL through the application of managerial adjustments) in order to better incorporate provisions related to the risk associated with the current conflict that would otherwise not be properly captured by the risk measurement systems normally used. At the same time, the ratings for the highest risk class already assigned to the most significant counterparties exposed to conflict-related risk have been maintained.

In the first half of 2024, the Group recorded a negative profit and loss impact, before tax, of 68 million euro related to the exposures to Russian or Ukrainian counterparties. This impact was essentially due to the provision of 90 million euro made upon consolidation of Banca Intesa Russia to write off its equity contribution to the Group’s consolidated financial statements, only partially offset by the positive effects essentially resulting from collections and valuation of other items related to Russian or Ukrainian counterparties, totalling 22 million euro. In the first half of 2023, there was a total positive impact of 167 million euro, before tax, on loans and securities essentially relating to proceeds from redemptions or disposals, which, net of the charge for the adjustment of the allowance for risks (39 million euro) made upon consolidation of Banca Intesa Russia and aimed at writing off its equity contribution to the Group’s consolidated financial statements, resulted in a net positive profit and loss impact of 128 million euro. With regard to the year 2023, it is worth recalling that the flow of collections and the valuation processes established upon closure of the financial statements led to the recognition of write-backs on loans and securities, before tax, totalling 205 million euro, partially offset by the provision made upon consolidation of Banca Intesa Russia to write off its equity contribution to the Group’s consolidated financial statements, amounting to 114 million euro, with an overall positive impact of 91 million euro.

Other highlights

The other significant events that occurred in the first half of the year, as well as some updates since the end of the half year, are described below.

The transfer from Intesa Sanpaolo to Isybank of the second business line – consisting of the set of assets and legal relations operationally organised for the management of private individual customers holding transactional products (accounts and payment cards), loans and mortgages (with related CPI and fire protection insurance), meeting a number of requirements including being aged under 65, the prevalent use of digital channels, and express consent to the transfer – took legal effect on 18 March 2024. The deed of transfer, signed on 13 March, was implemented upon subscription and release of the second tranche of the 700-thousand-euro capital increase approved by the Extraordinary Shareholders’ Meeting of 11 October 2023. As a result, Isybank’s share capital increased to 31,000,000 euro. The related IT migration was completed over the weekend of 16 and 17 March. The transfers from Intesa Sanpaolo to Isybank involved a total of around 350,000 customers.
As detailed in the chapter “Risk management” of the Notes to the half-yearly condensed consolidated financial statements, on 12 June 2024 the Italian Antitrust Authority announced the closure of the proceedings brought against Intesa Sanpaolo and Isybank, accepting the commitments proposed by the two banks, while on 14 June 2024 Intesa Sanpaolo, Isybank and the consumer association “Associazione Movimento Consumatori” announced the settlement agreement reached at the end of May to remedy the issues raised by the association in the representative injunction action to protect the collective interests of consumers brought in December 2023.

On 28 March 2024, the Board of Directors of Intesa Sanpaolo, upon proposal by the Managing Director and CEO Carlo Messina, adopted a new organisational structure that leverages the strengths that have established the Bank as a leader in Europe and focuses on the Group’s capacity to innovate. The renewed organisation readies the Group to tackle the challenges facing the European banking sector, by harnessing the best new managerial talents and by valuing internal

resources, all with a long-term perspective. These significant and wide-ranging changes were marked by a generational transition introducing new talents in key positions, guided and supported by highly-experienced individuals who have long held leadership roles within the Group. The average age of those taking on new top-level responsibilities is 49. The new organisational structure, effective from 2 April 2024, also represents a particularly important step in the longstanding initiative to nurture female talent.
Below is a summary of the most significant measures implemented:

– streamlining of the governance areas reporting directly to the Managing Director, through a new organisational tier of Chiefs;
– establishment of the new “Wealth Management Divisions” structure, which will provide unified oversight of the strategically important wealth management businesses, with the aim of accelerating their growth and increasing the integration of the product factories;
– establishment of a new governance area focused on ESG (Chief Sustainability Officer) to steer the Group’s sustainable development strategies, with a special commitment to social matters and the fight against inequalities. The new area has been tasked with strategic direction, activity planning, and monitoring;
– creation of a new governance area (Chief Transformation & Organisation Officer) containing a specific newly established structure dedicated to the Group’s transformation strategies to respond to the new challenges of technological innovation and Artificial Intelligence, by developing innovative organisational and operational models;
– strengthening of the Chief Lending Officer area, which is responsible for a new credit decision-making model, consolidating the important milestones achieved and ensuring further sustainability of the results (Zero-NPL Bank).

Two new steering committees have also been set up: the first, called “Fees & Commissions” and chaired directly by the Managing Director and CEO, focused on monitoring, overseeing and coordinating the strategies necessary to develop the Group’s fee and commission income; the second, launched at the end of May, called “Synergies Acceleration Task Force for the International Subsidiary Banks”, aimed at promoting the transfer of the best practices adopted by the Banca dei Territori and the IMI Corporate & Investment Banking Division to the international subsidiary banks.

On 19 April 2024, Intesa Sanpaolo and COIMA – a company specialising in investing in, developing and managing Italian real estate assets on behalf of institutional investors – signed an agreement to evaluate the best opportunities to develop the Banking Group’s properties in a changing real estate market environment.
The agreement, which was approved by the Board of Directors of Intesa Sanpaolo on 28 March 2024 and which reflects changing strategies in real estate in response to the increased emphasis on ESG objectives in the sector, revolves around the transfer to investment vehicles managed by COIMA SGR of a real estate portfolio of the Bank with a total value of over 500 million euro.
The transfers are due to be completed by the end of the year following the fulfilment of the conditions precedent identified by the parties. Upon the transfer, Intesa Sanpaolo will receive shares in the COIMA investment vehicles, which will be identified according to the type of real estate in the portfolio and the strategy for developing its value. The transaction, which will result in a significant reduction of Intesa Sanpaolo’s real estate assets, involves (i) three prime properties, located in Rome at Via dei Crociferi 44 and in Milan at Via Clerici 4-6/Piazza Ferrari 10 and at Via Verdi 9-11-13; (ii) additional properties to be vacated or disposed of in the coming months, located in several cities, including Milan, Turin, Rome, Brescia, Bergamo, Bologna, Padua and Florence.
The agreement will also involve the examination of further areas of collaboration in the real estate sector that could generate business opportunities of common interest.
The agreement is part of the Group’s broader smart property management strategy, set out in the 2022-2025 Business Plan, which, for the owner-occupied properties, envisages a strong acceleration towards the new way of working and a significant modernisation of the working environments in department spaces, and, for the investment properties, the value optimisation of the assets through disposals and active management via leasing or the creation of new businesses.
Already in the preparation of the Interim Statement as at 31 March 2024, all of the prime properties and part of the additional properties were reclassified as assets held for sale in accordance with IFRS 5.

On 24 April 2024, the Shareholders’ Meeting of Intesa Sanpaolo was held, duly constituted, on single call, to pass resolutions as those in attendance through the designated representative (in accordance with Article 106, paragraph 4, of Decree Law No. 18 dated 17 March 2020, converted by Law No. 27 dated 24 April 2020, whose effects were extended by Law No. 18 dated 23 February 2024) counted 3,598 holders of voting rights attached to 11,256,788,156 ordinary shares without nominal value, representing 61.57038% of the share capital. The Shareholders’ Meeting voted in favour of all the items on the agenda.
In the ordinary session, the resolutions (for details on the majority of votes please see the press release published on the Group’s official website) concerned:

– *the approval of the 2023 financial statements of the Parent Company Intesa Sanpaolo and the allocation of the net income for the year with the distribution to shareholders of a dividend and part of the Share premium reserve.* The cash distribution to shareholders of a remaining amount of 2,778,985,446.33 euro (corresponding to 15.20 euro cents for each of the 18,282,798,989 ordinary shares constituting the share capital) was approved, of which 2,373,107,308.77 euro as dividends from the net income for the year (corresponding to 12.98 euro cents per share) and 405,878,137.56 euro as an assignment of reserves drawn on the Share premium reserve (corresponding to 2.22 euro cents on each share). Also taking into account the interim dividend paid in November 2023, amounting to 2,628,985,341.02 euro[8] (corresponding to 14.40 euro cents per share), the total interim and remaining dividends distributed for the year 2023 amounted to 5,405,295,975.10 euro[9], corresponding to a 70% payout of the consolidated net income;
– *the remuneration policies and incentive plans*. The Shareholders’ Meeting approved the remuneration and incentive policies for 2024, together with the related adoption and implementation procedures, as described respectively in

[8] Interim dividends are considered net of the portion not distributed to the 25,956,343 own shares held by the Bank at the record date, amounting to 3,737,713.40 euro.

[9] The remaining dividend paid on 22 May 2024 (with a coupon presentation of 20 May and record date of 21 May) amounted to 2,776,310,634.08 euro, net of 2,674,812.25 euro, relating to the 17,597,449 own shares held by the Bank at the record date, which was allocated to the Extraordinary Reserve.

chapters 4 and 1 of Section I of the Report on remuneration policy and compensation paid; it passed a resolution agreeing on the Disclosure on compensation paid in 2023 as described in Section II of the same Report; and it approved the 2024 Annual Incentive System, which provides for the use of Intesa Sanpaolo ordinary shares to be purchased on the market;

– *authorisation to purchase own shares for annulment with no reduction of the share capital*. More specifically, the Shareholders' Meeting authorised: (i) the purchase, also in part or in fractions, of Intesa Sanpaolo shares for a maximum overall outlay of 1.7 billion euro and not exceeding 1,000,000,000 shares, with execution by 25 October 2024; (ii) the Board of Directors to carry out the purchases at a price to be identified from time to time, subject to the condition that the price cannot be more than 10% below or above the reference price of the Intesa Sanpaolo shares on the Euronext Milan regulated market managed by Borsa Italiana S.p.A. the day before the execution of each individual purchase, through transactions to be carried out in accordance with the provisions of Article 132 of the Consolidated Law on Finance, Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation and with any other legislative and regulatory provisions (including the regulations and other rules of the European Union) applicable and in force from time to time; and (iii) the Board of Directors, with the power to delegate to the Managing Director and CEO, to carry out the purchases using the Extraordinary Reserve;
– *the authorisation to purchase and dispose of own shares to serve the incentive plans and for trading purposes.*

In the extraordinary session, the Shareholders' Meeting approved the proposal to annul Intesa Sanpaolo's own shares purchased and held by the Company by virtue of the authorisation from the Shareholders' Meeting in the ordinary session, delegating the Board of Directors – with the option of sub-delegating the Chair and the Managing Director and CEO, jointly or severally – to execute the annulment, in one or more tranches, by 25 October 2024 and to update Article 5 of the Articles of Association accordingly. The required Supervisory Authority assessment had already been obtained for the statutory changes approved by the Shareholders' Meeting.

The execution of the programme of purchase of own shares for annulment (buyback) – which was authorised by the ECB by notification received on 11 March 2024 – began on 3 June 2024 in the manner and within the terms approved by the above-described Shareholders' Meeting of Intesa Sanpaolo of 24 April 2024.
Based on the information provided by the third-party intermediary appointed to execute the programme, in full independence and without any involvement of the Intesa Sanpaolo Group, a total of 239,237,505 shares were purchased as at 26 July 2024, representing 1.31% of the share capital, at an average purchase price of 3.5009 euro per share, for a total value of 837,541,881.52 euro.

On 15 May 2024, the related Boards of Directors have approved the merger by incorporation of IW Private Investments SIM into its 100%-controlling company Fideuram - Intesa Sanpaolo Private Banking. The transaction, which was authorised by the European Central Bank with letter dated 17 July 2024, will be finalised in the fourth quarter of the year, in accordance with the simplified approach envisaged by article 2505 of the Italian Civil Code.

As already stated in the 2023 Annual Report, on 28 October 2023 Intesa Sanpaolo and the US-based private investment fund J.C. Flowers & Co. signed an agreement for the acquisition of 99.98% of the shares of the Romanian bank First Bank S.A. held by JCF IV Tiger Holding S.a.r.l. (Luxembourg). The transaction was completed on 31 May 2024, after the necessary authorisations were obtained from the various supervisory authorities.
First Bank is a medium-sized bank mainly focused on the SME and Corporate sectors (representing over 60% of the loan portfolio) and with a solid presence in Retail (15% of the portfolio in the form of consumer lending).
The acquisition will strengthen the Intesa Sanpaolo Group's presence in Central and Eastern Europe, and in particular in Romania, where it has already been operating since 1996 through Banca Comerciala Intesa Sanpaolo Romania S.A. (Intesa Sanpaolo Bank Romania), part of the International Subsidiary Banks Division, placing it among the top 10 banks in the country. The transaction will also favour cost synergies, mainly related to the streamlining of the branch network, together with revenue synergies, through an expanded offering of high-quality financial services.
Exercising the option provided for by IFRS 3, which grants the acquiring entity 12 months to definitively complete the Purchase Price Allocation (PPA) process, and given the short time frame between the acquisition date and the reporting date of 30 June 2024, the purchase price allocation process and the fair value measurement of First Bank's assets and liabilities (including any new intangible assets not previously recognised in the company's financial statements) will be definitively completed by the time of the 2024 Annual Report.

Lastly, to complete the disclosure for the first half of 2024, the voluntary exits plan continued in accordance with the trade union agreements of 29 September 2020 and 16 November 2021.
There were 1,106 voluntary exits in the first six months (811 in the first quarter, of which 774 with effect from 1 January, and 295 in the second quarter, of which 265 with effect from 1 April) for a total of 8,224 exits from the beginning of 2021, against the 9,200 exits expected to take place by the first quarter of 2025 under the terms of the two above-mentioned trade union agreements.
In addition, at the beginning of July 2024 there was a further exit window involving 375 Group employees.
In the first half of 2024, there were around 900 hires under those agreements (spread equally across the two quarters), for a total of around 3,850 from the beginning of 2021 compared with the 4,600 planned by the end of 2025.

Under the Next Way of Working project – aimed at implementing a new working model based on strengthening individual responsibility and improving work-life balance – the work continued during the first half of 2024 on the preliminary real estate and technological interventions aimed at constructing new workspaces designed to enhance the moments of presence in the office. In accordance with the schedule established for 2024, the work has been completed for the construction of the new workspaces in Treviso and, from the current month of July, the work has begun on the construction of the workspaces in Milan via Bisceglie, Bologna, Padua and Sarmeola di Rubano, Bari, Moncalieri, Chieti and Rome, according to the new model. In Rome, minor refinements are still being made to bring the layout of the spaces in the Via del Corso office to operation. The implementation of the project in Cuneo has already been approved but is scheduled for 2025.

The extension of the model will continue to be accompanied by the implementation of technological tools (release of the space booking function in the planning and reservation tool), together with specific targeted communication campaigns.
At the same time, given the positive response to the trial launched in 2023, the work has intensified on promoting increasing access to the flexibility mechanisms by the Network staff who intend to use them on a voluntary basis. The measures implemented in the first half of the year have enabled an initial significant expansion, starting from July, of the scope of the trial in the Banca dei Territori and Private Banking Divisions, which is set to continue in the second half of the year.
Lastly, with the aim of increasing the nationwide coverage, starting from July, new flexible work hub stations have been set up at certain branches, which can be booked by the Network staff and governance structures authorised for flexible work.

The 2022-2025 Business Plan

The 2022-2025 Business Plan sets out a strategy based on four fundamental pillars of the Plan and implemented thanks to the quality of the Bank's People:
– massive upfront de-risking, slashing cost of risk;
– structural cost reduction enabled by technology;
– growth in commissions, driven by Wealth Management, Protection & Advisory;
– significant ESG commitment, with world-class positioning in social impact and strong focus on climate.

Over the years, the Intesa Sanpaolo Group has confirmed its solidity and strengths, and in particular its earnings resilience, solid capitalisation, risk control, and high flexibility in managing operating costs.
The results achieved in the first half of 2024 confirm that the Intesa Sanpaolo Group is able to generate sustainable profitability even in complex environments thanks to its well-diversified business model. The implementation of the Plan is proceeding at full speed, with the key industrial initiatives well underway. The Plan targets are therefore confirmed, with the prospect of them being increased, thanks to a contribution from net interest income above the initial Plan assumptions and the recovery in fee and commission.

Massive upfront de-risking, slashing Cost of risk

In the first half of the year, Intesa Sanpaolo achieved a further improvement in asset quality, both through credit risk transfers and capital efficiency measures, achieving a reduction in the stock of gross non-performing loans of 5.6 billion euro since the start of the Plan and with gross and net NPL ratios, calculated according to the EBA methodology, of 1.9% and 1% respectively in 2024.
Since the beginning of the year, the Balance Sheet Optimisation (BSO) unit has further expanded its credit risk coverage schemes for optimising capital absorption and reports an outstanding volume of synthetic securitisations included in the GARC (*Gestione Attiva Rischio di Credito* - Active Credit Risk Management) Programme of around 26 billion euro. In the first half of the year, three new synthetic securitisations were completed, for a total amount of 4.6 billion euro.
The capital efficiency initiatives were also further strengthened and the scope of application of the lending strategy was extended to ESG criteria, directing around 38 billion euro of new loans in 2022-23 and around 7.8 billion euro from the beginning of 2024 to more sustainable economic sectors with the best risk/return profile and broadening the scope of alternative financing solutions for high-risk customers.
The Group has further strengthened its credit assessment capabilities with the introduction of a Sectoral Framework, which assesses the forward-looking profile of each economic sector on a quarterly basis across different countries and aims to evolve the main credit processes (regarding credit granting and proactive credit management) by adding sectoral information. The approval of a sectoral view by a specialised managerial committee, which feeds into all the credit processes, improves the effectiveness of the credit decisions and action plans.
With regard to the proactive management of other risks, anti-fraud cybersecurity protection has been extended to new products and services for retail customers, also through the use of Artificial Intelligence solutions. Open Source Intelligence solutions have also been adopted to enhance the ability to respond to cyber threats. Under the EBA Clearing "Fraud Pattern and Anomaly Detection" (FPAD) project, Intesa Sanpaolo is one of the first European banks to incorporate the risk score established by the EBA into its anti-fraud system for corporate transactions (bank transfers and instant payments).
In 2022, the Bank established the Anti-Financial Crime Digital Hub (AFC Digital Hub), a national and international centre also open to other financial institutions and intermediaries in the industry, aimed at combating money laundering and terrorism by means of increasingly advanced technologies. The aim of the centre is to use new technologies and Artificial Intelligence to create a public-private collaboration model which promotes the introduction of innovation in business processes through applied research.

With regard to the de-risking initiatives implemented by the Group, in April the sale was completed of an Intesa Sanpaolo portfolio with a total GBV of around 0.2 billion euro, consisting of both non-performing exposures classified as unlikely-to-pay (UTP) and positions not yet in non-performing status but considered high risk, to a newly established Alternative Investment Fund (AIF) operating through the active management of the loans transferred. The transaction was approved by the Board of Directors in December 2023 and the loans identified, after having verified the fulfilment of the requirements of IFRS 5, were reclassified as assets held for sale from 31 December 2023.
During the second quarter of the year, three new projects were also launched for the transfer of Intesa Sanpaolo's non-performing credit exposures. More specifically, the three transactions involve:
– the cash sale of a portfolio of bad loans with a Gross Book Value (GBV) of around 0.2 billion euro;
– the transfer to an AIF of a portfolio of UTP small ticket loans with a GBV of around 0.2 billion euro;
– the transfer of non-performing credit exposures (UTP and past due), divided into three distinct perimeters for a total GBV of over 0.5 billion euro, to three different AIFs, selected based on the characteristics of the transferred exposures.

The closing of the first two transactions and part of the third (with the transfer of one of the three perimeters to an AIF) was completed in July. Since the conditions of IFRS 5 had been met, in the Half-yearly Report as at 30 June 2024, the portfolios were reclassified as assets held for sale, aligning the carrying amounts with the prices expected from the sales.

Lastly, in June, a complex transaction was completed which, among other things, involved the derecognition of both performing credit exposures and equity instruments related to the Italian Commercial Real Estate sector, for a total of around 0.2 billion euro in terms of carrying amount, in exchange for the subscription of units of a real estate fund, with a substantially neutral impact on the income statement for the half year.

Structural Cost reduction, enabled by technology

The streamlining of the retail network and the real estate scale back in Italy continues, with the closure of around 839 branches[10] and the release of about 500,000 square metres of owned or leased property. Since the beginning of the Plan, 137 owned real estate assets have been sold for a total value of around 116 million euro.
Over the years, the Group has undergone a profound digital transformation, driven by continuous strategic investments in technology, with a strong focus on customer relationship management, which has enabled the streamlining of the branch network. In testament to this, the Intesa Sanpaolo Mobile app was recognised by Forrester Research as the best banking app in the world.
The Group’s new digital bank, Isybank, was launched in 2023 and plays a key role in Intesa Sanpaolo’s customer service model and digital development strategy. Its creation is aimed at further strengthening the Group’s competitive advantage in cost management and achieving leadership in Europe in operational efficiency and customer service innovation. In the second quarter, the technological developments necessary to complete Isybank's digital offering for loans, protection and investments were completed according to plan. The development of isytech, the new cloud-native digital platform and technology infrastructure of Isybank, which is being extended to the entire Group, is also continuing. At the end of the second quarter, the progress of isytech adoption activities at the Parent Company was in line with the plan, which targets completion in 2026, both for the areas being redesigned in the cloud (i.e. Apps, Loans, Current Accounts, Payments, Investments and Data) and for the necessary adjustments to the remaining applications.
The numerous other technological initiatives pursued by the Group since the beginning of the Plan include the:

- launch of the AIXeleration programme, with the aim of creating around 150 solutions to support the business and governance areas within timeframe of the Plan. To date, there are about 170 resources dedicated to the development of AI use cases (80 already developed as at 30 June 2024) supporting Business, Planning and Control, Compliance, Risk Management and HR processes;
- adoption of a conscious approach to AI (“Responsible AI”) through the definition of risk-based rules and operational processes which will enable the Group to adopt AI solutions safely and responsibly, including those that address Fairness, Explainability, Data Quality and Human Oversight;
- improvement in risk management, increase in operational efficiency, and readying for new business opportunities through investments in Artificial Intelligence;
- creation of the Centai Institute, artificial intelligence laboratory in Turin;
- hiring of around 2,100 people in the technology area;
- establishment of the new digital platform for analytical cost management, which uses integrated advanced analytics and benchmarking techniques and has led to the identification of 42 cost efficiency initiatives;
- extension of the Hub Procurement system to the entire centralised procurement management perimeter and launch of the first pilot projects in the area of procurement analytics;
- continuation of the digitisation strategy for E2E (End-to-End) processes using both Process Intelligent Automation (e.g. with Artificial Intelligence and/or Robotic Process Automation) and traditional re-engineering methods;
- modernisation of technology solutions in the International Branches, in particular with regard to Originate to Share and data management solutions;
- reduction of loan disbursement times (-50% for Corporate and -30% for Retail) thanks to the new credit granting process;
- Eurizon’s launch of digitalisation projects related to Artificial Intelligence (implementation phase of the Proof of Concept on Group infrastructure) and Digital Ledger Technology (successful completion of the trial on the tokenisation of fund units);
- start, in line with the SkyRocket plan (a cloud solution enabled by the partnership with Google Cloud and TIM), of the operations of the new Cloud Region in Turin, adding to the one in Milan;
- progress of the migration activities on the Skyrocket Cloud infrastructure in Turin and Milan at the end of the second quarter. This process, which provides for the migration to Skyrocket of 60% of the 'cloud ready' applications, is in line with the Plan and the cost reduction in terms of Total Cost of Ownership (TCO) is also in line with project objectives;
- launch of the new core banking system in Egypt and gradual release of applications for the target platform in all the countries of the International Subsidiary Banks Division.
- launch of the new core banking system in Albania.

The reduction in staff due to voluntary exits, amounting to over 8,200 people since 2021, continues to be supported and offset by the ongoing digital transformation strategy.

[10] From the fourth quarter of 2021.

Growth in Commissions, driven by Wealth Management, Protection & Advisory

The expansion continues of "Valore Insieme", the advanced advisory service for Affluent and Exclusive customers of Banca dei Territori, with new insurance and asset management products. Since the beginning of the year, around 37,000 new contracts have been signed and new financial asset flows of around 10 billion euro have been gathered, with Valore Insieme's stock of financial assets amounting to around 75 billion euro at the end of the first half of 2024. In early March, the marketing began of Eurizon mutual funds dedicated to customers with the Valore Insieme Exclusive Package.
In Private Banking, We Add, the new advanced advisory service for the Intesa Sanpaolo Private Banking network, has been released, and the new Aladdin Robo4advisory features have been added to support the advisory activities for the Fideuram network. New features have also been developed for the advisory tools dedicated to UHNWI (Ultra High Net Worth Individual) customers and the service model for family offices has been strengthened. In addition, the new SEI (Advanced Advisory Services) agreement for Fideuram was launched, which allows for the inclusion of assets under administration into its scope.
The expansion is continuing of Fideuram Direct (Fideuram's digital wealth management service for investing in managed products and trading in over 50 cash and derivatives markets, with advanced services). The launch of the new remote advisory service, Direct Advisory, allows customers to open accounts and subscribe to asset management products themselves and to build investment portfolios with the help of direct bankers operating remotely. Cash deposits have also been added to the catalogue, alongside the asset management solutions, and the range of advanced trading services has been expanded. Fideuram Direct's offering, both for Advanced Trading and Direct Advisory, has also been extended to the customers of the traditional networks based on their preferences and operational characteristics.
Alpian, Switzerland's first digital private bank with a mobile-only platform, including multi-currency services, portfolio management schemes and support from experienced financial advisors, is fully operational and its offering has been expanded with the addition of the in-self configurable mandates and the Apple Pay service.
The implementation is continuing of the growth strategy of REYL ISP (Swiss Hub of the Private Banking Division), which, together with ISP Wealth Management in Luxembourg, contributes to the growth in fees and commissions generated internationally, also through synergies with the Italian Private Banking networks and the other Group companies. In addition, a project has been launched to implement a distribution model for selected Reyl banking products within the Italian networks.
Intesa Sanpaolo was the first bank in Italy to offer Nexi SoftPOS in 2023, a solution allowing contactless digital payments from smartphones/tablets without a card payment machine (POS terminal). Since June 2024, the service has been extended to the iOS operating system and the advanced SoftPOS PRO version for medium/large-sized corporate customers has been launched on Android.
In addition, the ring wearable payment service was launched in the first quarter of 2024, in collaboration with Mastercard and Tapster, a pioneering Swedish company operating in the contactless payments sector.
The strategic partnership with Man Group, Asteria, is fully operational. The partnership focuses on the creation of a wide range of alternative and strictly long-term investment strategies using cutting-edge technology and aims to generate innovative investment opportunities for Fideuram - Intesa Sanpaolo Private Banking customers. In March 2024, the first fund classified as Article 8 SFDR was launched on the Italian networks, which has already exceeded 500 million euro in funding. In addition, 100% of Carnegie Fund Services S.A., an active player in fund distribution, was acquired and merged into Reyl & Cie S.A. with accounting effect from 1 January 2024.
The expansion continues of Eurizon's offering for captive and third-party distributors through the progressive enhancement of the ESG product offering for asset management and insurance, which has brought their penetration to over 76% of Eurizon's total assets under management. Eurizon's continues its commitment to financial education, ESG training (towards distributors and academics) and stewardship.
Since 1 January 2024, InSalute Servizi, a company of the Insurance Division of Intesa Sanpaolo, has been the TPA (Third Party Administrator) of the ISP Group's Health Fund. The company, which also manages BdT customers with ISP - RBM health insurance policies, is currently the fourth-largest TPA in Italy, handling over 1.5 million reimbursement claims per year. Thanks to partnerships with leading healthcare facilities, new online booking services for medical treatments have been released, with the possibility of receiving reports directly on the App, which are currently aimed at the Group's individual customers.
The Group has dedicated numerous initiatives to businesses and financial institutions, including the:
- launch of IncentNow, a digital platform able to provide information to Italian companies and institutions on the opportunities offered by the public tenders related to the National Recovery and Resilience Plan, and the offering of webinars and workshops with customers aimed at educating and sharing views on key topics such as the digital transition;
- commercial initiatives to support customers in different sectors to optimise the incorporation of European and Italian post-pandemic recovery plans;
- origination and distribution activities, both in Italy and abroad, also through the enhancement of the Originate-to-Share model, with the introduction of additional risk-sharing instruments and the strengthening of relationships with institutional customers;
- ESG advisory services to corporates to steer the energy transition through a scalable approach, with a focus on energy, infrastructure and the automotive & industrial sectors, also through supply chain agreements with specialised partners, and integrating working capital funding solutions;
- enhancement of the digital platforms serving Corporate customers, with a focus on Cash and Trade services and the Global Markets offering also through the launch of Cardea, an innovative and digital platform for financial institutions;
- development of the synergies between the IMI Corporate & Investment Banking Division and the Group Banks in Slovakia, Czech Republic, Croatia and Hungary and continuation of (i) the ESG value proposition initiative, dedicated to the priority sectors of the commercial strategy, for the Corporate and SME customer segments of the Group Banks in Slovakia, Hungary, Croatia, Serbia and Egypt; (ii) the business partnership with a leading insurance group for the distribution of bancassurance products in Slovakia, Croatia, Hungary, Serbia and Slovenia.

Also worth noting were:

– the launch of a synergy project between the International Subsidiary Banks (ISBD) and Banca dei Territori Divisions, which will further enhance the cross-border business opportunities for mid-corporates operating in markets where the international subsidiaries are present;
– the launch of initiatives for the development of synergies – in Global Market, Structured Finance and Investment Banking – between IMI C&IB and Group banks in Slovakia, Czech Republic, Hungary and Croatia with a significant increase in business and pipeline since the start of the Business Plan;
– the development of a joint initiative between the International Subsidiary Banks (ISBD), Private Banking and Asset Management Divisions, for the definition and implementation of a new Service model for the Private and HNWI (High Net Worth Individual) customers of ISBD with complex asset management needs;
– the signing of the contract for the acquisition of 99.98% of First Bank, a Romanian commercial bank focused on SME and retail customers, in October 2023. The acquisition, completed in May 2024, will strengthen the Group's presence in Romania and offer new opportunities to Italian companies.

Intesa Sanpaolo, through its IMI Corporate & Investment Banking Division, received the awards for Best Investment Bank and Best Bank for Corporates in Italy at the 2024 Euromoney Awards for Excellence. The Group's subsidiaries in Croatia, Slovakia and Serbia also received the awards for best banks in their respective countries.

Significant ESG commitment, with a world-class position in Social Impact and strong focus on climate

As a large banking Group, Intesa Sanpaolo is aware that it has a considerable impact on the social and environmental context in which it carries out its business and chooses to act not only on the basis of profit, but also with the aim of creating long-term value for the Bank and the community, in the knowledge that it can contribute to reducing the impact of phenomena such as climate change and social inequalities.
This awareness has led to the Group signing up to important international initiatives, such as the United Nations' Global Compact and the Equator Principles. The Intesa Sanpaolo Group is one of the few European financial groups to have signed up to all the major UN initiatives concerning the financial sector in relation to sustainability, aimed at achieving the UN Sustainable Development Goals. Additionally, in 2021 it joined all the Net-Zero alliances on own emissions, loan and investment portfolios, asset management and insurance.
In terms of ESG, the Group intends to further strengthen its role as a leading bank by pursuing and strengthening its social commitment through numerous initiatives, including interventions in favour of the needy, social lending and the commitment to develop one of the largest social housing programmes in Italy. The Group has also continued its strong commitment to the development of culture, support for the promotion of innovation, and strong focus on the green economy, circular economy and green transition, also in relation to the 2021-2026 National Recovery and Resilience Plan (NRRP).
The Group's commitment to ESG issues is also ensured through the reinforcement of ESG governance, which has led to the transformation of the Risks Committee into the Risks and Sustainability Committee, with the assignment of more ESG responsibilities and the recent establishment of the role of Chief Sustainability Officer.
For more information, see the paragraph below on Sustainability and Group strategy on Environmental, Social and Governance issues.

Innovation, digital transformation and cybersecurity

In recognition of the strategic value of innovation for the growth of the new economy, the Group aims to promote around 800 innovation projects over the period of the Business Plan, of which 123 were launched in the first half of 2024 by Intesa Sanpaolo Innovation Center (528 from 2022).
Thanks to the continued commitment to the growth of start-ups and the development of innovation ecosystems, since 2019 around 200 start-ups have been accelerated and over 410 proofs of concept and other collaborations have been implemented, with around 105 million euro of capital raised and around 750 new hires.
According to Evident AI, Intesa Sanpaolo's AI (Artificial Intelligence) Competence centre is among the top 10 banks globally for scientific publications in AI fields, particularly on Responsible AI. In addition, the Opening Future project, in partnership with TIM and Google, provided training programmes for companies in the cloud and AI fields. The second quarter saw the conclusion events of the "Roll Cloud" and "Umani Digitali" projects carried out in cooperation with Fondazione Mondo Digitale in which 3,831 teachers and students participated. Opening Future delivered over 670 hours of training and involved 758 SMEs and start-ups.
The major initiatives included the renewal by Intesa Sanpaolo Innovation Center of its partnership with Fondazione Compagnia di San Paolo, Fondazione Sviluppo e Crescita - CRT, and Techstars, also with a view to strengthening Turin's strategic positioning as an internationally attractive hub. This partnership enabled the launch in 2023 of "Techstars Transformative World Torino", a new acceleration programme for trend setting-advanced technologies, which follows the previous programmes for smart mobility and smart cities; 12 start-ups were accelerated for the first class of the programme (57 start-ups accelerated since the launch of the first programme in 2019, with over 85 proofs of concept and other collaborations realised, over 90 million euro of capital raised, and around 550 people hired after the acceleration). The acceleration was completed of 6 start-ups (with 140 candidates) of the third class of the three-year "Italian Lifestyle Accelerator Program" in Florence, managed by Nana Bianca and promoted by Intesa Sanpaolo Innovation Center and Fondazione CRFI (12 Italian start-ups accelerated since its launch in 2021 up to the first half of 2024, with over 120 proofs of concept and other contractual collaborations, around 5 million euro of capital raised, and 110 people hired). In Naples, the selection was completed of the start-ups, with around 190 candidates, for the third class of the "Terra Next" bio-economy programme initiated in 2022, promoted with Cassa Depositi e Prestiti, Cariplo Factory and several local business and scientific partners, under the patronage of the Italian Ministry for the Environment and Energy Security (15 start-ups accelerated since 2022, with around 150 proofs of concept and other contractual collaborations realised, and around

1.5 million euro of capital raised and over 35 hires). Lastly, in Venice, the acceleration is underway of the 10[11] start-ups (with around 350 candidates) of the second class of the three-year "Argo" programme (in the Hospitality and Tourism sector), sponsored by Banca dei Territori and Intesa Sanpaolo Innovation Center, developed by Cassa Depositi e Prestiti, Lventure and with the collaboration of the Italian Ministry of Tourism, which saw the acceleration of 7 start-ups, over 25 proofs of concept and other collaborations, with around 3 million euro of capital raised and over 30 hires.
Intesa Sanpaolo Innovation Center is also supporting the Banca dei Territori Division in the Next Age (Silver Economy) programmes, for which the acceleration is underway for 8 start-ups, with over 400 candidates, and the Faros (Blue Economy) programme, for which the selection is underway of 195 candidate start-ups for the third track, promoted by Cassa Depositi e Prestiti, and respectively managed by AC75 Startup Accelerator and A|cube.
The second edition has been completed of the Up2Stars initiative, promoted by Banca dei Territori with the support of Intesa Sanpaolo Innovation Center. This initiative is aimed at 40 start-ups and built around on four areas: Watertech; Renewable Energy and Energy Efficiency; Artificial Intelligence (AI) for Business Transformation; and IoT (Internet of Things), Infrastructure and Mobility. In the first half of 2024, a total of 30 start-ups were accelerated (of which 10 on the "IoT, infrastructure and mobility" pillar in the second quarter of 2024 alone). Altogether, for the two editions, around 750 applications were received and 80 start-ups were accelerated. In Action ESG Climate is the initiative developed by the Insurance Division, with the support of Intesa Sanpaolo Innovation Center, aimed at promoting new solutions for combating climate change through innovation. The selection phases of the new edition have been completed and in the first two editions seven companies were awarded a total of 1.1 million euro.
In the area of multidisciplinary applied research, at the end of the first half of the year, there were 17 ongoing projects (6 in the area of neuroscience, 5 in AI, 4 in robotics, and 2 in climate change), of which 2 were launched in the first half of 2024, and a total of 21 projects have been launched since 2022. Two industrialisations have also been implemented. The first originates from the research project on School Dropout and Incidence of Neuropsychiatric Disorders, carried out with the IMT School of Lucca, Intesa Sanpaolo, Fondazione Links, and the Regina Margherita Hospital in Turin, while the second involves the provision of a Technostress training programme for Group employees on the CareLab platform. One patent was obtained for an AI algorithm developed with IMI C&IB, aimed at constructing a hedging strategy for a portfolio of financial assets. A total of 4 patents have been obtained so far.
To promote the acceleration of business transformation, 58 companies have been engaged in open innovation programmes since 2022, including 8 in transformative projects in the circular economy. In the first half of 2024, Intesa Sanpaolo Innovation Center signed the agreement with CIM 4.0 Competence Center[12] promoted by the Italian Ministry of Economic Development, and launched the call4startup for EDIH ARTES[13]. Additionally, with the aim of promoting the international expansion of start-ups and SMEs, Intesa Sanpaolo Innovation Center, with the support of ICCIUK[14] and the British Consulate General, organised the "Women & Innovation Tech Tour" in London and the US event "Tech Tour SMAU San Francisco", involving a total of 8 companies and start-ups in the two initiatives.
With the aim of promoting a culture of innovation, 21 positioning and match-making events[15] were held in the first half of 2024, involving over 7,800 participants (89 events with around 13,000 participants since 2022). The "Inclusive Innovation Experience" was also launched, providing a tactile and auditory pathway at the Turin Headquarters enabling people with sensory disabilities to access the Company's innovation content. In the first half of 2024, six reports on technology innovation were released (38 since 2022), with four reports released in the second quarter, including one on the dynamics and prospects of the hydrogen industry and another focusing on the key role of oceans for the health and survival of the planet, presented in May at the Blue Economy Summit of the One Ocean Foundation.
Lastly, in the first half of 2024, Neva SGR made investments in support of start-ups of over 22 million euro (over 105 million euro since 2022) and the work is currently underway for the launch of the new Neva II funds.
Finally, in the area of cyber security, the Cyber Group Resilience programme has raised the maturity levels of the security measures and increased the Group's resilience in the event of a cyber attack.

[11] One start-up has withdrawn since the first quarter of 2024.

[12] CIM4.0 is one of the eight highly specialised national competence centres promoted by the Italian Ministry of Economic Development, now the Ministry of Enterprises and Made in Italy, recognised as a centre of excellence in the technological transformation of companies through the spread of Industry 4.0 technologies and skills.

[13] The EDIH ARTES 5.0 – Restart Italy programme aims to promote a culture of innovation and encourage the adoption of open innovation models, promoting the interaction between companies and innovative start-ups and SMEs, particularly in the tourism and hotel industry.

[14] Italian Chamber of Commerce and Industry for the United Kingdom.

[15] Positioning event: an event where a key player discusses innovation issues. Match-making event: an event that facilitates the matching of supply and demand in innovation.

Our People are our most important asset

Intesa Sanpaolo continues its commitment to investing strengthening its human capital through a range of initiatives aimed at its People, for their growth, development, and satisfaction. Creating a unique ecosystem of skills aligned with the Bank's evolution is one of the primary goals for the Group, which actively focuses on talent and the promotion of diversity and inclusion, because it recognises that People are the most important resource for achieving the Plan objectives and the enablers for future success.
The hiring of professionals and the reskilling and training of internal staff continues, with the aim of promoting generational change and the development and maintenance of suitable skills, in order to support the Group's growth and best meet the challenges of the coming years. The target over the Plan period is to make 4,600 permanent hires (around 3,850 professionals hired from 2021) and to re-skill and retrain around 8,000 people for priority and strategic initiatives (around 5,350 already involved since 2022).
The engagement of the Group's People in achieving the Plan's objectives is pursued through long-term incentive plans that also foster individual entrepreneurship. The third edition of the International Talent Program also continues, alongside targeted development and training initiatives for a selected number of key middle management staff.
With the aim of facilitating work-life balance for the Group's employees and responding to the needs for flexibility, a new organisational framework has been set up that provides greater flexibility in terms of daily work schedule, remote working and the introduction of a four-day working week on a voluntary basis with no change in remuneration.
The staff training strategy, a key aspect for the Group, is being implemented through the new leading education player in Italy, created through the combination between ISP Formazione and Digit'Ed (a Nextalia Fund company). Today's environment requires the ongoing development of skills and flexibility and, in the first half of 2024, the Bank delivered around 31.3 million hours of training since 2022, against a target of 50 million hours envisaged over the Plan period.
Also worth mentioning is the activation of the platform dedicated to the physical, emotional, psychological and social well-being of the Group's employees, offering video content, podcasts, articles, tools and apps, accompanied by events and initiatives organised both in-person and digitally.
Intesa Sanpaolo pursues the objective of fostering an inclusive working environment, promoting the respect and value of diversity and enhancing the multicultural heritage, experiences and characteristics of the Group's People. It is also committed to promoting people management and development policies based on fairness, meritocracy and nurturing each person's talent without discrimination of any kind. To this end, the Diversity, Equity & Inclusion objectives of each Division and Governance Area are closely monitored, and the collaboration has been strengthened with ISPROUD, the Group's first employee community, which now includes LGBTQ+ people and allies, and the cooperation with the new internal community ARTICOLO19 on disability issues has been initiated.
In addition to the Group's presence in important sustainability indexes and rankings, as highlighted in the following section, the attention paid to our People is also reflected in the numerous awards received:
- top Employer 2024 award for the third year running (given to the bank by the Top Employers Institute) and first place in the LinkedIn Top Companies 2024 ranking as the best company in Italy in which to develop one's career and grow professionally;
- achievement of the Gender Equality European & International Standard (GEEIS) – Diversity Certification (first bank in Italy and one of the first in Europe);
- "Prassi di Riferimento (PDR) 125:2022" certification for gender equality envisaged by the National Recovery and Resilience Plan (NRRP) (first major Italian banking group to obtain it), successfully maintained through an annual audit;
- ranked first in the global ESG Corporate Award ranking, in the Best Company for Diversity Equity & Inclusion category, among large cap companies.

The ISP People Satisfaction Index continues to rise, reaching its highest level for the last ten years (84% in 2023 compared to 79% in 2021 and 66% in 2013).

Sustainability and Group strategy on Environmental, Social and Governance issues

In the first half of 2024, the Intesa Sanpaolo Group continued at full pace with the activities related to the objectives stated in the 2022-2025 Business Plan, where ESG issues represent one of the four pillars for solid and sustainable value creation and for further strengthening Intesa Sanpaolo's leadership in sustainability.
The projects and the main results achieved in the half year in relation to ESG are summarised below, while a more detailed description of the strategy and the general approach to ESG issues is provided in the specific disclosure in the Report on operations in the 2023 Consolidated Financial Statements.
Intesa Sanpaolo maintains its strong focus on sustainability as demonstrated by its top positioning in the main indices and rankings. It is the only Italian bank included in the Dow Jones Sustainability Indices (World and Europe), the top European bank and second in the world in the Corporate Knights 2024 "Global 100 Most Sustainable Corporations in the World" index, and it is included in CDP's Leadership level. It was also listed for the sixth consecutive year in the 2023 Bloomberg Gender-Equality Index, as the number-one bank in Europe and the only Italian bank in the 2023 Refinitiv Global Diversity and Inclusion Index, which comprises the 100 best companies for diversity and inclusion. Intesa Sanpaolo also received a number of sustainability-related awards, including ESG Industry Top Rated and ESG Regional Top Rated in 2024 by Sustainalytics, inclusion in the Top 10% (CSA Score 2023) of the 2024 S&P Global Sustainability Yearbook, and retention of the ranking as the number-one bank in Europe for ESG aspects in the 2023 ranking by Institutional Investor.
The Group's commitment to sustainability is also manifested through its participation in all the main international initiatives of the United Nations, including the Global Compact, concerning the financial sector, which form part of the achievement of the UN Sustainable Development Goals: the Principles for Sustainable Insurance (PSI), the Principles for Responsible Investment (PRI), and the Principles for Responsible Banking (PRB), in relation to which the Bank reports its progress in the PRB Report. Intesa Sanpaolo supports the recommendations of the Task Force on Climate-related Financial Disclosures

(TCFD[16]) and has published a Climate Report, which includes specific climate disclosures in accordance with these Recommendations. In addition, the Bank has adopted the Stakeholder Capitalism Metrics developed by the World Economic Forum (WEF), a set of ESG indicators and disclosures that evidence the commitment to long-term value creation and the contribution to the UN Sustainable Development Goals.
The handling of the main ESG themes was facilitated within the ESG Control Room.
As part of an extensive reorganisation, the Chief Sustainability Officer Governance Area was established in April 2024, with responsibilities for strategic direction on sustainability issues, activity planning, and monitoring. The activities that were previously spread across the Group's various organisational units have been brought together into this Area, creating a structure that reflects the ESG priorities identified by the Business Plan in addition, the Chief Social Impact Officer Governance Area was established in the social framework, responsible for social impact initiatives and projects, as well as overseeing initiatives to mitigate the direct environmental impacts generated by the Group. A new "ESG Steering" organisational unit has also been created, dedicated to the strategic direction and monitoring of ESG issues.
During the first half of 2024, Intesa Sanpaolo for Social Impact inaugurated its headquarters in Brescia, a tangible sign of its ongoing commitment made in 2023 to allocate 1.5 billion euro[17] over the five-year period 2023-2027 to support initiatives addressing social needs, establishing the leading cohesion project in Italy, and positioning itself as an institution serving the nation, its regions, and communities for the promotion of a fairer society.
Several strategic and important sustainability-related projects for the Group were managed in 2024, including: i) the activities of the Target Setting project for the Net-Zero targets, which focused, as required by the NZBA[18], on the intermediate targets for 2030 for the additional sectors to those indicated in the Business Plan and on the documentation submitted for validation by the SBTi (Science Based Target initiative); ii) the supervision and coordination of the activities related to the other Net-Zero alliances subscribed to by the Group, specifically the NZAMI[19], NZAOA[20] and the Forum for Insurance Transition to Net Zero (FIT); iii) the continuation of the EU Taxonomy Green Enhancement project, aimed at introducing rules and processes for classifying lending transactions in line with the regulatory requirements of the EU Taxonomy and for actively steering the loan portfolio, also with a view to improving the Green Asset Ratio (GAR); and iv) the implementation of the ESG-Climate Credit Framework project for the application of ESG factors in the valuation of the Group's loan portfolio for non-financial companies.
The Group's major sustainability-related initiatives also include the end of the multi-year ESG Reporting project launched in 2021, aimed at creating an integrated and transversal approach to the Group's ESG Reporting able to address the new regulatory requirements and emerging best practices. The project, made up of 6 workstreams, focused on the development of fully operative solutions for the preparation of the Templates required by Article 8 of the EU Taxonomy Delegated Act and the quantitative Templates and qualitative Tables required by Pillar 3 in relation to ESG; the operational implementation of the related indicators, including the GAR (with a view to alignment with the taxonomy); the preparation of internal rules for the preparation of disclosures (e.g., Pillar 3, PRB Report, Climate Report); the establishment of a dedicated monitoring process for the ESG KPIs to monitor the achievement of Plan targets; the establishment of the 2024 Budget process and the related ESG KPIs; and, lastly, the development of fully operative solutions for the activities in the Managerial Reporting workstream.
In preparation for the 2024 reporting under the CSRD - Corporate Sustainability Reporting Directive, the first half of the year saw the launch of the new project dedicated to the CSRD, organised into 7 workstreams, which at this stage are focused mainly on the following activities: conducting and completing the gap analysis and developing remediation plans for the priorities identified; completing the materiality assessment for all the standards; producing and validating the technical datasheets for all the standards to be reported; preliminary identification and finalisation of the ownerships for all the standards; establishing the macro structure of the sustainability statement; designing the target operating model; developing the data governance approach; and assessing the suitability of the IT solution identified for the reporting and the drafting of the related business requirements.

Support for ESG/climate transition

The 2022-2025 Business Plan contains a strong focus on climate, which includes the Group's commitment to facilitate the transition to a low-emission economy, through concrete actions to mitigate its direct and indirect emissions and by supporting green initiatives and projects for its customers. The Plan confirmed the commitment to the circular economy by promoting the dissemination of this model and renewing the partnership with the Ellen MacArthur Foundation and Cariplo Factory, in addition to providing 8 billion euro in credit lines[21] for the circular economy. Specifically, within the plafond, in the first half of 2024 a total of 176 projects were assessed and validated for an amount of around 8 billion euro, around 3.5 billion euro were granted in 88 transactions (of which over 2.1 billion euro related to green criteria), and 1.3 billion euro were disbursed taking into account previously granted projects (of which 1 billion euro related to green criteria). Overall, since 2022, a total of 962 projects have been assessed and validated for a value of around 28.8 billion euro and around 15.5 billion euro have been granted in 560 transactions (of which 9.6 billion euro related to green criteria), with around 10 billion euro disbursed taking into account previously granted projects (of which 7.9 billion euro related to green criteria).
The Group has also committed to providing 12 billion euro in new green loans to individuals, of which around 1.8 billion euro was disbursed in the first half for Green Mortgages to retail customers (6.7 billion euro in the period 2022-first half of 2024[22]).

[16] The TCFD was dissolved during COP28 and the responsibilities for financial reporting on climate-related issues have been transferred to the International Sustainability Standards Board.
[17] As a cost for the Bank (including structural costs of ~0.5 billion euro related to the ~1,000 people dedicated to supporting initiatives/projects), already taken into account in the 2024-2025 guidance.
[18] Net-Zero Banking Alliance.
[19] Net Zero Asset Managers Initiative.
[20] Net Zero Asset Owner Alliance.
[21] Plafond, dedicated to circular and green economy, which involves specific incentives.
[22] Also includes green mortgages disbursed since 2023 by ISBD.

To support SMEs seeking to improve their sustainability profile, Intesa Sanpaolo offers the S-Loans, now consisting of 3 product lines – S-Loan ESG, S-Loan CER, and S-Loan Diversity – after having been streamlined in the first half (previously 6 lines). A total of 0.7 billion euro was granted in the first half of 2024 (around 5.9 billion euro since the launch in 2020).
In addition to financial resources, to support customers in the ESG/climate transition, the Bank provides its corporate customers with an online training platform dedicated to sustainability issues and the ESG Labs (15 already set up), in collaboration with specialist partners such as Circularity, Nativa, CE Lab and others. The Bank also provides an ESG advisory service to companies, aimed at steering them towards the energy transition through a flexible and scalable approach, with a particular focus on the energy, infrastructure and industry & automotive sectors. Lastly, significant work was carried out on the development of the ESG value proposition for the corporate, SME and retail customer segments in all the banks of the International Subsidiary Banks Division[23], with the expansion of the product catalogue for retail customers and the launch of the Green Dedicated S-Loan in VUB.
Several significant initiatives and collaborations continued during the first half of 2024, including the collaboration between the Intesa Sanpaolo Innovation Center Foundation, the Bank, Fondazione Cariplo and Cariplo Factory on issues related to the circular economy, also through the Circular Economy Lab.
The project activities included the completion of the implementation of the ESG/Climate evolution of the credit framework for non-financial companies, leveraging on the ESG sectoral assessment, the ESG sectoral strategy, the ESG scoring at counterparty level and guidelines on sustainable products and operations. The methodology of analysis has also been defined for the transition plan for Oil & Gas, Power Generation, and Automotive customers, envisaging the gradual extension to other Net-Zero sectors.

Sustainable investment products and sustainable insurance

In its 2022-2025 Business Plan, Intesa Sanpaolo has committed to further strengthening its offering of sustainability-focused investment products, for both asset management and insurance, which combine financial criteria with environmental, social and governance (ESG) aspects and contribute to the achievement of climate objectives. Specifically, Eurizon has already exceeded the target of increasing the assets under management in funds classified according to Articles 8 and 9 of the Sustainable Finance Disclosure Regulation (SFDR) to around 156 billion euro and reaching 60% of total assets under management in sustainability-focused investment products[24], with a penetration that had risen to 76.4% of total assets under management as at 30 June 2024, in addition to a diversified range in all the asset classes of the Article 8 and Article 9 SFDR funds.
Engagement with issuers and customers is part of the efforts made by the Group Companies to contribute to the change towards sustainability, also following the subscription to the NZAMI and NZIA (Net-Zero Insurance Alliance, now FIT), which require the establishment of robust plans of engagement with subsidiaries, with the aim of incentivising them to implement effective decarbonisation pathways[25]. In terms of Stewardship activities, in the first half of 2024, Eurizon Capital SGR took part in 1,248 shareholder meetings (of which 91% of issuers listed abroad) and 530 engagements (of which 37% on ESG issues). During the same period, Fideuram - Intesa Sanpaolo Private Banking took part in 45 shareholder meetings and 88 engagements (of which 80% on ESG issues).
With a view to improving the ESG offering, the “ESG Ambassador” role was established, with the involvement of 34 Private Bankers in the pilot phase, which has now ended, who were selected from around 6,000 belonging to the Fideuram and Intesa Sanpaolo Private Banking Networks on the basis of their attention to ESG issues - with the aim of promoting a culture of sustainability in the territories to which they belong, promoting sustainable behaviour and representing a listening point for the needs of Customers and Private Bankers. The implementation phase of the project will be launched by the end of the year.
In line with the Group’s objectives and the increasingly strategic importance of integrating ESG factors also for the insurance sector, in the first half of 2024, the insurance Group continued the enhancement of the unit-linked/multi-line offering that includes ESG investment options (Articles 8 and 9 SFDR) underlying the insurance products available to customers, increasing to 81%, and the IBIP[26] product catalogue was further expanded with new Article 8 products.

Support to address social needs

Intesa Sanpaolo is committed to generating a social impact over the coming years, continuing the commitment and attention that it has always dedicated to the needs of the people and communities in which it operates. The Group’s 2022-2025 Business Plan includes specific initiatives dedicated to young people and vulnerable individuals.
Intesa Sanpaolo, which has always been keen to invest in young people, also to promote employment and the right to education, supports “Giovani e Lavoro”, the programme created through the partnership between Intesa Sanpaolo and Generation Italy, with the objective of providing free training courses, over the period of the 2022-2025 Business Plan, to over 3,000 unemployed young people aged between 18 and 29, in order to help them gain the skills that companies are seeking. In the first half of 2024, the programme received applications from over 8,000 young candidates, with over 1,400 students interviewed and more than 600 students trained and in training through 25 courses. Over 4,500 students trained and in training since 2019 involving more than 2,430 companies since the launch of the Programme. The fourth edition of the “Generation4Universities” programme was launched in April, aimed at helping talented students in their final year of university

[23] Excluding Moldova and Ukraine.

[24] Eurizon perimeter - Article 8 and Article 9 SFDR 2019/2088 funds and asset management products.

[25] For more information on the activities of Group companies in this area and in relation to Net-Zero targets, see the 2023 Intesa Sanpaolo Group Climate Report.

[26] Insurance Based Investment Products.

to facilitate their first step into the world of work, which involved 90 students from 50 universities and 19 Italian partner companies.
In the area of inclusive education programmes, the partnerships with leading Italian universities and schools have been strengthened, involving more than 450 schools and around 14,000 students in the first half of 2024 (around 2,700 schools since the launch of the Plan in 2022), supporting merit and social mobility.
Moreover, the "Futura" Programme, promoted by Save the Children, Forum Disuguaglianze e Diversità and Yolk, with the collaboration of Intesa Sanpaolo, continues its work against female educational poverty, educational failure and early school leaving. The pilot project will run for two years in three areas with socio-economic disadvantages and promote the growth and autonomy through personalised training courses for 300 girls and young women, including 50 young mothers. Over 230 educational plans have already been activated.
The "Digital Re-start" programme implemented by the Private Banking Division is also aimed at training and reintegrating unemployed people aged between 40 and 50 into the labour market, by funding scholarships for the Master's course in Data Analysis, which trains professionals to develop new digital skills. The first four editions of the programme, the last of which ended in the first quarter of 2024, involved 100 participants, 56 of whom found new jobs.
The Insurance Division launched the social impact initiative In Action ESG NEET in 2022, dedicated to the promotion and inclusion of NEET youths and other vulnerable groups in the world of work. Since the start of the project until June 2024, a total of 9 classes have been established in Tuscany, Campania, Lazio, and Puglia. The training programmes have involved a total of 148 people, each of whom has completed a curricular internship in social-healthcare or educational facilities. The courses are promoted through the collaboration between Intesa Sanpaolo Vita, Fideuram Vita and Dynamo Camp ETS.
In the 2022-2025 Business Plan, Intesa Sanpaolo reaffirmed its commitment to sustainability and inclusivity through the development of social impact partnerships. The operational model for the community interventions is based on new and established relational networks that stimulate collaborations with organisations, non-profit entities, companies, and institutions, in order to create solidarity ecosystems. This results in innovative and resilient operations against poverty and to promote social inclusion and cohesion.
In the area of the fight against poverty, the food and shelter programme for people in need envisages 50 million interventions over the period of the Business Plan, providing meals, dormitories/beds, medicine prescriptions, and items of clothing to vulnerable people. This initiative has enabled the establishment of a new dimension of social intervention with multi-projects and multi-stakeholders: numerous interventions have been developed through the engagement of various actors in the profit and non-profit sectors, aimed at the widest numbers of beneficiaries.
A total of over 41.8 million interventions were carried out in 2022 and in the first half of 2024 (also in support of the humanitarian emergency in Ukraine), including around 34.5 million meals, over 3.5 million dormitories/beds, over 3.3 million medicine prescriptions, and over 490,000 items of clothing.
Some of the flagship projects contributing to the programme's objectives are:
– "Ri-pescato: dal mercato illegale al mercato solidale" enabling the donation of still edible confiscated fish to charitable organisations. It is implemented in a complex of a comprehensive process of recovery, conservation, processing and distribution of fish caught to local charitable organisations, enabled by the local networks of the Banco Alimentare. The project also allows the implementation of a high-value impact initiative, which combines the fight against illegal practices with the fight against food poverty and the support of people in need, through the involvement of numerous public and private actors;
– "Donne oltre I confini", an initiative developed in collaboration with Di.Re -Donne in Rete contro la violenza supports women in their journeys to escape violence and implements coordinated actions for prevention and awareness. The project ensures women and their children are provided with accommodation in Safe Houses, secure locations where they can escape violence and start on a safe path to regaining their independence: over 50,000 free overnight stays per year provided since 2022;
– "Pharma Links" was created to fight medical poverty and to guarantee access to medicines and healthcare for people in need and has helped expand the network of medicine collection and distribution of the Banco Farmaceutico in areas not previously reached;
– "Golden Links" is an initiative with a circular approach that uses surpluses produced by companies clients of the Group to distribute new clothing and other goods to impoverished families, involving the vulnerable people themselves in the collection, processing and distribution phases.

Regarding social inclusion and cohesion, these issues play a central role in major public policies in recent years and the Bank has also promoted them by directing its project activities towards reducing inequalities. Social cohesion and inclusion includes initiatives that have an impact on numerous and important areas of action.
For example, the initiative "Aiutare chi Aiuta", developed in partnership with Caritas Italiana, aims to strengthen the social fabric in local communities, engaging the diocesian Caritas network in providing support to people in need, in a capillary way throughout the national territory. The programme includes a call-to-action for the Italian dioceses on relevant social issues.
Since 2020, more than 100 solidarity initiatives have been developed throughout Italy, providing thousands of people with goods and material aid, housing and shelter, support in job search and start-up of new businesses, home care, assistance in accessing healthcare services and support for new forms of residential care, etc.
In the two-year period 2023-2024, Intesa Sanpaolo and Caritas Italiana are focusing their efforts in supporting young people and adults in the prison system and aiding their families through actions that address their needs at all levels.
The Plan's initiatives dedicated to the needs of the people and communities in which the Group operates include one of the most extensive social housing projects in Italy, which will create social housing and accommodation for students (around 6,000-8,000 units over the Plan period). The ongoing initiatives in terms of promoting housing units have been enhanced, also by identifying new partnerships with leading operators in the sector, for the achievement of the Plan targets.
Finally, in confirmation of its strong commitment to social sustainability for a more inclusive and supportive present and future, in 2023 the Bank – as already mentioned – committed to allocating a total of around 1.5 billion euro for the five-year period 2023-2027 in support of initiatives to address social needs, of which around 500 million euro for the structural costs of the around 1,000 people dedicated to supporting these initiatives/projects. Around 0.5 billion euro has already been disbursed in the period 2023-first half of 2024.

Financial inclusion and supporting production

In the first half of 2024, Intesa Sanpaolo's support to the Italian economy was again incisive, with the Bank providing around 31 billion euro of new medium/long-term lending to the real economy, of which around 20 billion euro in Italy. In addition, Intesa Sanpaolo made available over 400 billion euro in medium/long term lending to businesses and households in support of Italy's National Recovery and Resilience Plan (NRRP), with the aim of strengthening the country's growth over the period 2021-2026.
The Group's 2022-2025 Business Plan envisages major initiatives in the area of social inclusion, which is a key factor in achieving a fair and inclusive transition. In particular, it has committed to providing new social lending of around 25 billion euro. In the first half of 2024, a total of 2.5 billion euro was disbursed in social lending and urban regeneration (17.2 billion euro in the period 2022-first half of 2024).
These included in particular the loans provided in support of non-profit organisations totalling 107 million euro (around 700 million euro in the period 2022-first half of 2024) and 41 million euro funds made available within the Fund for Impact, which provides direct support to families and individuals to ensure broader and more sustainable access to credit, with dedicated programmes such as: "per Merito", the first line of credit without collateral dedicated to all university students, "Mamma@work", a subsidised loan aimed at working mothers to help balance motherhood and work in the early years of their children's lives, "per Crescere", for the training and education of school-age children aimed at fragile families, "per avere Cura", to support families taking care of non-self-sufficient people, and other solutions (e.g. "Obiettivo Pensione" and "per Esempio").
Lastly, the Business Plan envisages loans for urban regeneration. In the first half of 2024, Intesa Sanpaolo made commitments for around 119 million euro of new investments in sustainable housing, services and infrastructure initiatives, in addition to the most important urban regeneration initiatives underway in Italy (for a total of around 1.4 billion euro of commitments made over the period 2022-first half of 2024).

Commitment to Net-Zero[27] and management of climate change risk

Following the Group's subscription to the Net-Zero alliances (NZBA, NZAMI, NZAOA and FIT[28])[29], in the 2022-2025 Business Plan the Group has set intermediate emission reduction targets for 2030 aligned with Net-Zero for the Oil & Gas, Power Generation, Automotive, and Coal Mining sectors (with phase out for the latter by 2025).
In 2023, targets were set for the two new sectors, Iron&Steel and Commercial Real Estate, and the targets for Power Generation and Automotive were revised in terms of value chain and scope, to align with the choices made for SBTi. The absolute reduction in 2023 compared to 2022 for the 6 high-emission sectors mentioned above was over 22%, with targets declared for 2030. The 2023 reporting on financed emissions is provided within the 2023 Climate Report, which also includes the progress of the wealth management companies in achieving the targets. The SBTi documentation for validation was submitted in March.
In June, Intesa Sanpaolo published the new Rules for operations in Oil and Gas that update, expand and supplement the previous Rules for operations in Unconventional Oil and Gas of July 2021.
Intesa Sanpaolo has also committed to achieving carbon neutrality for its own emissions by 2030.
"Think Forestry", the project for reforestation and the preservation of natural capital, was launched at the end of 2023 to promote environmental sustainability and the transition towards a zero-emissions economy, with 7 initiatives already completed in the first half of 2024.
Intesa Sanpaolo is a signatory, together with 160 other financial institutions, of the Finance Leadership Statement on Plastic Pollution, which aims to put an end to plastic pollution.
Among the engagement initiatives, during the first half of 2024 the Intesa Sanpaolo Group continued to participate in various working groups of the GFANZ[30], NZBA, NZAOA, FIT, IIGCC[31] and PRI (Principles for Responsible Investments), contributing to dedicated publications and case studies.
Eurizon Capital SGR and Fideuram Asset Management SGR and Fideuram Asset Management Ireland have initiated the individual and collective engagement process by joining the Net-Zero Engagement Initiative (NZEI), Climate Action 100+ and Nature Action 100.
In addition, in 2023 Eurizon joined the Carbon Disclosure Project's (CDP) Non-Disclosure Campaign and CDP's Science-Based Targets Campaign to promote environmental transparency and science-based target setting by companies.
Intesa Sanpaolo's strategy is based on a clear awareness of the risks and opportunities associated with climate change. The range of risks and opportunities related to climate change are identified and analysed by Intesa Sanpaolo's Chief Sustainability Officer Area and Chief Risk Officer Area, with the support and involvement of the relevant Governance Areas and Divisions, in particular the Chief Financial Officer Area, in order to integrate them into the normal risk assessment and monitoring processes (which lead to the management of climate risk, in the form of mitigation and adaptation) and credit strategies.

[27] For more details on the results achieved in 2023 in relation to the targets and commitments made with the subscription to the Net-Zero initiatives, see the Intesa Sanpaolo Group's 2023 Climate Report.
[28] On 25 April 2024, the UNEP announced the creation of the Forum for Insurance Transition to Net Zero (FIT), a new UN-led and convened structured dialogue and multistakeholder forum to support the necessary acceleration and strengthening of voluntary climate action by the insurance industry and key stakeholders. Intesa Sanpaolo Vita is one of the Founding FIT Participants. On the same date, NZIA ceased its operations.
[29] Subscription in the fourth quarter of 2021 to the Net-Zero Banking Alliance, Net-Zero Asset Managers Initiative, Net-Zero Asset Owner Alliance and Net-Zero Insurance Alliance (now FIT).
[30] Glasgow Financial Alliance for Net Zero
[31] The Institutional Investors Group on Climate Change.

For an update on the monitoring and management of the main issues related to climate risk, as well as their integration within the Group's Risk Appetite Framework – namely, the general framework used for the management of enterprise risk – see the "Risk management" chapter in the Notes to the half-yearly condensed consolidated financial statements.

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With regard to the aspects relating to the Group's People, as well as innovation, digital transformation and cybersecurity, see the paragraph "The 2022-2025 Business Plan" above.
Sustainability and ESG issues are covered in depth in the 2023 Consolidated Non-financial Statement (CNFS) drafted in accordance with Italian Legislative Decree 254/2016, a separate report from the Annual Financial Report and available on the Group's website.
In addition, as already mentioned, Intesa Sanpaolo publishes a Climate Report, in line with the TCFD Recommendations.
Lastly, you are reminded that, from 31 December 2022, the Pillar 3 document contains the ESG disclosure required by Article 449a CRR, which, from December 2023, has been accompanied by the Green Asset Ratio (GAR) disclosure.

Progetto Cultura

Progetto Cultura is the multi-year programme of initiatives through which Intesa Sanpaolo actively expresses its commitment to promoting art and culture, providing a direct and tangible contribution to Italy's cultural and social growth. The activities are conceived and implemented by the Art, Culture and Heritage structure in dialogue with public and private, national and international organisations and institutions.

Gallerie d'Italia is Intesa Sanpaolo's museum network with four venues, in Milan, Naples, Turin and Vicenza, developed from the transformation of historic buildings owned by the Bank, which now serve as public museums that offer access to art collections, exhibitions and cultural and social programmes.
In the first half of 2024, the Gallerie d'Italia received over 385,000 visitors. Admission is free up to the age of 18 (over 76,000 under 18s and students attended educational workshops).
The Gallerie d'Italia host selections of Intesa Sanpaolo's artworks from their own collections in permanent and semi-permanent itineraries, which are regularly updated. During the half year, the "Cantiere del '900" section in Milan was enhanced with a display dedicated to the artworks of Alighiero Boetti from the Agrati Collection.
Six major temporary exhibitions were inaugurated, organised together with national and international partners. In Milan *Felice Carena*, curated by Luca Massimo Barbero, Virginia Baradel, Luigi Cavallo, Elena Pontiggia (project of "rediscovery" of an important 20th-century painter); in Naples *Velázquez. "Un segno grandioso"* in partnership with The National Gallery of London (exchange of loans in conjunction with the Caravaggio exhibition by Intesa Sanpaolo in London); in Turin, the photographic exhibitions *Cristina Mittermeier*, curated by Lauren Johnston, in collaboration with National Geographic (on the relationship between man and nature and the protection of the planet), *Antonio Biasiucci*, curated by Roberto Koch (third chapter of the "La Grande Fotografia Italiana" series), and *Non ha l'età*, curated by Aldo Grasso, in collaboration with RAI (photographs from the Publifoto Archive dedicated to the first editions of the Sanremo Festival); and in Vicenza, the *Javier Jaén* design and illustration exhibition curated by Francesco Poroli, in collaboration with Associazione Illustri di Vicenza ("Illustrissimo" section of the Illustri Festival of Vicenza). In parallel, dossier exhibitions with small groups of artworks and digital installations were organised in the immersive room of the Turin Gallerie.
Gallerie d'Italia exhibitions were also held at other venues (*Mimmo Jodice* at Villa Bardini in Florence, the exhibition space of the Fondazione CR Firenze; *The Circle* at the IED in Milan, with Fondazione Cariplo; *Gregory Crewdson* at the VB Photography Center in Kuopio, Finland; *Io sono una forza del passato* at Fiera Milano City as part of Miart, with Intesa Sanpaolo Private Banking, curated by Luca Beatrice; *Non solo signorine* with photos from the Historical and Publifoto Archive at Lingotto Fiere in Turin, as part of the International Book Fair, curated by Annalena Benini, Barbara Costa; and *Il caso Africo* with photos from the Publifoto Archive at the Trame Festival in Lamezia Terme, Catanzaro).
The Gallerie host numerous activities and initiatives, in line with the ICOM-International Council of Museums' definition of a museum as a key place for growth, participation, and social inclusion.
In the half year, the educational offering (visits and workshops for students of local schools of all levels) included around 2,580 workshops, attended by around 61,000 children and young people. Around 390 itineraries designed for people with disabilities and individuals from vulnerable backgrounds were provided, with around 4,740 participants. These educational and inclusion activities are provided free of charge. The Gallerie offered around 450 activities for adults and families (around 7,270 participants) and hosted around 270 initiatives and cultural events including study days, meetings, lectures, presentations, press conferences, concerts, from the international study conference dedicated to Velázquez to the 38 in-depth sessions on the exhibitions in the public program #*Inside* – (around 18,920 participants). The museum venues also host events and initiatives in support of the Bank's other structures.

One of the most iconic components of Progetto Cultura, together with the Gallerie d'Italia, is the *Restituzioni* programme dedicated to safeguarding and promoting Italy's artistic and architectural heritage. Regarded as the most important restoration project in the world, it has been managed by the Bank since 1989 in collaboration with the local protection entities of the Italian Ministry of Culture, under the scientific supervision of Carlo Bertelli, Giorgio Bonsanti and Carla Di Francesco.
During the half year, the organisation continued of the 20th edition for the restoration of 117 artworks from all the Italian regions, in collaboration with 60 protection entities and the involvement of 56 restoration laboratories and hundreds of art historians. The final exhibition for the presentation of the results of the restorations will be held in Rome in the Jubilee year 2025.

Intesa Sanpaolo's art collections contain 35,000 artworks, ranging from the archaeological to contemporary. Due to its variety and the presence of masterpieces, it is regarded as one of the most prestigious corporate collections in the world. The assets are constantly involved in protection, research, and promotion activities.
The main activities carried out during the half year are described below:

– Ninety maintenance and restoration interventions (some of which carried out in collaboration with the Fondazione Centro Conservazione e Restauro "La Venaria Reale" and the Scuola di Restauro di Botticino, also for educational purposes).
– Eighty logistical activities (ranging from outfitting of bank sites to the reorganisation of storage facilities) involving around 1,000 artworks.
– In addition to the exhibition projects at the Gallerie d'Italia described above, the collections are shared through loans for exhibitions both in Italy and abroad, loans to national institutions that provide public access to the collections, and the implementation of initiatives in strategic local areas, particularly involving collections that hold significant identity value for the communities where the Bank operates:
  - loan of 204 artworks for 51 temporary exhibitions in Italian venues (including Castello di Rivoli, Museo del Duomo in Milan, Fondazione Prada in Venice, Scuderie del Quirinale and Palazzo delle Esposizioni in Rome, Galleria Nazionale dell'Umbria in Perugia, and Palazzo Reale in Naples) and abroad: from the Mendrisio Art Museum to the Fondacion Barrié in La Coruña, from the three artworks by Fontana to the Musée Soulages in Rodez, to the artwork by Pistoletto at the National Museum of Bucharest, and a sculpture by Vantogerloo at the residence of the Italian Ambassador in Belgium as part of Italy-Belgium bilateral relations;
  - the *Martirio di sant'Orsola* was chosen by the National Gallery of London for an exhibition exclusively dedicated to the painting, *The Last Caravaggio*, for the 200th anniversary of the founding of the London museum;
  - loans for use to 6 entities for a total of 110 artworks (Municipality of Clusone, Bergamo; Compagnia di San Paolo; Fondazione CR Bologna; Fondazione CR Jesi; Fondazione Ivan Bruschi, Arezzo; and Anthill Company, Naples);
  - initiatives to promote the local areas, including the *Libera maniera* exhibition in the Casa Museo Ivan Bruschi in Arezzo, co-designed with Fondazione Bruschi and Fondazione CR Jesi dedicated to 34 Intesa Sanpaolo artworks, and the ongoing dialogue with Fondazione CR Pistoia e Pescia (loan of a set of artworks for the *Pop Art Italia* exhibition at Palazzo Buontalenti in Pistoia).

The management of the owned assets (from protection to loans) includes the artworks from the precious Agrati Collection and Fondazione Cariplo e Cariplo Iniziative Collection (artistic assets under management).
Following the 2023 update of the carrying value of all the valuable art assets, this year the three-year process of fair value measurement of the assets will involve monitoring through a half-year scenario analysis, considering market trends in the reference period.

The Group's Historical Archive is one of the first and most important bank archives in Europe. It holds 20 linear kilometres of papers from the banks merged into the Group between 1380 and the early 2000s and manages the Publifoto Archive consisting of 7 million photographs kept at the Gallerie d'Italia in Turin. The archive assets are subject to extensive activities for their protection, digitalisation, inventorying, cataloguing, and promotion, with particular attention to improving public access through the most advanced digital technologies available (especially online publication in the innovative LOD-Linked Open Data format, which ensures greater visibility and data sharing).

– Group Archives: one of the main activities in the half year was the digitalisation of 370,000 pages of historical documentation to make it accessible online (to date, hundreds of thousands of documents have been digitised and published, in particular the minutes of the Boards of Directors' meetings of many banks); the inventory of documents continued (*Carte dei Vertici*, *Fondi del Personale*, *Patrimonio IMI* and *Archivi che imprese!* projects) with over 5,000 new record cards (to date tens of thousands of record cards have been published and are constantly increasing); the use of the Archive's websites is growing (almost 200,000 users and 320,000 views) and there have been 322 consultation days in the study rooms in Milan and Rome, mainly supporting the study and research of university students (181 study requests and 20 theses); educational activities were carried out with the University of Milan and Bergamo and other schools to allow university and other students to get to know the Archives; the *Carte dell'Arte* project dedicated to the reorganisation of documents relating to the Group's art collections continued (to date, the papers of 10,000 valuable artworks have been recovered); the *Digital Archives Project* saved 7,845 digital documents produced by the company; the archive collections are made available under projects in collaboration with other institutions: among these is the *Egeli Project* with Fondazione 1563 per l'Arte e la Cultura, for the creation of an integrated platform dedicated to documents on the seizure of Jewish property between 1939 and 1945 (presented at a conference in January at the Gallerie di Torino); and other projects are underway with Universities, the Italian Banking Association, the Municipality of Milan, and Museimpresa.
– Publifoto Archive: 2,203 photos were digitised during the half year (around 55,000 photos digitised to date, most of which can be used online and in the *Archivio Vivo* interactive wall of the Gallerie di Torino); 2,952 photos and 1,424 negatives were restored; cataloguing produced 16,426 record cards and 420 personal authority record cards; sets of images were showcased in the Gallerie d'Italia exhibitions mentioned above, as well as exhibitions in Italy and abroad (including at the Italian Cultural Institute in Paris); and the study and promotion projects included the *Prints Project* dedicated to original period prints (over 11,000 prints catalogued and over 600 photographers identified, from Robert Doisneau to Mario De Biasi) and the *Eva Barret Project* which saw the completion of the cataloguing of the British photographer's plates (48 project record cards and 436 individual photo record cards).

The Bank's historical-artistic assets are also promoted to create opportunities for growth, creativity, and engagement for the Group's staff through the Art & People initiatives aimed at colleagues and developed with the Bank's other structures. During the half year, these activities focused again on themes such as accessibility, inclusion, appreciation of differences, multiculturalism, and multidisciplinarity.

Progetto Cultura, in particular through the Gallerie d'Italia, builds and nurtures partnerships with public and private entities, both national and international, using a network approach that reinforces the common goal of promoting Italy's cultural

heritage, with a preference for forms of collaboration where the Bank's contribution consist of support and also co-design and the sharing of content, spaces, and relationships.
In the first half these included:

– ongoing collaborations with bank foundations, such as Fondazione Compagnia di San Paolo, Fondazione Cariplo, Fondazione Cariparo, Fondazione Cassa di Risparmio di Firenze, and Fondazione Cassa dei Risparmi di Forlì, ranging from artistic and cultural initiatives (such as the *Preraffaelliti* exhibition at the Musei di San Domenico with Fondazione CR Forlì) to educational projects (Gallerie d'Italia Academy with Compagnia di San Paolo and Cariplo);
– main partnership in major international modern and contemporary art fairs and exhibitions in Italy: Miart, Milan and Holy See Pavilion at the Venice Art Biennale;
– collaborations with prestigious museum and cultural institutions in Italy, including the Egyptian Museum of Turin (for the bicentenary, support for the architectural and exhibition transformation of the museum, in particular the Gallery of Kings); Museo Poldi Pezzoli, Milan (main partnership in the *Piero della Francesca* exhibition); Palazzo Strozzi in Florence (institutional partnership in the *Anselm Kiefer* exhibition); Fondazione Ivan Bruschi, Arezzo; and Polo del 900 in Turin;
– promotion of books and reading: main partnership in the Turin International Book Fair; main partnership in *La Grande Invasione,* Ivrea; Circolo dei Lettori, Milan; and partnership in *Una Basilica di Libri*, Vicenza;
– promotion of photography: CAMERA-Centro Italiano per la Fotografia in Turin and Exposed-Torino Foto Festival;
– promotion of archive assets (as part of the activities of our Historical Archive): main partnership in Archivissima, Turin; Fondazione 1563 per l'Arte e la Cultura, Turin; Museimpresa; Rete fotografia; and EABH-European Association for Banking and Financial History;
– initiatives in support of public cultural heritage through Art Bonus disbursements (including the creation of the new GAMeC venue in Bergamo; support for the institutional activities of the Gallerie Nazionali d'Arte Antica Palazzo Barberini Galleria Corsini in Rome and Gallerie dell'Accademia in Venice);
– relationships with universities and higher education schools: IED in Turin and Milan, IAAD in Turin, Fondazione Scuola dei beni e delle attività culturali (see paragraph below); and University of Turin (three-year research initiative on measuring the social impact of Progetto Cultura);
– social projects: support for CIRCI-Associazione Centro Internazionale di Ricerca della Cultura dell'Infanzia.

Training and skill development projects in the arts and culture are offered in collaboration with other higher education institutions and schools, with a particular focus on young people, in recognition of the potential of cultural heritage as a driver of economic and employment growth.
The following projects were carried out in the first half:

– Gallerie d'Italia Academy: 4th edition of the Advanced Training Course in *Management of Artistic-Cultural Heritage and Corporate Collections* aimed at strengthening the expertise of professionals in the culture sector, based on the sharing of Progetto Cultura's experience in managing museums, assets, and cultural activities. Organised with Fondazione Compagnia di San Paolo, Fondazione Cariplo, Ministry of Culture-Fondazione Scuola dei beni e delle attività culturali, Fondazione 1563 and Digit'Ed, it involved over 100 applications, 29 students, 8 scholarships, around 53 lecturers, and 162 hours of lessons (at the Gallerie d'Italia venues and via webinar).
– Multi-year support for the *Euploos Project* with the Gallerie degli Uffizi in Florence: a research programme, with a training focus, for the production of the digital catalogue of drawings from the Gabinetto dei Disegni e delle Stampe, overseen by a team of young art historians (992 scientific record cards and 1,795 images created during the half year).
– Projects of Gallerie d'Italia in Turin with academic institutions in the visual arts: with IAAD-Istituto d'Arte Applicata e Design in Turin (digital project dedicated to the Gallerie d'Italia App); with IED-Istituto Europeo di Design in Turin (third stage of the three-year photographic project *Bureau Metamorfosi* dedicated to the transformations of the Turin area); and with IED in Milan as part of the Photography Course (the *Rethink* photographic project connected to the exhibition *The Circle* at the Gallerie di Torino and the theme of the circular economy).

The promotion of the Gallerie d'Italia activities (exhibitions, accessibility and inclusion initiatives, and events) and the owned art and archive assets, as well as partnership projects, is also carried out through the production and dissemination of original content on the web and social channels of Gallerie d'Italia and the Group, which complement the "physical" experience and promote the engagement of an increasingly broad and diverse audience. The content is generating interesting results in terms of views and interactions[32].
In parallel, the work continued on the company intranet aimed at encouraging staff engagement.
In addition, the Gallerie d'Italia app, a digital guide that offers an enhanced and interactive visit experience, has been extended in 2024 to all 4 museum venues (almost 45,000 downloads to date). Visitors to the Gallerie di Torino have also used the *Archivio Vivo* ledwall to download around 22,700 photos from the Publifoto Archive.

Lastly, the Edizioni Gallerie d'Italia-Skira, dedicated to the Progetto Cultura initiatives, published 7 books during the half year (the exhibition catalogues and the third volume of the series *Collezionisti e valore dell'arte*, in collaboration with Intesa Sanpaolo Private Banking and the Research Department, presented in live streaming with the Italian news agency ANSA on 27 March).

[32] For example, the digital content, organic social media, and advertising dedicated to the Gallerie d'Italia exhibitions inaugurated in the last quarter of 2023 and concluded in the early months of 2024 (*Moroni, Rebell*, *The Circle, Mimmo Jodice,* and *Le trecce di Faustina*) generated an average of 18 million impressions each (with a peak of 27 million for *The Circle*). With reference to the exhibitions inaugurated in 2024 and still ongoing, 17.2 million impressions have been recorded for *Mittermeier*, 14.5 million for *Carena*, and 16.4 million for *Velázquez* (data provided by Communications and Corporate Image Head Office Department).

Main risks and uncertainties

The information on the main risks and uncertainties to which the Intesa Sanpaolo Group is exposed is described in the Half-yearly report on operations and in the Explanatory notes to the Half-yearly condensed consolidated financial statements.
At the beginning of this chapter, as usual, the following has been provided: (i) a summary of the macroeconomic context, with the main risks connected to the international situation, to be read in conjunction with the forward-looking indications contained in the chapter “Forecast for the year”, as well as (ii) information on the management of the main risk aspects for the ISP Group related to the military conflict between Russia and Ukraine. Further information in this regard, referring in particular to the valuation impacts of the exposures to the two warring countries, is provided in the chapter “Risk management” of the Explanatory notes to the half-yearly condensed consolidated financial statements.
The information on risks in general and, more specifically, on financial risks (credit and market risks), liquidity and operational risks, as well as the risks of the insurance companies is, as always, contained in the above-mentioned chapter “Risk management”, which also provides information on the main issues related to climate risk. Finally, with regard to the capital position, the relevant information is provided in the specific section on own funds and solvency ratios in this Half-yearly report on operations.
As usual, further details on the risks to which the Group is exposed are provided in the update of the Basel 3 Pillar 3 Disclosure.

Lastly, with regard to the going concern assumption, the Directors of Intesa Sanpaolo re-affirm that they have a reasonable certainty that the Company and the Group will continue in operational existence in the foreseeable future and consequently the Half-yearly Report as at 30 June 2024 has been prepared on a going concern basis. The Directors have not detected any uncertainties in the consolidated balance sheet and financial structure or in the operating performance of the Group that question the going concern assumption.

Economic results and balance sheet aggregates

Economic results

General aspects

A condensed reclassified consolidated income statement has been prepared to give a more immediate understanding of results. In addition to the amounts for the reporting period, the format adopted shows the comparative figures for the same period of 2023 and their quarterly movements. To ensure comparison on a like-for-like basis, the income statement data referring to previous periods are normally restated, where necessary and material, to make them as consistent as possible with the different periods presented, particularly in relation to any changes in the scope of consolidation.
No restatements of the reclassified consolidated income statement figures of the previous quarters were necessary in this Half-yearly Report. This is because following the completion of the acquisition of the Romanian bank First Bank S.A. on 31 May 2024, and therefore in the final part of the half year, no income statement effects were recognised in the consolidated income statement for the first half of 2024.

Certain aggregations and reclassifications have been made with respect to the model provided in Circular 262 of the Bank of Italy. Breakdowns of those aggregations and reclassifications are provided in separate tables included in the attachments to this report, as also required by Consob in its Communication 6064293 of 28 July 2006.

The reclassifications and aggregations of captions in the reclassified consolidated income statement refer to:
– 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 at fair value;
– insurance companies' portions of Net interest income, Dividends, Profits (Losses) on other financial assets and liabilities at fair value, Net losses/recoveries for credit risk associated with financial assets measured at amortised cost and with financial assets measured at fair value through other comprehensive income, which are posted, along with the Insurance service result and the Balance of financial income and expenses related to insurance operations, in the specific caption Income from insurance business. The Insurance service is considered excluding the related operating costs (personnel expenses, administrative expenses and amortisation/depreciation) and the fees and commissions paid to financial advisors of the Private Banking Division for placing and managing insurance products which, in line with the representation of costs by the nature of the expense, are attributed to the specific captions;
– differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, which have been allocated among Net interest income owing to the close correlation;
– net fee and commission income, which includes the above-mentioned fees and commissions paid to financial advisors of the Private Banking Division for placing and managing insurance products, in line with the representation of costs by the nature of the expense;
– Profits (losses) on trading, Fair value adjustments in hedge accounting, Profits (losses) on other 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 disposal or repurchase of financial liabilities – for the portion contributed by the banking segment – which have been reallocated to the single caption Profits (losses) on financial assets and liabilities at fair value, except for any amounts relating to adjustments on portions of loans mandatorily measured at fair value which, as they relate to the measurements of credit positions, are reclassified to the caption Net adjustments to loans in order to permit unitary representation of the adjustments relating to the same position;
– 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 trading and Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss 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 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 and costs of entities operating in sectors entirely distinct from banking and finance, synthetically 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 costs of several incentive systems for employees of the Group's distribution networks, where funded by fee and commission income generated by the networks in question on the basis of deterministic quantification criteria correlated to the revenues concerned, which are reclassified from Personnel expenses to Fee and commission expense by analogy to the accounting treatment of incentive systems for non-employee financial advisors;
– the recoveries of expenses and indirect taxes, which are deducted from Administrative expenses, rather than being included under Other operating income (expenses), as well as the amounts relating to certain taxes of some international subsidiary banks, which – due to their nature – have been reclassified from Administrative expenses to Taxes on income;
– operating costs, which include the above operating costs relating to the Insurance service result attributed to the specific captions (personnel expenses, administrative expenses and amortisation/depreciation), in line with the representation of costs by the nature of the expense;

- 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;
- the portion of net losses/recoveries for credit risk associated with financial assets measured at amortised cost (loans and debt securities representing loans) and financial assets measured at fair value through other comprehensive income contributed by the banking segment, the effects on the income statement of the changes in contracts without derecognition as well as the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single caption Net adjustments to loans. The caption also includes any amounts relating to credit risk adjustments to portions of loans mandatorily measured at fair value, which, as they relate to the measurement of credit positions, are reclassified to the caption Net adjustments to loans to permit unitary representation of the adjustments relating to the same position;
- the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been 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, also 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. This last caption consequently includes – 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, which have been reclassified to Other income (expenses). Accordingly, in addition to the income and expenses not strictly related to operations, this caption represents the summary of the effects from the realisation of assets other than loans. Profits (Losses) realised on debt securities represent an exception; in view of their business model, which involves management closely correlated with the other financial instruments, they are classified to Profits (Losses) on financial assets and liabilities at fair value;
- the amount paid by Intesa Sanpaolo to the National Resolution Fund under the settlement agreement signed by Intesa Sanpaolo (as the absorbing company of the former UBI Banca) and the Bank of Italy (as the managing entity of the National Resolution Fund) – aimed at regulating an aspect of the contract signed on 18 January 2017 between UBI Banca and the National Resolution Fund for the transfer from the Fund to UBI Banca of the entire share capital of Nuova Banca delle Marche S.p.A., Nuova Banca dell’Etruria e del Lazio S.p.A. and Nuova Cassa di Risparmio di Chieti S.p.A. – which was reclassified from Other operating expenses (income) to Taxes on income;
- Charges (net of tax) for integration and exit incentives, which are reclassified from Personnel expenses, Administrative expenses and other captions of the income statement to a separate caption;
- the Effects of purchase price allocation, net of tax, which are indicated in a specific caption. They normally represent adjustments to and any impairment losses on financial assets and liabilities as well as property, equipment and intangible assets which are measured at fair value as provided for by IFRS 3;
- levies and other charges aimed at maintaining the stability of the banking and insurance industry, with the latter relating to the Group’s contribution to the Life insurance guarantee fund estimated based on the information available at the date, which have been reclassified, net of 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)

	30.06.2024	30.06.2023	Changes	
			amount	%
Net interest income	7,945	6,838	1,107	16.2
Net fee and commission income	4,653	4,353	300	6.9
Income from insurance business	903	856	47	5.5
Profits (Losses) on financial assets and liabilities at fair value	97	337	-240	-71.2
Other operating income (expenses)	-10	14	-24	
Operating income	**13,588**	**12,398**	**1,190**	**9.6**
Personnel expenses	-3,200	-3,185	15	0.5
Administrative expenses	-1,340	-1,375	-35	-2.5
Adjustments to property, equipment and intangible assets	-667	-651	16	2.5
Operating costs	**-5,207**	**-5,211**	**-4**	**-0.1**
Operating margin	**8,381**	**7,187**	**1,194**	**16.6**
Net adjustments to loans	-554	-556	-2	-0.4
Other net provisions and net impairment losses on other assets	-178	-191	-13	-6.8
Other income (expenses)	88	304	-216	-71.1
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**7,737**	**6,744**	**993**	**14.7**
Taxes on income	-2,510	-2,084	426	20.4
Charges (net of tax) for integration and exit incentives	-102	-86	16	18.6
Effect of purchase price allocation (net of tax)	-54	-90	-36	-40.0
Levies and other charges concerning the banking and insurance industry (net of tax)	-293	-239	54	22.6
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-12	-23	-11	-47.8
Net income (loss)	**4,766**	**4,222**	**544**	**12.9**

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

Quarterly development of the reclassified income statement

(millions of euro)

	2024		2023			
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	4,013	3,932	3,995	3,813	3,584	3,254
Net fee and commission income	2,381	2,272	2,110	2,095	2,216	2,137
Income from insurance business	448	455	391	419	459	397
Profits (Losses) on financial assets and liabilities at fair value	18	79	-91	52	75	262
Other operating income (expenses)	-4	-6	-32	-12	7	7
Operating income	**6,856**	**6,732**	**6,373**	**6,367**	**6,341**	**6,057**
Personnel expenses	-1,608	-1,592	-2,184	-1,612	-1,625	-1,560
Administrative expenses	-717	-623	-917	-710	-731	-644
Adjustments to property, equipment and intangible assets	-312	-355	-367	-328	-319	-332
Operating costs	**-2,637**	**-2,570**	**-3,468**	**-2,650**	**-2,675**	**-2,536**
Operating margin	**4,219**	**4,162**	**2,905**	**3,717**	**3,666**	**3,521**
Net adjustments to loans	-318	-236	-616	-357	-367	-189
Other net provisions and net impairment losses on other assets	-125	-53	-332	-47	-121	-70
Other income (expenses)	31	57	29	15	203	101
Income (Loss) from discontinued operations	-	-	-	-	-	-
Gross income (loss)	**3,807**	**3,930**	**1,986**	**3,328**	**3,381**	**3,363**
Taxes on income	-1,232	-1,278	-288	-1,066	-1,000	-1,084
Charges (net of tax) for integration and exit incentives	-46	-56	-80	-56	-44	-42
Effect of purchase price allocation (net of tax)	-25	-29	-35	-36	-44	-46
Levies and other charges concerning the banking and insurance industry (net of tax)	-36	-257	18	-264	-11	-228
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-
Minority interests	-3	-9	1	-6	-16	-7
Net income (loss)	**2,465**	**2,301**	**1,602**	**1,900**	**2,266**	**1,956**

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

Operating income

The Intesa Sanpaolo Group achieved excellent performance in the first half of 2024 in terms of profitability, liquidity and capital strength, which resulted in the best performance in terms of net income and gross operating margin since 2007, the year the Group was established. Operating income amounted to 13,588 million euro in the first half, up by 9.6% from 12,398 million euro in the same period of 2023. This was driven by an increase in net interest income, which benefited from high interest rates, net fee and commission income and income from insurance business, only partly offset by the decline in profits (losses) on financial assets and liabilities at fair value and, to a lesser extent, in other operating income (expenses).

Net interest income

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Relations with customers	7,024	6,509	515	7.9
Securities issued	-2,267	-1,371	896	65.4
Customer dealing	**4,757**	**5,138**	**-381**	**-7.4**
Instruments measured at amortised cost which do not constitute loans	921	750	171	22.8
Other financial assets and liabilities measured at fair value through profit or loss	97	97	-	-
Other financial assets measured at fair value through other comprehensive income	1,143	643	500	77.8
Financial assets and liabilities	**2,161**	**1,490**	**671**	**45.0**
Relations with banks	**379**	**76**	**303**	
Differentials on hedging derivatives	**-152**	**-326**	**-174**	**-53.4**
Other net interest income	**800**	**460**	**340**	**73.9**
Net interest income	**7,945**	**6,838**	**1,107**	**16.2**

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

Net interest income was 7,945 million euro, up by 16.2% on the first half of 2023. In particular, financial assets and liabilities made a higher contribution (+45%, or +671 million euro) thanks to the positive performance of other financial assets measured at fair value through other comprehensive income (+500 million euro) and securities measured at amortised cost (+171 million euro). Other financial assets and liabilities at fair value through profit or loss were stable.

Good performance was also recorded by both net interest income on relations with banks (+303 million euro), thanks to the positive contribution from relations with the ECB, which benefited from lower interest expense on the TLTROs as a result of repayments, and negative differentials on hedging derivatives, which decreased by 53.4%.

In contrast, customer dealing recorded a decline (-7.4%, or -381 million euro): higher interest expense on securities issued was only partially offset by the increase in interest on relations with customers, supported by the ECB's continued maintenance of high interest rates.

Finally, other net interest income, inclusive of that accrued on non-performing assets, reached 800 million euro, recording an increase of 340 million euro.

The performance of relations with banks reflected the improvement both in terms of end-of-period and average balances of the difference between the deposits at the ECB and the TLTROs, in addition to the higher average interest rate for the period. Specifically, within the relations with banks, the TLTROs III with the ECB resulted in an interest expense of 525 million euro in the half year, compared to 1,073 million euro in the same period of 2023, in relation to balances that fell to 60 million euro at the end of June 2024 following the repayments at maturity during the year (36 billion euro in March and 9 billion euro in June). In the first six months of 2023, the average outstanding TLTRO stock was 75.3 billion euro with rates applied (deposit facility rates) gradually rising but still below those in force in 2024.

The liquidity invested in on-demand deposits (overnight deposits) with the ECB generated interest income of 1,284 million euro, compared to around 1,473 million euro in January-June 2023, which had recorded significantly higher average balances against lower rates applied (deposit facility rates) compared to 2024.

(millions of euro)

	2024		Changes	
	Second quarter	First quarter	amount	%
Relations with customers	3,483	3,541	-58	-1.6
Securities issued	-1,165	-1,102	63	5.7
Customer dealing	**2,318**	**2,439**	**-121**	**-5.0**
Instruments measured at amortised cost which do not constitute loans	498	423	75	17.7
Other financial assets and liabilities measured at fair value through profit or loss	38	59	-21	-35.6
Other financial assets measured at fair value through other comprehensive income	585	558	27	4.8
Financial assets and liabilities	**1,121**	**1,040**	**81**	**7.8**
Relations with banks	**206**	**173**	**33**	**19.1**
Differentials on hedging derivatives	**-76**	**-76**	**-**	**-**
Other net interest income	**444**	**356**	**88**	**24.7**
Net interest income	**4,013**	**3,932**	**81**	**2.1**

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

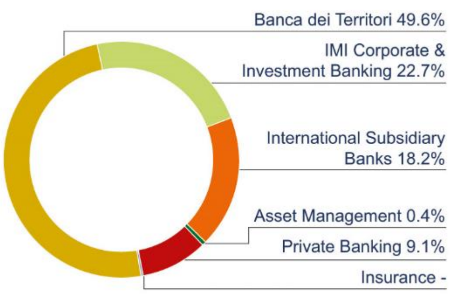
The net interest income in the second quarter of 2024 was moderately higher (+2.1%) than in the first quarter, mainly due to the higher contribution from financial assets and liabilities and other net interest income.

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Banca dei Territori	3,401	3,274	127	3.9
IMI Corporate & Investment Banking	1,553	1,286	267	20.8
International Subsidiary Banks	1,245	1,094	151	13.8
Private Banking	622	602	20	3.3
Asset Management	29	2	27	
Insurance	-	-	-	-
Total business areas	**6,850**	**6,258**	**592**	**9.5**
Corporate Centre	1,095	580	515	88.8
Intesa Sanpaolo Group	**7,945**	**6,838**	**1,107**	**16.2**

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

Business areas
Net interest income



The Banca dei Territori Division, which accounts for 49.6% of the operating business areas' results, recorded net interest income of 3,401 million euro, up compared to the first half of 2023 (+3.9%, equal to +127 million euro), due to the performance of market interest rates, which favoured the profitability of customer dealing.
The contribution to net interest income from the other Divisions was also higher: IMI Corporate & Investment Banking Division (+20.8%, or +267 million euro), mainly attributable to the operations of Global Markets; International Subsidiary Banks Division (+13.8%, or +151 million euro), primarily due to the positive performance of the subsidiaries operating in Croatia, Egypt, Slovakia and Serbia; Private Banking Division (+20 million euro), due to the greater contribution from investments in securities and intermediation with banks; and from Asset Management (+27 million euro).
The Corporate Centre's net interest income grew strongly (+515 million euro), benefiting from the rise in short-term market interest rates compared to the first half of 2023.

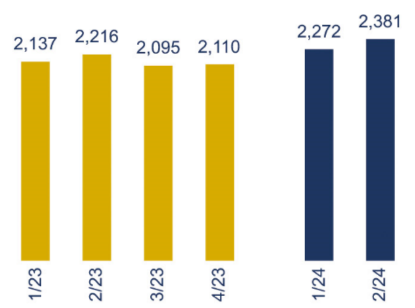
Net fee and commission income

(millions of euro)

	30.06.2024			30.06.2023			Changes	
	Income	Expense	Net	Income	Expense	Net	amount	%
Guarantees given / received	259	-161	98	241	-166	75	23	30.7
Collection and payment services	417	-72	345	388	-68	320	25	7.8
Current accounts	654	-	654	685	-	685	-31	-4.5
Credit and debit cards	466	-252	214	435	-234	201	13	6.5
Commercial banking activities	**1,796**	**-485**	**1,311**	**1,749**	**-468**	**1,281**	**30**	**2.3**
Dealing and placement of securities	725	-140	585	558	-135	423	162	38.3
Currency dealing	8	-2	6	7	-3	4	2	50.0
Portfolio management	1,836	-503	1,333	1,739	-484	1,255	78	6.2
Distribution of insurance products	776	-	776	799	-	799	-23	-2.9
Other	277	-120	157	225	-99	126	31	24.6
Management, dealing and consultancy activities	**3,622**	**-765**	**2,857**	**3,328**	**-721**	**2,607**	**250**	**9.6**
Other net fee and commission income	**604**	**-119**	**485**	**585**	**-120**	**465**	**20**	**4.3**
Net fee and commission income	**6,022**	**-1,369**	**4,653**	**5,662**	**-1,309**	**4,353**	**300**	**6.9**

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

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



The net fee and commission income earned in the first half of 2024 amounted to 4,653 million euro, up by 6.9% from the 4,353 million euro recorded in the same period of 2023.

This result was driven by the increase in fees and commissions on management, dealing and consultancy activities (+9.6%, or +250 million euro) and, to a lesser extent, on commercial banking (+2.3%, or +30 million euro), and on other net fee and commission income (+4.3%, or +20 million euro). In detail, in the first type of fees and commissions, there was an increase in the contribution from dealing and placement of securities (+38.3%, or +162 million euro), portfolio management schemes (+6.2%, or +78 million euro), both collective and individual, and other management and dealing commissions, in particular related to advisory activities (+31 million euro).

In the commercial banking area, there was an increase for fee and commission income on collection and payment services (+25 million euro), on guarantees given/received (+23 million euro) and on ATM and credit card services (+13 million euro), partly offset by current accounts (-31 million euro), related to the Bank's reduction of the account maintenance fees charged to customers.

Lastly, other net fee and commission income increased (+20 million euro), mainly due to higher fee and commission income on loans.

(millions of euro)

	2024		Changes	
	Second quarter	First quarter	amount	%
Guarantees given / received	50	48	2	4.2
Collection and payment services	178	167	11	6.6
Current accounts	327	327	-	-
Credit and debit cards	119	95	24	25.3
Commercial banking activities	**674**	**637**	**37**	**5.8**
Dealing and placement of securities	282	303	-21	-6.9
Currency dealing	3	3	-	-
Portfolio management	676	657	19	2.9
Distribution of insurance products	401	375	26	6.9
Other	84	73	11	15.1
Management, dealing and consultancy activities	**1,446**	**1,411**	**35**	**2.5**
Other net fee and commission income	**261**	**224**	**37**	**16.5**
Net fee and commission income	**2,381**	**2,272**	**109**	**4.8**

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

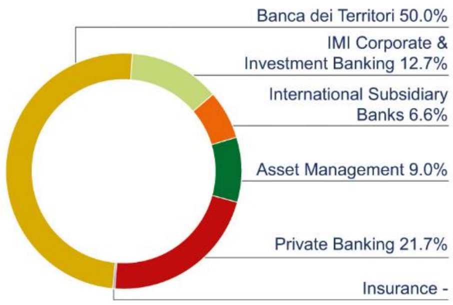
In the second quarter of 2024, this caption recorded a 4.8% increase compared to the first quarter, mainly due to the positive performance of fees and commissions on management, dealing and consultancy activities, in particular in the distribution of insurance products and portfolio management schemes, and on commercial banking, due to the contribution from the ATM and credit card service and the collection and payment services.

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Banca dei Territori	2,429	2,357	72	3.1
IMI Corporate & Investment Banking	615	560	55	9.8
International Subsidiary Banks	320	291	29	10.0
Private Banking	1,055	931	124	13.3
Asset Management	436	419	17	4.1
Insurance	2	1	1	
Total business areas	**4,857**	**4,559**	**298**	**6.5**
Corporate Centre	-204	-206	-2	-1.0
Intesa Sanpaolo Group	**4,653**	**4,353**	**300**	**6.9**

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

Business areas
Net fee and commission income



With regard to the business areas, the Banca dei Territori Division, which accounts for 50% of the businessareas' results, recorded a slight increase in fee and commission income in the first six months of 2024 (+3.1%, or +72 million euro), specifically that deriving from assets under management. The other Divisions also posted an increase in fee and commission income, specifically: Private Banking (+13.3%, or +124 million euro), attributable to recurring fees related to the increase in average assets under management, and up-front fees, as a result of increased placements; IMI Corporate & Investment Banking Division (+9.8%, or +55 million euro), essentially due to the performance of structured finance and investment banking; International Subsidiary Banks (+10%, or +29 million euro), mainly attributable to the subsidiaries operating in Serbia, Slovakia, Hungary and Croatia; and Asset Management (+4.1%, or +17 million euro).
For the Corporate Centre, the negative balance of the net fee and commission income remained substantially stable.

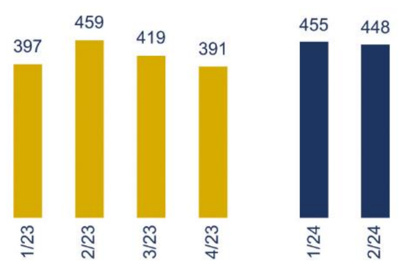
Income from insurance business

(millions of euro)

Captions	30.06.2024			30.06.2023			Changes	
	Life	Non-life	Total	Life	Non-life	Total	amount	%
TECHNICAL MARGIN	**464**	**235**	**699**	**611**	**228**	**839**	**-140**	**-16.7**
Contractual service margin release	550	33	583	600	41	641	-58	-9.0
Claims, expected expenses and other amounts	311	584	895	282	526	808	87	10.8
Insurance revenue	**861**	**617**	**1,478**	**882**	**567**	**1,449**	**29**	**2.0**
Total actual claims and expenses	-401	-379	-780	-325	-307	-632	148	23.4
Other Insurance Expenses	4	-3	1	54	-32	22	-21	-95.5
Insurance expenses	**-397**	**-382**	**-779**	**-271**	**-339**	**-610**	**169**	**27.7**
NET INVESTMENT RESULT	**166**	**24**	**190**	**-13**	**8**	**-5**	**195**	
Net financial income and expenses related to insurance contracts issued	-2,825	-3	-2,828	-2,647	-1	-2,648	180	6.8
Net interest income	1,091	26	1,117	1,004	13	1,017	100	9.8
Dividends	268	-	268	231	-	231	37	16.0
Gains/losses on disposal	221	6	227	-309	2	-307	534	
Valuation gains/losses	1,303	-	1,303	1,574	-	1,574	-271	-17.2
Net fee and commission income	108	-5	103	134	-6	128	-25	-19.5
Income from insurance business gross of consolidation effects	**630**	**259**	**889**	**598**	**236**	**834**	**55**	**6.6**
Consolidation effects	**14**	**-**	**14**	**22**	**-**	**22**	**-8**	**-36.4**
INCOME FROM INSURANCE BUSINESS	**644**	**259**	**903**	**620**	**236**	**856**	**47**	**5.5**

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

Quarterly development
Income from insurance business
(millions of euro)



Income from insurance business includes the cost and revenue captions of the insurance business, including the reinsurance component, of the Group's life and non-life companies. In the first half of 2024, it amounted to 903 million euro, up by 5.5% on the same period in 2023. This performance was driven both by the life business, which benefited from the increase in the net investment result attributable to different interest rate trends in the two half years under comparison, and by the non-life business, which benefited from higher insurance revenues and from the financial components, specifically net interest income and realised gains. However, the life business technical margin decreased due to the reduction in the release of the contractual service margin (CSM) as a result of the increase in surrenders that affected the entire insurance sector.

(millions of euro)

Captions	2024 Second quarter	2024 First quarter	Changes amount	Changes %
TECHNICAL MARGIN	**356**	**343**	**13**	**3.8**
Contractual service margin release	290	293	-3	-1.0
Claims, expected expenses and other amounts	463	432	31	7.2
Insurance revenue	**753**	**725**	**28**	**3.9**
Total actual claims and expenses	-416	-364	52	14.3
Other Insurance Expenses	19	-18	37	
Insurance expenses	**-397**	**-382**	**15**	**3.9**
NET INVESTMENT RESULT	**85**	**105**	**-20**	**-19.0**
Net financial income and expenses related to insurance contracts issued	-894	-1,934	-1,040	-53.8
Net interest income	621	496	125	25.2
Dividends	170	98	72	73.5
Gains/losses on disposal	196	31	165	
Valuation gains/losses	-60	1,363	-1,423	
Net fee and commission income	52	51	1	2.0
Income from insurance business gross of consolidation effects	**441**	**448**	**-7**	**-1.6**
Consolidation effects	**7**	**7**	**-**	**-**
Income from insurance business	**448**	**455**	**-7**	**-1.5**

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

Income from insurance business, including life and non-life, was slightly lower in the second quarter of 2024 than in the first quarter, due to the lower net investment result.

(millions of euro)

Business	30.06.2024	*of which new business*	30.06.2023
Life insurance business	**7,239**	***7,094***	**7,691**
Premiums issued on traditional products	5,070	*5,016*	5,925
Premiums issued on unit-linked products	945	*866*	623
Premiums issued on multi-line products	780	*772*	750
Premiums issued on pension funds	442	*439*	390
Premiums issued on capitalisation products	2	*1*	3
Non-life insurance business	**780**	***186***	**764**
Premiums issued	780	*186*	764
Premiums ceded to reinsurers	**-92**	***-22***	**-47**
Net premiums issued from insurance products	**7,927**	***7,258***	**8,408**
Business on unit-linked contracts	1,293	*1,274*	1,077
Total business from investment contracts	**1,293**	***1,274***	**1,077**
Total business	**9,220**	***8,532***	**9,485**

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

In the first half of 2024, business in the insurance segment amounted to 9.2 billion euro, slightly lower than the business recorded in the same period of 2023 (9.5 billion euro). The reduction in premiums was driven by the decline in the life business, particularly in the traditional products component (-0.9 billion euro), while increases were recorded for unit-linked policies of a mainly insurance nature (+0.3 billion euro), and to a lesser extent, for multi-line policies and pension funds. The non-life business grew by 2.1%, with good performance in the motor and non-motor segments (excluding Credit Protection Insurance – CPI). Primarily Class III financial unit-linked policies also grew to 1.3 billion euro (1.1 billion euro in the first six months of 2023). New business totalled 8.5 billion euro, accounting for over 90% of the total collected premiums of the Group's insurance companies.

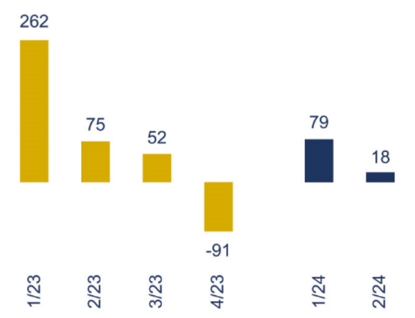
Profits (Losses) on financial assets and liabilities at fair value

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Profits (losses) on trading and on financial instruments under fair value option	-428	-44	384	
Profits (losses) on hedges under hedge accounting	-5	-56	-51	-91.1
Profits (losses) on assets mandatorily measured at fair value through profit or loss	168	144	24	16.7
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	359	276	83	30.1
Profits (losses) on the buyback of financial liabilities	3	17	-14	-82.4
Profits (Losses) on financial assets and liabilities at fair value	**97**	**337**	**-240**	**-71.2**

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

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



In the first half of 2024, profits on financial assets and liabilities at fair value, amounting to 97 million euro, declined sharply on the same period in 2023. In interpreting this performance it should be considered that the transactions in certificates generated positive effects on net interest income in terms of greater liquidity invested and negative effects on trading related to the management of financial risks as a result of the market interest rate conditions.

The decrease, amounting to 71.2%, was attributable to profits (losses) on trading and on financial instruments under fair value option (-384 million euro), due in particular to the transactions in certificates described above, as well as the negative impact of the Own Credit Risk (OCR) of the certificates as a result of the tightening of Intesa Sanpaolo's credit spread. There was also a slight decrease in the profits (losses) on the repurchase of financial liabilities (-14 million euro). In contrast, a positive contribution derived from the profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost (+83 million euro), following the divestment of HTC and HTCS securities, mainly consisting of government bonds, the profits (losses) on hedges under hedge accounting, which reduced the loss from -56 million euro in the first half of 2023 to -5 million euro, and the assets measured at fair value through profit or loss, with an increase of 24 million euro, attributable to quotas of UCI and loans.

(millions of euro)

	2024		Changes	
	Second quarter	First quarter	amount	%
Profits (losses) on trading and on financial instruments under fair value option	-192	-236	-44	-18.6
Profits (losses) on hedges under hedge accounting	-7	2	-9	
Profits (losses) on assets mandatorily measured at fair value through profit or loss	107	61	46	75.4
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	123	236	-113	-47.9
Profits (losses) on the buyback of financial liabilities	-13	16	-29	
Profits (Losses) on financial assets and liabilities at fair value	**18**	**79**	**-61**	**-77.2**

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

The result of the second quarter of 2024 was a profit of 18 million euro, lower than the 79 million euro for the first quarter of 2024. The fall was mainly due to the decrease 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 half of 2024, this caption showed other operating expenses of -10 million euro, compared to other operating income of 14 million euro in the same period of 2023. This caption includes both operating income and expenses – including those of subsidiaries not subject to management and coordination and operating in sectors completely distinct from banking and finance – and profits on equity investments carried at equity. The trend in this caption was due to the increase in other operating expenses (+12 million euro) and the lower contribution from dividends and profits on investments carried at equity (-12 million euro), attributable in particular to the Chinese subsidiary Penghua Fund Management.

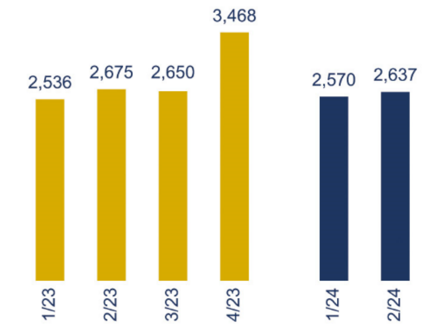
Operating costs

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Wages and salaries	2,202	2,209	-7	-0.3
Social security charges	563	569	-6	-1.1
Other	435	407	28	6.9
Personnel expenses	**3,200**	**3,185**	**15**	**0.5**
Information technology expenses	397	416	-19	-4.6
Management of real estate assets expenses	161	184	-23	-12.5
General structure costs	206	202	4	2.0
Professional and legal expenses	121	125	-4	-3.2
Advertising and promotional expenses	64	58	6	10.3
Indirect personnel costs	84	79	5	6.3
Other costs	231	228	3	1.3
Indirect taxes and duties	90	97	-7	-7.2
Recovery of expenses and charges	-14	-14	-	-
Administrative expenses	**1,340**	**1,375**	**-35**	**-2.5**
Property and equipment	262	278	-16	-5.8
Intangible assets	405	373	32	8.6
Adjustments	**667**	**651**	**16**	**2.5**
Operating costs	**5,207**	**5,211**	**-4**	**-0.1**

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

Quarterly development
Operating costs
(millions of euro)



In the first six months of 2024, operating costs amounted to 5,207 million euro, substantially stable compared to the figure for the first half of 2023 (-0.1%).

Personnel expenses, amounting to 3,200 million euro, were up slightly (+0.5%), mainly as a consequence of the renewal of the National Collective Bargaining Agreement at the end of 2023, partially offset by the savings due to the exits negotiated with the trade unions.

Administrative expenses amounted to 1,340 million euro, down by 2.5%. The main savings were recorded in property management expenses (-23 million euro), mainly due to lower electricity and gas tariffs, in information technology expenses (-19 million euro), related to lower outsourcing costs, and in indirect taxes and duties (-7 million euro), due to higher recoveries.

Adjustments to property, equipment and intangible assets, which in accordance with IFRS 16 also include the share relating to rights of use acquired under operating leases, increased (+2.5%) on the first half of 2023, due to the intangible assets, driven by technology investments focused on software which continue the process of development already reported in the previous year.

Despite the significant technology investments, in the first half of 2024 the cost/income ratio was at minimum levels (38.3%), compared to a higher figure in the same period of 2023 (42%).

(millions of euro)

	2024		Changes	
	Second quarter	First quarter	amount	%
Wages and salaries	1,111	1,091	20	1.8
Social security charges	283	280	3	1.1
Other	214	221	-7	-3.2
Personnel expenses	**1,608**	**1,592**	**16**	**1.0**
Information technology expenses	207	190	17	8.9
Management of real estate assets expenses	83	78	5	6.4
General structure costs	105	101	4	4.0
Professional and legal expenses	65	56	9	16.1
Advertising and promotional expenses	43	21	22	
Indirect personnel costs	46	38	8	21.1
Other costs	127	104	23	22.1
Indirect taxes and duties	48	42	6	14.3
Recovery of expenses and charges	-7	-7	-	-
Administrative expenses	**717**	**623**	**94**	**15.1**
Property and equipment	125	137	-12	-8.8
Intangible assets	187	218	-31	-14.2
Adjustments	**312**	**355**	**-43**	**-12.1**
Operating costs	**2,637**	**2,570**	**67**	**2.6**

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

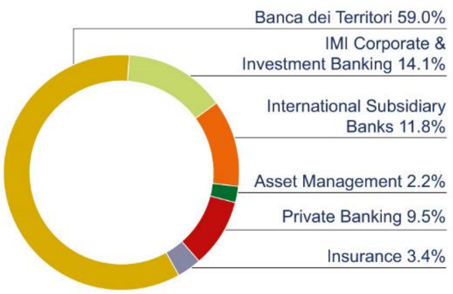
The quarterly comparison shows higher operating costs in the second quarter than in the first, mainly due to higher administrative expenses.

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Banca dei Territori	3,020	3,076	-56	-1.8
IMI Corporate & Investment Banking	719	686	33	4.8
International Subsidiary Banks	602	549	53	9.7
Private Banking	487	469	18	3.8
Asset Management	113	111	2	1.8
Insurance	174	171	3	1.8
Total business areas	**5,115**	**5,062**	**53**	**1.0**
Corporate Centre	92	149	-57	-38.3
Intesa Sanpaolo Group	**5,207**	**5,211**	**-4**	**-0.1**

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

Business areas
Operating costs



With regard to operating costs, the Banca dei Territori Division, which accounts for 59% of the costs of the operating business areas, showed an opposite trend to the other operating Divisions, recording a decrease (-1.8%, or -56 million euro), thanks to the savings on personnel expenses, mainly attributable to the reduction in the average workforce following the negotiated exits, and on administrative expenses. In contrast, there were cost increases in IMI Corporate & Investment Banking (+4.8%, or +33 million euro), International Subsidiary Banks (+9.7%, or +53 million euro), and in Asset Management (+1.8%, or +2 million euro), in relation to greater administrative and personnel expenses. An increase was also recorded by the Private Banking Division (+3.8%, or +18 million euro), related to all the expense captions, and by Insurance (+1.8%, +3 million euro), attributable to amortisation and depreciation and administrative expenses.
The Corporate Centre recorded a decrease (-38.3%, or -57 million euro), thanks to higher charge backs by the Corporate Centre to the business units for pure services and guidance and control services, as well as the reduction in personnel expenses.

Operating margin

The operating margin in the period under review amounted to 8,381 million euro, up by 16.6% on the amount recorded in the first half of 2023, due to the increase in revenues, while operating costs remained substantially in line with those of the same period of 2023.

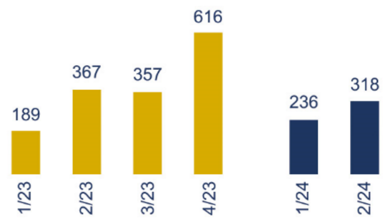
Net adjustments to loans

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Bad loans	-96	-185	-89	-48.1
Unlikely to pay	-389	-282	107	37.9
Past due loans	-219	-151	68	45.0
Stage 3 loans	**-704**	**-618**	**86**	**13.9**
of which debt securities	*-1*	*-3*	*-2*	*-66.7*
Stage 2 loans	**24**	**88**	**-64**	**-72.7**
of which debt securities	*4*	*-*	*4*	*-*
Stage 1 loans	**102**	**-61**	**163**	
of which debt securities	*11*	*18*	*-7*	*-38.9*
Net losses/recoveries on impairment of loans	**-578**	**-591**	**-13**	**-2.2**
Profits/losses from changes in contracts without derecognition	**-7**	**3**	**-10**	
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**31**	**32**	**-1**	**-3.1**
Net adjustments to loans	**-554**	**-556**	**-2**	**-0.4**

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

Quarterly development
Net adjustments to loans
(millions of euro)



Adjustments to loans amounted to 554 million euro, substantially in line with those recognised in the first half of 2023 (556 million euro).
The movement in the caption was essentially attributable to write-backs on Stage 1 loans (+163 million euro), offset by lower write-backs on Stage 2 loans (-64 million euro) and higher adjustments to Stage 3 non-performing loans (+86 million euro), with the latter resulting from -89 million euro due to bad loans, +107 million euro to unlikely-to-pay loans, and +68 million euro to past due loans.
In June 2024, the ratio of gross non-performing loans to total loans was 2.2%, slightly lower than the December 2023 figure (2.3%).
The annualised cost of credit – expressed as the ratio of net adjustments to net loans – decreased in the first half of 2024 to 26 basis points, without release of prudential provisions, compared to 36 basis points in 2023. The performance of the cost of credit was favoured by very low inflows from performing to non-performing loans in the first six months of 2024 (1.3 billion euro net of outflows from non-performing to performing loans).
The coverage of non-performing loans in June 2024 stood at 50.7%. Specifically, bad loans required net adjustments of 96 million euro, down from the figure for the first half of 2023 (185 million euro), with a coverage ratio of 70.8%. Net adjustments to unlikely-to-pay loans, totalling 389 million euro, were up (37.9%) from 282 million euro recorded in the same period of 2023; the coverage ratio for these exposures amounted to 39.7%. Net adjustments to past-due loans amounted to 219 million euro (151 million euro in the first six months of 2023), with a coverage ratio of 31.6%. The coverage ratio for forborne positions within the non-performing loan category was 46.2%. Finally, the coverage of performing loans was 0.6% and incorporated the physiological risk inherent in the loan portfolio.

(millions of euro)

	2024		Changes	
	Second quarter	**First quarter**	**amount**	**%**
Bad loans	-34	-62	-28	-45.2
Unlikely to pay	-227	-162	65	40.1
Past due loans	-127	-92	35	38.0
Stage 3 loans	**-388**	**-316**	**72**	**22.8**
of which debt securities	*-*	*-1*	*-1*	
Stage 2 loans	**23**	**1**	**22**	
of which debt securities	*3*	*1*	*2*	
Stage 1 loans	**51**	**51**	**-**	**-**
of which debt securities	*5*	*6*	*-1*	*-16.7*
Net losses/recoveries on impairment of loans	**-314**	**-264**	**50**	**18.9**
Profits/losses from changes in contracts without derecognition	**-7**	**-**	**7**	**-**
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**3**	**28**	**-25**	**-89.3**
Net adjustments to loans	**-318**	**-236**	**82**	**34.7**

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

In the second quarter, net adjustments to loans increased compared to those recognised in the first three months, mainly due to the increase in adjustments to unlikely-to-pay loans and past due loans.

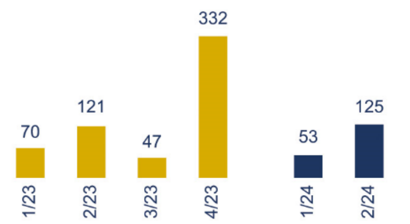
Other net provisions and net impairment losses on other assets

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Other net provisions	-162	-97	65	67.0
Net impairment losses on instruments measured at amortised cost and on instruments measured at fair value through other comprehensive income	-6	-87	-81	-93.1
Net impairment losses on other assets	-10	-7	3	42.9
Other net provisions and net impairment losses on other assets	**-178**	**-191**	**-13**	**-6.8**

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

Quarterly development
Other net provisions and net impairment losses on other assets
(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 six months of 2024, other net provisions and net impairment losses on other assets amounted to 178 million euro, slightly lower than the 191 million euro recorded in the same period of the previous year. The slight decrease was attributable to net impairment losses on securities measured at amortised cost and on securities measured at fair value through other comprehensive income, which fell to -6 million euro from -87 million euro in the first six months of 2023, mainly attributable to the credit risk component within the securities measured at fair value through other comprehensive income and the securities measured at amortised cost. In contrast, the caption other net provisions recorded an increase of 65 million euro, largely due to higher expenses to offset the net result of the Russian subsidiary BIR recognised upon consolidation to write off its equity contribution to the Group's consolidated financial statements.

(millions of euro)

	2024		Changes	
	Second quarter	First quarter	amount	%
Other net provisions	-108	-54	54	
Net impairment losses on instruments measured at amortised cost and on instruments measured at fair value through other comprehensive income	-10	4	-14	
Net impairment losses on other assets	-7	-3	4	
Other net provisions and net impairment losses on other assets	**-125**	**-53**	**72**	

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

In terms of quarterly performance, the second quarter of 2024 recorded provisions that were more than double those made in the first quarter. In particular, there was an increase in other net provisions, due to the expenses for the consolidation entry relating to the above-mentioned Russian bank, aimed at writing off its equity contribution.

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.

In the first half of 2024, other income amounted to 88 million euro, compared to a much higher figure of 304 million euro in the same period of 2023, which included 157 million euro in profits on the disposal, finalised in May 2023, of the stake held in Zhong Ou Asset Management Company Limited (ZOAM) and 116 million euro in profits on the disposal to Nexi of the acquiring business line of the subsidiary PBZ operating in Croatia.

Gross income (loss)

In the first six months of 2024, income before tax from continuing operations came to 7,737 million euro, up by 14.7% compared with 6,744 million euro for the same period in 2023.

Taxes on income

Current and deferred taxes came to 2,510 million euro for a tax rate of 32.4%, 1.5 percentage points higher than the figure recorded in the first half of 2023 (30.9%).

Charges (net of tax) for integration and exit incentives

This caption, the main component of which relates to adjustments to property, equipment and intangible assets, rose to 102 million euro from 86 million euro in the same period of the previous year.

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 equity investments and/or aggregate assets. In the first half of 2024, this caption amounted to -54 million euro, compared to the -90 million euro recorded in the same period of 2023.

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

The caption includes the levies imposed by legislative provisions and/or aimed at maintaining the stability of the banking and insurance industry and consequently outside the company management. In the first half of 2024, these charges came to 293 million euro, compared to the 239 million euro recorded in the same period of the previous year.
The levies recognised during the reporting period may be broken down as follows: 235 million euro attributable to deposit guarantee funds, 2 million euro to the European resolution fund, 11 million euro to levies recognised by the international subsidiary banks, 17 million euro to the write-down of the Atlante Fund, and 28 million euro to the life insurance guarantee fund (23 million euro relating to the insurance segment and 5 million euro to the banking segment).

Minority interests

In the first six months of 2024, the caption showed net income of 12 million euro attributable to minority interests relating to companies subject to line-by-line consolidation, compared with 23 million euro for the first half of 2023.

Net income (loss)

The Intesa Sanpaolo Group closed the first half of 2024 with a net income of 4,766 million euro, up on the same period of 2023 (+12.9%). This result represents the best half-year performance since 2007, underscoring a diversified business model, with leadership in Wealth Management, Protection & Advisory, which enabled the Group to swiftly take advantage of the first signs of recovery in assets under management. The double-digit increase was the result of the healthy revenue performance, which benefited from the strong momentum of the interest component and the recovery of net fee and commission income and income from insurance business, as well as the limited adjustments to loans and the focused management of operating costs.

Balance sheet aggregates

General aspects

A reclassified consolidated balance sheet has been prepared to permit a more immediate understanding of the Group's assets and liabilities.
In addition to the amounts as at the reporting date, the format adopted shows the comparative figures as at 31 December 2023 and their quarterly development. To enable a like-for-like comparison, the figures from the previous periods are normally restated, where necessary and material, to make them as consistent as possible, particularly in relation to any changes in the scope of consolidation.
Following the acquisition, on 31 May 2024, of almost all the capital of the Romanian bank First Bank S.A. and its subsequent inclusion in the scope of consolidation, the reclassified balance sheet data as at 31 March 2024 and for the four quarters of 2023 have been restated to reflect the balance sheet entries of the acquired bank.

Certain aggregations and reclassifications have been made with respect to the model provided in Circular 262/2005 of the Bank of Italy. Breakdowns of those aggregations and reclassifications are provided in separate tables included in the attachments to this report, as also required by Consob in its Communication 6064293 of 28 July 2006.

Aggregations and reclassifications of captions in the reclassified balance sheet refer to:
- the separate presentation of financial assets of the banking segment 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 of the banking segment not constituting loans, divided into financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured 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 of the insurance segment, grouped based on the valuation method adopted for the purposes of IFRS 9 (fair value or amortised cost);
- the aggregation in one single caption of Property, equipment and intangible assets, broken down into the sub-captions Assets owned and Rights of use acquired under leases;
- the inclusion of Hedging derivatives and Fair value change of financial assets/liabilities in hedged portfolios of the banking segment under Other assets/Other liabilities;
- the inclusion of Insurance assets in Other assets;
- the separate presentation of Due to banks at amortised cost of the banking segment;
- the aggregation of Due to customers at amortised cost and Securities issued of the banking segment into one caption;
- the aggregation in one single caption (Allowances for risks and charges) of allowances for specific purposes (Employee termination indemnities and Allowances for risks and charges regarding: commitments and guarantees given, post-employment benefits and other allowances for risks and charges);
- the reclassification of Lease payables to a specific sub-caption of Other liabilities;
- the presentation of Reserves as an aggregate and net of any own shares.

Reclassified balance sheet

(millions of euro)

Assets	30.06.2024	31.12.2023	Changes amount	Changes %
Cash and cash equivalents	55,500	89,668	-34,168	-38.1
Due from banks	33,026	31,298	1,728	5.5
Loans to customers	422,214	430,492	-8,278	-1.9
Loans to customers measured at amortised cost	*420,418*	*428,758*	*-8,340*	*-1.9*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*1,796*	*1,734*	*62*	*3.6*
Financial assets measured at amortised cost which do not constitute loans	60,779	60,145	634	1.1
Financial assets measured at fair value through profit or loss	41,914	42,027	-113	-0.3
Financial assets measured at fair value through other comprehensive income	77,018	67,732	9,286	13.7
Financial assets pertaining to insurance companies measured at amortised cost	2	5	-3	-60.0
Financial assets pertaining to insurance companies measured at fair value through profit or loss	101,961	101,718	243	0.2
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	69,150	72,135	-2,985	-4.1
Investments in associates and companies subject to joint control	2,626	2,501	125	5.0
Property, equipment and intangible assets	18,596	19,392	-796	-4.1
Assets owned	*17,262*	*18,004*	*-742*	*-4.1*
Rights of use acquired under leases	*1,334*	*1,388*	*-54*	*-3.9*
Tax assets	14,094	14,535	-441	-3.0
Non-current assets held for sale and discontinued operations	1,139	265	874	
Other assets	36,403	33,338	3,065	9.2
Total Assets	**934,422**	**965,251**	**-30,829**	**-3.2**

Liabilities	30.06.2024	31.12.2023	Changes amount	Changes %
Due to banks at amortised cost	48,173	92,545	-44,372	-47.9
Due to customers at amortised cost and securities issued	556,970	547,613	9,357	1.7
Financial liabilities held for trading	45,078	43,487	1,591	3.7
Financial liabilities designated at fair value	23,314	21,344	1,970	9.2
Financial liabilities at amortised cost pertaining to insurance companies	2,185	2,199	-14	-0.6
Financial liabilities held for trading pertaining to insurance companies	107	90	17	18.9
Financial liabilities designated at fair value pertaining to insurance companies	50,775	51,438	-663	-1.3
Tax liabilities	2,699	1,946	753	38.7
Liabilities associated with non-current assets held for sale and discontinued operations	17	2	15	
Other liabilities	15,509	15,121	388	2.6
of which lease payables	*1,184*	*1,231*	*-47*	*-3.8*
Insurance liabilities	119,676	119,849	-173	-0.1
Allowances for risks and charges	4,519	5,307	-788	-14.8
of which allowances for commitments and financial guarantees given	*495*	*525*	*-30*	*-5.7*
Share capital	10,369	10,369	-	-
Reserves	43,933	42,560	1,373	3.2
Valuation reserves	-2,079	-1,711	368	21.5
Valuation reserves pertaining to insurance companies	-366	-298	68	22.8
Interim dividend	-	-2,629	-2,629	
Equity instruments	8,652	7,948	704	8.9
Minority interests	125	347	-222	-64.0
Net income (loss)	4,766	7,724	-2,958	-38.3
Total liabilities and shareholders' equity	**934,422**	**965,251**	**-30,829**	**-3.2**

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	2024		2023			
	30/6	31/3	31/12	30/9	30/6	31/3
Cash and cash equivalents	55,500	51,393	89,668	85,815	80,068	77,868
Due from banks	33,026	29,040	31,298	30,151	30,167	30,553
Loans to customers	422,214	424,232	430,492	434,708	438,496	450,832
Loans to customers measured at amortised cost	*420,418*	*421,897*	*428,758*	*432,822*	*436,582*	*448,391*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*1,796*	*2,335*	*1,734*	*1,886*	*1,914*	*2,441*
Financial assets measured at amortised cost which do not constitute loans	60,779	62,749	60,145	57,809	60,215	58,932
Financial assets measured at fair value through profit or loss	41,914	42,029	42,027	45,654	48,436	45,990
Financial assets measured at fair value through other comprehensive income	77,018	77,230	67,732	60,366	59,430	53,377
Financial assets pertaining to insurance companies measured at amortised cost	2	5	5	2	3	3
Financial assets pertaining to insurance companies measured at fair value through profit or loss	101,961	103,265	101,718	99,226	102,480	103,096
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	69,150	70,928	72,135	69,136	71,724	72,562
Investments in associates and companies subject to joint control	2,626	2,502	2,501	2,558	2,599	2,395
Property, equipment and intangible assets	18,596	18,636	19,392	18,929	18,934	19,503
Assets owned	*17,262*	*17,243*	*18,004*	*17,515*	*17,486*	*18,024*
Rights of use acquired under leases	*1,334*	*1,393*	*1,388*	*1,414*	*1,448*	*1,479*
Tax assets	14,094	14,469	14,535	15,872	16,082	17,106
Non-current assets held for sale and discontinued operations	1,139	732	265	258	615	244
Other assets	36,403	35,931	33,338	28,204	27,464	24,242
Total Assets	**934,422**	**933,141**	**965,251**	**948,688**	**956,713**	**956,703**

Liabilities	2024		2023			
	30/6	31/3	31/12	30/9	30/6	31/3
Due to banks at amortised cost	48,173	55,998	92,545	97,431	94,123	120,108
Due to customers at amortised cost and securities issued	556,970	544,952	547,613	534,444	533,723	516,598
Financial liabilities held for trading	45,078	44,737	43,487	47,428	47,639	45,682
Financial liabilities designated at fair value	23,314	23,218	21,344	16,388	13,608	10,893
Financial liabilities at amortised cost pertaining to insurance companies	2,185	2,222	2,199	2,422	2,326	2,275
Financial liabilities held for trading pertaining to insurance companies	107	67	90	193	96	111
Financial liabilities designated at fair value pertaining to insurance companies	50,775	51,748	51,438	50,715	53,160	54,099
Tax liabilities	2,699	2,671	1,946	3,116	2,938	1,964
Liabilities associated with non-current assets held for sale and discontinued operations	17	5	2	13	-	-
Other liabilities	15,509	15,686	15,121	11,157	22,127	17,734
of which lease payables	*1,184*	*1,244*	*1,231*	*1,243*	*1,273*	*1,304*
Insurance liabilities	119,676	120,561	119,849	115,616	119,381	119,815
Allowances for risks and charges	4,519	5,160	5,307	4,908	4,955	5,644
of which allowances for commitments and financial guarantees given	*495*	*496*	*525*	*538*	*539*	*673*
Share capital	10,369	10,369	10,369	10,369	10,369	10,369
Reserves	43,933	50,153	42,560	42,464	42,585	45,538
Valuation reserves	-2,079	-1,977	-1,711	-1,917	-1,709	-1,794
Valuation reserves pertaining to insurance companies	-366	-302	-298	-466	-375	-420
Interim dividend	-	-2,629	-2,629	-	-	-1,400
Equity instruments	8,652	7,889	7,948	7,939	7,217	7,214
Minority interests	125	312	347	346	328	317
Net income (loss)	4,766	2,301	7,724	6,122	4,222	1,956
Total Liabilities and Shareholders' Equity	**934,422**	**933,141**	**965,251**	**948,688**	**956,713**	**956,703**

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

BANKING BUSINESS

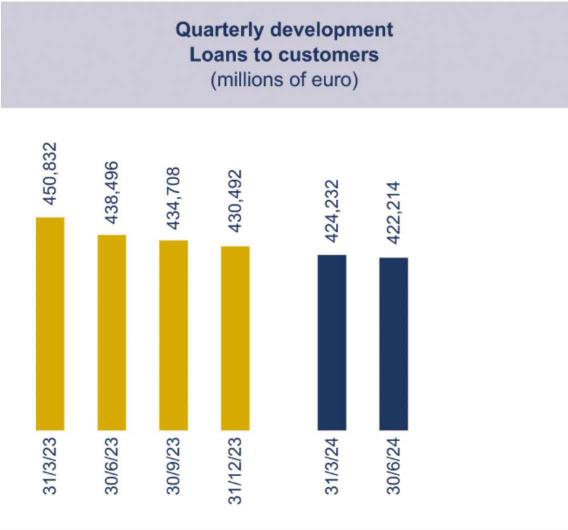
Loans to customers

Loans to customers: breakdown

(millions of euro)

	30.06.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Current accounts	19,847	4.7	21,662	5.0	-1,815	-8.4
Mortgages	220,030	52.1	225,928	52.4	-5,898	-2.6
Advances and other loans	150,658	35.7	155,436	36.1	-4,778	-3.1
Commercial banking loans	**390,535**	**92.5**	**403,026**	**93.5**	**-12,491**	**-3.1**
Repurchase agreements	**19,842**	**4.7**	**16,636**	**3.9**	**3,206**	**19.3**
Loans represented by securities	**7,079**	**1.7**	**5,850**	**1.4**	**1,229**	**21.0**
Non-performing loans	**4,758**	**1.1**	**4,980**	**1.2**	**-222**	**-4.5**
Loans to customers	**422,214**	**100.0**	**430,492**	**100.0**	**-8,278**	**-1.9**

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



As at 30 June 2024, loans to customers of the Group totalled 422.2 billion euro, down slightly (-1.9%) from the end of 2023. This was driven by commercial banking loans (-3.1%, or -12.5 billion euro), which registered a decrease in mortgage loans (-5.9 billion euro), particularly to businesses, in advances and other loans (-4.8 billion euro) and in current account facilities (-1.8 billion euro). Interest rates, which remained high in the first half, led businesses to limit their use of bank loans, relying instead on their own liquidity or alternative sources of funding.

Among the other components, which represent a less significant proportion of the total aggregate, there was an increase in repurchase agreements (+19.3%, or +3.2 billion euro) and loans represented by securities (+21%, or +1.2 billion euro). Lastly, non-performing loans decreased slightly from the end of 2023 (-0.2 billion euro).

In the first six months of 2024, the Group made total medium/long-term disbursements of 31.4 billion euro, consisting of 20.3 billion euro for Italy and 11.1 billion euro for the international operations.

In the domestic market, the Banca dei Territori recorded loans of 14.4 billion euro, of which 8.5 billion euro to households (retail and exclusive segments), 4.7 billion euro to businesses (companies with a turnover of up to 350 million euro), 0.9 billion euro to agribusiness, and 0.3 billion euro to the non-profit sector, third party networks, Prestitalia and Isybank. In addition, the IMI Corporate & Investment Banking Division disbursed 5.9 billion euro in Italy.

For the international operations, the loans included IMI C&IB international, for 6.1 billion euro, and the International Subsidiary Banks Division, for 5 billion euro.

As at 30 June 2024, the Intesa Sanpaolo Group's share of the Italian domestic market was estimated at 18.1% for total loans to customers. This estimate was based on the sample deriving from the ten-day report of the Bank of Italy for June, as the global banking system figures were not yet available.

With regard to the specific measures to support the production system, established in response to the COVID-19 pandemic, Intesa Sanpaolo was the first Bank in Italy to sign the collaboration protocol with SACE. Overall, Intesa Sanpaolo provided a plafond of 50 billion euro dedicated to loans in favour of companies under which, also through the SME Fund, a total of 49 billion euro[33] in loans backed by government guarantee were disbursed from the start of the pandemic (in application of the "*Liquidità*" Decree Law no. 23 of 8 April 2020): 13.4 billion euro backed by SACE guarantee and around 35.6 billion euro backed by SME Fund guarantee. The data regarding the monitoring of the guarantees from the "Fondo Centrale di Garanzia" (Central Guarantee Fund), despite showing higher impairment rates than the rest of the loans, do not identify significant risks, thanks to the careful and timely management.
At consolidated level, also considering the operations in the other countries where the Group has a presence, as at June 2024 the residual debt of exposures subject to government guarantee schemes totalled 20.1 billion euro, compared to 24.5 billion euro in December 2023. The decrease, essentially attributable to the Parent Company, was correlated with the redemptions during the period.

Under the Bank's initiatives related to the measures established by the "*Rilancio*" Decree (Decree Law 34/2020) for the relaunch of the construction sector, Intesa Sanpaolo – through the Banca dei Territori and IMI Corporate & Investment Banking Divisions – has purchased tax credits of 35.3 billion euro (27.1 billion euro as at 31 December 2023) from the start of the operations through to 30 June 2024. This is in addition to 0.9 billion euro of contracts signed and 1.5 billion euro of applications received that are undergoing validation, which will be assessed in light of the regulatory changes (Legislative Decree no. 39 of 29 March 2024 converted into Law no. 67 of 23 May 2024).
Net of the decreases of around 12 billion euro (attributable to offsetting carried out during the period, deferrals recognised, resales carried out and fair value adjustments, where required by the business model of reference), as at 30 June 2024 tax credits of 23.3 billion euro (20.1 billion euro at the end of 2023) were recognised in the financial statements under caption 130 Other assets of the Consolidated balance sheet, which in the Reclassified consolidated balance sheet converge in the caption Other assets.

(millions of euro)

	30.06.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	226,038	232,406	-6,368	-2.7
IMI Corporate & Investment Banking	122,993	124,215	-1,222	-1.0
International Subsidiary Banks	43,470	43,002	468	1.1
Private Banking	13,681	14,372	-691	-4.8
Asset Management	285	243	42	17.3
Insurance	-	-	-	-
Total business areas	**406,467**	**414,238**	**-7,771**	**-1.9**
Corporate Centre	15,747	16,254	-507	-3.1
Intesa Sanpaolo Group	**422,214**	**430,492**	**-8,278**	**-1.9**

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, the Banca dei Territori Division, which accounts for 55.5% of the aggregate of the Group's business areas, recorded a decrease from the beginning of the year (-2.7%, or -6.4 billion euro), essentially due to the performance of loans to businesses which, in the presence of high interest rates, limited their use of bank loans, relying instead on their own liquidity or alternative sources of funding. Decreases in loans were recorded also by the IMI Corporate & Investment Banking Division (-1%, or -1.2 billion euro), due to the decline for Global Corporate, partly mitigated by the positive performance of the Global Markets operations, as well as operations with international and institutional customers, and the Private Banking Division (-4.8%, or -0.7 billion euro), due to the reduction in current account facilities and mortgage loans. In contrast, there was a slight increase in the loans of the International Subsidiary Banks Division (+1.1%, or +0.5 billion euro), mainly attributable to the higher contribution from the subsidiaries operating in Croatia and Slovakia.
The loans of the Asset Management Division, which are relatively modest in scope owing to its line of business, increased by 17.3%.
The Corporate Centre's loans decreased by 3.1%.

[33] Including the former UBI Banca Group and considering the sale of branches carried out in the first half of 2021.

Loans to customers: credit quality

(millions of euro)

	30.06.2024		31.12.2023		Change
	Net exposure	% breakdown	Net exposure	% breakdown	Net exposure
Bad loans	1,045	0.2	940	0.2	105
Unlikely to pay	3,312	0.8	3,575	0.9	-263
Past due loans	401	0.1	465	0.1	-64
Non-Performing Loans	**4,758**	**1.1**	**4,980**	**1.2**	**-222**
Non-performing loans in Stage 3 (subject to impairment)	*4,726*	*1.1*	4,932	*1.2*	*-206*
Non-performing loans measured at fair value through profit or loss	*32*	*-*	*48*	*-*	*-16*
Performing loans	**410,304**	**97.2**	**419,567**	**97.4**	**-9,263**
Stage 2	*34,369*	*8.1*	*36,275*	*8.4*	*-1,906*
Stage 1	*375,160*	*88.9*	*382,603*	*88.8*	*-7,443*
Performing loans measured at fair value through profit or loss	*775*	*0.2*	*689*	*0.2*	*86*
Performing loans represented by securities	**7,079**	**1.7**	**5,850**	**1.4**	**1,229**
Stage 2	*252*	*0.1*	*339*	*0.1*	*-87*
Stage 1	*6,827*	*1.6*	*5,511*	*1.3*	*1,316*
Loans held for trading	**73**	**-**	**95**	**-**	**-22**
Total loans to customers	**422,214**	**100.0**	**430,492**	**100.0**	**-8,278**
of which forborne performing	***4,395***		***4,797***		***-402***
of which forborne non-performing	***1,714***		***1,806***		***-92***
Loans to customers classified as non-current assets held for sale	**532**		**139**		**393**

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

As at 30 June 2024, the net non-performing loans of the Group amounted to 4,758 million euro, lower than the figure recorded as at 31 December 2023 (4,980 million euro), and representing a new all-time low, continuing the virtuous trend already recorded in the previous quarters. The ratio of non-performing loans to total net loans to customers came to 1.1% (1% according to the EBA definition) with the coverage ratio for non-performing loans increasing to 50.7% from 49.9% at the end of 2023.
In further detail, in June 2024 bad loans amounted to 1,045 million euro (+11.2% from 31 December 2023), net of adjustments, representing 0.2% of total net loans with a coverage ratio of 70.8%. Loans included in the unlikely-to-pay category amounted to 3.3 billion euro, down by 7.4%, accounting for 0.8% of total net loans to customers, with a coverage ratio of 39.7%. Past due loans amounted to 401 million euro (-13.8% from the end of 2023), with a coverage ratio of 31.6%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 1.7 billion euro, with a coverage ratio of 46.2%. Forborne exposures in the performing loan category amounted to 4.4 billion euro.

At the end of June 2024, net performing loans amounted to 410.3 billion euro, down by 9.3 billion euro (-2.2%) on the end of 2023, with an overall coverage ratio of 0.56% of which 4.63% (from 4.59% at the end of 2023) for Stage 2 loans and 0.17% (0.18% at the end of December 2023) for Stage 1 loans. In terms of stock, net loans in Stage 1 decreased by 1.9% to 375.2 billion euro and those in Stage 2 fell by 5.3% to 34.4 billion euro.

The table below shows the gross exposure, total adjustments and net exposure of Loans to customers in relation to their risk profile.

(millions of euro)

	30.06.2024			31.12.2023			Change
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Bad loans	3,577	-2,532	1,045	3,400	-2,460	940	105
Unlikely to pay	5,488	-2,176	3,312	5,889	-2,314	3,575	-263
Past due loans	586	-185	401	649	-184	465	-64
Non-Performing Loans	**9,651**	**-4,893**	**4,758**	**9,938**	**-4,958**	**4,980**	**-222**
Non-performing loans in Stage 3 (subject to impairment)	*9,587*	*-4,861*	*4,726*	*9,860*	*-4,928*	*4,932*	*-206*
Non-performing loans measured at fair value through profit or loss	*64*	*-32*	*32*	*78*	*-30*	*48*	*-16*
Performing loans	**412,609**	**-2,305**	**410,304**	**422,019**	**-2,452**	**419,567**	**-9,263**
Stage 2	*36,037*	*-1,668*	*34,369*	*38,021*	*-1,746*	*36,275*	*-1,906*
Stage 1	*375,797*	*-637*	*375,160*	*383,309*	*-706*	*382,603*	*-7,443*
Performing loans measured at fair value through profit or loss	*775*	*-*	*775*	*689*	*-*	*689*	*86*
Performing loans represented by securities	**7,097**	**-18**	**7,079**	**5,875**	**-25**	**5,850**	**1,229**
Stage 2	*263*	*-11*	*252*	*358*	*-19*	*339*	*-87*
Stage 1	*6,834*	*-7*	*6,827*	*5,517*	*-6*	*5,511*	*1,316*
Loans held for trading	**73**	**-**	**73**	**95**	**-**	**95**	**-22**
Total loans to customers	**429,430**	**-7,216**	**422,214**	**437,927**	**-7,435**	**430,492**	**-8,278**
of which forborne performing	***4,724***	***-329***	***4,395***	***5,134***	***-337***	***4,797***	***-402***
of which forborne non-performing	***3,188***	***-1,474***	***1,714***	***3,230***	***-1,424***	***1,806***	***-92***
Loans to customers classified as non-current assets held for sale	**907**	**-375**	**532**	**181**	**-42**	**139**	**393**

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

As at 30 June 2024, the Group's gross non-performing loans dropped to 9.7 billion euro, down by 0.3 billion euro (-2.9%) compared to December 2023. The NPL ratio was 2.2% gross and 1.1% net (1.9% and 1%, respectively, gross and net according to the EBA methodology).
As already described, this result was attributable to the ongoing de-risking initiatives, and also reflect an amount of non-performing loans classified as assets held for sale, having met the conditions for applicability based on IFRS 5, with a gross book value of 0.9 billion euro at the end of June 2024. The process of NPL deleveraging also continued to benefit from modest new inflows from performing loans due to the performance of the prevention initiatives.
During the first six months, gross inflows came to 1.5 billion euro (0.7 billion euro in the first quarter and 0.8 billion euro in the second), in line with the figure recorded in the same period of 2023. In net terms, that is, net of outflows to performing loans, inflows came to 1.3 billion euro (0.6 billion euro in the first three months and 0.7 billion euro in the second quarter), compared to 1.1 billion euro in the first half of 2023.
The table shows that the decrease from the end of 2023 in gross non-performing loans was due to unlikely-to-pay loans (-6.8%, or -401 million euro) and past-due loans (-9.7%, or -63 million euro), against an increase in bad loans of 177 million euro (+5.2%).

Other banking business financial assets and liabilities: breakdown

(millions of euro)

Type of financial instruments	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL Banking business financial assets	Banking business financial liabilities held for trading (*)
Debt securities issued by Governments					
30.06.2024	5,618	51,742	40,669	**98,029**	X
31.12.2023	5,953	44,780	38,014	**88,747**	X
Changes amount	-335	6,962	2,655	**9,282**	X
Changes %	-5.6	15.5	7.0	**10.5**	X
Other debt securities					
30.06.2024	5,050	24,012	20,110	**49,172**	X
31.12.2023	4,379	21,660	22,131	**48,170**	X
Changes amount	671	2,352	-2,021	**1,002**	X
Changes %	15.3	10.9	-9.1	**2.1**	X
Equities					
30.06.2024	2,226	1,264	X	**3,490**	X
31.12.2023	2,385	1,292	X	**3,677**	X
Changes amount	-159	-28	X	**-187**	X
Changes %	-6.7	-2.2	X	**-5.1**	X
Quotas of UCI					
30.06.2024	4,028	X	X	**4,028**	X
31.12.2023	3,817	X	X	**3,817**	X
Changes amount	211	X	X	**211**	X
Changes %	5.5	X	X	**5.5**	X
Due to banks and to customers					
30.06.2024	X	X	X	**X**	-9,631
31.12.2023	X	X	X	**X**	-8,713
Changes amount	X	X	X	**X**	918
Changes %	X	X	X	**X**	10.5
Financial derivatives					
30.06.2024	22,788	X	X	**22,788**	-23,744
31.12.2023	24,218	X	X	**24,218**	-25,051
Changes amount	-1,430	X	X	**-1,430**	-1,307
Changes %	-5.9	X	X	**-5.9**	-5.2
Credit derivatives					
30.06.2024	2,204	X	X	**2,204**	-2,273
31.12.2023	1,275	X	X	**1,275**	-1,137
Changes amount	929	X	X	**929**	1,136
Changes %	72.9	X	X	**72.9**	
TOTAL 30.06.2024	**41,914**	**77,018**	**60,779**	**179,711**	**-35,648**
TOTAL 31.12.2023	**42,027**	**67,732**	**60,145**	**169,904**	**-34,901**
Changes amount	**-113**	**9,286**	**634**	**9,807**	**747**
Changes %	**-0.3**	**13.7**	**1.1**	**5.8**	**2.1**

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 those pertaining to 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 179.7 billion euro, up by 9.8 billion euro compared to the end of the year (+5.8%). Financial liabilities held for trading increased (+2.1%) to 35.6 billion euro.

The increase in total financial assets was essentially due to the performance of debt securities (+10.3 billion euro), while the decline in financial derivatives (-1.4 billion euro) was offset by an increase in credit derivatives (+0.9 billion euro). The slight increase in financial liabilities held for trading was due to the increase in credit derivatives (+1.1 billion euro) and amounts due to banks and customers (+0.9 billion euro), partially offset by the decrease in financial derivatives (-1.3 billion euro).

Financial assets measured at fair value through profit or loss amounted to 41.9 billion euro, slightly lower than the figure at the end of 2023, with the decrease in financial derivatives, government debt securities and equities offset by the increase in credit derivatives, other debt securities and quotas of UCI.
Instruments measured at amortised cost which do not constitute loans amounted to 60.8 billion euro, up by 1.1%, due to the performance of government debt securities. HTC debt securities have primarily been classified to Stage 1 (89.6%).
Financial assets measured at fair value through other comprehensive income, which reached 77 billion euro, also increased from the end of 2023 (+13.7%), essentially due to the performance of debt securities. HTCS debt securities have been classified almost exclusively to Stage 1 (98.9%).

Debt securities: stage allocation

(millions of euro)

Debt securities: stage allocation	Financial assets measured at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL
Stage 1			
30.06.2024	74,922	54,474	**129,396**
31.12.2023	64,752	53,141	**117,893**
Changes amount	10,170	1,333	**11,503**
Changes %	15.7	2.5	**9.8**
Stage 2			
30.06.2024	832	6,293	**7,125**
31.12.2023	1,688	6,982	**8,670**
Changes amount	-856	-689	**-1,545**
Changes %	-50.7	-9.9	**-17.8**
Stage 3			
30.06.2024	-	12	**12**
31.12.2023	-	22	**22**
Changes amount	-	-10	**-10**
Changes %	-	-45.5	**-45.5**
TOTAL 30.06.2024	**75,754**	**60,779**	**136,533**
TOTAL 31.12.2023	**66,440**	**60,145**	**126,585**
Changes amount	**9,314**	**634**	**9,948**
Changes %	**14.0**	**1.1**	**7.9**

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

The reduction from December in securities classified as Stage 2, which totalled -1.5 billion euro, was attributable for 55% to securities measured at fair value through other comprehensive income and for the remainder to instruments measured at amortised cost which do not constitute loans.

Customer financial assets

(millions of euro)

	30.06.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Direct deposits from banking business	589,714	43.6	577,543	44.3	12,171	2.1
Direct deposits from insurance business	171,928	12.7	172,746	13.2	-818	-0.5
Indirect customer deposits	757,058	55.9	720,382	55.2	36,676	5.1
Netting (a)	-165,376	-12.2	-165,543	-12.7	-167	-0.1
Customer financial assets	**1,353,324**	**100.0**	**1,305,128**	**100.0**	**48,196**	**3.7**

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

(a) The netting relates to components of indirect customer deposits that also constitute types of direct deposits (financial liabilities of the insurance segment measured at fair value and insurance liabilities).

As at 30 June 2024 customer financial assets, after netting, reached 1,353 billion euro, up from the year end (+3.7%, or +48.2 billion euro), driven by indirect customer deposits (+5.1%, or +36.7 billion euro) and, to a lesser extent, by direct deposits from banking business (+2.1%, or +12.2 billion euro). Direct deposits from insurance business, on the other hand, decreased slightly (-0.5%) compared to the end of December.

Direct deposits from banking business

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

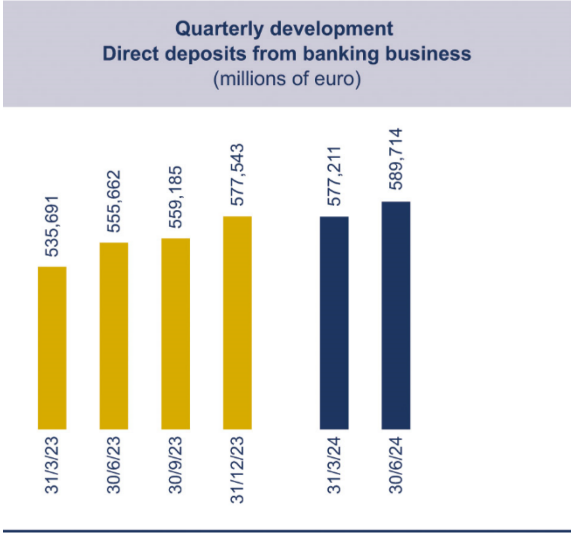
(millions of euro)

	30.06.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	399,591	67.8	409,311	70.8	-9,720	-2.4
Repurchase agreements and securities lending	26,505	4.5	13,009	2.3	13,496	
Bonds	82,750	14.0	78,321	13.6	4,429	5.7
Certificates of deposit	2,254	0.4	2,334	0.4	-80	-3.4
Subordinated liabilities	11,205	1.9	12,158	2.1	-953	-7.8
Other deposits	67,409	11.4	62,410	10.8	4,999	8.0
of which measured at fair value (*)	*32,744*	*5.6*	*29,930*	*5.2*	*2,814*	*9.4*
Direct deposits from banking business	**589,714**	**100.0**	**577,543**	**100.0**	**12,171**	**2.1**

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 June 2024, this caption consisted of 9,430 million euro of certificates classified under “Financial liabilities held for trading” and 23,314 million euro of certificates (23,310 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”;
- as at 31 December 2023, this caption consisted of 8,586 million euro of certificates classified under “Financial liabilities held for trading” and 21,344 million euro of certificates (21,340 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”.

Bearer instruments issued are conventionally fully attributed to funding from customers.

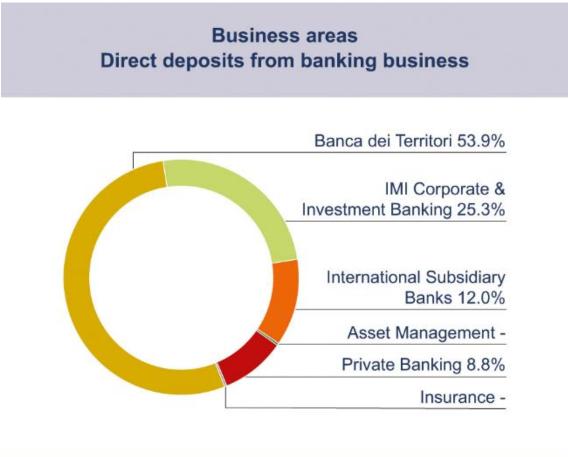


The Group's direct deposits from banking business totalled 589.7 billion euro, up from the end of the year, essentially due to an increase in repurchase agreements (+13.5 billion euro), bonds (+4.4 billion euro) and other deposits (+5 billion euro), thanks to the performance of certificates and commercial paper, which offset the decline in current accounts and deposits (-9.7 billion euro).
The recomposition within the direct deposits aggregate, already underway in 2023, should be viewed in a scenario of continued high interest rates, where companies used their liquidity to reduce their use of bank loans, and retail customers redirected a portion of their available funds held on current accounts to more remunerative investment products, such as certificates, as well as government and corporate bond issues, which increased the dossiers of assets under administration (+23.1 billion euro).
As at 30 June 2024, the Intesa Sanpaolo Group's direct deposits (deposits and bonds) represented an estimated share of the domestic market of 21.7%. 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)

	30.06.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	263,775	270,604	-6,829	-2.5
IMI Corporate & Investment Banking	124,328	113,087	11,241	9.9
International Subsidiary Banks	59,050	59,317	-267	-0.5
Private Banking	43,383	45,805	-2,422	-5.3
Asset Management	24	16	8	50.0
Insurance	-	-	-	-
Total business areas	**490,560**	**488,829**	**1,731**	**0.4**
Corporate Centre	99,154	88,714	10,440	11.8
Intesa Sanpaolo Group	**589,714**	**577,543**	**12,171**	**2.1**

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



In the analysis of funding by sector, the Banca dei Territori Division, which accounts for 53.9% of the aggregate attributable to the Group's operating business areas, came in below the levels of the previous year (-2.5%, or -6.8 billion euro), in view of the decrease in amounts due to customers. In response to continued high interest rates, businesses used their liquidity to limit the use of bank loans, and households redirected a portion of their available funds on current accounts to more remunerative investment products.
There was also a decrease for Private Banking (-5.3%, or -2.4 billion euro), due to the reduction in time deposits, only partly offset by the increase in current account deposits, and for the International Subsidiary Banks (-0.5%, or -0.3 billion euro). In contrast, direct deposits increased significantly for IMI Corporate & Investment Banking (+9.9%, or +11.2 billion euro), thanks to the increase in amounts due to global markets and institutional customers, the performance of the transactions in certificates and the growth in securities issued, particularly of the Luxembourg subsidiary.
The significant growth in the Corporate Centre funding (+10.4 billion euro) was mainly attributable to transactions in wholesale securities and repurchase agreements.

Indirect customer deposits

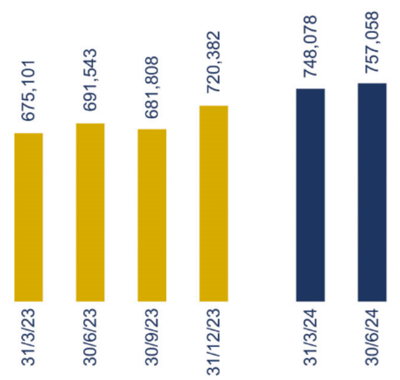
(millions of euro)

	30.06.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Mutual funds [a]	161,120	21.3	155,524	21.6	5,596	3.6
Open-ended pension funds and individual pension plans	16,014	2.1	14,855	2.1	1,159	7.8
Portfolio management	85,623	11.3	80,066	11.1	5,557	6.9
Insurance liabilities and insurance financial liabilities	165,376	21.8	165,543	23.0	-167	-0.1
Relations with institutional customers	27,645	3.7	26,231	3.6	1,414	5.4
Assets under management	**455,778**	**60.2**	**442,219**	**61.4**	**13,559**	**3.1**
Assets under administration and in custody	**301,280**	**39.8**	**278,163**	**38.6**	**23,117**	**8.3**
Indirect customer deposits	**757,058**	**100.0**	**720,382**	**100.0**	**36,676**	**5.1**

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 insurance liabilities and insurance financial liabilities, 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 June 2024, indirect customer deposits exceeded 757 billion euro, up by 5.1% from the end of 2023. The trend was due to assets under administration and assets under management, which also benefited from strong market performance.

Assets under management, which at 455.8 billion euro accounted for 60.2% of the total aggregate, recorded an increase (+3.1%, or +13.6 billion euro). This increase was attributable to portfolio management schemes (+5.6 billion euro), mutual funds (+5.6 billion euro), relations with institutional customers (+1.4 billion euro), and open pension funds and individual pension policies (+1.2 billion euro), while insurance liabilities and insurance financial liabilities were substantially stable (-0.1%). In the first six months of 2024, the new life business of the insurance companies of the Intesa Sanpaolo Group, including pension products, amounted to 8.4 billion euro. Assets under administration, amounting to 301.3 billion euro, increased (+8.3%, or +23.1 billion euro), concentrated in securities and third-party products in custody, to which investors have transferred part of their liquidity in order to benefit from higher yields.

Amounts due from and to banks - net interbank position

(millions of euro)

	30.06.2024	31.12.2023	Changes	
			amount	%
Cash and cash equivalents	**52,349**	**85,673**	**-33,324**	**-38.9**
- Current accounts and on demand deposits with Central Banks (*)	*48,207*	*81,834*	*-33,627*	*-41.1*
- Current accounts and on demand deposits with banks	*4,142*	*3,839*	*303*	*7.9*
Due from banks	**33,026**	**31,298**	**1,728**	**5.5**
- Reserve requirement (**)	*7,072*	*7,772*	*-700*	*-9.0*
- Time deposits	*5,120*	*3,949*	*1,171*	*29.7*
- Repurchase agreements	*11,601*	*8,957*	*2,644*	*29.5*
- Other	*9,233*	*10,620*	*-1,387*	*-13.1*
Total due from banks	**85,375**	**116,971**	**-31,596**	**-27.0**
- Demand deposits and time deposits	*7,235*	*6,980*	*255*	*3.7*
- TLTRO III	*60*	*45,060*	*-45,000*	*-99.9*
- Repurchase agreements	*21,831*	*21,911*	*-80*	*-0.4*
- Other debts	*19,047*	*18,594*	*453*	*2.4*
Total due to banks	**48,173**	**92,545**	**-44,372**	**-47.9**
NET INTERBANK POSITION	**37,202**	**24,426**	**12,776**	**52.3**

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

(*) Of which with European Central Bank: 42,946 million euro as at 30 June 2024 and 75,162 million euro as at 31 December 2023.

(**) Of which with European Central Bank: 4,130 million euro as at 30 June 2024 and 4,603 million euro as at 31 December 2023.

As at 30 June 2024, the Group's net interbank position – calculated considering all the on-demand liquidity, both at Central Banks and at other banks, recognised under "Cash and cash equivalents", and no longer just that with the ECB – presented a positive imbalance of 37.2 billion euro, an improvement compared to 24.4 billion euro at the end of 2023.
As shown in the table, the change was driven by a 47.9% reduction in liabilities, attributable to the almost total repayment of the TLTROs III during the half year (36 billion euro in March and 9 billion euro in June). At the end of June, the outstanding TLTRO III refinancing stood at a nominal amount of only 60 million euro, maturing on 25 September 2024.
On the side of assets held at banks, there was also a decrease, although smaller (-27%), mainly due to liquidity in on-demand deposits with central banks (-33.6 billion euro), and in particular with the ECB (-32.2 billion euro). Amounts due from banks grew by a total of 5.5%, which reflected the movements, also in opposite directions, of different technical forms through which normal interbank operations are carried out.

INSURANCE BUSINESS

Financial assets and liabilities pertaining to insurance companies

(millions of euro)

Type of financial instruments	Financial assets pertaining to insurance companies measured at fair value through profit or loss and Hedging derivatives	Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	Financial assets pertaining to insurance companies measured at amortised cost	TOTAL Financial assets pertaining to insurance companies	Due to Banks and Financial Derivatives pertaining to insurance companies (*)	
Debt securities issued by Governments						
30.06.2024	5,086	51,454	-	**56,540**	X	
31.12.2023	4,536	55,834	-	**60,370**	X	
Changes amount	550	-4,380	-	**-3,830**	X	
Changes %	12.1	-7.8	-	**-6.3**	X	
Other debt securities						
30.06.2024	3,183	17,689	-	**20,872**	X	
31.12.2023	3,185	16,294	-	**19,479**	X	
Changes amount	-2	1,395	-	**1,393**	X	
Changes %	-0.1	8.6	-	**7.2**	X	
Equities						
30.06.2024	5,789	7	-	**5,796**	X	
31.12.2023	5,523	7	-	**5,530**	X	
Changes amount	266	-	-	**266**	X	
Changes %	4.8	-	-	**4.8**	X	
Quotas of UCI						
30.06.2024	87,516	-	-	**87,516**	X	
31.12.2023	87,998	-	-	**87,998**	X	
Changes amount	-482	-	-	**-482**	X	
Changes %	-0.5	-	-	**-0.5**	X	
Due from banks and loans to customers						
30.06.2024	340	-	2	**342**	X	
31.12.2023	425	-	5	**430**	X	
Changes amount	-85	-	-3	**-88**	X	
Changes %	-20.0	-	-60.0	**-20.5**	X	
Due to banks						
30.06.2024	X	X	X	**X**	708	(**)
31.12.2023	X	X	X	**X**	740	(**)
Changes amount	X	X	X	**X**	-32	
Changes %	X	X	X	**X**	-4.3	
Financial derivatives						
30.06.2024	47	-	-	**47**	107	(***)
31.12.2023	51	-	-	**51**	90	(***)
Changes amount	-4	-	-	**-4**	17	
Changes %	-7.8	-	-	**-7.8**	18.9	
Credit derivatives						
30.06.2024	-	-	-	**-**	-	(***)
31.12.2023	-	-	-	**-**	-	(***)
Changes amount	-	-	-	**-**	-	
Changes %	-	-	-	**-**	-	
TOTAL 30.06.2024	**101,961**	**69,150**	**2**	**171,113**	**815**	
TOTAL 31.12.2023	**101,718**	**72,135**	**5**	**173,858**	**830**	
Changes amount	**243**	**-2,985**	**-3**	**-2,745**	**-15**	
Changes %	**0.2**	**-4.1**	**-60.0**	**-1.6**	**-1.8**	

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

(*) This amount does not include "Financial liabilities designated at fair value pertaining to insurance companies" included in the table on direct deposits from insurance business.

(**) Value included in the Balance sheet under “Financial liabilities at amortised cost pertaining to insurance companies".

(***) Value included in the Balance Sheet under “Financial liabilities held for trading pertaining to insurance companies".

Financial assets and amounts due to banks, and financial derivatives pertaining to insurance companies, summarised in the table above, amounted to 171.1 billion euro and 815 million euro, respectively. Financial assets were down on the figure at the end of 2023 (-1.6%), due to the decline in government debt securities (-3.8 billion euro) and, to a lesser extent, in quotas of UCI (-0.5 billion euro), partly offset by the rise for other debt securities (+1.4 billion euro) and equities (+0.3 billion euro).

Direct deposits from insurance business

(millions of euro)

	30.06.2024				31.12.2023				Changes	
	Life	**Non-life**	**Total**	**% breakdown**	**Life**	**Non-life**	**Total**	**% breakdown**	**amount**	**%**
Liabilities for remaining coverage (*)	117,375	993	118,368	68.8	117,353	944	118,297	68.4	71	0.1
of which: Present value of cash flows	*108,866*	*188*	*109,054*	*63.4*	*108,482*	*193*	*108,675*	*62.9*	*379*	*0.3*
of which: Adjustment for non-financial risks	*435*	*18*	*453*	*0.3*	*387*	*16*	*403*	*0.2*	*50*	*12.4*
of which: Contractual service margin	*8,074*	*314*	*8,388*	*4.9*	*8,484*	*336*	*8,820*	*5.1*	*-432*	*-4.9*
Liabilities for incurred claims	657	651	1,308	0.8	667	885	1,552	1.0	-244	-15.7
Total Insurance liabilities	**118,032**	**1,644**	**119,676**	**69.6**	**118,020**	**1,829**	**119,849**	**69.4**	**-173**	**-0.1**
Investment contracts										
Unit linked (**)	50,775	-	50,775	29.5	51,438	-	51,438	29.8	-663	-1.3
Total Financial liabilities	**50,775**	**-**	**50,775**	**29.5**	**51,438**	**-**	**51,438**	**29.8**	**-663**	**-1.3**
Other insurance deposits (***)	**1,477**	**-**	**1,477**	**0.9**	**1,459**	**-**	**1,459**	**0.8**	**18**	**1.2**
Direct deposits from insurance business	**170,284**	**1,644**	**171,928**	**100.0**	**170,917**	**1,829**	**172,746**	**100.0**	**-818**	**-0.5**

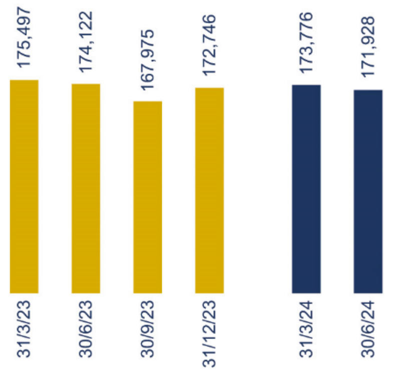
Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

(*) The value of the Liabilities for remaining coverage in the Non-Life columns also includes the liabilities measured using the simplified Premium Allocation Approach, which does not require the opening in the individual breakdown captions.

(**) Values included in the Balance Sheet under “Financial liabilities designated at fair value pertaining to insurance companies”.

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

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



Direct deposits from insurance business stood at 171.9 billion euro as at 30 June 2024, down slightly (-0.5%, or -0.8 billion euro) compared to the end of 2023. The decrease was attributable to financial liabilities of the life business (-1.3%, or -0.7 billion euro), consisting of unit-linked products, and, to a lesser extent, to insurance liabilities (-0.1%, or -0.2 billion euro), in particular for liabilities for incurred claims. Other insurance deposits, which represent a marginal component of the total aggregate and include subordinated liabilities, were up by 1.2% compared to December 2023.

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 June 2024, assets held for sale were recognised in the amount of 1.1 billion euro, mainly consisting of (i) non-performing loan portfolios for a total gross book value of 0.9 billion euro held for sale, especially through the transfer to alternative investment funds that invest in credit exposures, as part of specific projects launched in the second quarter of 2024; (ii) the investment in Cronos Vita Assicurazioni, in which Intesa Sanpaolo Vita holds a 22.5% stake, as part of the system-wide transaction aimed at protecting the policyholders of Eurovita involving the five leading Italian insurance companies, for which there was a clear intention from the outset on the part of the shareholder companies to hold the investment for a limited period of time (already held for sale at the end of December 2023); and (iii) properties including those subject to transfer under the agreement between Intesa Sanpaolo and COIMA, approved by the Board of Directors of Intesa Sanpaolo on 28 March 2024 and signed by the parties on 19 April 2024. The associated liabilities amounted to 17 million euro.
At the end of 2023, assets held for sale amounted to 265 million euro, including a portfolio consisting of both unlikely-to-pay loans and high-risk performing positions, almost all of which were sold on 15 April 2024, with marginal exposures remaining that will be sold in the second half of the year. The associated liabilities amounted to 2 million euro.

SOVEREIGN RISK EXPOSURE BY COUNTRY OF RESIDENCE OF THE COUNTERPARTY

The following table illustrates the details of the exposures of the Intesa Sanpaolo Group to sovereign risk in banking business, based on management data.

(millions of euro)

	DEBT SECURITIES				LOANS
	BANKING GROUP			TOTAL (1)	
	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss		
EU Countries	**39,320**	**36,383**	**-3,438**	**72,265**	**10,507**
Austria	616	1,159	27	1,802	-
Belgium	3,363	4,332	81	7,776	-
Bulgaria	-	-	-	-	-
Croatia	157	251	47	455	1,324
Cyprus	-	-	-	-	-
Czech Republic	-	-	-	-	-
Denmark	-	-	-	-	-
Estonia	-	-	-	-	-
Finland	254	192	12	458	-
France	7,059	3,529	-284	10,304	2
Germany	49	2,013	47	2,109	-
Greece	-	-	8	8	-
Hungary	584	1,483	26	2,093	350
Ireland	335	99	6	440	-
Italy	16,975	8,244	-3,701	21,518	8,266
Latvia	-	-	-	-	14
Lithuania	-	-	-	-	-
Luxembourg	312	781	-	1,093	-
Malta	-	-	-	-	-
The Netherlands	828	119	103	1,050	-
Poland	192	91	-	283	-
Portugal	385	583	7	975	71
Romania	243	668	1	912	3
Slovakia	504	782	120	1,406	217
Slovenia	-	200	-	200	201
Spain	7,464	11,857	62	19,383	59
Sweden	-	-	-	-	-
Non-EU Countries					
Albania	41	631	2	674	-
Egypt	93	262	-	355	647
Japan	-	3,522	-	3,522	-
Russia	-	6	-	6	-
Serbia	7	667	-	674	348
United Kingdom	-	615	2	617	-
U.S.A.	3,254	9,593	251	13,098	-

Management accounts

(1) Debt securities from insurance business (excluding securities in which gathered amounts are invested from insurance policies where the total risk is borne by the policyholders) relating to Italy amounted to 44,646 million euro.

As illustrated in the table, the Banking Group's exposure to Italian government securities at the end of the first half of 2024 totalled approximately 21.5 billion euro (22.5 billion euro as at 31 December 2023), in addition to over 8 billion euro represented by loans, largely unchanged compared to the end of 2023.

SHAREHOLDERS' EQUITY

As at 30 June 2024, the Group's Shareholders' equity came to 65,275 million euro, compared to 63,963 million euro as at 31 December 2023, which included the interim dividends on the 2023 net income paid in November 2023 (-2.6 billion euro). The increase was attributable to the incorporation of the net income earned in the first six months of the current year (4,766 million euro), net of the distribution of the remaining cash amount to shareholders in May 2024 (-2.8 billion euro), for a total payout ratio – interim dividend and remaining dividend – of 70% of 2023 consolidated net income.
As stated in the chapter "The first half of 2024" of this Report on operations, to which reference should be made for further details, on 3 June the execution began – in the manner and within the terms approved by the above-mentioned Shareholders' Meeting of Intesa Sanpaolo on 24 April 2024 – of the programme of purchase of own shares for annulment (buyback) for a maximum amount of 1.7 billion euro, authorised by the ECB with decision notified on 11 March 2024.

Valuation reserves

(millions of euro)

	Reserve 31.12.2023	Change of the period	Reserve 30.06.2024
Financial assets measured at fair value through other comprehensive income (debt instruments)	-1,508	-234	-1,742
Financial assets measured at fair value through other comprehensive income (equities)	-476	116	-360
Property and equipment	1,863	-17	1,846
Foreign investment hedges	-24	15	-9
Cash flow hedges	-318	51	-267
Foreign exchange differences	-1,248	-214	-1,462
Non-current assets held for sale and discontinued operations	-	-	-
Financial liabilities designated at fair value through profit or loss (change in its creditworthiness)	-125	-118	-243
Actuarial profits (losses) on defined benefit pension plans	-187	13	-174
Portion of the valuation reserves connected with investments carried at equity	1	20	21
Legally-required revaluations	311	-	311
Valuation reserves (excluding valuation reserves pertaining to insurance companies)	**-1,711**	**-368**	**-2,079**
Valuation reserves pertaining to insurance companies	**-298**	**-68**	**-366**

Bank valuation reserves were negative (-2,079 million euro), up by 368 million euro compared to 31 December 2023 (-1,711 million euro). The negative impact was mainly due to the exchange rate differences, primarily related to the devaluation of the Egyptian pound, the reserves on debt securities and the financial liabilities designated at fair value through profit or loss. The negative value of the valuation reserves of the insurance companies, amounting to -366 million euro, also showed an increase compared to the end of 2023.

OWN FUNDS AND CAPITAL RATIOS

(millions of euro)

Own funds and capital ratios	30.06.2024	31.12.2023
Own funds		
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	40,503	41,476
Additional Tier 1 capital (AT1) net of regulatory adjustments	8,701	7,707
TIER 1 CAPITAL	**49,204**	**49,183**
Tier 2 capital net of regulatory adjustments	8,535	8,799
TOTAL OWN FUNDS	**57,739**	**57,982**
Risk-weighted assets		
Credit and counterparty risks	253,769	260,815
Market and settlement risks	15,395	12,621
Operational risks	29,550	28,471
Other specific risks (a)	209	203
RISK-WEIGHTED ASSETS	**298,923**	**302,110**
% Capital ratios		
Common Equity Tier 1 capital ratio	13.5%	13.7%
Tier 1 capital ratio	16.5%	16.3%
Total capital ratio	19.3%	19.2%

(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 June 2024 were calculated according to the harmonised rules and regulations for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013, as amended respectively by Directive 2019/878/EU (CRD V) and by Regulation (EU) 876/2019 (CRR II), which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws, and on the basis of the related Bank of Italy Circulars.

Own funds

As at 30 June 2024, Own funds amounted to 57,739 million euro.

Even if the transitional period of IFRS 9 has ended, own funds take account of the provisions of the 2019 Budget Act, which temporarily called for - up to 2028 - the adjustments upon first-time adoption of the Standard to be applied in instalments for tax purposes, with the recognition of the resulting DTAs. These DTAs were fully included in the calculation of the thresholds established in Article 48 CRR, over the same time period. Moreover, it is noted that the Intesa Sanpaolo Group did not apply either the new transition regime for IFRS 9 (in force up to 31 December 2024), or the FVOCI prudential filter. These were both introduced by Regulation (EU) no. 873/2020 (Quick Fix) in the context of the pandemic.

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

As at 30 June 2024, own funds take account of the deduction following the authorisation from the ECB to purchase own shares for annulment (buyback), as approved by the Shareholders' Meeting on 24 April 2024, for a total amount of 1.7 billion euro[34].

Moreover, in compliance with Article 3 of the CRR (“Application of stricter requirements by institutions”), for the purpose of calculating own funds as at 30 June 2024, the voluntary deduction of calendar provisioning[35] on exposures within the scope of Pillar 2 was included, which entailed the deduction of an impact of around 31 basis points from CET 1.

Since 30 June 2023, the Intesa Sanpaolo Group has been complying with EBA Q&A 2021_6211, which clarifies that the amount of goodwill to deduct from an institution’s CET 1 must be that relating to directly controlled insurance companies, recognised at the date of acquisition of the significant investment in those companies, without considering the goodwill referring to subsequent acquisitions made. The latter amount was included in the calculation of risk-weighted assets (RWA), thus falling under the ordinary treatment that the Group reserves for equity investments in insurance companies.

For the purposes of calculating own funds as at 30 June 2024, the net income for the first half was taken into account, less the related dividend and other foreseeable charges[36].

[34] As stated in the opening chapter of this Report, the share buyback programme authorised by the ECB on 11 March 2024 was launched on 3 June 2024 and will end by 25 October 2024, in compliance with the terms authorised by the Shareholders’ Meeting of Intesa Sanpaolo.

[35] The addendum to ECB Guidance on non-performing loans of 2018 contemplates the possibility that banks “deduce” on their own initiative specific amounts from CET 1, to anticipate supervisory requests, in the event of divergence between the prudential framework, which expects adjustments not based on credit risk measurement criteria, and the accounting framework.

[36] Coupons accrued on the Additional Tier 1 issues (195 million euro).

Risk-weighted assets
As at 30 June 2024, risk-weighted assets came to 298,923 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risks.
Common Equity Tier 1 Capital and risk-weighted assets as at 30 June 2024 take account of the impact of the application of the "Danish Compromise" (Art. 49.1 of Regulation (EU) no. 575/2013), as per the specific authorisation received from the ECB in 2019, according to which insurance investments are treated as risk-weighted assets instead of being deducted from capital.

Solvency ratios
On the basis of the foregoing, solvency ratios as at 30 June 2024 highlighted a Common Equity ratio of 13.5%, a Tier 1 ratio of 16.5% and a Ttotal capital ratio of 19.3%.
Finally, on 30 November 2023, Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2024, following the results of the Supervisory Review and Evaluation Process (SREP).
The overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 9.35%, inclusive of the Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer requirements[37].

Reconciliation of Shareholders' equity and Common Equity Tier 1 capital

(millions of euro)

Captions	30.06.2024	31.12.2023
Group Shareholders' equity	65,275	63,963
Minority interests	125	164
Shareholders' equity as per the Balance Sheet	**65,400**	**64,127**
Interim dividend (a)	-	2,629
Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period		
- Other equity instruments eligible for inclusion in AT1	-8,701	-7,707
- Minority interests eligible for inclusion in AT1	-	-
- Minority interests eligible for inclusion in T2	-	-
- Ineligible minority interests on full phase-in	-125	-164
- Ineligible net income for the period (b)	-3,463	-5,787
- Treasury shares included under regulatory adjustments (c)	1,727	165
- Buyback of own shares (d)	-933	-
- Other ineligible components on full phase-in	-61	-325
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**53,844**	**52,938**
Regulatory adjustments (e)	**-13,341**	**-11,462**
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	**40,503**	**41,476**

(a) As at 31 December 2023, the Shareholders' equity as per the Balance Sheet did not include the interim dividend of 2,629 million euro (net of the undistributed portion in respect of the own shares held at the record date).

(b) Common Equity Tier 1 capital as at 30 June 2024 includes the net income for the period, less the related dividend and other foreseeable charges (accrued coupon on Additional Tier 1 instruments, net of the tax effects).

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

(d) The amount as at 30 June 2024 refers to the total amount of the programme of purchase of own shares for annulment (buyback), amounting to 1.7 billion euro, approved by the Shareholders' Meeting of 24 April 2024, following the receipt of the related authorisation from the Supervisory Authority on 11 March 2024, net of the portion already repurchased during the quarter, amounting to 767 million euro.

(e) The regulatory adjustments include the book value of own shares and the shares for which the Group has already received the buyback authorisation, in addition to 941 million euro of Article 3 CRR deduction (for the calendar provisioning on exposures included within the scope of Pillar 2).

[37] The Countercyclical Capital Buffer is calculated taking into account the exposure as at 30 June 2024 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2025, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for the first nine months of 2024).

Breakdown of consolidated results by business area and geographical area

Breakdown of consolidated results by business area and geographical 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.

The table below shows the main data summarising the trend of the business areas of the Intesa Sanpaolo Group in the first half of 2024 compared to the like-for-like comparison data.

The following itemised analysis of the business areas contains a description of the products and services offered, the type of customers served and the initiatives carried out in the half year. It also reports 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) 876/2019 of 20 May 2019, known as CRR II, 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.

Division 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, following the acquisition and subsequent inclusion in the scope of consolidation (International Subsidiary Banks Division) of the Romanian bank First Bank S.A. on 31 May 2024, therefore in the final part of the half-year, no economic effects were calculated but the comparative balance sheet data were restated to reflect the balance sheet entries of the acquired bank. Lastly, from the first quarter of 2024 Banca Intesa Russia was reallocated from the IMI Corporate & Investment Banking Division to the Corporate Centre, with no impact on net income.

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Operating income								
30.06.2024	5,889	2,047	1,603	1,708	490	886	965	13,588
30.06.2023	5,689	1,916	1,417	1,566	465	828	517	12,398
% change	3.5	6.8	13.1	9.1	5.4	7.0	86.7	9.6
Operating costs								
30.06.2024	-3,020	-719	-602	-487	-113	-174	-92	-5,207
30.06.2023	-3,076	-686	-549	-469	-111	-171	-149	-5,211
% change	-1.8	4.8	9.7	3.8	1.8	1.8	-38.3	-0.1
Operating margin								
30.06.2024	2,869	1,328	1,001	1,221	377	712	873	8,381
30.06.2023	2,613	1,230	868	1,097	354	657	368	7,187
% change	9.8	8.0	15.3	11.3	6.5	8.4		16.6
Net income (loss)								
30.06.2024	1,293	915	687	793	305	462	311	4,766
30.06.2023	1,264	851	678	701	260	477	-9	4,222
% change	2.3	7.5	1.3	13.1	17.3	-3.1		12.9

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Loans to customers								
30.06.2024	226,038	122,993	43,470	13,681	285	-	15,747	422,214
31.12.2023	232,406	124,215	43,002	14,372	243	-	16,254	430,492
% change	-2.7	-1.0	1.1	-4.8	17.3	-	-3.1	-1.9
Direct deposits from banking business								
30.06.2024	263,775	124,328	59,050	43,383	24	-	99,154	589,714
31.12.2023	270,604	113,087	59,317	45,805	16	-	88,714	577,543
% change	-2.5	9.9	-0.5	-5.3	50.0	-	11.8	2.1
Risk-weighted assets								
30.06.2024	77,982	107,316	36,083	12,394	2,043	-	63,105	298,923
31.12.2023	79,502	108,183	36,071	11,924	1,990	-	64,440	302,110
% change	-1.9	-0.8	-	3.9	2.7	-	-2.1	-1.1
Absorbed capital								
30.06.2024	7,089	9,779	3,978	1,209	220	4,766	3,610	30,651
31.12.2023	7,227	9,852	3,943	1,167	213	4,398	3,689	30,489
% change	-1.9	-0.7	0.9	3.6	3.3	8.4	-2.1	0.5

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

BUSINESS AREAS

Banca dei Territori

(millions of euro)

Income statement	30.06.2024	30.06.2023	Changes amount	Changes %
Net interest income	3,401	3,274	127	3.9
Net fee and commission income	2,429	2,357	72	3.1
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	58	60	-2	-3.3
Other operating income (expenses)	1	-2	3	
Operating income	**5,889**	**5,689**	**200**	**3.5**
Personnel expenses	-1,621	-1,641	-20	-1.2
Administrative expenses	-1,398	-1,434	-36	-2.5
Adjustments to property, equipment and intangible assets	-1	-1	-	-
Operating costs	**-3,020**	**-3,076**	**-56**	**-1.8**
Operating margin	**2,869**	**2,613**	**256**	**9.8**
Net adjustments to loans	-565	-611	-46	-7.5
Other net provisions and net impairment losses on other assets	-45	-61	-16	-26.2
Other income (expenses)	17	-	17	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**2,276**	**1,941**	**335**	**17.3**
Taxes on income	-745	-640	105	16.4
Charges (net of tax) for integration and exit incentives	-40	-24	16	66.7
Effect of purchase price allocation (net of tax)	-11	-13	-2	-15.4
Levies and other charges concerning the banking and insurance industry (net of tax)	-187	-	187	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**1,293**	**1,264**	**29**	**2.3**

(millions of euro)

	30.06.2024	31.12.2023	Changes amount	Changes %
Loans to customers	226,038	232,406	-6,368	-2.7
Direct deposits from banking business	263,775	270,604	-6,829	-2.5
Risk-weighted assets	77,982	79,502	-1,520	-1.9
Absorbed capital	7,089	7,227	-138	-1.9

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

Banca dei Territori's operating income was 5,889 million euro in the first half of 2024, representing over 43% of the Group's consolidated revenues, up (+3.5%) on the same period of the previous year.
In detail, net interest income increased (+3.9%), due to the trend in market interest rates, which favoured the profitability of customer dealing. Net fee and commission income also increased (+3.1%), attributable in particular to the assets under management segment, buoyed by higher placement levels than in the first half of 2023, as well as the non-life insurance segment, assets under administration, driven by fees on the placements of certificates and on dealing in securities, and the higher contribution from advisory services. Within the commercial banking fees, there was a positive contribution from cards and other payment services, against a decrease in fee and commission income on current accounts, related to the decrease in the account maintenance fees charged by the Bank to customers, and on loans and guarantees. Among the other revenue components, which provide a marginal contribution to the Division's operating income, the profits (losses) on financial assets and liabilities at fair value came to 58 million euro (-3.3%) and other net operating income amounted to 1 million euro (compared to a net expense of 2 million euro in the same period of previous year). Operating costs, totalling 3,020 million euro, were down by 1.8%, thanks to savings on personnel expenses, mainly attributable to the reduction of the workforce following negotiated exits and the containment of administrative expenses, in particular property management expenses and legal fees. As a result of the above, the operating margin rose to 2,869 million euro compared to 2,613 million euro in the first six months of 2023 (+9.8%) and the gross income came to 2,276 million euro, up 17.3%, also benefiting from lower net adjustments to loans and provisions. Lastly, after allocation to the Division of taxes of 745 million euro, charges for integration

of 40 million euro, the effects of purchase price allocation of 11 million euro and the levies and other charges concerning the banking and insurance industry of 187 million euro (which were recognised in second half in the previous year), net income came to 1,293 million euro, up by 2.3% on 1,264 million euro in the same period of 2023.

In quarterly terms, the operating margin decreased compared to the first quarter of 2024, attributable to higher operating costs, despite a slight increase in revenues. Gross income also fell compared to the previous quarter, which had been impacted by lower net adjustments to loans. In contrast, net income increased due to the recognition in March of the annual amount related to levies and charges of the banking and insurance system.

The balance sheet figures at the end of June 2024 showed a decline in total intermediated volumes of loans and deposits from the end of December 2023 (-2.6%). In detail, loans to customers, amounting to 226,038 million euro, decreased (-2.7%, or -6.4 billion euro) essentially due to the trend in loans to businesses, which, in the presence of high interest rates, limited their use of bank loans, relying instead on their own liquidity or alternative sources of funding. Direct deposits from banking business, amounting to 263,775 million euro, stood at lower levels than the end of December (-2.5%, equal to -6.8 billion euro) in relation to the decrease in amounts due to customers. Businesses drew on their liquidity to reduce their use of bank loans, and retail customers redirected a portion of their available funds on current accounts to more remunerative investment products, such as Intesa Sanpaolo certificates structured by the IMI Corporate & Investment Banking Division, as well as government and corporate bond issuances, which increased the dossiers of the assets under administration.

Business	Traditional lending and deposit collection operations in Italy and associated financial services.
Mission	To serve Retail, Exclusive, and Small and Medium Enterprise customers, including Agribusiness and non-profits, creating value through: – widespread local coverage; – focus on the characteristics of local markets, and the needs of customer segments serviced; – development of service levels to customers using different channels in order to improve the efficiency of the commercial offering; – development and management of products and services for the target customers, as well as of leasing, factoring and subsidised finance products for the Group in Italy; – the centrality of the roles of the officers responsible for the Regional Governance Centres, Area Governance Centres and branches as points of reference for the Group at local level.
Organisational structure	
Wealth Management & Protection Sales & Marketing; Digital Retail Sales & Marketing and SME Sales & Marketing Departments	Overseeing the Retail sector, which consists of the segments Individuals, Affluent and Retail Companies, the Exclusive sector (retail customers with high asset and wealth standing and complex financial needs) and the SME area (small businesses, businesses and top businesses with high complexity and potential for growth).
Agribusiness Department	Serving agriculture and agribusiness.
Impact Department	Aimed at developing the initiatives of Impact Bank and serving non-profit organisations.
Isybank	The Group’s new digital bank developed for customers that primarily use on-line channels, who can carry out operations that meet their needs autonomously and remotely, using the app and with the support of the Digital Branch.
Product companies	Prestitalia: a financial intermediary operating in the Italian market of consumer credit, specialising in the salary-backed loans segment.
Distribution structure	Over 3,000 branches, including Retail, Exclusive and Business branches, distributed broadly throughout Italy, the Agribusiness branches dedicated to companies operating in agribusiness, and Impact branches dedicated to the non-profit sector. The territorial structure is divided into 14 Governance Centres: Agribusiness, Impact and 12 Regional Governance Centres, with around 320 commercial areas. In order to favour the commercial focus and guarantee a better control of the service level, there are three Commercial Managers, specialised by “commercial territory” (Retail, Exclusive and Corporates) that report directly to the Regional Manager. These were joined by the Digital Channels Bdt Department, as part of the strategic initiatives to develop the new digital bank, and the Digital Branch Department, to oversee commercial relations with customers via the telephone channel and other related channels (chat, video calls) and the remote offering.

Wealth Management & Protection Sales & Marketing, Digital Retail Sales & Marketing and SME Sales & Marketing Departments

Investment and Pension Funds

The advanced advisory paid service "Valore Insieme", launched in 2017, proposes a global advisory model over all of the customer's assets, including real estate, also assisting customers in planning the transfer of wealth to their loved ones. From March, customers who have subscribed to the Exclusive Package of the "Valore Insieme" wealth advisory service have been offered three flexible "Eurizon Exclusive Multimanager Trend" mutual funds, with a predominantly multimanager component. Since April, it has been possible to send proposals by Remote Offering to customers that have subscribed to the "Valore Insieme" service for subscriptions and contract changes. In addition, again from April, a "Welcome Letter" has been introduced for new customers, to promote the advisory content of the service in all the wealth areas.
The offering in support of advisory services has been expanded promoting solutions aligned to the pursuit of medium- to long-term growth objectives, in addition to capital-protected solutions. To this end, the offering of savings certificates has been maintained, also in combination with the subscription of asset management products. The Epsilon funds – Epsilon Protezione 1 anno, Eurizon Obbligazionario 18 mesi and Epsilon Valore Dollaro – were also introduced during the half year. With regard to the offering aimed at portfolio diversification and capital growth, the new Epsilon funds – Epsilon Orizzonte Protetto 5 anni, Epsilon Progressione 20 Protetto, Epsilon Bond Opportunità – have been launched, as well as the Eurizon Bilanciato 25 and Eurizon Bilanciato 50, which also enable gradual entry into the stock market. From April, GP Strategia Valore Opportunità has been available, providing a high degree of personalisation allowing customers to choose from 18 bond components differentiated according to the maturity date of the securities, including short-term, and the type of issuer. Within the insurance investment products, two new business Class I policies have been launched by Intesa Sanpaolo Vita: "Patrimonio Garanzia 5 anni" and "Patrimonio Garanzia 3 anni" which provide the guarantee that the insurance company will return the invested amount at maturity and in the case of surrender or claim. Patrimonio Garanzia 5 anni, also offers customers a bonus, at maturity, of 1.5%, before tax, of the revalued capital. To support advisory services and capture opportunities in the bond markets while also participating in any potential growth in the equity markets, from the end of April to 21 June, the new protected internal fund "Base Protetta 100 ed. 04/24" was made available within "Prospettiva Dublin Branch" and "Patrimonio Pro Dublin Branch", as well as in the stock products.
The placement of certificates continued, with a significant increase in the range offered, differentiated by type of structure, protection levels, and duration. Customers were particularly interested in this type of investment, which accounted for a significant percentage of the total placements of investment products.
With the aim of expanding the ways customers can access financial advice through the bank's digital channels, the RoboAdvisor feature has been activated for a selected group of customers, allowing them to receive centrally generated investment suggestions or request them independently through the App and Internet Banking. This runs alongside Robo4Advisor available to the relationship managers, which has seen a steady rise in usage since the beginning of 2024.
Starting from June, the new "Gold Deposit" service has been available on the entire network, offering customers the opportunity to buy and sell gold bars stored in the Bank's vault or at third-party custodians. The initiative is aimed at customers who prefer physical assets and who are interested in diversifying their portfolio with an asset class that complements traditional investments.

Mortgages

In the first half of 2024, Intesa Sanpaolo introduced new offerings for customers aimed at further enhancing its catalogue, with a particular focus on "Green", "Youth", "Consap", and "Subrogations".
For under-36s applying for a loan for the purchase of their first home, the offering continued of the dedicated fixed-rate mortgage loans, also with high LTV (over 80%) and a duration of up to 40 years. The discounts, applicable to all durations and LTV levels, have also been maintained, which include the waiver of instalment collection fees and payment due or receipt notice fees, and the activation of flexibility options.
The 2024 budget act maintained the possibility until 31 December 2024 of accessing the public guarantee of the First Home Guarantee Fund up to a maximum of 80% for high LTV mortgages, introducing a new priority category for large households (at least 3 children). Intesa Sanpaolo has therefore added the option to this category of subscribing to the Mutuo a Tasso Fisso Domus Fondo di Garanzia Prima Casa – Consap, which provides an interest rate discount of 35 basis points for LTV up to 80% and 115 basis points for LTV above 80%, in addition to the waiver of processing fees, collection fees/payment notice fees, and additional options.
The trend in interest rates in the money markets has provided the opportunity to subrogate significant volumes disbursed, also recently, by other banks. Intesa Sanpaolo has therefore introduced a new Subrogation Promotion, offering a discount of 40 basis points for LTV up to 80% on fixed-rate subrogations exceeding 100 thousand euro. Additionally, the increasing customer focus on Green loans and the success of this type of product prompted the desire to enhance the financial solutions available in Green Subrogation, with the following repayment plans: Multi-Option Plan, Rate Cap Plan, and Balanced Plan.
For Green Mortgages, the favourable terms are being maintained with the waiving of processing fees and a reduction of 35 basis points in the rate for buyers of properties with high energy efficiency (class ≥ B) or who carry out renovations to improve the property's energy efficiency. This "Green" discount can also be combined with the Youth, Consap or Subrogations promotions.

Personal loans

The offering on multi-channel personal loans continued, with a particular focus on digital sales supported by various commercial initiatives.
Intesa Sanpaolo also continued the activity of directing customers towards Prestitalia, a Group company specialised in the sale of salary-backed loans, for the XME Prestito Cessione del Quinto (CQS), XME Prestito Pensionati INPS (CQP) and XME Anticipo TFS (Trattamento di Fine Servizio) products for public sector pensioners.

With regard to Isybank, the Anticipo Stipendio and SpensieRata loans were offered to customers through digital engagement activities, promoting both product awareness and dedicated commercial initiatives. At the end of June, Isybank's loan catalogue was expanded with "isyPrestito", a fully digital personal loan, also offered on favourable terms until the end of the year.

Protection and Welfare

"XME Protezione" is a flexible multi-guarantee insurance solution that allows customers to purchase coverage (modules) in the areas they need, relating to the Home, Healthcare and Family. In the Healthcare area, the coverage was expanded for the Physiotherapy and Ophthalmology and visual wellness modules, which will generate a significant increase in value for policyholders, without any change in premiums. The changes apply both to new customers and existing holders of the two modules. Innovative healthcare services have also been introduced. The new features will make it easier to make reservations (Hard Booking) and access healthcare services through the Intesa Sanpaolo Assicurazioni App (where available). The promotions continued in the Motor segment: buyers of a ViaggiaConMe a Consumo policy get free assistance for travel by bicycle; and holders of a ViaggiaConMe or MotoConMe policy who buy another policy (for themselves or for a friend) are offered Legal Protection cover for the token price of 1 euro. Additionally, since April, motor insurance policies can also be paid for by credit card.
Since May, the "Insurance" section has been available on the Isybank App, allowing Isybank customers to subscribe to four new small ticket protection policies dedicated to them: isyProtezione Casa, isyProtezione Smartphone, isyProtezione Sport, and isyProtezione Bici&Monopattino. All the policies can only be subscribed via the App and are exclusively for Isybank customers. They have a one-year duration without automatic renewal, and the premium can be paid monthly or in a single instalment with the option to debit an Isybank current account or payment card.
In the Business segment, starting from this year, Intesa Sanpaolo Assicura is partnering with Intesa Sanpaolo Insurance Agency (ISIA) in offering tailor-made products, strengthening the model created to best serve our business customers with specific and non-standard insurance needs. Since April, Retail Companies and Corporates subscribing to a new Cyber Protection Business policy will be able to benefit from a discount on the first year's premium until October. Additionally, the Tutela Business - Commercio e Manifattura can be subscribed to both in branch and via Remote Offering.

Young people

In addition to the above mortgage initiatives, Intesa Sanpaolo has continued its efforts to attract young customers with personalised and free solutions such as "XME Conto UP!", the current account for under-18s, and for the under-35s, Isybank has a promotional offer that includes the waiving of the isyPrime fee and stamp duty paid by the Bank. The "Giovani e Lavoro" programme continued, aimed at supporting the employment of young people aged 18 to 29, which offers targeted training, free of charge, both for young people and for the participating businesses, favouring the effective matching of labour demand and supply, in addition to the Generation4Universities, involving around 50 universities throughout the country, which helps young university students start a career that offers opportunities for professional and personal growth.

Transactional products and digital payments

Since February, Intesa Sanpaolo has expanded the range of payment solutions available with the launch of the ring wearable payment service, in collaboration with Mastercard and Tapster, a pioneering Swedish company operating in the contactless payments sector. The wearable is a ring that can be worn and linked to the customer's Intesa Sanpaolo Mastercard to make contactless payments. In addition, Intesa Sanpaolo received the "Product of the Year 2024" award for Tapster and SoftPOS, the solution that turns your smartphone into a POS terminal. In June, the Bancomat co-badge card became available for use with Apple Pay, including the international circuit, and BANCOMAT Pay was enabled for purchases on Amazon's website. The new credit and prepaid card catalogue has been released on Isybank, in addition to the solution for Commercial Visa credit cards for integration with the management systems of business customers (Visa Business Solution). The Cross Border Account has also been introduced for international and Italian corporate customers who want to develop their business in a country other than their home country and need a current account. For these customers, a standardised agreement in English has been created for the 27 entities of the Intesa Sanpaolo Group, and the intragroup handling of current account opening requests between countries has been simplified. The Virtual Account service has been launched to meet the needs of businesses that receive or make a large number of payments, by SEPA or international bank transfer. The service improves the efficiency of the administrative tasks within the companies, enables faster reporting, and streamlines the reconciliation of payments. The promotional offers for POS terminals continued, including the Micropayments initiative, which enables small business owners to obtain refunds of the commissions charged on transactions of amounts up to 10 euro. Additionally, in June, the advanced SoftPOS PRO solution for Android was introduced for integration with the management systems of medium/large-sized customers.

Multichannel Project

In the first half of 2024, the development of multi-channel and digital banking continued, in line with the Group's ESG objectives, with the introduction of new multi-channel customer journeys and the expansion of those available, to improve the offering and the customer experience, increasing the remote usability of the services offered by the digital channels. In particular, for business customers, thanks to the introduction of digital signatures on an increasing range of products (POS terminals and credit advance requests), a growing number of document sets have been signed remotely through a fully digital process, cutting paper consumption. To enable customers to independently manage their interactions and enhance their digital experience, the new customer journey for import loans has been introduced, which allows customers to make self requests for import loans in euro and foreign currencies through the Inbiz portal, with funds credited to their current account, and to monitor their progress. Since June, Inbiz has become a content-rich platform, enabling customers to obtain all the information on the available offerings and solutions. Additionally, a new feature has been created within the Inbiz workspaces to provide a new way of communicating with the Bank and sending documentation. After it has been received and digitised, the documentation can now be tracked and archived digitally within the Bank's systems. For private customers, the process of purchasing credit cards independently has been simplified both on Intesa Sanpaolo and on Isybank, which launched the new Internet Banking service in February that allows customers to easily and quickly manage their accounts via App, PC and tablet.

Agreements

In 2024, Intesa Sanpaolo has once again renewed its commitment to tourism in collaboration with Federalberghi. The Intesa Sanpaolo Group's support for investments in the tourism and hospitality sector has accompanied the industry through the different stages of the pandemic to date and has recently been strengthened with the allocation of 10 billion euro in new credit for hospitality refurbishment and digital transformation. This is part of the Group's broader plan, which envisages medium/long-term disbursements of over 410 billion euro by 2026, of which 120 billion euro allocated to SMEs, to support the NRRP investments. Intesa Sanpaolo has also signed a new Framework Agreement "Innoviamo le relazioni 3.0 2024 – 2026" with the Consumer Associations of the CNCU (National Council of Consumers and Users), in line with the previous agreements of 2019 and 2021, confirming the shared commitment to an open and constructive dialogue for greater consumer protection and customer satisfaction. The new features introduced by the agreement include the new digital education program and joint projects on sustainability and technological innovation. The partnership agreements with the trade associations Confcommercio, Confartigianato, and Confesercenti have also been strengthened. Specifically, concessions have been reserved for eligible members under the CresciBusiness Programme, which supports Retail Companies and self-employed professionals in their process of digital growth and sustainable transition. Within the same programme, an agreement was signed with Cassa Forense, as part of the broader collaboration strategy between Intesa Sanpaolo and Adepp, aimed at stimulating professional growth and facilitating access to credit for members of Cassa Forense. To promote business investments in environmental sustainability and renewable energy sources, an agreement was signed in March with the National Council of Shopping Centres (CNCC), which is one of the main objectives of the "Motore Italia Transizione Energetica" programme. Specifically, companies affiliated with the CNCC will be aided by Intesa Sanpaolo and specialised partners with solutions focused on the energy transition, including loans with interest rate incentives upon attaining agreed sustainability goals. In addition, thanks to the new agreement with the European Investment Bank (EIB), Intesa Sanpaolo is providing 1 billion euro in credit lines to companies specialising in wind farms and companies that supply and install interconnection systems for these farms to the "Made in Europe" power grids, using EIB guarantees of 500 million euro. The transaction favors the wind energy industry at a crucial time for the green transition in Europe, to safeguard the competitiveness of the European manufacturers of the plants, who are often restricted in terms of credit and guarantees.

Loans

Intesa Sanpaolo has launched the new programme "Your Future is Our Business", designed to aid the recovery and future growth of Italian businesses, with a range of services that can assist businesses of all sizes and across different industries. The Bank is committed to offering a credit plafond of 120 billion euro for the period 2024-2026 to accelerate the sustainable and innovative recovery of investments. The priority areas of intervention are: investments to enhance business competitiveness by capitalising on opportunities linked to Transition 5.0 and other initiatives such as the Renewable Energy Communities (RECs) and self-consumption; research and access to new markets for the growth of Italian businesses; promotion of digitalisation and protection against cyber risks; and concentration on particular industries in Italy, with a particular focus Agribusiness and Tourism. The transition plan towards Industry 5.0 builds on the existing 4.0 paradigm, focusing on innovation for the green transition. The new Transition Plan 5.0 offers a tax credit to businesses that invest in new production facilities in 2024 and 2025, for projects that achieve a reduction in energy consumption. Intesa Sanpaolo is the first bank to assist companies in benefiting from this incentive, providing financial incentives on investment funding, advice through Forvalue, and an audit service via a network of Deloitte auditors. From February, Intesa Sanpaolo has streamlined the S-Loan range, consolidating the Climate Change, Agribusiness, and Tourism lines into the new S-Loan Green Projects product, which offers greater financial benefits. S-Loan Progetti Green is a flexible loan supporting all types of business investments capable of generating a positive environmental impact on processes, infrastructure, technologies, services, and products. Significant changes have been made to the agreement governing the SACE Green guarantee (intended for projects aimed at achieving environmental objectives as defined by the Green MEF agreement signed with SACE), raising the maximum amount for each individual loan to 50 million euro. The new SACE Futuro Agreement was launched in January to assist SMEs in relation to international expansion, economic security, and the activation of production and employment processes in Italy.

Additionally, in relation to ESG, in February Cassa Depositi e Prestiti and Intesa Sanpaolo made 800 million euro available for the social impact investments of Italian SMEs and Mid-Caps, and in June, Cassa Depositi e Prestiti provided Intesa Sanpaolo with a new dedicated funding line of 1 billion euro to fund Italian SMEs and Mid-Caps, promote new investments, and support working capital to encourage the development of the Italian production sector. From June, Intesa Sanpaolo has also expanded the scope of the EIF InvestEU guarantees to support investments in research and innovation and sustainability, thanks to the increase in the coverage percentage of the guarantee. The Green and Sustainability credit plafond has been increased from 50 to 150 million euro, and the InvestEU guaranteed loans, on the two thematic Innovation and Digitalisation and Green and Sustainability funds, are able to benefit from interest rate reductions.

Sviluppo Filiere

The "Sviluppo Filiere Programme" is designed to support businesses of all sectors and sizes by facilitating access to credit and focusing on the relationship between the lead companies and their network of direct and indirect suppliers and/or their reseller network, enabling a better understanding of the financial needs of the individual sectors. In this context, the Bank decided to develop offerings dedicated to the sectors that felt the greatest impact of the NRRP, containing products and services to support the specific characteristics of the various businesses, also with regard to ESG and digitalisation. In April, in the ESG area, the "Programma Sviluppo Filiere - Filiere Sostenibili" was created, which assists lead companies and suppliers in the process of improving their sustainability profile.

Agribusiness Department

The Agribusiness Department is the Intesa Sanpaolo Group's national network dedicated to the agrifood sector, which aims to promote the link with local areas and tap the potential of one of Italy's most important production sectors, where Italy is in third place in terms of added value among large European countries. The Department has 246 branches located throughout Italy, with specialist professionals, concentrated in the most agricultural areas of the country, serving over 80,000 customers. The Agribusiness Department positions itself as the main qualified interlocutor to assist operators in all phases of development, supporting their investments and promoting new business projects, with specific attention to the criteria of sustainability and the circular economy. The Agribusiness Programme was launched in February, consisting of a range of solutions designed to enhance and develop the offering for customers in the sector. This includes "Crescita Agri", the new loan to support investment and development programmes for agri-food businesses, which can be combined with government guarantees (ISMEA Diretta, Guarantee Fund). The activities of this Department also contributed to the finalisation of important agreements. In particular, Intesa Sanpaolo, the Ministry of Agriculture, Food and Forestry and Cassa Depositi e Prestiti signed an agreement in May to promote lending policies and synergies aimed at the development of the agricultural and agri-food sector, also in relation to the measures of the National Recovery and Resilience Plan. Intesa Sanpaolo will make 20 billion euro available to the sector for the revival of Italian agriculture – under the broader credit plafond of 410 billion euro in support of the NRRP initiatives – also using the funding provided by Cassa Depositi e Prestiti.

Impact Department

The Impact Department is dedicated to managing non-profit customers and coordinating the activation and management of social impact funds created to foster the financial inclusion of individuals, households and non-profit organisations. Specifically, the Fund for Impact, with a value of 300 million euro, has made it possible to disburse new loans specifically targeted to categories that have difficulty in accessing credit, for the purpose of realising their projects. The first beneficiaries were University students, working mothers, families involved in their children's education and growth processes, unemployed persons nearing retirement, caregivers dealing with assisting non-self-sufficient family members and civil service volunteers. This is accompanied by the "Solidarity and Development Fund", with a value of over 50 million euro, which enables loans to non-profit organisations with important projects, which would otherwise be excluded from ordinary credit.
The Department continued its commitment to promoting the Impact offering and related credit inclusion initiatives across the network, developing collaborations with the non-profit sector, and supporting communities, also through specific agreements. The application of the Impact Counter – a proprietary impact measurement tool – has also been extended to crowdfunding, including social projects carried out by the Bank in collaboration with the non-profit sector (Formula Programme).
Lastly, in the area of donations, in first half of 2024, the "For Funding" platform maintained its leadership in Italian crowdfunding, enabling non-profit organisations to secure donations across the country.

Isybank

Isybank is the digital bank of Intesa Sanpaolo, based on state-of-the-art technology, which targets both Intesa Sanpaolo customers who do not use the physical branches as they are mainly digital users of banking services and oriented to mobile banking, and to new customers. Isybank offers customers a complete experience through its App and website, with the support of the Digital Branch. Isybank was established in June 2023, initially opening to new customers. This was followed in October 2023 and March 2024 by two migrations of existing Intesa Sanpaolo customers after the Group responded positively to the observations from the Italian Antitrust Authority, which closed the proceedings initiated against Intesa Sanpaolo and Isybank, accepting the commitments proposed by the two banks. In the first half of the year, Isybank further strengthened its offering by expanding its product catalogue, services, and features as stated in the paragraphs above.

Product companies

Prestitalia is the "product company" of the Intesa Sanpaolo Group for salary-backed loans and advances on employee termination indemnities.
A financial company that operates in the consumer credit market, highly specialised in salary-backed loans, it is one of the leading operators in the sector, with an average stock of around 2.6 billion euro.
As at 30 June 2024, with 26,000 completed applications, it had disbursed loans totalling 515 million euro, through three main channels: Intesa Sanpaolo branch network supported by "light" agents (tied agents that are natural persons), third-party agencies, and online channel.
The range of offerings includes "Cessione del Quinto per Pensionati", "Anticipo TFS" (a product reserved for former public employees who want to access all or part of their severance pay without waiting for the periods set by the Public Administration), and "Cessione del Quinto per dipendenti pubblici e privati".
In addition, the agents supporting Intesa Sanpaolo branches may propose POS terminals to customers.

IMI Corporate & Investment Banking

(millions of euro)

Income statement	30.06.2024	30.06.2023	Changes amount	Changes %
Net interest income	1,553	1,286	267	20.8
Net fee and commission income	615	560	55	9.8
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	-121	70	-191	
Other operating income (expenses)	-	-	-	-
Operating income	**2,047**	**1,916**	**131**	**6.8**
Personnel expenses	-258	-245	13	5.3
Administrative expenses	-453	-433	20	4.6
Adjustments to property, equipment and intangible assets	-8	-8	-	-
Operating costs	**-719**	**-686**	**33**	**4.8**
Operating margin	**1,328**	**1,230**	**98**	**8.0**
Net adjustments to loans	26	76	-50	-65.8
Other net provisions and net impairment losses on other assets	4	-60	64	
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,358**	**1,246**	**112**	**9.0**
Taxes on income	-432	-383	49	12.8
Charges (net of tax) for integration and exit incentives	-11	-12	-1	-8.3
Effect of purchase price allocation (net of tax)	-	-	-	-
Levies and other charges concerning the banking and insurance industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**915**	**851**	**64**	**7.5**

(millions of euro)

	30.06.2024	31.12.2023	Changes amount	Changes %
Loans to customers	122,993	124,215	-1,222	-1.0
Direct deposits from banking business [(1)]	124,328	113,087	11,241	9.9
Risk-weighted assets	107,316	108,183	-867	-0.8
Absorbed capital	9,779	9,852	-73	-0.7

(1) The item includes certificates.

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

In the first half of 2024, the **IMI Corporate & Investment Banking Division** recorded operating income of 2,047 million euro (representing around 15% of the Group's consolidated total), up 6.8% compared to the same period of last year.
In detail, net interest income, amounting to 1,553 million euro, was up 20.8%, mainly due to the operations of Global Markets. Net fee and commission income, amounting to 615 million euro, increased by 9.8%, essentially due to the performance of the structured finance and investment banking segments. The profits (losses) on financial assets and liabilities at fair value, which amounted to a loss of -121 million euro, showed a sharp decrease compared to the profit of 70 million euro in the same period of 2023, mainly attributable to the management of trading activities in the Global Markets area. The segment was negatively impacted by the management of financial risks related to funding in certificates due to the market interest rate conditions, which also had positive effects on net interest income in terms of greater liquidity invested, as well as the negative contribution from the Own Credit Risk (OCR) of the certificates, as a result of the tightening of Intesa Sanpaolo's credit spread.
Operating costs amounted to 719 million euro, an increase of 4.8%, attributable to personnel and administrative expenses. As a result of the above revenue and cost trends, the operating margin came to 1,328 million euro, up 8% compared to the value recorded in the first half of last year. The performance for gross income was similar, with a rise to 1,358 million euro (+9%). Lastly, net income reached 915 million euro, above the 851 million euro realised in the same period of 2023 (+7.5%).

In the second quarter of 2024, the IMI Corporate & Investment Banking Division reported a slight increase in the operating margin compared to the first quarter, attributable to an increase in revenues that exceeded the increase in operating costs. In contrast, gross income and net income were down, penalised by the adjustments to loans made in the quarter compared to recoveries recognised in the previous quarter.

The Division's intermediated volumes increased compared to the end of 2023 (+4.2%). In detail, direct deposits from banking business, amounting to 124,328 million euro, were up (+9.9%, or +11.2 billion euro), thanks to the increase in amounts due to global markets and institutional customers, the performance of the transactions in certificates and the growth in securities issued, particularly of the Luxembourg subsidiary. Loans to customers, amounting to 122,993 million euro, decreased (-1%, or -1.2 billion euro) due to the decline for Global Corporate, partly offset by the positive performance of the Global Markets operations, as well as operations with international and institutional customers.

Business

Corporate and transaction banking, investment banking, public finance and capital markets, in Italy and abroad.

Mission

To act as a strategic, global partner in supporting companies and financial institutions in achieving balanced, sustainable growth, including at the international level, through a specialised network of hubs, branches, representation offices and subsidiaries that engage in corporate banking operations. To foster collaboration between the public and private sectors with the aim of supporting the creation of infrastructure and sustainable investments, including by pursuing international growth opportunities in countries of strategic interest to the Group. To provide all customers of the Intesa Sanpaolo Group with specialised skills in the areas of Investment Banking, Structured Finance, Capital Markets and Transaction Banking.

Organisational structure

Client Coverage & Advisory Coordination Area

This structure develops and handles relations with Italian and international Global Corporate customers, availing, at central level, of the commercial action of the Industry units (Automotive & Industrials; Basic Materials & Healthcare; Energy; Food & Beverage and Distribution; Infrastructure; Real Estate; Retail and Luxury; Telecom, Media and Technology) and at local level of the Italian and international network of the Distribution Platform & GTB Coordination Area. The Department is responsible for commercial relationships with financial institutions on domestic and international markets, with a dedicated service model organised by customer segment (i.e., Banks, Insurance Companies, Asset Managers, Financial Sponsors, Sovereign Funds and Governments).
The Department guarantees the oversight and development of origination and advisory activities for customers, including M&A, Debt and ESG issues, also through specifically dedicated units, pursuing the cross-selling of products and services with an Originate to Share approach, maximising the synergies between corporate, institutional investor and product desk relations.

Distribution Platform & Global Transaction Banking Coordination Area

The structure oversees the development of the Italian and international network of the Division, ensuring the correct handling of operating and commercial activities for its major customers, through a specialised network of local structures in Italy and abroad. It guarantees the oversight, for the entire Group, of a wide range of transactional services, such as cash management, trade & export finance and securities services, also through Inbiz, the Corporate Internet Banking platform. It contributes to identifying and distributing loans and marketable assets through a single hub which mobilises and optimises the Division's credit balance sheet, in line with the Originate to Share process.

Global Banking & Markets Coordination Area

The scope of this structure includes capital markets, structured finance and primary markets (equity and debt capital markets) supporting all Group customers, including medium-sized enterprises.
Moreover, portfolio management and ownership risk are monitored through direct or indirect access to the markets.

Distribution structure

In Italy, the IMI Corporate & Investment Banking Division has a total of 6 geographical areas dedicated to corporate customers and public customers. At the international level, it operates in 24 countries in support of the cross-border operations of its customers through a specialised network of hubs, branches, representative offices and subsidiaries that engage in corporate banking activity.

Client Coverage & Advisory Coordination Area

In a market environment that is gradually improving compared to the previous year, but is still complex and marked by a cautious approach to risk by investors, the structures of the Client Coverage & Advisory Coordination Area continued to assist their customers in complex, strategic financial transactions, confirming its leadership on the market and positive performance in terms of the results achieved in recent years. Specifically, the Customer Relations, Global Corporate and Institutional Clients worked in constant synergy with the Corporate Finance & Advisory structure and Product Desk, pursuing the goal of favouring and consolidating strategic dialogue with its target customers, making it possible to identify numerous significant business opportunities.

In the first half of 2024, Intesa Sanpaolo confirmed to perform its role as strategic and financial partner to its **Italian and international Global Corporate customers**, supporting them by organising and participating in a number of financing and investment banking transactions, thanks to its specialised expertise linked to the Industry model and the cooperation with the other structures of the Division dedicated to developing strategic operations. The Bank continued to play an active role in supporting the revival of the Italian economy, including through development of its production chains, an indispensable driver for Italy and the heart of its economic and entrepreneurial system, and through support to the various initiatives launched by the National Recovery and Resilience Plan (NRRP). In this context, Intesa Sanpaolo, together with a pool of banks, arranged a substantial loan, through a public-private partnership (PPP), in favour of the National Strategic Hub, a pillar of the Cloud Italy Strategy of the Department for Digital Transformation of the Prime Minister's Office, to create an innovative infrastructure serving the Italian Public Administration. The Group participated in several international syndicated loans, including those in favour of Acorn Holding (JAB Group), LVMH, Volkswagen Financial Services, General Motors, Nordex, and Mercedes-Benz.

In *Sustainable Finance*, advisory services were provided to customers for the structuring of Green, Social, Sustainability, and Sustainability-linked products and instruments. This resulted in securing the role of Sustainability/Green Coordinator and Framework Structurer in numerous transactions involving syndicated loans and bond issuances. Specifically, the Bank acted as Sustainability Coordinator in the syndicated transactions for Italgas, Illy, and Ferrovie dello Stato and, on the back the expertise gained on ESG issues, took part in various loans, including those for Enel, Prada, Reno de Medici, Inwit, Coima, Publiacqua, and Axpo Holding. Of particular significance among the bilateral ESG loans was the loan to Terna. In addition, in early 2024, the ESG Rating Advisory service was introduced to assist customers in obtaining or improving their ESG rating.

In *project financing*, the Bank participated in various transactions, including the loans to Abertis SPV for the acquisition of four motorway sections (Puerto Rico), to Energia Mayakan of the ENGIE Group for the expansion of natural gas transport capacity in the Yucatán Peninsula (Mexico), to QTS Richmond for the construction of a hyperscale data centre in Virginia (USA), to Consorcio Eléctrico Yapay to support two of the largest electricity transmission projects in Peru, to Aguas Esperanza for projects to improve the supply of seawater and electricity in Chile, and to Recurrent Energy for the development of renewable energy projects in Europe. Lastly, financial support was provided for major extraordinary transactions carried out during the period, including the loan to CEZ for the acquisition of a stake in GasNet, an operator active in gas distribution in the Czech Republic, the loan to Tages Capital for the purchase of several renewable power plants in Italy, and the financial support to Zegona for the acquisition of Vodafone Spain.

In the *real estate sector*, the Group participated as Bookrunner and MLA in the medium-long-term loan to Central Sicaf (Covivio group), to refinance the existing debt.

In the *Debt Capital Markets*, the Bank acted as Sole Lead Manager in the private placement of Campari, as Global Coordinator and Active Bookrunner in the Mundys issuance, as Joint Global Coordinator & Bookrunner for La Doria, and as Joint Bookrunner in numerous issuances, including Metro, El Corte Inglés, Enel, Webuild, CNH, LVMH, Swisscom, Cellnex, ENI, CEPSA, General Motors, and Pirelli. In addition, it managed various placements of Green bonds, including those carried out by Terna, Compagnie de Saint Gobain, Virgin Media, and Air Products and Chemicals.

In *M&A*, the Group continues to be one of the leading M&A advisors in the Italian market and provided its services in various transactions, including advising A2A on the acquisition of 90% of several Enel electricity distribution assets in Lombardy.

In the *Equity Capital Markets*, expectations of a potential easing of monetary policy and the resilience of corporate fundamentals supported the positive performance of the main market indices, despite a still complex geopolitical environment. In this context, IPO volumes in Europe are growing accompanied by a resurgence in capital increases, while secondary placements remain at the levels of the first half of 2023, supported by the high valuations offered by the markets. In contrast, equity-linked issuance volumes are declining, in light of the strong performance of the primary bond market. With the aim of maintaining a strong primary position in the ECM and Equity-Linked markets in Italy and continuing the successful process of international expansion, the origination operations focused on swiftly capturing the best market opportunities and proposing structured solutions to customers. In this context, the Bank acted as Joint Global Coordinator & Bookrunner in the placement by Campari of new ordinary shares via accelerated bookbuilding and a new convertible bond aimed at financing the acquisition of Courvoisier and, in the US market, as Joint Bookrunning Manager in the convertible bond issuance by Southern Company. Also worth noting were the role of Joint Global Coordinator in the placement of a stake in Saipem held by ENI, and the role of Co-Lead Manager in the Galderma IPO and the takeover bid for Tod's.

With regard to *customers in the banking sector*, within the Institutional Clients structure, the Bank carried out numerous transactions for primary market issuances, refinancing, securitisation and optimisation of liquidity profiles. At domestic level, the roles held included Joint Bookrunner in the AT1 issuance of BPER Banca and in the Tier 2 issuance of Banca Popolare di Sondrio, as well as the transactions with Unicredit, ICCREA, Banca Sella, and Illimity Bank. Senior loans within securitisations of performing assets also continued to be provided. Numerous transactions were also carried out in the international markets, both in the United States and in Europe: the Group acted as Joint Bookrunner in the euro benchmark covered bond issuances of Toronto Dominion, Commerzbank, Erste Group, Bawag, and in the senior issuances of Santander, UBS Group, and Deutsche Bank. In the French market, the Group participated in numerous transactions involving covered bonds and senior non-preferred bonds with country's main banks. The Bank has also maintained a significant presence in the Greek market, where it has achieved a prominent position in various products/services such as Debt Capital Markets, Synthetic Securitisation, and Global Transaction Banking, helping to strengthen the engagement and partnership built up over the years with local banks. During the first half of 2024, due to the ongoing challenging market conditions, operations with banks in emerging markets were conducted with considerable caution, focusing on the assumption of short-term risk and primarily supporting the commercial activities of our Italian and international customers.

The development of operations in *Global Markets products* continued, particularly in Eastern Europe, Turkey, the Middle East, and selectively in Latin America. Loans for supply chain financing continue to be of considerable interest to the Bank, and, in this context, the strategy of gradually expanding the number of counterparties and target geographies has been consolidated. Operations with non-banking financial institutions continued to achieve very positive results.

The transactions in the *near-banking sector* included the portfolio financing through the subscription of senior tranches of securitisations, such as IBL Banca, with underlying salary- or pension-backed loans, and Creditis, with underlying consumer credit assets, in addition to the extension of the revolving period of the securitisation of factoring trade receivables originated by Banca IFIS with its Italian SME customers. The Bank also acted as Joint Bookrunner in the two public securitisations of salary and pension backed assets of IBL Banca and in the securitisation of consumer loans originated by Banca Compass. In addition to asset based financing, the operations continued in the unsecured bilateral loans market, carried out with the leading operators in the consumer credit sector, in particular Agos. Also worth noting was the role of Joint Bookrunner and ESG Structuring Agent in the senior bond issued by Banca Farmafactoring, the inaugural issuance of this kind for BFF.

With regard to the operations with *domestic and international asset managers*, volumes remained strong on flow operations, both for equities and bonds. There was also a notable increase in interactions and operations with the Family Office segment in the first half of the year.

With regard to the *insurance industry*, in a difficult market context, the Bank's activities mainly focused on the separate portfolio management of the life business, on repo transactions to support liquidity management and on structures for Class III retail products. Also worth mentioning was the role of Active Lead Manager and Bookrunner for Generali's dual-tranche senior green issuance and the role of Joint Bookrunner in UnipolSai's new Tier 2 issuance.

The operations in the *public sector* (governments, public entities, local authorities, and institutional investors), with particular regard to public debt management, in a scenario of much higher interest rates compared to previous years, included the roles of Joint Bookrunner for the Ministry of the Economy and Finance in the placement of an institutional BTP issuance and two BTP Italia issuances aimed at the retail market. At local level, the operations included a Green Loan granted to a public transport company for the purchase of a fleet of electric vehicles, powered by renewable sources, for use in car sharing services.

With regard to the operations related to *Private Equity Funds*, the Group recorded a good number of transactions completed with its customers during the reporting period, in a market environment characterised by a significant improvement in liquidity, resulting in a reduction in the cost of financing structures. In the Italian market, the operations included the roles of Joint Global Coordinator and Joint Bookrunner in the bond issuance supporting NB Renaissance and Ardian in the refinancing of Neopharmed Gentili, a leading pharmaceutical group in Italy, and supporting Investindustrial in the refinancing of La Doria, an international food company and European leader in the canning sector. Other significant roles included M&A Advisor and Global Coordinator in the acquisition financing supporting Investindustrial for the acquisition of the Fassi group, an Italian engineering company and a world leader in the production of articulated cranes and other truck-mounted lifting equipment. The operations in international markets, where the Group continues to consolidate its presence, included the roles of MLA and Bookrunner supporting EQT and Adia in the stock market listing and refinancing of Galderma, a global leader in dermatological treatments, Joint Global Coordinator supporting TDR Capital in the debt refinancing of Asda, a leading supermarket chain in the United Kingdom, and Joint Bookrunner supporting Carlyle, Blackstone, and H&F in the debt repricing of Medline, an US company with a global presence in the supply of healthcare products.

With regard to *Fund Financing*, there was continued growth in loans to alternative investment funds managed by the largest Italian and international financial sponsors. Of note at domestic level was the transaction in support of Nextalia, where the Bank acted as Arranger and Sole Lender. Internationally, where the strongest growth was recorded, the Group acted as lender and co-arranger for some of the most important subscription lines of leading flagship funds, including funds managed by Ares, Blackstone, CVC, Carlyle-Alpinvest and Investindustrial. The operations with Sovereign Wealth Funds and Pension Funds continued successfully in various areas, such as direct support to sovereign funds, assistance in competitive investments in target companies and the financing of portfolio companies, particularly in the core sectors of TMT, Energy, and Infrastructure, with a particular focus on projects with ESG characteristics. The long-standing relationship with major funds in the Middle East and Far East has enabled the Bank to take on significant roles in numerous operations directly supporting their needs, both by renewing and increasing direct loan lines and by subscribing to bonds on the market, as well as financing ad hoc funds (separately managed accounts) with sovereign funds as the sole limited partners. Of particular importance are the roles of Bookrunner assigned to the Bank in the recent bond issuances by PIF, ADQ, and Mubadala. In its investment-related activities, the Group acted in leading roles in various loans, including the acquisition of the main Norwegian maritime company by a Norwegian sovereign fund and support to the Dutch sovereign fund in relation to holdings in several energy infrastructure companies (Ausgrid and Kenter). Numerous transactions were also carried out to support the portfolio companies, such as the pool refinancings of Caruna (a Finnish Distribution System Operator), Nexus Water Group (a leading Canadian water operator), Alpha Trains Group (a leader in the rolling stock market for freight and passengers), in addition to bilateral credit lines in favour of Exolum (a leader in fuel, hydrocarbon, and petroleum product storage and transport), Associated British Ports (a leading maritime operator in the UK), and Al Dahra (a leader in the agribusiness sector).

Distribution Platforms & Global Transaction Banking Coordination Area

In the first half of 2024, **IMI C&IB Italian Network** continued its role of strategic and financial support to Italian customers, offering excellent financial products and services. Thanks to an extensive nationwide network and a team specialised in extraordinary transactions (Italian Specialized Coverage), it assisted customers by organising and participating in various loan and investment banking transactions. The full support to corporate customers continued, also thanks to the use of public guarantee instruments available under support measures adopted to address the challenges stemming from the ongoing international geopolitical situation.
Significant activities were carried out in support of Italian companies, by issuing guarantees for participation in tenders related to the NRRP, and, more generally, tenders for works, contracts and investments of the Public Administration. The use of the "IncentNow" digital platform continued, providing information to Italian businesses and institutions on the opportunities available from public tenders. Particular attention was given to initiatives supporting the green transition (ESG) and the digitalisation of the dialogue between the bank and corporate customers.
IMI C&IB Italian Network is the driving force behind the "Obiettivo Italia 2024" initiative, the tour of the IMI C&IB Division that travels across Italy in 6 stages (Padua, Rimini, Turin, Lonato, Naples, and Rome), aimed at exploring the themes of sustainability, economic growth, and financial innovation with entrepreneurs and top managers from some of the most prominent companies in the national manufacturing landscape. During the events, the bank's economists provide an economic outlook with a focus on Italy, exploring the ESG framework and explaining how the Division can support customers in the integrated strategy for sustainable risk and liquidity management.
The initiative also provides an opportunity to showcase how the Division's strategy aims to consolidate and enhance partnerships with top Italian companies across different production sectors, supporting them in their growth and transition processes.

The **IMI C&IB Division's current international network** is present in 24 countries, supporting the cross-border activities of both Italian and international customers, through a specialised international network comprised of 16 wholesale branches (including the hubs), 8 representative offices (in addition to the Brussels office at Group level, reporting to European Regulatory & Public Affairs and in charge of managing relations with supranational regulators), 3 Corporate Banks (Intesa Sanpaolo Bank Ireland, Intesa Sanpaolo Bank Luxembourg and Intesa Sanpaolo Brasil), which carry out corporate and investment banking operations, in addition to Intesa Sanpaolo IMI Securities Corporation in New York. In the first half of 2024, the IMI C&IB International Network continued to closely monitor the international political and the worsening of the crisis in the Middle East, in order to limit the impacts on the operations of the international network, also in light of the continuously evolving stringent international sanctions.
In line with the 2022-2025 Business Plan and maintaining Intesa Sanpaolo's position as one of the leading global players in the provision of ESG products and services, the activities and initiatives continued in support of international customers more focused on these issues. The work also continued on the optimisation of the operating platform of the international network of the IMI C&IB Division.

With regard to the *Global Transaction Banking (GTB)* offering, to provide support to Italian and international customers with cutting edge solutions, a programme was initiated during the half year for the upgrade of the digital solutions through the Corporate Banking Inbiz portal and other platforms that optimise the trade finance digitalisation process. The programme also included a focus on commercial actions aimed at IMI C&IB customers, with the goal of increasing fees in all the GTB operational areas (cash management, trade finance, payments, digital solutions, and advanced channels).
The first international branches equipped with the new and modern infrastructure for international payment management have been launched, and developments are underway to extend these implementations to the other international locations. The process of evaluation of the ESG solutions continued, as well as the participation in institutional initiatives for the evolution of the banking system in the digital field, such as the Central Bank Digital Currency (CBDC) for the digital euro and digital assets.

With regard to *Syndication & Risk Sharing* distribution, in the first half of 2024, the issuance of syndicated loans remained stable compared to 2023 in all the geographical areas, except for the Leveraged Finance segment which recorded a strong increase in volumes compared to the first half of 2023. This was driven by a combination of macroeconomic, technological, and geopolitical factors, including a gradual improvement in both capital market conditions and M&A operations.
Syndication and Risk Sharing confirmed its leading position in the Italian and international markets where Intesa Sanpaolo operates, acting as arranger and distributing, as bookrunner, a large number of syndicated loans for both large and mid-cap corporate customers, and those linked to major infrastructure projects. The main transactions included corporate loans, also related to mergers and acquisitions, as well as high-profile structured finance transactions.
Lastly, ESG issues have been a crucial focus of these operations, as demonstrated by the roles held in numerous loans linked to the environment and sustainability.

Global Banking & Markets Coordination Area

The first half of the year was marked by stable inflation and expectations of lower interest rates, creating a favourable market environment that influenced all the asset classes. The macroeconomic situation generated sustained flows towards government securities, which also supported primary issuances. Despite the recent volatility in the European political landscape, interest in Italian government securities remained high among both domestic and international customers. In the credit market, many issuers took advantage of the narrowing spreads and the liquidity available to investors, involving the IMI C&IB Division in several new issuances. The secondary market also recorded strong flows. In the Forex market, low volatility led to reduced volumes and shrinking margins. Equity markets maintained the positive trend that began in 2023, with an increase in volumes traded on the stock exchange. Despite expectations of interest rate cuts, placements of the Bank's Certificates recorded a slight improvement compared to the first half of 2023. This result was achieved thanks to a wide range of products, strategic actions taken on the distribution networks, and the launch of products with short durations.

The *Market Hub* area benefited from the excellent performance of dealing activities, with the bond component driven by strong investor interest, with a year-on-year increase in both trades and amounts. The cash equity component also recorded an increase, both domestically and internationally. Volumes on the US ETD market for third parties increased, and the Commodity and FX segments also posted positive results.
Within the Division, the digital evolution has been supported through the development and management of tools, also based on proprietary software. In the first half of 2024, there was particularly vigorous activity related to algorithmic market making and the start of operations in digital assets.

With regard to the investments of the *IMI C&IB Division*, a moderately constructive approach was adopted based on less challenging scenario expectations for the fixed income segment and the start of rate-cutting phases by global central banks. The Banking portfolios were consequently boosted by new investments in government securities of developed countries. The management of the HTC Emerging Markets banking book focused on organic expansion of investments, seeking greater geographical diversification in Eastern Europe, Asia, and Latin America. The divestment operations were aimed at improving the overall RWA profile as well as increasing the allocation to new issuances with ESG characteristics.
The activity on corporate bond portfolios was fairly intense in a favourable market environment for credit. In the first half of the year, a significant portion of the new planned investments was made in both HTC and HTCS, thanks to the liquidity of the primary market and very attractive spreads. The portfolio management prioritised sectoral/geographical diversification, the reduction of concentration risks, and the containment of exposure to issuers susceptible to credit rating downgrades. From an ESG perspective, investments continued in thematic issuances (Green and Social) and in securities of leading issuers in terms of sustainability and commitment to decarbonisation processes.
The management of the DVA (Debt Value Adjustment) constantly monitored the coverage of exposure to Own Credit Risk, also in relation to changes in the scenario for bank securities generated by geopolitical events.

In the *market making operations*, following a short initial phase of widening spreads, the credit market returned to growth, driven by strong demand for new issuances, supported by the abundant liquidity in circulation and low volatility across all asset classes. The more linear environment than in the previous half years allowed market making to be kept stable. The desks managed risk positions using various hedging instruments such as credit indices, bond futures, and equity options. Although the Group's customers were focused more on new issuances, secondary market flows stayed in line with historical averages, enabling efficient operations without the need to take significant positions on the Bank's books and, consequently, without excessive capital absorption. In contrast, there was a slowdown in market making in interest rate, currency, and commodity derivatives both with corporate customers and financial institutions due to the stability of the related markets. The operations in credit and interest rate certificates were also less active than in the previous year, while equity products, after a slow start, returned to their normal trends. Demand was rather varied and investor appetite certainly benefited from low levels of volatility. In the Private Investments sector, in the first half of 2024, the investment continued in Private Equity and Private Debt funds and Hedge Funds. The persisting high cost of funding continued to negatively impact the performance of the Private Equity and Hedge Fund portfolios, while Private Debt maintained stable profitability.

In the *primary equity market*, against a backdrop of growing volumes in the European market, the IMI C&IB Division participated in major equity capital market transactions both in Italy and internationally. The Division participated as Joint Global Coordinator and Joint Bookrunner in the placement of the bond convertible into Webuild shares held by Salini and in the capital increase of Fincantieri. The Division also acted as Financial Advisor to the issuer for the capital increase of Vianini and as Co-lead Manager in the international IPO of Douglas on the Frankfurt Stock Exchange.

In the *bond market*, which saw an increase in volumes in both Italy and Europe, the IMI C&IB Division recorded growth both in terms of issued volumes and the number of transactions compared to the same period last year. The Division acted as Joint Bookrunner in several corporate ESG issuances for Italian and international issuers such as Snam, Iren, A2A, KPN, and CTP. In the same role, it managed corporate issuances for Ford Motor, Nextera Energy, Keurig Dr Pepper, United Group, Kering, RCI Banque, Solvay, Avolta AG, and Wolters Kluwer, and in the financial institution segment, it managed numerous issuances for leading institutions, including Credem, Banco BPM, LBBW, BBVA, TD Bank, and La Banque Postale (covered, SP, SNP, and hybrid). In addition, the Division successfully executed the dollar-denominated private placement for Assa Abloy and the US Private Placement for Rio Grande. It also performed the role of Sole Lead Manager in the issuance of Mediobanca aimed at retail investors. In the Supranational, Sovereigns and Agencies (SSA) area, the Division participated as joint bookrunner in the issuance of BTP Valore aimed at retail customers and in the issuance of the social bond of Cassa Depositi e Prestiti. In the emerging markets, the Bank acted as joint bookrunner for the issuances of The Public Investment Fund, Abu Dhabi Developmental Holding Company, MDGH GMTN, and Adani Green Energy.

In the first half of 2024, the *Structured Finance activities* carried out by the Division maintained the Bank's leadership on the Italian market (also for ESG/Circular/Green issues) and continued successfully in the international market. In corporate lending to Italian and international customers in various economic sectors (including those aimed at acquisitions and growth investments, as well as those with SACE SupportItalia guarantees) the leadership was maintained in Italy, along with the position in the international market. The most strategic operations involved loans in the renewable energy sectors (plant portfolios), the construction of infrastructure (including digital infrastructure with the support of the NRRP and airport infrastructure), and shipbuilding. The "originate to share" approach and the geographical diversification resulted in the conclusion of numerous financing transactions to support important Italian and international industrial operators and financial investors in various infrastructure and public utility services sectors, in line with the growth strategy of the Division, both in terms of volumes and positioning, with specific attention to ESG/Circular/Green issues. The renewable energy sector remained the most dynamic, as well as US Structured Finance, whose primary trend was a sharp increase in applications for loans on the back of the Energy Transition process that has been impacting the energy market in the last few years.

The *securitisation activities* maintained the IMI C&IB Division's leadership in Italy, both in providing support to customers and in managing financial risk, also with innovative ESG-linked solutions, and asset-based financing. Customers were offered targeted solutions that have been structured, financed, and distributed to improve funding efficiency, enhance asset quality ratios, optimise economic and regulatory capital, and improve the net financial position. The Division strengthened its international presence, providing both risk management and financial support to European and non-European corporate customers and financial institutions, along with major international investors.
The Division also acted as a competence centre for corporate finance transactions Banca dei Territori Division and International Subsidiary Banks Division customers. Of note among the most significant transactions completed in the first half was the role of Sole Global Coordinator and Joint Bookrunner in the IPO of Next Geosolutions Europe on Euronext Growth Milan and of Sole Financial Advisor to BF in the sale of a non-controlling interest in BF International Best Fields Best Food Limited to Simest, Inarcassa, Quinto Giro Investimenti, and Dompé Holdings.

International Subsidiary Banks

(millions of euro)

Income statement	30.06.2024	30.06.2023	Changes	
			amount	%
Net interest income	1,245	1,094	151	13.8
Net fee and commission income	320	291	29	10.0
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	73	66	7	10.6
Other operating income (expenses)	-35	-34	1	2.9
Operating income	**1,603**	**1,417**	**186**	**13.1**
Personnel expenses	-313	-281	32	11.4
Administrative expenses	-232	-212	20	9.4
Adjustments to property, equipment and intangible assets	-57	-56	1	1.8
Operating costs	**-602**	**-549**	**53**	**9.7**
Operating margin	**1,001**	**868**	**133**	**15.3**
Net adjustments to loans	-34	-45	-11	-24.4
Other net provisions and net impairment losses on other assets	-4	-22	-18	-81.8
Other income (expenses)	2	121	-119	-98.3
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**965**	**922**	**43**	**4.7**
Taxes on income	-241	-203	38	18.7
Charges (net of tax) for integration and exit incentives	-23	-22	1	4.5
Effect of purchase price allocation (net of tax)	-1	-1	-	-
Levies and other charges concerning the banking and insurance industry (net of tax)	-12	-17	-5	-29.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-1	-1	-	-
Net income (loss)	**687**	**678**	**9**	**1.3**

(millions of euro)

	30.06.2024	31.12.2023	Changes	
			amount	%
Loans to customers	43,470	43,002	468	1.1
Direct deposits from banking business	59,050	59,317	-267	-0.5
Risk-weighted assets	36,083	36,071	12	-
Absorbed capital	3,978	3,943	35	0.9

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 half of 2024, the Division's operating income came to 1,603 million euro, up on the same period of the previous year (+13.1%, +18.5% at constant exchange rates). A detailed analysis shows that net interest income came to 1,245 million euro (+13.8%), mainly due to the favourable performance of PBZ – including Intesa Sanpaolo Bank (Slovenia) and Intesa Sanpaolo Banka Bosna i Hercegovina (+59 million euro) – Bank of Alexandria (+36 million euro), VUB Banka (+35 million euro) and Banca Intesa Beograd, including Intesa Leasing Beograd (+33 million euro). Net fee and commission income, amounting to 320 million euro, was up (+10%), mainly due to Banca Intesa Beograd, including Intesa Leasing Beograd (+7 million euro), VUB Banka and CIB Bank (+6 million euro each), and PBZ, including Intesa Sanpaolo Bank (Slovenia) and Intesa Sanpaolo Banka Bosna i Hercegovina (+5 million euro). Within the other income components, there was an increase in profits (losses) on financial assets and liabilities at fair value (+7 million euro), mostly attributable to the subsidiaries operating in Hungary and Serbia, offset by the weaker performance of the Egyptian investee, and other operating expenses (+1 million euro).
Operating costs, amounting to 602 million euro, were up (+9.7%; +13.4% at constant exchange rates) essentially due to personnel and administrative expenses.

As a result of the above revenue and cost trends, the operating margin increased by 15.3%, amounting to 1,001 million euro. Gross income of 965 million euro, and net income, which amounted to 687 million euro, were up on the figure for the first six months of the previous year (4.7% and 1.3% respectively). Excluding the gain from the sale of the acquiring business line of PBZ Card recognised under other income in the first quarter of 2023, the increases would have been 19.7% and 17.8% respectively.

At the quarterly level, in the second quarter of 2024 the operating margin increased compared with the first quarter, as a result of the growth in operating income, which more than offset the increase in operating costs. Gross income and net income were also higher than in the previous quarter.

Intermediated volumes of the Division showed a slight rise (+0.2%) at the end of June 2024 compared to the end of December 2023, attributable to the increase in loans to customers (+1.1%) despite a decrease in direct deposits from banking business (-0.5%). The performance of the loans was mainly attributable to the increase recorded by the subsidiaries operating in Croatia and Slovakia. For the deposits, the decrease was mainly attributable to the subsidiaries operating in Egypt, Romania and Hungary, partially offset by the strong performance recorded in Slovakia and Serbia.

In the first half of 2024, the International Subsidiary Banks Division continued the process of business development, adopting a business model targeted to increasing fee and commission income in the main European subsidiaries and maintaining a constant focus on wealth management in China.
Specifically, the reshaping and strengthening of the service model for wealth management continued for the Magnifica and Private segments, through the development of a customer relationship-focused approach, aimed at creating a product and service offering that addresses the latent and unexpressed needs of customers, while also increasing solutions with ESG features. In addition, the sharing of the principles for diversifying the asset mix of portfolios with banks has been initiated, guaranteeing performance in line with a win-win strategy, beneficial for both customers and the distribution network.
The collaboration project also continued between the International Subsidiary Banks (ISBD), Private Banking and Asset Management Divisions, for the development and implementation of a new service model for the Private and High Net Worth Individual (HNWI) customers of ISBD with complex asset management needs.
In bancassurance, the business partnership continued for the distribution of bancassurance products in Slovakia, Croatia, Hungary, Serbia and Slovenia with a leading insurance group.
With regard to increasing fee and commission income, commercial initiatives continued in synergy with the IMI Corporate & Investment Banking Division in the Global Markets, Structured Finance and Investment Banking sectors in the countries identified as priority (Slovakia, Czech Republic, Hungary and Croatia), with a significant increase in operations and the pipeline since the start of the plan. The scope of observation is currently being expanded to other markets.
With regard to the development and strengthening of the service model for customers shared with the Banca dei Territori Division, the commercial initiatives to increase cross-border business opportunities of Mid-Corporate customers operating in countries of the Division continued. Specifically, the launch continued of joint commercial campaigns targeting the corporate customers of Banca dei Territori, across all the Regional and Agribusiness Governance Centres, with international subsidiaries in Slovakia, Hungary, Romania, Serbia, Croatia, Albania, and Slovenia. A specific initiative has been launched for Romania involving relationship managers from both Divisions.
As part of the ESG Business Positioning initiatives for the Corporate & SME segments in Slovakia, Hungary, Croatia, Serbia, and Egypt, following the identification of priority sectors, the work continued on developing a commercial strategy aimed at improving the ESG offering. In this context, the project is nearing completion for the creation of a multi-country loan product dedicated to achieving green objectives, as part of the S-Loan offering.
Within the digital banking initiatives of Corporate & SME, following the launch of the Italy-Hungary interconnection and the activation of the “Confirming” product in five additional geographies of the Division (Slovakia, Serbia, Romania, Slovenia, and Albania), the process of extension to three more countries (Croatia, Bosnia, and the Czech Republic) is at an advanced stage. For the new “Factoring Digital Platform”, the process of identifying the external provider is at the final stage, with Croatia as the pilot bank. Limited to Retail & WM, the expansion of functions and digital services in the main countries where the Division operates continued. The activities to improve the customer experience of digital processes of branches in Hungary, Slovenia, Albania and Croatia were completed, through the use of artificial intelligence and the new Navigated Experience functionality of the chatbot.
In the IT area, the implementation of the new strategy which entails focusing on the convergence of IT applications supporting the business, continued.
Lastly, with regard to Wealth Management in China, the business activities of Yi Tsai continued through the streamlining of the network, strengthening of the coverage for institutional customers, expansion of the product mix.

Business	It is responsible for the Group's operations on the international markets through commercial bank subsidiaries and associates.
Mission	Guidance, coordination and support for international subsidiaries, which engage primarily in retail banking operations. The Division is responsible for setting the Group's strategic development guidelines in terms of its direct presence on international markets, involving systematic exploration and analysis of new growth opportunities on markets already served and new markets, the coordination of international subsidiary banks' operations and the management of the relationships between international subsidiary banks and the Parent Company's central units and the branches or other foreign offices of the IMI Corporate & Investment Banking Division.
Organisational structure	
South-Eastern Europe HUB (SEE HUB)	Presence in Croatia, Bosnia-Herzegovina and Slovenia.
Danube HUB (DNB HUB)	Presence in Slovakia, Romania and the Czech Republic.
Other banks	Presence in Albania, Hungary, Serbia, Egypt, Ukraine and Moldova.
Distribution structure	914 branches in 12 countries.

South-Eastern Europe Hub (SEE HUB)

In the first half of the year, the operating income of the **Privredna Banka Zagreb** group amounted to 330 million euro, up on the same period of 2023 (+12.6%), due to the favourable performance of net interest income. Operating costs of 112 million euro increased (+9.1%). The operating margin came to 218 million euro (+14.6%). Gross income, amounting to 227 million euro, and net income, which amounted to 189 million euro, were down (-25.8% and -24.5%, respectively) compared to the first six months of the previous year. Excluding the gross capital gain from the sale of the acquiring business line of PBZ Card in the first quarter of 2023, they would have been increased by 19.1% and 21.7%, respectively.

Intesa Sanpaolo Banka Bosna i Hercegovina closed the first half of 2024 with an operating margin of 12 million euro (-6.2%). This performance is attributable to the increase in operating costs, which more than offset the increase in operating income. Gross income of 11 million euro, and net income, which amounted to 9 million euro, were up (+10.4% and +9.7%, respectively).

Intesa Sanpaolo Bank (Slovenia) reported operating income of 84 million euro, up on the first half of 2023 (+19.1%), essentially due to the evolution of net interest income. Operating costs increased (+9.9%) compared with the first six months of the previous year. As a result of the above revenue and cost trends, the operating margin increased by 24.2%. Gross income and net income, amounting to 54 million euro and 37 million euro, respectively, were also up by 18.8% and 8.8%, respectively.

Danube HUB (DNB HUB)

The **VUB Banka** Group reported an operating margin of 254 million euro, up on same period of 2023 (+15.7%) as a result of the growth in operating income (+12.3%), particularly in net interest income, only partially offset by the increase in operating costs (+5.9%). Gross income amounted to 232 million euro, up on the first half of the previous year (+21.4%). In contrast, net income was slightly down (-2.9%) as a result of the new extraordinary tax on windfall profits introduced by the Slovakian government in 2024.

Intesa Sanpaolo Bank Romania generated an operating margin of 9 million euro, up on the first half of 2023 (+38.7%), due to higher operating income (+17.7%). The company closed the first half of 2024 with net income of 11 million euro, more than triple that of the same period of the previous year, also benefiting from the reversals of impairment losses on loans.

First Bank. On 31 May 2024, the closing was completed for the acquisition of the company First Bank S.A. in Romania, after obtaining the authorisation from the National Bank of Romania. From the first half of 2024, the company has contributed to the consolidation of the Intesa Sanpaolo Group solely with balance sheet figures.

Other banks

Intesa Sanpaolo Bank Albania reported an operating margin of 24 million euro, up by 36.7% on the first half of 2023, due to the growth in revenues (+31%), particularly net interest income, which more than offset the increase in operating costs. Net income came to 18 million euro, up by 28.9% on the same period of the previous year.

The **CIB Bank** group reported net operating income of 231 million euro, a slight decrease compared to the first half of 2023 (-0.8%, +1.7% at constant exchange rates) due to a lower contribution from net interest income, attributable to falling interest rates, partially offset by the growth in profits (losses) on financial assets and liabilities at fair value. Operating costs rose by 13.5%. As a result of the above revenue and cost trends, the operating margin decreased by 5.9% to 160 million euro. Net income rose to 106 million euro, exceeding that of the same period of the previous year (+12.5%), as a result of lower banking levies.

Banca Intesa Beograd, including Intesa Leasing Beograd, reported an operating margin of 179 million euro, up 23.2% on the first six months of 2023, supported by the development of operating income (+20.7%), which more than offset the increase in operating costs (+14.9%). Gross income amounted to 161 million euro (+18.5%), and net income was 127 million euro (+21.5%).

Bank of Alexandria, which was adversely affected by the depreciation of the Egyptian pound, reported an operating margin of 147 million euro, up by 23.1% on the same period of the previous year (+67.2% at constant exchange rates). Operating income of 204 million euro was up (+15.2%; +56.5% at constant exchange rates, due to the performance of net interest income). Operating costs decreased (-1.1%; +34.3% at constant exchange rates). Net income amounted to 103 million euro, up by 63% on the same period of 2023 (more than double at constant exchange rates).

Pravex. Despite the extremely serious/uncertain situation in Ukraine, Pravex was again consolidated on a line-by-line basis in June 2024. Nonetheless, in light of the obvious logistical and execution difficulties for the administrative structures of the local bank, also with regard to the IT channels, the Group decided to consolidate the results achieved up to March 2024.

Eximbank generated an operating margin of 1.5 million euro, down by 52.8% on the first half of 2023, due to the lower contribution from operating income and the growth in operating costs. Net income, amounting to 1.1 million euro, decreased by 61.3%.

Private Banking

(millions of euro)

Income statement	30.06.2024	30.06.2023	Changes amount	Changes %
Net interest income	622	602	20	3.3
Net fee and commission income	1,055	931	124	13.3
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	23	34	-11	-32.4
Other operating income (expenses)	8	-1	9	
Operating income	**1,708**	**1,566**	**142**	**9.1**
Personnel expenses	-242	-240	2	0.8
Administrative expenses	-195	-186	9	4.8
Adjustments to property, equipment and intangible assets	-50	-43	7	16.3
Operating costs	**-487**	**-469**	**18**	**3.8**
Operating margin	**1,221**	**1,097**	**124**	**11.3**
Net adjustments to loans	-18	-11	7	63.6
Other net provisions and net impairment losses on other assets	-17	-17	-	-
Other income (expenses)	20	-	20	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,206**	**1,069**	**137**	**12.8**
Taxes on income	-376	-343	33	9.6
Charges (net of tax) for integration and exit incentives	-9	-11	-2	-18.2
Effect of purchase price allocation (net of tax)	-10	-12	-2	-16.7
Levies and other charges concerning the banking and insurance industry (net of tax)	-20	-	20	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	2	-2	4	
Net income (loss)	**793**	**701**	**92**	**13.1**

(millions of euro)

	30.06.2024	31.12.2023	Changes amount	Changes %
Assets under management [(1)]	163,579	157,426	6,153	3.9
Risk-weighted assets	12,394	11,924	470	3.9
Absorbed capital	1,209	1,167	42	3.6

(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, Intesa Sanpaolo Private Banking, Fideuram - Intesa Sanpaolo Private Banking Asset Management SGR, IW Private Investments SIM, SIREF Fiduciaria, Fideuram Asset Management (Ireland), Fideuram Asset Management UK, the Swiss banking group Reyl (present in Switzerland, the United Kingdom, Singapore, the United Arab Emirates and Malta) and Intesa Sanpaolo Wealth Management, a Luxembourg private bank with branches also in Belgium. Moreover, with the goal of offering a large, dedicated range of products, using digital solutions that will be expanded over time, the Fideuram Direct business line, created in 2023, meets the needs of customers that want to independently handle their investments and online trading.

In the first half of 2024, the Division achieved gross income of 1,206 million euro, up by 137 million euro (+12.8%) compared to the amount in the first six months of 2023. The operating margin showed a positive trend (+124 million euro), attributable to higher operating income (+142 million euro), against a slight increase in operating costs (+18 million euro). The revenue performance was mainly attributable to net fee and commission income (+124 million euro), particularly for recurring fee and commission income, in connection with the increase in average assets under management, and upfront fees, related to the higher contribution from the receipt and transmission of orders and the placement of Intesa Sanpaolo mutual funds and bonds. Net interest income also recorded positive performance, increasing to 622 million euro (+20 million euro) in a scenario of rising short-term market interest rates, due to the greater contribution from investments in securities and intermediation with banks. Among the other revenue components, other net operating income was up (+9 million euro), while the profits (losses) on financial assets and liabilities at fair value moved in the opposite direction (-11 million euro). For operating costs, there was an increase in administrative expenses due to higher charges for services rendered by third parties, in personnel expenses due to the strengthening of the international component, and in amortisation for software and rights of use on leased assets. The Division closed the first half of 2024 with net income of 793 million euro, up by 13.1% on the same period of 2023.

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 June 2024, assets gathered, which also include the contribution of the trust mandates for SIREF Fiduciaria, amounted to 320.5 billion euro (+16.9 billion euro compared to the end of December 2023). This trend was due to the market performance, which had a favourable impact on assets and, to a lesser extent, to positive net inflows. The assets under management component amounted to 163.6 billion euro (+6.2 billion euro).

The following corporate transactions were completed in the first half of 2024:
– the merger by incorporation of Carnegie Fund Services S.A. into Reyl & Cie S.A.;
– the liquidation of the companies IIF SME Managers LTD and Morval Bank & Trust Cayman Ltd.

Business	Generating new inflows of assets and managing them, using a network of financial advisors and in-house private bankers serving a customer base with high savings potential.
Mission	Taking care of customers' well-being and protecting all of their assets through top notch advisory services. A relationship based on listening, satisfaction and trust between the customer and the private banker is what makes the business model of the Private Banking Division unique.
Organisational structure	
Fideuram-Intesa Sanpaolo Private Banking (Italy)	Dedicated to the production, management and distribution of financial products and services to high profile customers, using a network of 5,115 Fideuram and Sanpaolo Invest financial advisors and the provision of digital advisory and advanced trading through Fideuram Direct.
Intesa Sanpaolo Private Banking (Italy)	Bank dedicated to private customers (with over 1 million euro in financial assets), providing financial services which are designed to preserve and increase wealth and provide continuity, using a network of 937 in-house private bankers and 125 freelance bankers with agency contracts.
IW Private Investments (Italy)	Company specialising in financial advisory and planning services for individuals and households. It operates using a network of 525 financial advisors.
Reyl & Cie (Switzerland)	Swiss bank dedicated to developing international private customers, which operates through a group of companies specialising in wealth management and private banking. It operates using a total network of 48 private bankers.
Intesa Sanpaolo Wealth Management (Luxembourg)	Luxembourg bank with branches in Belgium, which operates using a total network of 40 private bankers.
Fideuram Asset Management SGR (Italy)	Company that manages a wide range of mutual funds, individual portfolios and other investment instruments for private and institutional investors.
Fideuram Asset Management (Ireland)	Company that manages Luxembourg and Italian mutual funds and products designed by the Group's insurance companies.
Fideuram Asset Management (UK)	Investment company headquartered in the United Kingdom, which took over the activities previously managed by the London branch of Fideuram Asset Management (Ireland).
SIREF Fiduciaria (Italy)	Company specialised in the provision of fiduciary services.
Distribution structure	Network of 245 branches in Italy, 6 branches abroad and 6,790 financial advisors.

Asset Management

(millions of euro)

Income statement	30.06.2024	30.06.2023	Changes	
			amount	%
Net interest income	29	2	27	
Net fee and commission income	436	419	17	4.1
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	1	13	-12	-92.3
Other operating income (expenses)	24	31	-7	-22.6
Operating income	**490**	**465**	**25**	**5.4**
Personnel expenses	-51	-50	1	2.0
Administrative expenses	-58	-57	1	1.8
Adjustments to property, equipment and intangible assets	-4	-4	-	-
Operating costs	**-113**	**-111**	**2**	**1.8**
Operating margin	**377**	**354**	**23**	**6.5**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	-	-	-	-
Other income (expenses)	30	-	30	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**407**	**354**	**53**	**15.0**
Taxes on income	-100	-92	8	8.7
Charges (net of tax) for integration and exit incentives	-	-	-	-
Effect of purchase price allocation (net of tax)	-2	-2	-	-
Levies and other charges concerning the banking and insurance industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**305**	**260**	**45**	**17.3**

(millions of euro)

	30.06.2024	31.12.2023	Changes	
			amount	%
Assets under management	316,658	311,291	5,367	1.7
Risk-weighted assets	2,043	1,990	53	2.7
Absorbed capital	220	213	7	3.3

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.

Operating income in the first half of 2024, amounting to 490 million euro, was up by 5.4% compared to the same period of the previous year, due to the performance of net interest income (+27 million euro) and net fee and commission income (+17 million euro). The latter have benefited from the growth in placement fees for mutual funds and incentive fees, partially offset by the reduction in recurring fee and commission income as a result of the decrease in average assets under management, of customer investment choices in the new macroeconomic reference environment of positive interest rates, and of the product innovation by Eurizon Capital SGR and its subsidiaries to improve the competitiveness of the mutual funds against other alternative financial products. Within the other revenue components, the contribution from the fair value measurement of the financial portfolio in which the cash and cash equivalents of the Division are invested was a positive 1 million euro (13 million euro in the first half of 2023). The Chinese subsidiary Penghua, consolidated at equity, provided a positive contribution to operating income of 24 million euro, compared to 31 million euro in the same period of the previous year. The growth in operating costs (+1.8%) was attributable to the increase in personnel and administrative expenses, related to the incremental costs for technology infrastructure. As a result of the above revenue and cost trends, the operating margin came to 377 million euro, up 6.5% on the first six months of 2023. The Division closed the first half of 2024 with net income of 305 million euro (+17.3%).

As at 30 June 2024, assets under management of the Asset Management Division came to 316.7 billion euro, up by 5.4 billion euro (+1.7%) compared to the end of 2023. This trend was attributable to the revaluation of assets under management, correlated with the positive performance of the markets, only partially offset by the net outflows (-2.7 billion euro). The net outflows were attributable to insurance and pension products (-4.4 billion euro), which were only partially offset by net inflows on portfolio management schemes for retail and private customers (+0.7 billion euro), other institutional mandates (+0.5 billion euro) and mutual funds (+0.5 billion euro).

As at 30 June 2024, Eurizon Capital's Italian market share of assets under management was 16% (gross of duplications). Excluding the closed-end funds segment, in which the company has a limited presence, the share of assets under management at the end of June rose to 16.4%.

Business	Asset management.
Mission	To provide collective (UCI) and individual asset management products to the Group's internal banking networks and develop its presence on the open market through specific distribution agreements with other networks and institutional investors.
Organisational structure	
Eurizon Capital SGR (Italy)	Specialised in active asset management on behalf of both retail customers (mutual funds and portfolio management schemes) and institutional customers, to which it offers a wide range of investment products and services.
Eurizon Capital Real Asset SGR (Italy)	Specialised in alternative investments. It is controlled by Eurizon Capital SGR, which holds 51% of the voting right and 20% of the company's share capital, and an investee of Intesa Sanpaolo Vita (40% of capital) and the Poste Italiane Group (40% of the capital).
Epsilon SGR (Italy)	Specialised in portfolio management on quantitative bases. It is a 100% subsidiary of Eurizon Capital SGR.
Eurizon Capital S.A. (Luxembourg)	The company manages and distributes Luxembourg UCI products aimed at retail and institutional customers and offers a wide range of services dedicated to institutional investors. It specialises in limited tracking error (LTE) management, factor-based and money market products. It is a 100% subsidiary of Eurizon Capital SGR.
Eurizon Capital Asia Limited (Hong Kong)	A company wholly owned by Eurizon Capital SGR, mainly focused on financial consulting activities and distribution in the Asian market.
Eurizon Asset Management Slovakia (Slovakia)	A Slovak asset management company, 100%-owned by Eurizon Capital SGR, which heads up Eurizon Asset Management Hungary and Eurizon Asset Management Croatia d.o.o. (Eastern European asset management hub). It promotes and manages Slovak mutual funds targeted to the local market.
Eurizon Asset Management Croatia d.o.o. (Croatia)	A Croatian asset management company and wholly owned subsidiary of the Slovak company Eurizon Asset Management Slovakia. It promotes and manages Croatian mutual funds and offers individual portfolio management services to retail and institutional customers.
Eurizon Asset Management Hungary (Hungary)	A Hungarian asset management company and wholly owned subsidiary of the Slovak company Eurizon Asset Management Slovakia. It promotes and manages Hungarian mutual funds and offers individual portfolio management services to institutional customers.
Eurizon SLJ Capital (England)	An English company controlled by Eurizon Capital SGR through a 65% interest, which conducts research and provides investment and advisory services.
Penghua Fund Management Company Limited (China)	Chinese fund manager 49%-owned by Eurizon Capital SGR.

Insurance

(millions of euro)

Income statement	30.06.2024	30.06.2023	Changes amount	Changes %
Net interest income	-	-	-	-
Net fee and commission income	2	1	1	
Income from insurance business	889	834	55	6.6
Profits (Losses) on financial assets and liabilities at fair value	-	-	-	-
Other operating income (expenses)	-5	-7	-2	-28.6
Operating income	**886**	**828**	**58**	**7.0**
Personnel expenses	-72	-72	-	-
Administrative expenses	-85	-84	1	1.2
Adjustments to property, equipment and intangible assets	-17	-15	2	13.3
Operating costs	**-174**	**-171**	**3**	**1.8**
Operating margin	**712**	**657**	**55**	**8.4**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	-	39	-39	
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**712**	**696**	**16**	**2.3**
Taxes on income	-214	-205	9	4.4
Charges (net of tax) for integration and exit incentives	-8	-7	1	14.3
Effect of purchase price allocation (net of tax)	-5	-5	-	-
Levies and other charges concerning the banking and insurance industry (net of tax)	-23	-	23	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-2	-2	
Net income (loss)	**462**	**477**	**-15**	**-3.1**

(millions of euro)

	30.06.2024	31.12.2023	Changes amount	Changes %
Direct deposits from insurance business [(1)]	171,937	172,746	-809	-0.5
Risk-weighted assets	-	-	-	-
Absorbed capital	4,766	4,398	368	8.4

(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, Fideuram Vita, Intesa Sanpaolo Assicura and Intesa Sanpaolo RBM Salute, with the mission of synergically developing the insurance product mix targeting Group customers. The scope of the Insurance Division also includes Intesa Sanpaolo Insurance Agency and InSalute Servizi. From 1 December 2023 a secondary office of Intesa Sanpaolo Vita, called Intesa Sanpaolo Vita Dublin Branch, was established in Dublin, specialized in managing unit-linked policies.

In the first half of 2024, the Division reported income from insurance business of 889 million euro, up (+6.6%, or +55 million euro) compared to the same period of 2023, as a result of the contribution of the life business and the non-life business. The life business benefited from the increase in the net investment result and the contribution from new business, while the non-life business benefited from higher insurance revenues as well as from the financial components, specifically net interest income and realised gains. Gross income, amounting to 712 million euro, was up by 2.3% as a result of higher operating income against a slight increase in operating costs.
The cost/income ratio, at 19.6%, remained at very good levels, lower than those recorded in the first half of 2023.
Lastly, net income came to 462 million euro (-3.1%) after the attribution of taxes of 214 million euro, charges for integration and exit incentives of 8 million euro, effects of purchase price allocation of 5 million euro and levies and charges of the banking and insurance system of 23 million euro, with the latter relating to the Guarantee Fund for life insurance policies pursuant to Law no. 213 of 30 December 2023. Net of the Guarantee Fund, net income would have been up by 1.7%.

Direct deposits from insurance business, amounting to 171,937 million euro, were down slightly (-0.5%, or -0.8 billion euro) compared to the end of December 2023, attributable to the financial and insurance liabilities.

The Division's collected premiums for life policies and pension products, amounting to 8.5 billion euro, decreased by 2.7% compared to the first six months of the previous year, attributable to the fall in inflows on traditional products (-12.7%). In contrast, inflows on unit-linked products (+23.6%) and pension products (+13.2%) increased.

Collected premiums for the protection business totalled 0.8 billion euro, up by 2.1% on the same period of 2023. Premiums in the non-motor business (excluding CPI – Credit Protection Insurance) rose by 1.1%, mainly driven by the Businesses and Accidents Lines of Business (LoB). The motor component (+5.9%) and credit-related products (+20.9%) also increased.

Business	Life and non-life insurance.
Mission	Develop the offering of insurance products for the Group's customers.
Organisational structure	
Intesa Sanpaolo Vita	Insurance parent company specialised in offering insurance, pension and personal and asset protection services through the network of Banca dei Territori. The company is the sole owner of Intesa Sanpaolo Assicura, Intesa Sanpaolo RBM Salute and Intesa Sanpaolo Insurance Agency and holds 65% of InSalute Servizi. Lastly, it holds 40% of Eurizon Capital Real Asset SGR, a company operational since 31 December 2019, controlled by Eurizon Capital SGR (Asset Management Division), which holds 51% of the voting rights and 20% of the capital. On 1st December 2023, Intesa Sanpaolo Vita incorporated Intesa Sanpaolo Life, while establishing a secondary office in Dublin, called Intesa Sanpaolo Vita Dublin Branch.
Fideuram Vita	Specialised in offering insurance, pension and personal and asset protection products in service of the Private Banking Division.
Intesa Sanpaolo Assicura	Dedicated to the non-life business, it offers customers a wide range of products capable of covering personal injury, damage to vehicles and to the home and loan protection.
Intesa Sanpaolo RBM Salute	Specialised in the health care business.
InSalute Servizi	Dedicated to managing healthcare benefits.
Intesa Sanpaolo Insurance Agency	Agency that performs insurance brokerage activities of both life and non-life products.

Corporate Centre

The Corporate Centre is responsible for guidance, coordination and control of the whole Group, as well as for the NPE Department, as well as the Treasury, Funding and Strategic ALM activities.

The Corporate Centre Structures generated an operating margin of 873 million euro in the first six months of 2024, compared to 368 million euro in the same period of the previous year. This performance was mainly attributable to the growth in operating income, due to the performance of net interest income, which benefited from the rise in short-term market interest rates. Operating costs declined, due to higher charge backs by the Corporate Centre to the business units for pure services and guidance and control services and a reduction in personnel expenses. Gross income amounted to 813 million euro compared to 516 million euro in the same period of 2023. The first half of 2024 closed with a net income of 311 million euro, compared to a net loss of -9 million euro in the same period of the previous year. The income statement of the Corporate Centre includes the charges aimed at maintaining the stability of the banking industry, which amounted to 51 million euro after tax, compared to 222 million euro in the first half of 2023.

Treasury and Funding activities

In the first half of 2024, Intesa Sanpaolo confirmed its systemic role as a critical participant in the ECB's cash (T2) and securities (T2S) settlement systems, keeping stable market shares at national and European level.
As part of the renewal of the European settlement platform, the last major phase of testing and training is underway for the ECMS (European Collateral Management System) project, which will go live on 18 November 2024, completing the framework already in operation for payment services at Eurosystem level (T2, T2S, and TIPS).
The numerous initiatives concerning the digitalisation of future payment systems are gaining increasing importance, with Intesa Sanpaolo actively participating in various ECB-led projects to identify the optimal digital solution for the issuance and settlement of Digital Bonds and Euro Commercial Paper.

In the first part of the year, the ECB kept interest rates unchanged and, at the June meeting, it eased monetary policy restrictions by cutting the three Eurosystem key interest rates by 25 basis points. In the July meeting, the Governing Council also confirmed its intention to ensure inflation promptly returns to its medium-term target of 2% and stated that further rate cuts would be considered only if there were clear additional signs of a decrease in the price index.
In this context, the euro quotes on the interest rate market experienced some phases of volatility, gradually factoring in expectations of monetary easing.

With regard to the dollar, in the three meetings held in the first half of 2024, the Fed kept the Fed Funds Target Rate unchanged at 5.25-5.50%, confirming the objective of returning to 2% medium-term inflation, a target that has not yet been fully achieved.

Intesa Sanpaolo's euro liquidity position remained very solid, with a significant excess of liquidity even after the repayment of the last tranche of the TLTRO at the end of June. Also for the dollar, the liquidity position remained abundant and the funding activity did not encounter any market stress.

The outstanding short-term securities funding also grew in the first part of 2024, confirming investor interest in the Bank's issuances.

During the first half of 2024, the total amount of the Group's medium/long-term issues placed on the domestic market, through own networks and direct listing, came to around 8.176 billion euro, of which 6.551 billion euro in certificates, 1.546 billion euro in issuances placed through the Private Banking Division and 79 million euro in securities traded on the MOT and/or EuroTLX markets of Borsa Italiana (direct listing).

The composition of the bonds placed through the Private Banking Division was broken down as follows: 1.308 billion euro of T2 bonds reserved for professional customers and qualified investors, with fixed and floating rates and a 10-year term; 228 million euro of senior preferred fixed-rate bonds with a 5-year term; and 10 million euro of private placement senior preferred bonds with fixed rates and durations of 2 and 10 years.
Among the securities placed, there was a predominance of financial instruments made up of 33% of index-linked structures, 24% of equity-linked structures and 23% of interest rate-linked structures, while the plain vanilla issuance component accounted for 20%. A breakdown by average maturity shows that 50% are comprised of instruments with 2- and 4-year maturities, 31% of 5- and 8-year maturities, and the remaining 19% with 10-year maturities.

During the half year, a total of 4.207 billion euro in institutional unsecured funding transactions were placed, of which 4.029 billion euro in bonds issued by the Bank and 178 million euro in securities (bonds and certificates) placed by the IMI Corporate & Investment Banking Division on third-party networks.
With regard to bond funding, the following public issuances were carried out: (i) on 8 March, an issuance of fixed-rate senior preferred green bonds aimed at the Asian market for a total amount of 37.1 billion JPY (corresponding to around 229 million euro) divided into three tranches: 35 billion JPY with a 2-year maturity, 1.9 billion JPY with a 3-year maturity, and 200 million JPY with a 7-year maturity; (ii) on 9 April, an issuance of senior preferred bonds for a total amount of 2 billion euro issued in two tranches of 1 billion euro each: the first a green bond, with fixed rate and a 6.5-year maturity, and the second a floating-rate bond with a 3-year maturity; and (iii) on 13 May, an AT1 subordinated issuance for an amount of 1 billion euro at fixed rate. These are perpetual financial instruments with an early redemption option that can be exercised by the issuer from the eighth year.

In addition, on 14 February, a private placement was carried out of 800 million euro of fixed-rate senior preferred social bonds with a 6.5-year maturity.

The “green” issuances are aimed at funding all the green projects in line with the green categories described in the Intesa Sanpaolo’s Green, Social and Sustainability Bond Framework: “Renewable Energy”, “Energy Efficiency”, “Green Buildings”, “Clean Transportation” and “Circular Economy”. The “social” issuances are aimed at funding the assets that come under the social categories described in the Green, Social and Sustainability Bond Framework: “Access to Essential Services (Non-Profit Entities)”, “Socio-economic Advancement and Empowerment” and “Employment Generation and Programmes Designed to Prevent and/or Alleviate Unemployment Stemming from Crises”. Currently, the social portfolio is mainly composed of loans to SMEs operating in disadvantaged areas (including COVID-19 loans) and to non-profit organisations operating in sectors with a specific social focus (Healthcare, Education, Welfare and Solidarity).

With regard to the Covered Bond issuance programmes, under the covered bond programme guaranteed by ISP CB Pubblico, the 13th and 14th series (both retained) amounting to a total of 1.850 billion euro were redeemed in advance in January.
In preparation for the closure of this programme, which took place on 2 April, the repurchase by the Bank of the entire residual portfolio of segregated loans in the Vehicle (1.850 billion euro) was completed in the first quarter of 2024.
Within the covered bond programme guaranteed by ISP OBG, the 32nd retained series matured in February, for an amount of 1.650 billion euro. In June, the 21st retained series was partially redeemed for an amount of 500 million euro and the 25th for an amount of 50 million euro.
Within the covered bond programme guaranteed by UBI Finance, the 14th series matured in February for an amount of 1 billion euro.
Under the covered bond programme guaranteed by ISP CB Ipotecario, the 25th series matured in March for an amount of 1 billion euro. Furthermore, the 21st series was subject to early redemption in May, for a total residual amount of 1.200 billion euro. In the first half of 2024, five covered bond issuance were carried out: In March, the 34th series was issued for 1 billion euro, with a floating rate and 5-year maturity. In May, three retained series were issued: the 36th series for 1.400 billion euro, with a floating rate and 4-year maturity; the 37th series for 1.700 billion euro, with a floating rate and 9-year maturity; and the 38th series for 1.700 billion euro, with a floating rate and 11-year maturity. Lastly, in June, a private placement was carried out, subscribed by the EIB, involving the issuance of the 35th series of 500 million euro, with a floating rate and a 6-year maturity.
In March, the subsidiary VUB Banka also carried out an issuance of covered bonds aimed at institutional investors. These are fixed-rate securities for an amount of 500 million euro, with 7-year maturity.

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. As at 30 June 2024, the outstanding amount, gross of haircuts applicable to loans lodged as pledge by the Group, came to around 18 billion euro.

In the first six months of the year, the ECB progressively steered market expectations towards a first interest rate cut at its meeting in June, but the long-term part of the European curves was influenced by the dynamics of US rates, pushed up by the strength of the labour market and the lower-than-expected fall in core inflation. The revision of the ECB operational framework did not alter the short-term dynamics of swap spreads, while demand for peripheral debt was still strong, in line with the risk-on tone prevailing in the markets up to June. Subsequently, the unexpected rise in political uncertainty in France caused a sharp increase in volatility.
In the early months of the year, the credit sensitivity of the portfolio was increased across all the asset classes, including Italian risk. The shift sensitivity, on the other hand, remained virtually unchanged from the end of 2023 levels, net of the portfolio rotation induced by rate volatility. From April, the allocation to Spanish government issuers was trimmed down, and in June, the portfolio of covered bonds was reduced to lower the level of allocated RWA.

With regard to the repo market, in the first six months of 2024, volumes of Italian government bonds traded increased significantly compared to the previous half year and interest rates remained at levels slightly above the deposit facility. During the period, the spread between core country government bond rates and Italian rates progressively narrowed, with both rates and spreads remaining virtually unchanged at the end of the half year.

In the half year, Intesa Sanpaolo carried out securities financing transactions with underlyings mainly consisting of own retained bonds on both short and medium/long-term maturities for a total amount, outstanding as at 30 June 2024, of around 18 billion euro.

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 by the Group Treasury & Capital Management area under the supervision of the CRO Area. Interest rate risk is monitored and managed by examining the sensitivity of the market value of the various positions in the banking book to parallel shifts in the interest rate curve and the sensitivity of net interest income to the market views; moreover, specific scenario analysis techniques on rate developments are used, as well as behavioural scenarios for specific positions. The strategic choices on interest rate risk are made by the Group Financial Risk Committee, Asset & Liability Committee - ALCO session, within the limits established by the Board of Directors: Group Treasury & Capital Management performs a proposal making role in the active management of interest rate risk within the limits assigned and 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, as part of the funding plan, which is used to monitor 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). The funding plan optimises the various forms of funding in compliance with the liquidity indicators (LCR, NSFR and other indicators in the Risk Appetite Framework), the rating targets, the various regulatory capital buckets and the MREL buffers, in line with the loan-deposit targets of the Business Units. The structural component of foreign exchange risk is managed, based on the related policies established at Group level, by monitoring the Group's overall position, also with a view to optimising the capital ratios.

GEOGRAPHICAL AREAS

(millions of euro)

	Italy	Europe	Rest of the World	Total
Operating income				
30.06.2024	10,423	2,611	554	13,588
30.06.2023	9,579	2,331	488	12,398
% change	8.8	12.0	13.5	9.6
Loans to customers				
30.06.2024	335,391	67,219	19,604	422,214
31.12.2023	344,529	65,603	20,360	430,492
% change	-2.7	2.5	-3.7	-1.9
Direct deposits from banking business				
30.06.2024	499,367	81,996	8,351	589,714
31.12.2023	489,432	79,439	8,672	577,543
% change	2.0	3.2	-3.7	2.1

Breakdown by geographical area is carried out with reference to the location of Group entities.

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

With regard to the subdivision by geographical areas of operations, carried out with regard to the location of the entities comprising the Group, activities continued to be concentrated primarily in the Italian market. Italy accounted for 77% of revenues, 79% of loans to customers and 85% of direct deposits from banking business.
With regard to operating performance in the first half of 2024, loans to customers and direct deposits from banking business were down in Italy, as well as the Rest of the World, and were up in Europe. Direct deposits from banking business increased in Italy and Europe and decreased in the Rest of the World, while revenues increased in all the geographical areas: Italy, Europe and Rest of the World.
For details on the Group's presence in Italy and abroad, refer to the graphic representation at the beginning of this document (The Intesa Sanpaolo Group: presence in Italy - international presence).

Forecast for the year

Economic activity is expected to gradually strengthen over the course of 2024, boosted by a recovery in the purchasing power of wages, an improvement in confidence, and less restrictive financial conditions. The Italian economy is expected to experience moderate growth, equal to or slightly higher than that of 2023, but accelerating during the year. A further fall in European inflation is envisaged, although moderate and punctuated by temporary rebounds.
In Europe, the European Central Bank is likely to cut official interest rates again between September and December. Markets and analysts are expecting an additional cumulative cut of 50 basis points by the end of the year, split into two cuts of 25 basis points in September and in December. Conversely, in the second half, the ECB will accelerate the reduction of its securities portfolios, also reducing reinvestments under the PEPP (Pandemic Emergency Purchase Programme). In the US, the stronger growth and stickiness of inflation led the Federal Reserve to postpone the start of the rate cut phase, but markets and analysts expect it to begin in September.
The conflicts in Ukraine and the Middle East, which may cause unexpected strains on commodity prices and the financial markets, are adding uncertainty to the outlook. The volatility of the financial markets could be amplified by the US presidential elections in November. The high demand for capital from governments in a context of decreasing portfolios of central banks could lead to an increase in risk premiums. If, contrary to expectations, inflation does not come back down in the final months of 2024, the European Central Bank could postpone the additional interest rate cuts.
The economic outlook for emerging countries and those where ISP has subsidiaries seems positive and, compared to the first half of the year, in the second half GDP growth is expected to strengthen and inflationary pressures to weaken. Nonetheless, there are perceived downside risks to the business cycle from the possible exacerbation of the geopolitical fragmentation and inflationary pressures that may be more long-lasting than expected, which could slow down the monetary easing process.
With regard to countries where Intesa Sanpaolo has a presence, GDP growth in the CEE and SEE regions is expected to reach 2.4% and 2.6% respectively this year. Monetary stimulus deriving from the reversal in official rate trend in the past few months, as well as European structural funds, will provide a significant contribution to the economic dynamics in the two regions. In relation to EE countries, the increase in inflation which began in June should be moderate and will not require interest rate hikes from the respective central banks. The situation is different for Egypt, where the modest decrease in inflation, though expected to remain at high levels, could result in slight decreases in official rates.
With regard to the Italian banking industry, for the rest of 2024, loans to non-financial companies should continue to fall, in a context of weak demand given the persistence of a climate of uncertainty and good liquidity conditions of businesses. For loans to households, the phase of weakness is expected to continue, though gradually improving. For funding from customers, the allocation of savings to more remunerative forms is expected to continue in the second half. Growth in time deposits and households' interest in investing in government securities and bank bonds will be confirmed, albeit with less strength than in 2023. For asset management, the good momentum in bond fund subscriptions will continue, with a possible improvement in overall mutual fund net inflows compared to the first half of the year. The trend in life insurance is expected to maintain a positive pace.

For the Intesa Sanpaolo Group, the implementation of the 2022-2025 Business Plan is proceeding at full speed, with the prospect of a net income of over 8.5 billion euro for 2024 and 2025.

For 2024 it is envisaged:
- solid revenue growth, driven by a further increase in net interest income (expected to be at around 15.5 billion euro) and growth in net fee and commission income and income from insurance business which leverages on the Group's leadership in Wealth Management, Protection & Advisory;
- stable operating costs, despite investment in technology, mainly attributable to lower personnel expenses;
- low cost of risk deriving from the zero-NPL bank status and the high-quality loan portfolio;
- lower levies and other charges concerning the banking and insurance industry due to no further contribution to the resolution fund.

A strong value distribution is envisaged:
- cash payout ratio of 70% of the consolidated net income for each year of the Business Plan, with an increase in the dividend per share for 2024 and 2025[38] versus the dividend per share for 2023;
- buyback of 1.7 billion euro launched in June 2024;
- the Board of Directors, at today's meeting, envisaged the distribution of a cash interim dividend of around 3 billion euro on the 2024 results. The Board will discuss the resolution regarding the interim dividend on 31 October 2024, when it meets to approve the consolidated results as at 30 September 2024, in relation to both the results of the third quarter 2024 and those foreseeable for the fourth quarter 2024;
- additional distribution for 2024 to be quantified when full-year results are approved;
- additional future distributions to be evaluated year by year.

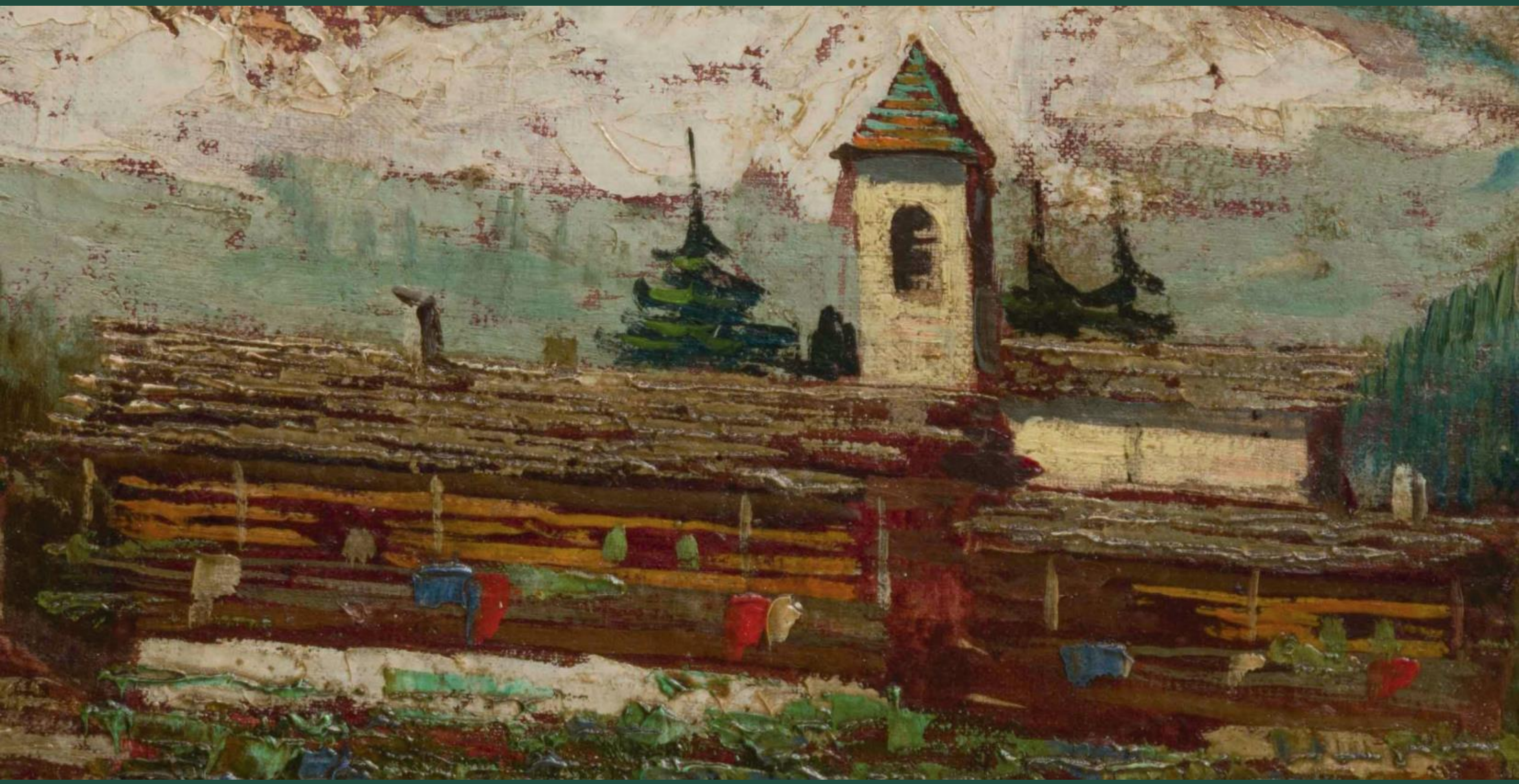
[38] Subject to the approval from the Shareholders' Meeting.

A solid capital position is envisaged, with the Common Equity Tier 1 ratio – confirming the Basel 3/Basel 4 target of above 12% over the 2022-2025 Business Plan horizon – expected to stand in 2025 at well above 14.5% pre Basel 4, at well above 14% post 2025 Basel 4 impact, equal to around 40 basis points, and at well above 15% post overall Basel 4 impact, equal to around 60 basis points (of which around 20 in 2026-2033, including around 10 in 2026 relating to FRTB) and including the absorption of DTAs of around 120 basis points (of which around 25 in the period Q3 2024 - 2025 and the remaining basis points mostly by 2028), taking into account the above-mentioned payout ratio envisaged for the years covered by the Business Plan and the buyback launched in June 2024 and not considering any additional distribution.

The Board of Directors

Milan, 30 July 2024

Half-yearly condensed consolidated financial statements



Consolidated financial statements

Consolidated balance sheet

(millions of euro)

Assets		30.06.2024	31.12.2023	Changes amount	Changes %
10.	Cash and cash equivalents	55,500	89,270	-33,770	-37.8
20.	Financial assets measured at fair value through profit or loss	144,792	144,594	198	0.1
	a) financial assets held for trading	*37,743*	*38,163*	*-420*	*-1.1*
	b) financial assets designated at fair value	*6*	*1*	*5*	
	c) other financial assets mandatorily measured at fair value	*107,043*	*106,430*	*613*	*0.6*
30.	Financial assets measured at fair value through other comprehensive income	147,084	140,753	6,331	4.5
40.	Financial assets measured at amortised cost	514,168	518,950	-4,782	-0.9
	a) due from banks	*35,201*	*32,899*	*2,302*	*7.0*
	b) loans to customers	*478,967*	*486,051*	*-7,084*	*-1.5*
50.	Hedging derivatives	7,406	7,006	400	5.7
60.	Fair value change of financial assets in hedged portfolios (+/-)	-6,783	-5,695	1,088	19.1
70.	Investments in associates and companies subject to joint control	2,626	2,501	125	5.0
80.	Insurance assets	658	813	-155	-19.1
	a) insurance contracts issued that are assets	*439*	*412*	*27*	*6.6*
	b) reinsurance contracts held that are assets	*219*	*401*	*-182*	*-45.4*
90.	Property and equipment	9,131	9,825	-694	-7.1
100.	Intangible assets	9,465	9,524	-59	-0.6
	of which:				
	- goodwill	*3,663*	*3,672*	*-9*	*-0.2*
110.	Tax assets	14,094	14,533	-439	-3.0
	a) current	*2,297*	*1,932*	*365*	*18.9*
	b) deferred	*11,797*	*12,601*	*-804*	*-6.4*
120.	Non-current assets held for sale and discontinued operations	1,139	264	875	
130.	Other assets	35,142	31,232	3,910	12.5
Total assets		**934,422**	**963,570**	**-29,148**	**-3.0**

Consolidated balance sheet

(millions of euro)

	Liabilities and Shareholders' Equity	30.06.2024	31.12.2023	Changes amount	Changes %
10.	Financial liabilities measured at amortised cost	608,512	642,119	-33,607	-5.2
	a) due to banks	*48,885*	*93,242*	*-44,357*	*-47.6*
	b) due to customers	*445,467*	*440,449*	*5,018*	*1.1*
	c) securities issued	*114,160*	*108,428*	*5,732*	*5.3*
20.	Financial liabilities held for trading	45,088	43,493	1,595	3.7
30.	Financial liabilities designated at fair value	74,089	72,782	1,307	1.8
40.	Hedging derivatives	4,058	5,188	-1,130	-21.8
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-5,234	-3,967	1,267	31.9
60.	Tax liabilities	2,699	1,946	753	38.7
	a) current	*506*	*458*	*48*	*10.5*
	b) deferred	*2,193*	*1,488*	*705*	*47.4*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	17	2	15	
80.	Other liabilities	15,598	12,741	2,857	22.4
90.	Employee termination indemnities	733	767	-34	-4.4
100.	Allowances for risks and charges	3,786	4,523	-737	-16.3
	a) commitments and guarantees given	*495*	*524*	*-29*	*-5.5*
	b) post-employment benefits	*92*	*98*	*-6*	*-6.1*
	c) other allowances for risks and charges	*3,199*	*3,901*	*-702*	*-18.0*
110.	Insurance liabilities	119,676	119,849	-173	-0.1
	a) insurance contracts issued that are liabilities	*119,659*	*119,674*	*-15*	*-0.0*
	b) reinsurance contracts held that are liabilities	*17*	*175*	*-158*	*-90.3*
120.	Valuation reserves	-2,445	-2,009	436	21.7
130.	Redeemable shares	-	-	-	
140.	Equity instruments	8,652	7,948	704	8.9
150.	Reserves	17,076	14,697	2,379	16.2
155.	Interim dividend (-)	-	-2,629	-2,629	
160.	Share premium reserve	27,601	28,003	-402	-1.4
170.	Share capital	10,369	10,369	-	-
180.	Treasury shares (-)	-744	-140	604	
190.	Minority interests (+/-)	125	164	-39	-23.8
200.	Net income (loss) (+/-)	4,766	7,724	-2,958	-38.3
Total liabilities and shareholders’ equity		**934,422**	**963,570**	**-29,148**	**-3.0**

Consolidated income statement

(millions of euro)

		30.06.2024	30.06.2023	Changes	
				amount	%
10.	Interest and similar income	17,974	14,562	3,412	23.4
	of which: interest income calculated using the effective interest rate method	*15,175*	*13,031*	*2,144*	*16.5*
20.	Interest and similar expense	-8,855	-6,630	2,225	33.6
30.	**Interest margin**	**9,119**	**7,932**	**1,187**	**15.0**
40.	Fee and commission income	5,580	5,306	274	5.2
50.	Fee and commission expense	-1,332	-1,366	-34	-2.5
60.	**Net fee and commission income**	**4,248**	**3,940**	**308**	**7.8**
70.	Dividend and similar income	436	359	77	21.4
80.	Profits (Losses) on trading	20	69	-49	-71.0
90.	Fair value adjustments in hedge accounting	-5	-57	-52	-91.2
100.	Profits (Losses) on disposal or repurchase of:	105	-97	202	
	a) financial assets measured at amortised cost	*81*	*72*	*9*	*12.5*
	b) financial assets measured at fair value through other comprehensive income	*20*	*-187*	*207*	
	c) financial liabilities	*4*	*18*	*-14*	*-77.8*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	1,387	1,630	-243	-14.9
	a) financial assets and liabilities designated at fair value	*-2,850*	*-2,281*	*569*	*24.9*
	b) other financial assets mandatorily measured at fair value	*4,237*	*3,911*	*326*	*8.3*
120.	**Net interest and other banking income**	**15,310**	**13,776**	**1,534**	**11.1**
130.	Net losses/recoveries for credit risk associated with:	-573	-725	-152	-21.0
	a) financial assets measured at amortised cost	*-593*	*-669*	*-76*	*-11.4*
	b) financial assets measured at fair value through other comprehensive income	*20*	*-56*	*76*	
140.	Profits (Losses) on changes in contracts without derecognition	-7	3	-10	
150.	**Net income from banking activities**	**14,730**	**13,054**	**1,676**	**12.8**
160.	Insurance service result	854	1,064	-210	-19.7
	a) insurance revenue arising from insurance contracts issued	*1,569*	*1,518*	*51*	*3.4*
	b) insurance service expenses arising from insurance contracts issued	*-686*	*-458*	*228*	*49.8*
	c) insurance revenue arising from reinsurance contracts held	*62*	*73*	*-11*	*-15.1*
	d) insurance service expenses arising from reinsurance contracts held	*-91*	*-69*	*22*	*31.9*
170.	Balance of financial income and expenses related to insurance operations	-2,828	-2,648	180	6.8
	a) net financial expenses/revenue related to insurance contracts issued	*-2,827*	*-2,652*	*175*	*6.6*
	b) net financial expenses/revenue related to reinsurance contracts held	*-1*	*4*	*-5*	
180.	**Net income from banking and insurance activities**	**12,756**	**11,470**	**1,286**	**11.2**
190.	Administrative expenses:	-5,341	-5,256	85	1.6
	a) personnel expenses	*-3,090*	*-3,067*	*23*	*0.7*
	b) other administrative expenses	*-2,251*	*-2,189*	*62*	*2.8*
200.	Net provisions for risks and charges	-209	-130	79	60.8
	a) commitments and guarantees given	*31*	*32*	*-1*	*-3.1*
	b) other net provisions	*-240*	*-162*	*78*	*48.1*
210.	Net adjustments to / recoveries on property and equipment	-317	-336	-19	-5.7
220.	Net adjustments to / recoveries on intangible assets	-499	-451	48	10.6
230.	Other operating expenses (income)	423	462	-39	-8.4
240.	**Operating expenses**	**-5,943**	**-5,711**	**232**	**4.1**
250.	Profits (Losses) on investments in associates and companies subject to joint control	93	194	-101	-52.1
260.	Valuation differences on property, equipment and intangible assets measured at fair value	2	-22	24	
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	-	160	-160	
290.	**Income (Loss) before tax from continuing operations**	**6,908**	**6,091**	**817**	**13.4**
300.	Taxes on income from continuing operations	-2,130	-1,846	284	15.4
310.	**Income (Loss) after tax from continuing operations**	**4,778**	**4,245**	**533**	**12.6**
320.	Income (Loss) after tax from discontinued operations	-	-	-	
330.	**Net income (loss)**	**4,778**	**4,245**	**533**	**12.6**
340.	Minority interests	-12	-23	-11	-47.8
350.	**Parent Company's net income (loss)**	**4,766**	**4,222**	**544**	**12.9**
	Basic EPS - Euro	**0.26**	**0.23**		
	Diluted EPS - Euro	**0.26**	**0.23**		

Statement of consolidated comprehensive income

(millions of euro)

		30.06.2024	30.06.2023	Changes	
				amount	%
10.	**Net income (Loss)**	**4,778**	**4,245**	**533**	**12.6**
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**-11**	**-145**	**-134**	**-92.4**
20.	Equity instruments designated at fair value through other comprehensive income	116	-156	272	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-118	-55	63	
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50.	Property and equipment	-23	-9	14	
60.	Intangible assets	-	-	-	
70.	Defined benefit plans	14	75	-61	-81.3
80.	Non current assets classified as held for sale	-	-	-	
90.	Share of valuation reserves connected with investments carried at equity	-	-	-	
100.	Financial revenue and expenses related to insurance contracts issued	-	-	-	
	Other comprehensive income (net of tax) that may be reclassified to the income statement	**-467**	**434**	**-901**	
110.	Hedges of foreign investments	15	-4	19	
120.	Foreign exchange differences	-250	-31	219	
130.	Cash flow hedges	33	127	-94	-74.0
140.	Hedging instruments (not designated elements)	-	-	-	
150.	Financial assets (other than equities) measured at fair value through other comprehensive income	-982	1,968	-2,950	
160.	Non-current assets held for sale and discontinued operations	-	-	-	
170.	Share of valuation reserves connected with investments carried at equity	20	-31	51	
180.	Financial revenue and expenses related to insurance contracts issued	697	-1,597	2,294	
190.	Financial revenue and expenses related to reinsurance contracts held	-	2	-2	
200.	**Total other comprehensive income (net of tax)**	**-478**	**289**	**-767**	
210.	**Total comprehensive income (captions 10 + 200)**	**4,300**	**4,534**	**-234**	**-5.2**
220.	**Total consolidated comprehensive income pertaining to minority interests**	**-30**	**-3**	**27**	
230.	**Total consolidated comprehensive income pertaining to the Parent Company**	**4,330**	**4,537**	**-207**	**-4.6**

Changes in consolidated shareholders' equity as at 30 June 2024

(millions of euro)

	30.06.2024												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim dividend	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2023	**10,491**	**-**	**28,019**	**13,711**	**1,132**	**-2,157**	**7,948**	**-2,629**	**-140**	**7,752**	**64,127**	**63,963**	**164**
Changes in opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2024	**10,491**	**-**	**28,019**	**13,711**	**1,132**	**-2,157**	**7,948**	**-2,629**	**-140**	**7,752**	**64,127**	**63,963**	**164**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves	**-**	**-**	**-**	**2,722**	**-**	**-**	**-**	**-**	**-**	**-2,722**	**-**	**-**	**-**
Dividends and other allocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,629**	**-**	**-5,030**	**-2,401**	**-2,392**	**-9**
CHANGES IN THE PERIOD													
Changes in reserves	**-**	**-**	**-**	**-**	**97**	**-**	**-**	**-**	**-**	**-**	**97**	**97**	-
Operations on shareholders' equity													
Issue of new shares	-	-	4	-	-	-	-	-	58	-	62	62	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-662	-	-662	-662	-
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-406	-	-	-	-	-	-	-	-406	-406	-
Changes in equity instruments	-	-	-	-	-	-	704	-	-	-	704	704	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-421	-	-	-	-	-	-	-421	-421	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-478**	**-**	**-**	**-**	**4,778**	**4,300**	**4,330**	**-30**
SHAREHOLDERS' EQUITY AS AT 30.06.2024	**10,491**	**-**	**27,617**	**16,012**	**1,229**	**-2,635**	**8,652**	**-**	**-744**	**4,778**	**65,400**	**65,275**	**125**
- Group	**10,369**	**-**	**27,601**	**15,847**	**1,229**	**-2,445**	**8,652**	**-**	**-744**	**4,766**	**65,275**		
- minority interests	**122**	**-**	**16**	**165**	**-**	**-190**	**-**	**-**	**-**	**12**	**125**		

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

Changes in consolidated shareholders' equity as at 30 June 2023

(millions of euro)

	30.06.2023												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim dividend	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2022	**10,537**	**-**	**28,068**	**14,254**	**904**	**-2,583**	**7,211**	**-1,400**	**-124**	**4,402**	**61,269**	**61,103**	**166**
Changes in opening balances	**-**	**-**	**-**	**-59**	**-**	**59**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2023	**10,537**	**-**	**28,068**	**14,195**	**904**	**-2,524**	**7,211**	**-1,400**	**-124**	**4,402**	**61,269**	**61,103**	**166**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves	**-**	**-**	**-**	**1,338**	**-**	**-**	**-**	**-**	**-**	**-1,338**	**-**	**-**	**-**
Dividends and other allocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,400**	**-**	**-3,064**	**-1,664**	**-1,664**	**-**
CHANGES IN THE PERIOD													
Changes in reserves	**-**	**-**	**-57**	**-**	**153**	**-**	**-**	**-**	**-**	**-**	**96**	**96**	-
Operations on shareholders' equity													
Issue of new shares	-	-	5	-	-	-	-	-	1,754	-	1,759	1,759	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-1,700	-	-1,700	-1,700	-
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity instruments	-	-	-	-	-	-	6	-	-	-	6	6	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-46	-	-	-1,793	-	-	-	-	-	-	-1,839	-1,828	-11
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**289**	**-**	**-**	**-**	**4,245**	**4,534**	**4,537**	**-3**
SHAREHOLDERS' EQUITY AS AT 30.06.2023	**10,491**	**-**	**28,016**	**13,740**	**1,057**	**-2,235**	**7,217**	**-**	**-70**	**4,245**	**62,461**	**62,309**	**152**
- Group	**10,369**	**-**	**28,001**	**13,597**	**1,057**	**-2,084**	**7,217**	**-**	**-70**	**4,222**	**62,309**		
- minority interests	**122**	**-**	**15**	**143**	**-**	**-151**	**-**	**-**	**-**	**23**	**152**		

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

Consolidated statement of cash flows

(millions of euro)

	30.06.2024	30.06.2023
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**6,583**	**5,943**
Net income (loss) (+/-)	4,778	4,245
Gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit and loss (-/+)	1,580	590
Gains/losses on hedging activities (-/+)	5	56
Net losses/recoveries for credit risk (+/-)	752	957
Adjustments to/net recoveries on property, equipment and intangible assets (+/-)	816	787
Net provisions for risks and charges and other costs/revenues (+/-)	202	260
Net revenues and expenses of insurance contracts issued and reinsurance contracts held (-/+)	1,974	1,584
Taxes, duties and tax credits to be paid/collected (+/-)	1,630	1,611
Net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
Other adjustments (+/-)	-5,154	-4,147
2. Cash flow from / used in financial assets	**-1,382**	**-11,262**
Financial assets held for trading	379	-1,269
Financial assets designated at fair value	-13	13
Other financial assets mandatorily measured at fair value	3,624	3,819
Financial assets measured at fair value through other comprehensive income	-6,519	-12,737
Financial assets measured at amortised cost	4,922	1,222
Other assets	-3,775	-2,310
3. Cash flow from / used in financial liabilities (*)	**-35,775**	**-25,613**
Financial liabilities measured at amortised cost	-34,933	-39,978
Financial liabilities held for trading	1,654	1,028
Financial liabilities designated at fair value	-1,531	1,466
Other liabilities	-965	11,871
4. Cash flow from/used in insurance contracts issued and reinsurance contracts held	**-18**	**1,114**
Insurance contracts issued that are assets/liabilities (+/-)	-41	1,238
Reinsurance contracts held that are assets/liabilities (+/-)	23	-124
Net cash flow from (used in) operating activities	**-30,592**	**-29,818**
B. INVESTING ACTIVITIES		
1. Cash flow from	**113**	**1,011**
Sales of investments in associates and companies subject to joint control	27	337
Dividends collected on investments in associates and companies subject to joint control	52	74
Sales of property and equipment	34	598
Sales of intangible assets	-	2
Sales of subsidiaries and business branches	-	-
2. Cash flow used in	**-403**	**-643**
Purchases of investments in associates and companies subject to joint control	-24	-40
Purchases of property and equipment	-30	-161
Purchases of intangible assets	-477	-442
Purchases of subsidiaries and business branches	128	-
Net cash flow from (used in) investing activities	**-290**	**368**
C. FINANCING ACTIVITIES		
Issues/purchases of treasury shares	-600	-1,641
Share capital increases	512	-156
Dividend distribution and other	-2,807	-1,664
Disposal/acquisition of minority interests in subsidiaries	-	-7
Net cash flow from (used in) financing activities	**-2,895**	**-3,468**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-33,777**	**-32,918**
RECONCILIATION		
Financial statement captions		
Cash and cash equivalents at beginning of period	89,270	112,924
Net increase (decrease) in cash and cash equivalents	-33,777	-32,918
Cash and cash equivalents: foreign exchange effect	7	-131
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**55,500**	**79,875**

LEGEND: (+) from (–) used in

(*) With regard to the disclosure required by par. 44 B of IAS 7, it is noted that the changes in liabilities deriving from financing activities amount to 35,775 million euro (cash flow used) and comprise -31,566 million euro in cash flows, -2,865 million euro in fair value changes and -1,344 million euro in other changes.

Explanatory notes

Accounting policies

General preparation principles

The Half-yearly condensed consolidated financial statements as at 30 June 2024 have been prepared in compliance with the requirements of art. 154-ter of Legislative Decree 58 of 24 February 1998. They have also been prepared in compliance with the accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards - Interpretations Committee (IFRS-IC) endorsed by the European Commission and in force as at 30 June 2024, as established by EU Regulation no. 1606 of 19 July 2002.
In particular, the Half-yearly condensed consolidated financial statements are prepared in compliance with IAS 34 requirements, which regulate interim financial reporting.

The accounting standards adopted in preparation of this Half-yearly condensed consolidated financial statements, 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 2023 Annual Report, which should be consulted for the complete details.

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and income statement, and on the contingent assets and liabilities reported in the financial statements.
Estimates are based on available information and subjective evaluations, also founded on past experience, which are used to formulate reasonable assumptions in measuring operating events.
Given their nature, the estimates and assumptions used may vary from year to year, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future financial years as a result of changes in the subjective evaluations made.
If there are greater uncertainties and/or the assets being measured are particularly material, the valuation is supported by specific fairness opinions from external appraisers/experts.
The main cases for which subjective evaluations are required to be made by corporate management include:

- the measurement of impairment losses on loans, investments, and, generally, other financial assets;
- the use of measurement models for determining the fair value of financial instruments not listed on active markets;
- the evaluation of the appropriateness of amounts stated for goodwill and other intangible assets;
- the fair value measurement of real estate and valuable art assets;
- the measurement of personnel funds and allowances for risks and charges;
- the estimates and assumptions on the collectability of deferred tax assets;
- the demographic (linked to the estimated mortality of the insured people) and financial (deriving from the possible trend in the financial markets) assumptions used to measure the insurance products in accordance with the provisions of IFRS 17.

The updating of the useful life of property, equipment and intangible assets determines a positive impact on the income statement for 2024, resulting from lower amortisation, estimated at about 20 million euro relating to owner-occupied properties and around 68 million euro relating to software.
With regard to the recoverability of the amounts of intangible assets with an indefinite life and deferred tax assets recognised (including the New DTAs recognised in an amount of 130 million euro, covered in the section below), there were no factors identified in the half year that suggest that the amounts posted are no longer recoverable.
Moreover, the updated macroeconomic scenario, on the whole, did not show significant changes.

Note that, in the consolidated income statement as at 30 June 2024, Caption 230. Other operating expenses (income) recorded the amount of 130 million euro paid to the National Resolution Fund (NRF) as Profit Sharing as part of the settlement agreement (the “Agreement”) entered into by Intesa Sanpaolo S.p.A. (as the incorporating entity of UBI Banca S.p.A.; “UBI”) and the Bank of Italy (as the managing entity of the National Resolution Fund). The purpose of the Agreement is to settle the differences arising between the parties on the literal interpretation of the contract signed on 18 January 2017 between UBI and the NRF, concerning the sale by the Fund to UBI of the entire share capital of Nuova Banca delle Marche S.p.A., Nuova Banca dell’Etruria e del Lazio S.p.A. and Nuova Cassa di Risparmio di Chieti S.p.A. At the time of the settlement, the conditions arose to recognise the DTAs referring to the operation, given the positive result of the verification conducted on the tax capacity, which is sufficient to ensure the probability of earning future taxable income that would allow for the recovery of the DTAs, in accordance with the requirements of IAS 12 (“probability test”). Therefore, the amount of the DTAs equal to the related charge paid to the NRF was recognised in the income statement, with no effect on the income for the period.

It is also noted that Italian Decree Law no. 39 of 29 March 2024, providing “Urgent measures on tax subsidies”, converted with modifications by Law no. 67 of 23 May 2024, introduced the prohibition for banks, financial intermediaries, companies in banking groups and insurance companies that purchase tax credits relating to construction bonuses (including the Superbonus), to offset those credits with payables for pension and healthcare contributions and premiums for workplace accident and professional disease insurance. That prohibition is valid from 1 January 2025, also with reference to tax credits arose and/or purchased previously.

Intesa Sanpaolo reacted to the changed reference scenario, which resulted in an inevitable decrease in tax capacity, based on which the acquisitions of the tax credits in question had been calibrated, by adopting targeted mitigation actions to prevent the risk of a lack of offsetting of the tax credits acquired. Those actions made it possible, mainly due to the re-assignments quickly performed in conjunction with the updated tax capacity analysis, to fully sterilise the negative impact deriving from the above prohibition on offsetting.

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With regard to the evolution of accounting regulations, Regulation no. 2579/2023 *Amendments to IFRS 16 Lease – Lease liabilities in a sale and leaseback* of 20 November 2023 and Regulation no. 2822/2023 – *Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* of 19 December 2023, are applicable from 1 January 2024. There were no significant aspects of this for the Group. Below is a brief summary of their main content.

Regulation no. 2579/2023 - amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
Regulation no. 2579/2023 of 20 November 2023 amends IFRS 16 Leases with respect to lease liabilities in a sale and leaseback transaction, published by the IASB on 22 September 2022.
The limited amendments introduced relate to the recognition of sale and leaseback transactions[39] by the seller-lessee in the event of variable lease payments and when the transfer of the asset is a sale pursuant to IFRS 15.
The amendment was requested by the IFRS-IC, which identified a gap in the rules governing the recognition of right-of-use assets and lease liabilities in sale and leaseback transactions with variable lease payments. Specifically, reference is made to variable lease payments that are not based on an index or rate, e.g., those based on a percentage of the lessee-seller's sales generated by the use of the asset.
The amendments clarify that:

- upon initial recognition, the seller-lessee shall also include variable lease payments, including those that are not based on an index or rate, in the measurement of the lease liabilities in sale and leaseback transactions;
- subsequent to initial recognition, the seller-lessee applies the provisions of IFRS 16 to subsequently measure lease liabilities in a way that ensures that no gains or losses are recognised on the part of the right of use retained.

The seller-lessee may adopt different approaches in order to comply with the new provisions. Indeed, in response to the feedback received following the publication of the Exposure Draft, the IASB decided not to introduce specific requirements to measure the lease liability in a sale and leaseback, leaving the definition of an accounting policy to individual entities[40].
The amendments are mandatory for annual reporting periods beginning on or after 1 January 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16, i.e., 1 January 2019.
These amendments are not particularly significant for the Intesa Sanpaolo Group given the characteristics of its existing sale and leaseback agreements, which have no variable or insignificant variable payments.

Regulation no. 2822/2023 – amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Regulation no. 2822 of 19 December 2023 was published in December 2023, introducing some limited amendments to IAS 1 Presentation of Financial Statements.
The clarifications aim to promote consistency in applying IAS 1 across companies to determine whether, in the statement of financial position, payables and other liabilities with an uncertain settlement date are to be classified as current (due or potentially to be paid within one year) or non-current.
Specifically, IAS 1 requires that an entity may classify a liability as non-current only where the entity has the right at the reporting date to defer settlement of the liability for at least twelve months. However, the right to defer settlement of a liability may be subject to covenants. The amendments to IAS 1 specify that covenants to be met after the reporting date (for example, a covenant based on the entity's financial position six months after the end of the reporting period), do not influence the classification of the payable as current or non-current at the reporting date.
On the other hand, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting period.
Given the content of the amendment and the obligation to apply the formats set forth in Bank of Italy Circular no. 262/05, the proposed limited amendments to IAS 1 are not significant for banks.

In addition to the above, from 1 January 2024, Regulation no. 1317/2024 *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7* of 15 May 2024 is also applicable.
The amendments to IAS 7 *Statement of Cash Flows* and to IFRS 7 *Financial Instruments: Disclosures* aim to introduce new transparency requirements for supplier finance arrangements (also known as "supply chain finance" or reverse factoring). The new obligations aim to provide users of financial statements with information that enables them to assess the effects of those arrangements on the entity's liabilities and cash flows, to understand the effect of supplier finance arrangements on a company's exposure to liquidity risk and how the company might be affected if the arrangements were no longer available to it.
The proposed amendments concern entities that enter into finance agreements in the role of purchasers, and not the financing entities. Therefore, the case has no direct effect for the Intesa Sanpaolo Group, which acts solely as a financier in supply finance arrangements.

[39] Sale and leaseback transactions are transactions in which an entity sells one of its assets and then immediately leases it back from the new owner.

[40] Example No. 25 "Subsequent measurement of a right of use and lease liability in a sale and leaseback transaction with variable payments that do not depend on an index or rate" of the Illustrative Examples – which accompany, but are not part of, the Standard – identifies two possible approaches that may be used to measure the lease liability.

The Half-yearly condensed consolidated financial statements of Intesa Sanpaolo, drawn up in euro as the functional currency, are prepared in condensed form as permitted by IAS 34, and contain the consolidated Balance sheet, the consolidated Income statement, the Statement of consolidated comprehensive income for the period, the Changes in consolidated shareholders' equity, the consolidated Statement of cash flows and the Explanatory notes. They are also complemented by information on significant events which occurred in the period, on the main risks and uncertainties to be faced, as well as information on significant related party transactions. 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 June 2023 for the Income statement and as at 31 December 2023 for the Balance sheet.
The Explanatory notes contain specific dedicated chapters that set out several detailed tables of the Income Statement and the Balance Sheet in the format established by Bank of Italy Circular 262 on Notes to Annual Financial Statements, regarding the composition of the main financial statement captions concerning banking operations and insurance operations, which are drawn up in compliance with the disclosure tables set out by IVASS as required by the 8th update to Circular 262.

The assets held for sale as at 30 June 2024 mainly included: (i) non-performing loan portfolios for a total gross book value of 0.9 billion euro held for sale, especially through the transfer to alternative investment funds that invest in credit exposures, as part of specific projects launched in the second quarter of 2024; (ii) the investment in Cronos Vita Assicurazioni, in which Intesa Sanpaolo Vita holds a 22.5% interest, as part of the system-wide transaction aimed at protecting the policyholders of Eurovita involving the five leading Italian insurance companies, for which there was a clear intention from the outset on the part of the shareholder companies to hold the investment for a limited period of time (already held for sale at the end of December 2023); (iii) properties including those subject to transfer under the agreement between Intesa Sanpaolo and COIMA, approved by the Board of Directors of Intesa Sanpaolo on 28 March 2024 and signed by the parties on 19 April 2024.
With regard to the portfolio comprised of both unlikely-to-pay exposures and high-risk performing positions, for a gross book value of around 0.2 billion euro, which were classified among assets held for sale as at 31 December 2023, the sale of almost all of the exposures was finalised on 15 April 2024, with marginal exposures remaining that will be sold in the second half of the year.

The half-yearly condensed consolidated financial statements as at 30 June 2024 are accompanied by the certification by the Managing Director – CEO and the Manager responsible for preparing the Company's financial reports, pursuant to Art. 154 bis of the CLF, and has been subject to review by the independent auditors EY S.p.A.
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 half-yearly report includes Intesa Sanpaolo and the companies that it directly and indirectly controls and considers in the scope of consolidation – as specifically set out by IAS/IFRS – also the companies operating in dissimilar sectors from the Parent Company as well as private equity investments.
Similarly, structured entities are included when the requisite of effective control recurs, even if there is no stake in the company.
Companies are considered subsidiaries where Intesa Sanpaolo is exposed to, or has rights to, variable returns from its involvement with them, and has the ability to affect those returns by exercising its own power over the entity in question.
Control only exists if all of the following conditions are met:

- the power to direct the relevant activities of the subsidiary;
- the exposure, or rights, to variable returns from the involvement with the investee;
- the ability to use the power over the investee to affect the amount of the investor's returns.

Companies are considered as subject to joint control if control is directly or indirectly contractually shared by the Parent Company with one or more other parties external to the Group, or where the decisions about the relevant activities require the unanimous consent of all the parties sharing control.
Companies are considered associates, that is subject to significant influence, when Intesa Sanpaolo, directly or indirectly, holds 20% or more of the voting rights (including "potential" voting rights) or when the Parent Company – despite a lower percentage of voting rights due to specific legal agreements such as the participation of voting syndicates – has the power of participating in the determination of the financial and operating policies of the company.
Certain companies in which the Parent Company holds an equity stake exceeding 20% of voting share capital are excluded from the scope of consolidation and are classified based on the provisions of IFRS 9, since they are of limited absolute amount, or since Intesa Sanpaolo, directly or indirectly, exclusively holds rights on a portion of the rewards of the investment, and does not have access to management policies and may exercise limited governance rights to safeguard its economic interest.
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.
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.

Compared to 31 December 2023, the scope of line-by-line consolidation saw the entry of:

- First Bank SA – Romania. This consolidation only involved the balance sheet figures. Given that the completion of the transaction took place on 31 May 2024, and therefore in the final part of the half year, no economic effects were included in the consolidated income statement for the first half of 2024.

With regard to the exits, mention is made, solely for the sake of completeness, of those resulting from the elimination from the Company Register of entities in liquidation, and in particular of:

- IN.FRA - Investire nelle Infrastrutture S.r.l. in liquidation;
- Compagnia Italiana Finanziaria S.r.l. in liquidation;
- Iniziative Logistiche S.r.l. in liquidation.

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 2023 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 Half-yearly Report as at 30 June 2024 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.
With regard to the Ukrainian subsidiary Pravex, as a result of the continuation of the critical situation in Kyiv (where the subsidiary's offices are located) now since mid-October 2022, due to the repeated Russian bombings of the main Ukrainian power plants, it was decided, with a view to reducing "operational" risk, that it was best to retain, in the June 2024 consolidation, the accounting values produced by Pravex for the consolidation of March 2024. Thus, for the Half-yearly Report as at 30 June 2024, the balance sheet and income statement results of Pravex were included based on a consolidation package, drawn up in compliance with the IAS/IFRSs, as set out in the Group Accounting Policies, related to 31 March 2024, using the exchange rate as at 30 June 2024 for conversion into Euro.
The decision to use the data as at 31 March 2024 for the line-by-line consolidation of Pravex, also taken in light of the slight materiality of the subsidiary, and motivated by objective operational restrictions, is also based on the indications in IFRS 10, though for specific cases.
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 following table lists the fully-owned subsidiaries as at 30 June 2024.

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
1	Acantus S.p.A.	Milan	Milan	1	Intesa Sanpaolo S.p.A.	80.00	
	Capital 1,000,000 euro						
2	Anti Financial Crime Digital HUB S.c.a.r.l. (c)	Turin	Turin	1	Intesa Sanpaolo S.p.A.	60.00	
	Capital 100,000 euro				Intesa Sanpaolo Innovation Center S.p.A.	10.00	
						70.00	
3	Banca Comerciala Eximbank S.A.	Chisinau	Chisinau	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital MDL 1,250,000,000						
4	Banca Comerciala Intesa Sanpaolo Romania S.A.	Bucharest	Bucharest	1	Intesa Sanpaolo S.p.A.	99.73	
	Capital RON 1,216,639,410				Intesa Sanpaolo Holding International S.A.	0.27	
						100.00	
5	Banca Intesa AD Beograd	Novi Beograd	Beograd	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital RSD 21,315,900,000						
6	Bank of Alexandria S.A.E.	Cairo	Cairo	1	Intesa Sanpaolo S.p.A.	80.00	
	Capital EGP 5,000,000,000						
7	Banka Intesa Sanpaolo d.d. (d)	Koper	Koper	1	Intesa Sanpaolo S.p.A.	48.13	
	Capital 22,173,218 euro				Privredna Banka Zagreb d.d.	51.00	
						99.13	
8	CBP Quilvest PE Fund GP S.a.r.l. (c)	Luxembourg	Luxembourg	1	Intesa Sanpaolo Wealth Management (Luxembourg) S.A.	100.00	
	Capital USD 20,000						
9	Centai Institute S.p.A. (c)	Turin	Turin	2	Intesa Sanpaolo S.p.A.	49.00	
	Capital 50,000 euro						
10	Cib Bank Ltd.	Budapest	Budapest	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital HUF 50,000,000,003						
11	CIB Insurance Broker Ltd.	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
	Capital HUF 10,000,000						
12	CIB Leasing Ltd.	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
	Capital HUF 53,000,000						
13	CIB Rent Operative Leasing Ltd.	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
	Capital HUF 5,000,000						
14	Colline e oltre S.p.A. (c)	Pavia	Pavia	1	Intesa Sanpaolo S.p.A.	51.00	
	Capital 100,000 euro						
15	Consorzio Studi e ricerche fiscali Gruppo Intesa Sanpaolo (c)	Rome	Rome	1	Intesa Sanpaolo S.p.A.	80.00	
	Capital 258,228.45 euro				Intesa Sanpaolo Vita S.p.A.	7.50	
					Fideuram Intesa Sanpaolo Private Banking S.p.A.	7.50	
					Eurizon Capital SGR S.p.A.	5.00	
						100.00	
16	Duomo Funding Plc (e)	Dublin	Dublin	2	Intesa Sanpaolo S.p.A.	-	
17	Epsilon SGR S.p.A.	Milan	Milan	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital 5,200,000 euro						
18	Eurizon Asset Management Croatia D.O.O.	Zagreb	Zagreb	1	Eurizon asset Management Slovakia Sprav. Spol. A.S.	100.00	
	Capital 663,614 euro						
19	Eurizon Asset Management Hungary Ltd.	Budapest	Budapest	1	Eurizon asset Management Slovakia Sprav. Spol. A.S.	100.00	
	Capital HUF 600,000,000						
20	Eurizon Asset Management Slovakia Sprav. Spol. A.S.	Bratislava	Bratislava	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital 4,093,560 euro						
21	Eurizon Capital Asia Limited (formerly Eurizon Capital (HK) limited) (c)	Hong Kong	Hong Kong	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital HKD 95,000,000						
22	Eurizon Capital Real Asset SGR S.p.A.	Milan	Milan	1	Intesa Sanpaolo Vita S.p.A.	40.01	24,50 (*)
	Capital 4,166,667 euro				Eurizon Capital SGR S.p.A.	19.98	51,00 (*)
						59.99	75,50 (*)
23	Eurizon Capital S.A.	Luxembourg	Luxembourg	1	Eurizon Capital SGR S.p.A.	100.00	
	Capital 7,974,600 euro						
24	Eurizon Capital SGR S.p.A.	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 99,000,000 euro						
25	Eurizon Slj Capital Ltd.	London	London	1	Eurizon Capital SGR S.p.A.	65.00	
	Capital GBP 1,001,000						
26	Exelia S.r.l. (c)	Brasov	Brasov	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital RON 8,252,600						

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
27	Exetra S.p.A. (g)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	85.00	
	Capital 158,000 euro						
28	Fideuram Intesa Sanpaolo Private Banking S.p.A.	Rome	Turin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 300,000,000 euro						
29	Fideuram Asset Management (Ireland) Dac (formerly Fideuram Asset Management (Ireland) Ltd.)	Dublin	Dublin	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 1,000,000 euro						
30	Fideuram Asset Management SGR S.p.A.	Milan	Milan	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	99.52	
	Capital 25,870,000 euro						
31	Fideuram Asset Management Uk Ltd (c)	London	London	1	Fideuram Asset Management (Ireland) Dac	100.00	
	Capital GBP 1,000,000						
32	Fideuram Vita S.p.A.	Rome	Rome	1	Intesa Sanpaolo S.p.A.	80.01	
	Capital 357,446,836.42 euro				Fideuram Intesa Sanpaolo Private Banking S.p.A.	19.99	
						100.00	
33	First Bank S.A.	Bucharest	Bucharest	1	Intesa Sanpaolo S.p.A.	99.98	
	Capital RON 1,196,088,695						
34	Fondo Sviluppo ecosistemi di Innovazione (c)	Turin	Turin	1	Intesa Sanpaolo Innovation Center S.p.A.	100.00	
	Capital 26,000,000 euro						
35	Gap Manco Sarl (c)	Luxembourg	Luxembourg	1	REYL & Cie S.A.	100.00	
	Capital 12,500 euro						
36	Iberia Distressed Assets Manager Sarl (c)	Luxembourg	Luxembourg	1	REYL Finance (MEA) Ltd.	100.00	
	Capital 12,500 euro						
37	IMI Capital Market USA Corp.	New York	New York	1	IMI Investments S.A.	100.00	
	Capital USD 5,000						
38	IMI Finance Luxembourg S.A. (c)	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 100,000 euro						
39	IMI Investments S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 21,660,000 euro						
40	IMMIT - Immobili Italiani S.r.l.	Bergamo	Bergamo	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 185,680,000 euro						
41	Immobiliare Cascina Rubina S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 10,000 euro						
42	InSalute Servizi S.p.A. (h)	Turin	Turin	1	Intesa Sanpaolo Vita S.p.A.	65.00	
	Capital 909,091 euro						
43	Intesa Invest A.D. Beograd (c)	Beograd	Beograd	1	Banca Intesa AD Beograd	100.00	
	Capital RSD 236,975,800						
44	Intesa Leasing (Closed Joint-Stock Company)	Moscow	Moscow	1	Joint-Stock Company Banca Intesa	100.00	
	Capital RUB 3,000,000						
45	Intesa Leasing d.o.o. Beograd	Beograd	Beograd	1	Banca Intesa AD Beograd	100.00	
	Capital RSD 960,374,301						
46	Intesa Sanpaolo (Qingdao) Service Company Ltd (c)	Qingdao	Qingdao	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital CNY 80,000,000						
47	Intesa Sanpaolo Assicura S.p.A.	Turin	Turin	1	Intesa Sanpaolo Vita S.p.A.	100.00	
	Capital 27,912,258 euro						
48	Intesa Sanpaolo Bank Albania Sh.A.	Tirana	Tirana	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital ALL 5,562,517,674						
49	Intesa Sanpaolo Bank Ireland Plc	Dublin	Dublin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 400,500,000 euro						
50	Intesa Sanpaolo Bank Luxembourg S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 1,389,370,555.36 euro						
51	Intesa Sanpaolo Banka d.d. Bosna I Hercegovina	Sarajevo	Sarajevo	1	Privredna Banka Zagreb d.d.	99.99	100,00 (**)
	Capital BAM 44,782,000						
52	Intesa Sanpaolo Brasil S.A. - Banco Multiplo	Sao Paulo	Sao Paulo	1	Intesa Sanpaolo S.p.A.	99.90	
	Capital BRL 1,015,480,421.02				Intesa Sanpaolo Holding International S.A.	0.10	
						100.00	
53	Intesa Sanpaolo Expo Institutional Contact S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 50,000 euro						

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
54	Intesa Sanpaolo Funding LLC (formerly Intesa Funding LLC)	New York	Wilmington Delaware	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital USD 25,000						
55	Intesa Sanpaolo Harbourmaster III S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 5,500,000 euro						
56	Intesa Sanpaolo Highline S.r.l. (c)	Turin	Turin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 500,000 euro						
57	Intesa Sanpaolo Holding International S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 2,157,957,270 euro						
58	Intesa Sanpaolo House Luxembourg S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 24,990,317 euro						
59	Intesa Sanpaolo Imi Securities Corp.	New York	New York	1	IMI Capital Market USA Corp.	100.00	
	Capital USD 44,500,000						
60	Intesa Sanpaolo Innovation Center S.p.A.	Turin	Turin	1	Intesa Sanpaolo S.p.A.	99.99	
	Capital 9,254,940 euro				Intesa Sanpaolo Vita S.p.A.	0.01	
						100.00	
61	Intesa Sanpaolo Insurance Agency S.p.A.	Turin	Turin	1	Intesa Sanpaolo Vita S.p.A.	100.00	
	Capital 500,000 euro						
62	Intesa Sanpaolo International Value Services d.o.o.	Zagreb	Zagreb	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 13,270 euro						
63	Intesa Sanpaolo Private Argentina S.A. (c)	Buenos Aires	Buenos Aires	1	REYL & Cie S.A.	95.01	
	Capital ARS 29,379,506				Fideuram Intesa Sanpaolo Private Banking S.p.A.	4.99	
						100.00	
64	Intesa Sanpaolo Private Banking S.p.A.	Milan	Milan	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 117,497,424 euro						
65	Intesa Sanpaolo RBM Salute S.p.A.	Venice	Venice	1	Intesa Sanpaolo Vita S.p.A.	100.00	
	Capital 305,208,000 euro						
66	Intesa Sanpaolo RE.O.CO. S.p.A.	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 13,000,000 euro						
67	Intesa Sanpaolo Rent FORYOU S.p.A.	Turin	Turin	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 630,000 euro						
68	Intesa Sanpaolo Servicos e Emprendimentos Ltda. em Liquidacao (c)	Sao Paulo	Sao Paulo	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital BRL 3,283,320						
69	Intesa Sanpaolo Servitia S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 1,500,000 euro						
70	Intesa Sanpaolo Vita S.p.A.	Milan	Turin	1	Intesa Sanpaolo S.p.A.	99.99	
	Capital 320,422,509 euro						
71	Intesa Sanpaolo Wealth Management (Luxembourg) S.A.	Luxembourg	Luxembourg	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 123,813,000 euro						
72	ISP CB Ipotecario S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	60.00	
	Capital 120,000 euro						
73	ISP CB Pubblico S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	60.00	
	Capital 120,000 euro						
74	ISP OBG S.r.l. (c)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	60.00	
	Capital 42,038 euro						
75	Isybank S.p.A.	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 31,000,000 euro						
76	IW Private Investments SIM S.p.A.	Milan	Milan	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital 67,950,000 euro						

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
77	Joint-Stock Company Banca Intesa	Moscow	Moscow	1	Intesa Sanpaolo S.p.A.	46.98	
	Capital RUB 10,820,180,800				Intesa Sanpaolo Holding International S.A.	53.02	
						100.00	
78	Lux Gest Asset Management S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo Bank Luxembourg S.A.	100.00	
	Capital 200,000 euro						
79	MSG Comparto Secondo S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 50,000 euro						
80	Neva S.G.R. S.p.A. (formerly Imi Fondi Chiusi S.p.A.) (h)	Turin	Turin	1	Intesa Sanpaolo Innovation Center S.p.A.	100.00	
	Capital 2,000,000 euro						
81	Oro Italia Trading S.p.A. in liquidation (c)	Arezzo	Arezzo	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 500,000 euro						
82	PBZ Card d.o.o.	Zagreb	Zagreb	1	Privredna Banka Zagreb d.d.	100.00	
	Capital 5,763,110 euro						
83	PBZ Leasing d.o.o.	Zagreb	Zagreb	1	Privredna Banka Zagreb d.d.	100.00	
	Capital 1,990,840 euro						
84	Porta Nuova Gioia (i)	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 5,047,250 euro						
85	Pravex Bank Joint-Stock Company	Kyiv	Kyiv	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital UAH 1,254,155,348.64						
86	Prestitalia S.p.A.	Bergamo	Bergamo	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 205,722,715 euro						
87	Private Equity International S.A.	Luxembourg	Luxembourg	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital 101,000,000 euro						
88	Privredna Banka Zagreb d.d.	Zagreb	Zagreb	1	Intesa Sanpaolo Holding International S.A.	100.00	
	Capital 243,954,711 euro						
89	Qingdao Yicai Fund Distribution Co. Ltd.	Qingdao	Qingdao	1	Intesa Sanpaolo S.p.A.	100.00	
	Capital CNY 691,000,000						
90	RB Participations S.A.	Geneva	Geneva	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
	Capital CHF 100,000						
91	Recovery Property Utilisation and Services Zrt.	Budapest	Budapest	1	Cib Bank Ltd.	100.00	
	Capital HUF 20,000,000						
92	REYL & Cie (Malta) Holding Ltd. (c)	Valletta	Valletta	1	REYL & Cie S.A.	100.00	
	Capital 730,000 euro						
93	REYL & Cie (Malta) Ltd. (c)	Valletta	Valletta	1	REYL & Cie (Malta) Holding Ltd.	100.00	
	Capital 730,000 euro						
94	REYL & Cie S.A. (j)	Geneva	Geneva	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	43.00	
	Capital CHF 31,500,001				RB Participations S.A.	30.00	
						73.00	
95	REYL & CO (UK) Llp. (c)	London	London	1	REYL & CO Holdings Ltd.	100.00	
	Capital GBP 2,500,000						
96	REYL & CO Holdings Ltd. (c)	London	London	1	REYL & Cie S.A.	100.00	
	Capital GBP 2,400,000						
97	REYL Finance (MEA) Ltd.	Dubai	Dubai	1	REYL & Cie S.A.	100.00	
	Capital USD 2,875,000						
98	REYL Overseas AG (c)	Zurich	Zurich	1	REYL & Cie S.A.	100.00	
	Capital CHF 2,000,000						
99	REYL Private Office Luxembourg Sarl (c)	Luxembourg	Luxembourg	1	REYL & Cie S.A.	100.00	
	Capital 50,000 euro						
100	REYL Singapore Holding Pte. Ltd. (c)	Singapore	Singapore	1	REYL & Cie S.A.	75.00	
	Capital SGD 1,201						
101	REYL Singapore Pte. Ltd. (c)	Singapore	Singapore	1	REYL & Cie S.A.	76.00	
	Capital SGD 500,000				REYL Singapore Holding Pte. Ltd.	24.00	
						100.00	
102	RI Ambiente S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 20,000 euro						
103	RI Infrastrutture S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 20,000 euro						
104	RI Rental S.r.l. (f)	Milan	Milan	1	Risanamento S.p.A.	100.00	
	Capital 10,000 euro						

	Companies	Place of business	Registered office	Type of relation-ship (a)	INVESTMENT Direct ownership	% held	Votes available (b)
105	Risanamento Europa S.r.l. (f) Capital 10,000 euro	Milan	Milan	1	Risanamento S.p.A.	100.00	
106	Risanamento S.p.A. (f) Capital 107,689,512.20 euro	Milan	Milan	1	Intesa Sanpaolo S.p.A.	48.88	
107	Romulus Funding Corporation (e)	New York	New York	2	Intesa Sanpaolo S.p.A.	-	
108	Società Benefit Cimarosa 1 S.p.A. (c) (l) Capital 100,000 euro	Milan	Milan	1	Intesa Sanpaolo S.p.A.	100.00	
109	Società Italiana di Revisione e Fiduciaria – S.I.RE.F. S.p.A. Capital 2,600,000 euro	Milan	Milan	1	Fideuram Intesa Sanpaolo Private Banking S.p.A.	100.00	
110	SRM Studi e Ricerche per il Mezzogiorno (c) Capital 90,000 euro	Naples	Naples	1	Intesa Sanpaolo S.p.A.	60.00	14,29 (*)
111	Sviluppo Comparto 3 S.r.l. (f) Capital 50,000 euro	Milan	Milan	1	Risanamento S.p.A.	100.00	
112	UBI Finance S.r.l. (c) Capital 10,000 euro	Milan	Milan	1	Intesa Sanpaolo S.p.A.	60.00	
113	Vseobecna Uverova Banka A.S. Capital 510,819,064 euro	Bratislava	Bratislava	1	Intesa Sanpaolo Holding International S.A.	100.00	
114	Vub Generali Dochodkova Spravcovska Spolocnost A.S. (k) Capital 10,090,976 euro	Bratislava	Bratislava	1	Vseobecna Uverova Banka A.S.	55.26	
115	Vub Operating Leasing Capital 25,000 euro	Bratislava	Bratislava	1	Vseobecna Uverova Banka A.S.	100.00	

(a) Type of relationship:

1 - majority of voting rights at Ordinary Shareholders' Meeting;

2 - other forms of control.

(b) Where different from the % portion, the availability of the votes in the Ordinary Shareholders' Meeting is indicated, distinguishing between the effective (*) and potential (**) voting rights, where applicable.

(c) Company consolidated using the equity method given its limited materiality.

(d) Minority shareholders are subject to a legal commitment to purchase 0.7% of share capital.

(e) Company controlled pursuant to IFRS 10, although the Group does not hold any equity stake in the company capital.

(f) Company not subject to the management and coordination activities pursuant to Article 2497 and following of the Italian Civil Code.

(g) In the event of liquidation of the equity investment, the minority shareholder has the right to sell, and Intesa Sanpaolo is required to purchase, the entire minority investment.

(h) Please note that there are put and call option agreements on 35.00% of share capital held by minority shareholders.

(i) A closed-end alternative real estate investment fund managed by COIMA SGR S.p.A.

(j) Please note that there are put and call option agreements on 27% of share capital held by minority shareholders.

(k) Please note that there are put and call option agreements on 44.74% of share capital held by minority shareholders.

(l) Intesa Sanpaolo S.p.A. also holds 100% of the Participating Financial Instruments issued by the subsidiary.

Subsequent events

The following events occurred after the end of the half year:

– the continuation of the programme of purchase of own shares for annulment (buyback) launched on 3 June 2024. Based on the information provided by the third-party intermediary appointed to execute the programme, in full independence and without any involvement of the Intesa Sanpaolo Group, a total of 239,237,505 shares were purchased as at 26 July 2024, representing 1.31% of the share capital, at an average purchase price of 3.5009 euro per share, for a total value of 837,541,881.52 euro;

– the finalisation, in July, of several de-risking transactions launched in the second quarter, regarding non-performing exposures of Intesa Sanpaolo, for a GBV of over 0.5 billion euro. For more information, please refer to the opening chapter of the Half-yearly Report on Operations, and, specifically, to the paragraph regarding the 2022-2025 Business Plan.

Information on the consolidated balance sheet

ASSETS

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CAPTION 20

Financial assets held for trading: breakdown

(millions of euro)

Captions	30.06.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	9,137	1,335	65	9,071	1,044	68
1.1 Structured securities	*719*	*1*	-	*775*	-	-
1.2 Other debt securities	*8,418*	*1,334*	*65*	*8,296*	*1,044*	*68*
2. Equities	1,761	-	28	1,892	-	23
3. Quotas of UCI	320	-	6	444	-	6
4. Loans	-	55	18	-	95	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	*55*	*18*	-	*95*	-
Total (A)	**11,218**	**1,390**	**117**	**11,407**	**1,139**	**97**
B. Derivatives						
1. Financial derivatives	210	22,575	29	139	24,073	33
1.1 trading	*210*	*22,548*	*29*	*139*	*24,057*	*33*
1.2 fair value option	-	-	-	-	-	-
1.3 other	-	*27*	-	-	*16*	-
2. Credit derivatives	-	2,204	-	-	1,275	-
2.1 trading	-	*2,204*	-	-	*1,275*	-
2.2 fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	**210**	**24,779**	**29**	**139**	**25,348**	**33**
TOTAL (A+B)	**11,428**	**26,169**	**146**	**11,546**	**26,487**	**130**

Other financial assets mandatorily measured at fair value: breakdown

(millions of euro)

Captions	30.06.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**7,294**	**666**	**439**	**6,692**	**723**	**453**
1.1 Structured securities	-	6	-	-	5	-
1.2 Other debt securities	7,294	660	439	6,692	718	453
2. Equities	**5,853**	**276**	**97**	**5,578**	**205**	**210**
3. Quotas of UCI	**83,033**	**202**	**7,983**	**83,672**	**192**	**7,501**
4. Loans	**3**	**384**	**813**	**-**	**310**	**894**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	3	384	813	-	310	894
Total	**96,183**	**1,528**	**9,332**	**95,942**	**1,430**	**9,058**

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CAPTION 30

Financial assets measured at fair value through other comprehensive income: breakdown

(millions of euro)

Captions	30.06.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**136,841**	**7,992**	**64**	**130,133**	**8,187**	**232**
1.1 Structured securities	1,194	-	-	654	-	-
1.2 Other debt securities	135,647	7,992	64	129,479	8,187	232
2. Equities	**537**	**499**	**235**	**458**	**497**	**344**
3. Loans	**-**	**812**	**104**	**-**	**805**	**97**
Total	**137,378**	**9,303**	**403**	**130,591**	**9,489**	**673**

FINANCIAL ASSETS MEASURED AT AMORTISED COST – CAPTION 40

Financial assets measured at amortised cost: breakdown of amounts due from banks

(millions of euro)

Transaction type/Amount	30.06.2024						31.12.2023					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
A. Due from Central Banks	**10,254**	**-**	**-**	**-**	**8,837**	**1,417**	**10,923**	**-**	**-**	**-**	**9,278**	**1,645**
1. Time deposits	1,800	-	-	X	X	X	1,771	-	-	X	X	X
2. Reserve requirement	7,073	-	-	X	X	X	7,701	-	-	X	X	X
3. Repurchase agreements	1,260	-	-	X	X	X	1,362	-	-	X	X	X
4. Other	121	-	-	X	X	X	89	-	-	X	X	X
B. Due from banks	**24,875**	**72**	**-**	**1,994**	**16,190**	**6,733**	**21,884**	**92**	**-**	**1,569**	**14,991**	**5,420**
1. Loans	22,729	72	-	-	16,067	6,733	20,239	92	-	-	14,971	5,402
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	3,320	-	-	X	X	X	2,173	-	-	X	X	X
1.3 Other loans:	19,409	72	-	X	X	X	18,066	92	-	X	X	X
- Reverse repurchase agreements	*10,341*	-	-	*X*	*X*	*X*	*7,595*	-	-	*X*	*X*	*X*
- Finance leases	*4*	-	-	*X*	*X*	*X*	*4*	-	-	*X*	*X*	*X*
- Other	*9,064*	*72*	-	*X*	*X*	*X*	*10,467*	*92*	-	*X*	*X*	*X*
2. Debt securities	2,146	-	-	1,994	123	-	1,645	-	-	1,569	20	18
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	2,146	-	-	1,994	123	-	1,645	-	-	1,569	20	18
TOTAL	**35,129**	**72**	**-**	**1,994**	**25,027**	**8,150**	**32,807**	**92**	**-**	**1,569**	**24,269**	**7,065**

Financial assets measured at amortised cost: breakdown of loans to customers

(millions of euro)

Transaction type/Amount	30.06.2024						31.12.2023					
	Book value			Fair value			Book value			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit-impaired	Level 1	Level 2	Level 3
1. Loans	**408,526**	**4,596**	**202**	**-**	**228,383**	**174,734**	**416,952**	**4,772**	**219**	**-**	**259,148**	**155,757**
1.1.Current accounts	19,845	436	7	X	X	X	21,486	430	9	X	X	X
1.2. Reverse repurchase agreements	19,842	-	-	X	X	X	16,636	-	-	X	X	X
1.3. Mortgages	219,802	2,704	108	X	X	X	225,252	2,855	120	X	X	X
1.4. Credit card loans, personal loans and transfer of one fifth of salaries	19,959	260	4	X	X	X	19,742	298	2	X	X	X
1.5. Finance leases	6,829	219	71	X	X	X	7,123	252	75	X	X	X
1.6. Factoring	8,622	57	-	X	X	X	10,102	59	-	X	X	X
1.7. Other loans	113,627	920	12	X	X	X	116,611	878	13	X	X	X
2. Debt securities	**65,614**	**29**	**-**	**40,771**	**12,223**	**9,569**	**64,067**	**41**	**-**	**37,053**	**12,966**	**11,274**
2.1. Structured securities	4,338	-	-	2,819	896	50	4,922	-	-	3,362	321	633
2.2. Other debt securities	61,276	29	-	37,952	11,327	9,519	59,145	41	-	33,691	12,645	10,641
Total	**474,140**	**4,625**	**202**	**40,771**	**240,606**	**184,303**	**481,019**	**4,813**	**219**	**37,053**	**272,114**	**167,031**

LIABILITIES

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - CAPTION 10

Financial liabilities measured at amortised cost: breakdown of amounts due to banks

(millions of euro)

Transaction type/Amount	30.06.2024				31.12.2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to central banks	**3,699**	**X**	**X**	**X**	**48,089**	**X**	**X**	**X**
2. Due to banks	**45,186**	**X**	**X**	**X**	**45,153**	**X**	**X**	**X**
2.1 Current accounts and on demand deposits	4,394	X	X	X	3,526	X	X	X
2.2 Time deposits	2,840	X	X	X	3,409	X	X	X
2.3 Loans	27,308	X	X	X	27,817	X	X	X
2.3.1 Repurchase agreements	*21,831*	*X*	*X*	*X*	*21,911*	*X*	*X*	*X*
2.3.2 Other	*5,477*	*X*	*X*	*X*	*5,906*	*X*	*X*	*X*
2.4 Debts for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease liabilities	4	X	X	X	4	X	X	X
2.6 Other debts	10,640	X	X	X	10,397	X	X	X
Total	**48,885**	**-**	**33,150**	**15,630**	**93,242**	**-**	**78,724**	**14,351**

Financial liabilities measured at amortised cost: breakdown of amounts due to customers

(millions of euro)

Transaction type/Amount	30.06.2024				31.12.2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Current accounts and on demand deposits	**355,586**	**X**	**X**	**X**	**364,906**	**X**	**X**	**X**
2. Time deposits	**44,006**	**X**	**X**	**X**	**43,004**	**X**	**X**	**X**
3. Loans	**32,061**	**X**	**X**	**X**	**18,042**	**X**	**X**	**X**
3.1 Repurchase agreements	26,505	X	X	X	13,009	X	X	X
3.2 Other	5,556	X	X	X	5,033	X	X	X
4. Debts for commitments to repurchase own equity instruments	**193**	**X**	**X**	**X**	**199**	**X**	**X**	**X**
5. Lease liabilities	**1,180**	**X**	**X**	**X**	**1,213**	**X**	**X**	**X**
6. Other debts	**12,441**	**X**	**X**	**X**	**13,085**	**X**	**X**	**X**
Total	**445,467**	**-**	**414,827**	**30,275**	**440,449**	**-**	**413,014**	**27,304**

Financial liabilities measured at amortised cost: breakdown of securities issued

(millions of euro)

Transaction type/Amount	30.06.2024				31.12.2023			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. bonds	95,314	57,830	39,032	-	91,805	60,128	32,185	-
1.1 structured	*1,002*	*231*	*792*	-	*1,199*	*109*	*1,111*	-
1.2 other	*94,312*	*57,599*	*38,240*	-	*90,606*	*60,019*	*31,074*	-
2. other	18,846	-	17,751	1,096	16,623	-	15,040	1,583
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	*18,846*	-	*17,751*	*1,096*	*16,623*	-	*15,040*	*1,583*
Total	**114,160**	**57,830**	**56,783**	**1,096**	**108,428**	**60,128**	**47,225**	**1,583**

FINANCIAL LIABILITIES HELD FOR TRADING – CAPTION 20

Financial liabilities held for trading: breakdown

(millions of euro)

Transaction type/Amount	30.06.2024					31.12.2023				
	Nominal or notional amount	Fair value			Fair value (*)	Nominal or notional amount	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities										
1. Due to banks	**5,189**	**4,916**	**5**	**-**	**4,921**	**5,367**	**4,569**	**671**	**-**	**5,239**
2. Due to customers	**4,944**	**3,636**	**1,040**	**35**	**4,710**	**3,513**	**3,141**	**333**	**-**	**3,474**
3. Debt securities	**2,234**	**-**	**2,157**	**-**	**X**	**2,362**	**-**	**2,262**	**-**	**X**
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 Structured	-	-	-	-	*X*	-	-	-	-	*X*
3.1.2 Other bonds	-	-	-	-	*X*	-	-	-	-	*X*
3.2 Other	2,234	-	2,157	-	X	2,362	-	2,262	-	X
3.2.1 Structured	*2,234*	-	*2,157*	-	*X*	*2,362*	-	*2,262*	-	*X*
3.2.2 Other	-	-	-	-	*X*	-	-	-	-	*X*
Total A	**12,367**	**8,552**	**3,202**	**35**	**9,631**	**11,242**	**7,710**	**3,266**	**-**	**8,713**
B. Derivatives										
1. Financial derivatives	**X**	**355**	**30,536**	**135**	**X**	**X**	**119**	**31,208**	**50**	**X**
1.1 Trading	X	355	30,520	135	X	X	119	31,191	50	X
1.2 Fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	16	-	X	X	-	17	-	X
2. Credit derivatives	**X**	**-**	**2,273**	**-**	**X**	**X**	**-**	**1,140**	**-**	**X**
2.1 Trading	X	-	2,273	-	X	X	-	1,140	-	X
2.2 Fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**355**	**32,809**	**135**	**X**	**X**	**119**	**32,348**	**50**	**X**
Total (A+B)	**12,367**	**8,907**	**36,011**	**170**	**X**	**11,242**	**7,829**	**35,614**	**50**	**X**

(*) Fair value calculated excluding changes in creditworthiness of the issuer after issue date.

FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE – CAPTION 30

Financial liabilities designated at fair value: breakdown

(millions of euro)

Transaction type/Amount	30.06.2024					31.12.2023				
	Nominal value	Fair value			Fair value (*)	Nominal value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
1. Due to banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which: *- commitments to disburse funds*	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
2. Due to customers	**52,006**	**-**	**50,779**	**-**	**50,777**	**51,443**	**-**	**51,442**	**-**	**51,442**
2.1 Structured	5	-	4	-	X	5	-	4	-	X
2.2 Other	52,001	-	50,775	-	X	51,438	-	51,438	-	X
of which: *- commitments to disburse funds*	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
3. Debt securities	**23,407**	**5,116**	**17,890**	**304**	**22,959**	**21,725**	**91**	**21,218**	**31**	**21,165**
3.1 Structured	23,407	5,116	17,890	304	X	21,725	91	21,218	31	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**75,413**	**5,116**	**68,669**	**304**	**73,736**	**73,168**	**91**	**72,660**	**31**	**72,607**

(*) Fair value calculated excluding changes in creditworthiness of the issuer after issue date.

INSURANCE LIABILITIES – CAPTION 110

Change in the book value of insurance contracts issued broken down by measurement component

Insurance contracts issued with direct participation features - Life Segment

(millions of euro)

Captions/Measurement components	Measurement components of the carrying amount of the insurance contracts issued 30.06.2024			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount				
1. Insurance contracts issued that are liabilities	108,650	368	8,231	117,249
2. Insurance contracts issued that are assets	-37	-	-	-37
3. Net carrying amount as at 1 January	**108,613**	**368**	**8,231**	**117,212**
B. Changes that relate to current service				
1. Contractual service margin recognised in profit or loss	-	-	-530	-530
2. Change in risk adjustment for non-financial risk for risk expired	-	-24	-	-24
3. Experience adjustments	-21	-	-	-21
4. Total	**-21**	**-24**	**-530**	**-575**
C. Changes that relate to future service				
1. Changes in the contractual service margin	-226	48	178	-
2. Losses on groups of onerous contracts and related recoveries	-37	-	-	-37
3. Effects of contracts initially recognised in the reference year	-567	15	552	-
4. Total	**-830**	**63**	**730**	**-37**
D. Changes that relate to past service				
1. Adjustments to the liability for incurred claims	-3	-	-	-3
2. Experience adjustments	-	-	-	-
3. Total	**-3**	**-**	**-**	**-3**
E. Insurance service result (B+C+D)	**-854**	**39**	**200**	**-615**
F. Financial expenses/income				
1. Related to insurance contracts issued	2,449	8	-639	1,818
1.1 Recognised in profit or loss	3,355	7	-542	2,820
1.2 Recognised in other comprehensive income	-906	1	-97	-1,002
2. Effects of exchange rate changes	-	-	-	-
3. Total	**2,449**	**8**	**-639**	**1,818**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (E+F)	**1,595**	**47**	**-439**	**1,203**
H. Other changes	**-**	**-**	**-**	**-**
I. Cash movements				
1. Premiums received	7,330	-	-	7,330
2. Payments related to contract acquisition costs	-	-	-	-
3. Claims paid and other cash outflows	-8,463	-	-	-8,463
4. Total	**-1,133**	**-**	**-**	**-1,133**
L. Net carrying final amount (A.3+G+H+I.4)	**109,075**	**415**	**7,792**	**117,282**
M. Closing carrying amount				
1. Insurance contracts issued that are liabilities	109,090	415	7,792	117,297
2. Insurance contracts issued that are assets	-15	-	-	-15
3. Net carrying final amount	**109,075**	**415**	**7,792**	**117,282**

Insurance contracts issued without direct participation features - Life Segment

(millions of euro)

Captions/Measurement components	Measurement components of the carrying amount of the insurance contracts issued 30.06.2024			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount				
1. Insurance contracts issued that are liabilities	486	19	253	758
2. Insurance contracts issued that are assets	-1	-	-	-1
3. Net carrying amount as at 1 January	**485**	**19**	**253**	**757**
B. Changes that relate to current service				
1. Contractual service margin recognised in profit or loss	-	-	-21	-21
2. Change in risk adjustment for non-financial risk for risk expired	-	-2	-	-2
3. Experience adjustments	-6	-	-	-6
4. Total	**-6**	**-2**	**-21**	**-29**
C. Changes that relate to future service				
1. Changes in the contractual service margin	-23	1	22	-
2. Losses on groups of onerous contracts and related recoveries	3	-	-	3
3. Effects of contracts initially recognised in the reference year	-26	-	26	-
4. Total	**-46**	**1**	**48**	**3**
D. Changes that relate to past service				
1. Adjustments to the liability for incurred claims	-3	-	-	-3
2. Experience adjustments	-	-	-	-
3. Total	**-3**	**-**	**-**	**-3**
E. Insurance service result (B+C+D)	**-55**	**-1**	**27**	**-29**
F. Financial expenses/income				
1. Related to insurance contracts issued	1	-	4	5
1.1 Recognised in profit or loss	1	-	4	5
1.2 Recognised in other comprehensive income	-	-	-	-
2. Effects of exchange rate changes	-	-	-	-
3. Total	**1**	**-**	**4**	**5**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (E+F)	**-54**	**-1**	**31**	**-24**
H. Other changes	**-**	**-**	**-**	**-**
I. Cash movements				
1. Premiums received	32	-	-	32
2. Payments related to contract acquisition costs	-	-	-	-
3. Claims paid and other cash outflows	-36	-	-	-36
4. Total	**-4**	**-**	**-**	**-4**
L. Net carrying final amount (A.3+G+H+I.4)	**427**	**18**	**284**	**729**
M. Closing carrying amount				
1. Insurance contracts issued that are liabilities	427	18	284	729
2. Insurance contracts issued that are assets	-	-	-	-
3. Net carrying final amount	**427**	**18**	**284**	**729**

Insurance contracts issued without direct participation features – Non-Life Segment – Non-Motor

(millions of euro)

Captions/Measurement components	Measurement components of the carrying amount of the insurance contracts issued 30.06.2024			
	Present value of cash flows	Adjustment for non-financial risks	Contractual service margin	Total
A. Opening carrying amount				
1. Insurance contracts issued that are liabilities	241	17	336	594
2. Insurance contracts issued that are assets	-128	-	-	-128
3. Net carrying amount as at 1 January	**113**	**17**	**336**	**466**
B. Changes that relate to current service				
1. Contractual service margin recognised in profit or loss	-	-	-34	-34
2. Change in risk adjustment for non-financial risk for risk expired	-	-2	-	-2
3. Experience adjustments	-3	-	-	-3
4. Total	**-3**	**-2**	**-34**	**-39**
C. Changes that relate to future service				
1. Changes in the contractual service margin	9	3	-12	-
2. Losses on groups of onerous contracts and related recoveries	2	-	-	2
3. Effects of contracts initially recognised in the reference year	-23	1	22	-
4. Total	**-12**	**4**	**10**	**2**
D. Changes that relate to past service				
1. Adjustments to the liability for incurred claims	6	-	-	6
2. Experience adjustments	-	-	-	-
3. Total	**6**	**-**	**-**	**6**
E. Insurance service result (B+C+D)	**-9**	**2**	**-24**	**-31**
F. Financial expenses/income				
1. Related to insurance contracts issued	-3	-	2	-1
1.1 Recognised in profit or loss	1	-	2	3
1.2 Recognised in other comprehensive income	-4	-	-	-4
2. Effects of exchange rate changes	-	-	-	-
3. Total	**-3**	**-**	**2**	**-1**
G. Total amount of changes recognised in profit or loss and in other comprehensive income (E+F)	**-12**	**2**	**-22**	**-32**
H. Other changes	**-**	**-**	**-**	**-**
I. Cash movements				
1. Premiums received	67	-	-	67
2. Payments related to contract acquisition costs	-	-	-	-
3. Claims paid and other cash outflows	-36	-	-	-36
4. Total	**31**	**-**	**-**	**31**
L. Net carrying final amount (A.3+G+H+I.4)	**132**	**19**	**314**	**465**
M. Closing carrying amount				
1. Insurance contracts issued that are liabilities	256	19	314	589
2. Insurance contracts issued that are assets	-124	-	-	-124
3. Net carrying final amount	**132**	**19**	**314**	**465**

GROUP SHAREHOLDERS' EQUITY – CAPTIONS 120, 130, 140, 150, 160, 170 AND 180

Share capital – Parent Company's number of shares: half-yearly changes

Captions/Type	Ordinary
A. Initial number of shares	**18,282,798,989**
-fully paid-in	*18,282,798,989*
- not fully paid-in	-
A.1 Own shares (-)	-25,946,143
A.2 Shares outstanding: initial number	**18,256,852,846**
B. Increases	**14,106,627**
B.1 New issues	-
- for consideration:	-
- business combinations	-
- conversion of bonds	-
- exercise of warrants	-
- other	-
- for free:	-
- in favour of employees	-
- in favour of directors	-
- other	-
B.2 Sale of own shares	14,106,627
B.3 Other	-
C. Decreases	**-186,045,436**
C.1 Annulment	
C.2 Purchase of own shares	-186,045,436
C.3 Disposal of companies	-
C.4 Other	-
D. Shares outstanding: final number	**18,084,914,037**
D.1 Own shares (+)	197,884,952
D.2 Final number of shares	18,282,798,989
- fully paid-in	*18,282,798,989*
- not fully paid-in	-

Share capital: other information

The share capital of Intesa Sanpaolo as at 30 June 2024 amounted to 10,369 million euro, divided into 18,282,798,989 ordinary shares, without nominal value. Each ordinary share gives the right to one vote in the Shareholders' Meeting. At the date of this document, the share capital was fully paid-in.
As at 30 June 2024, the Group held Intesa Sanpaolo own shares for a total of 744 million euro, of which 676 million euro held by the Parent Company – for the most part due to the purchases made in execution of the buyback programme started on 3 June 2024 – around 40 million euro held by Fideuram - Intesa Sanpaolo Private Banking and the remaining 28 million euro by the other Group companies.

Information on the consolidated income statement

INTEREST – CAPTIONS 10 AND 20

Interest and similar income: breakdown

(millions of euro)

Captions/Types	Debt securities	Loans	Other transactions	30.06.2024	30.06.2023
1. Financial assets measured at fair value through profit or loss	**97**	**26**	**-**	**123**	**123**
1.1 Financial assets held for trading	65	3	-	68	93
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	32	23	-	55	30
2. Financial assets measured at fair value through other comprehensive income	**2,386**	**39**	**X**	**2,425**	**1,906**
3. Financial assets measured at amortised cost	**1,043**	**11,707**	**X**	**12,750**	**11,125**
3.1 Due from banks	36	2,465	X	2,501	2,400
3.2 Loans to customers	1,007	9,242	X	10,249	8,725
4. Hedging derivatives	**X**	**X**	**2,003**	**2,003**	**1,074**
5. Other assets	**X**	**X**	**673**	**673**	**333**
6. Financial liabilities	**X**	**X**	**X**	**-**	**1**
Total	**3,526**	**11,772**	**2,676**	**17,974**	**14,562**
of which: interest income on impaired financial assets	*-*	*268*	*-*	*268*	*231*
of which: interest income on financial lease	*X*	*227*	*X*	*227*	*203*

Interest and similar expense: breakdown

(millions of euro)

Captions/Types	Debts	Securities	Other transactions	30.06.2024	30.06.2023
1. Financial liabilities measured at amortised cost	**4,200**	**2,229**	**X**	**6,429**	**4,934**
1.1 Due to Central Banks	585	X	X	585	1,127
1.2 Due to banks	1,459	X	X	1,459	1,066
1.3 Due to customers	2,156	X	X	2,156	1,417
1.4 Securities issued	X	2,229	X	2,229	1,324
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities designated at fair value	**-**	**-**	**-**	**-**	**7**
4. Other liabilities and allowances	**X**	**X**	**97**	**97**	**59**
5. Hedging derivatives	**X**	**X**	**2,179**	**2,179**	**1,434**
6. Financial assets	**X**	**X**	**X**	**150**	**196**
Total	**4,200**	**2,229**	**2,276**	**8,855**	**6,630**
of which: interest expense on lease liabilities	*13*	*X*	*X*	*13*	*12*

NET FEE AND COMMISSION INCOME - CAPTIONS 40 AND 50

Fee and commission income: breakdown

(millions of euro)

Type of service/Amounts	30.06.2024	30.06.2023
a) Financial instruments	**997**	**808**
1. Placement of securities	389	258
1.1 Through underwriting and/or on a firm commitment basis	-	21
1.2 Without firm commitment	389	237
2. Reception and transmission of orders and execution of orders on behalf of customers	154	128
2.1 Reception and transmission of orders for one or more financial instruments	78	61
2.2 Execution of orders on behalf of customers	76	67
3. Other fee and commission income related to activities connected to financial instruments	454	422
of which: dealing on own account	*1*	*1*
of which: individual portfolio management	*453*	*421*
b) Corporate Finance	**2**	**4**
1. M&A advisory	2	4
2. Treasury services	-	-
3. Other fee and commission income related to corporate finance services	-	-
c) Investment advice	**172**	**126**
d) Clearing and settlement	**-**	**-**
e) Collective portfolio management	**1,061**	**1,019**
f) Custody and administration	**59**	**52**
1. Depositary bank	4	1
2. Other fee and commission income related to custody and administration services	55	51
g) Central administrative services for collective portfolio management	**-**	**-**
h) Fiduciary services	**5**	**5**
i) Payment services	**1,553**	**1,520**
1. Current accounts	653	684
2. Credit cards	330	301
3. Debit cards and other payment cards	154	147
4. Credit transfers and other payment orders	209	199
5. Other fee and commission income related to payment services	207	189
j) Distribution of third-party services	**359**	**323**
1. Collective portfolio management	274	245
2. Insurance products	34	33
3. Other products	51	45
of which: individual portfolio management	*21*	*17*
k) Structured finance	**9**	**10**
l) Servicing related to securitisations	**3**	**3**
m) Commitments to disburse funds	**11**	**8**
n) Financial guarantees given	**260**	**241**
of which: credit derivatives	*1*	*1*
o) Financing transactions	**414**	**398**
of which: for factoring transactions	*39*	*40*
p) Currency dealing	**8**	**7**
q) Commodities	**-**	**-**
r) Other fee and commission income	**667**	**782**
of which: for management of multilateral trading facilities	-	-
of which: for management of organised trading facilities	-	-
Total	**5,580**	**5,306**

Fee and commission expense: breakdown

(millions of euro)

	30.06.2024	30.06.2023
a) Financial instruments	**130**	**126**
of which: trading in financial instruments	*22*	*21*
of which: placement of financial instruments	*104*	*100*
of which: individual portfolio management	*4*	*5*
- Own portfolio	*4*	*5*
- Third-party portfolio	*-*	*-*
b) Clearing and settlement	**18**	**17**
c) Collective portfolio management	**26**	**26**
- Own portfolio	5	5
- Third-party portfolio	21	21
d) Custody and administration	**47**	**41**
e) Collection and payment services	**324**	**302**
of which: credit cards, debit cards and other payment cards	*252*	*234*
f) Servicing related to securitisations	**-**	**-**
g) Commitments to receive funds	**-**	**-**
h) Financial guarantees received	**170**	**180**
of which: credit derivatives	*8*	*13*
i) “Out-of-branch” offer of financial instruments, products and services	**480**	**508**
j) Currency dealing	**3**	**3**
k) Other fee and commission expense	**134**	**163**
Total	**1,332**	**1,366**

PROFITS (LOSSES) ON TRADING - CAPTION 80

Profits (Losses) on trading: breakdown

(millions of euro)

Transactions/Income components	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
1. Financial assets held for trading	**115**	**350**	**-179**	**-225**	**61**
1.1 Debt securities	13	164	-70	-145	-38
1.2 Equities	90	124	-49	-64	101
1.3 Quotas of UCI	12	59	-6	-16	49
1.4 Loans	-	2	-54	-	-52
1.5 Other	-	1	-	-	1
2. Financial liabilities held for trading	**124**	**2**	**-45**	**-20**	**61**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	110	-	-10	-	100
2.3 Other	14	2	-35	-20	-39
3. Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**-155**
4. Derivatives	**20,375**	**31,549**	**-23,227**	**-28,917**	**53**
4.1 Financial derivatives:	18,834	30,609	-21,554	-28,066	96
- on debt securities and interest rates	*18,455*	*24,163*	*-19,206*	*-23,696*	*-284*
- on equities and stock indexes	*199*	*5,644*	*-2,119*	*-3,619*	*105*
- on currencies and gold	*X*	*X*	*X*	*X*	*273*
- other	*180*	*802*	*-229*	*-751*	*2*
4.2 Credit derivatives	1,541	940	-1,673	-851	-43
of which: natural hedging associated with the fair value option	*X*	*X*	*X*	*X*	*-*
Total	**20,614**	**31,901**	**-23,451**	**-29,162**	**20**

PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE - CAPTION 100

Profits (Losses) on disposal or repurchase: breakdown

(millions of euro)

Captions/Income components	30.06.2024			30.06.2023		
	Profits	Losses	Net result	Profits	Losses	Net result
Financial assets						
1. Financial assets measured at amortised cost	154	-73	81	131	-59	72
1.1 Due from banks	*7*	*-*	*7*	*3*	*-*	*3*
1.2 Loans to customers	*147*	*-73*	*74*	*128*	*-59*	*69*
2. Financial assets measured at fair value through other comprehensive income	229	-209	20	256	-443	-187
2.1 Debt securities	*229*	*-206*	*23*	*256*	*-416*	*-160*
2.2 Loans	*-*	*-3*	*-3*	*-*	*-27*	*-27*
Total assets (A)	**383**	**-282**	**101**	**387**	**-502**	**-115**
B. Financial liabilities measured at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-7	-7	-	-	-
3. Securities issued	59	-48	11	23	-5	18
Total liabilities (B)	**59**	**-55**	**4**	**23**	**-5**	**18**

PROFITS (LOSSES) ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CAPTION 110

Net change in the value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

(millions of euro)

Transactions/Income components	Revaluations	Gains on disposal	Write-downs	Losses on trading	Net result
1. Financial assets	**4,774**	**1,287**	**-937**	**-1,105**	**4,019**
1.1 Debt securities	109	118	-110	-18	99
1.2 Equities	569	250	-183	-70	566
1.3 Quotas of UCI	4,027	624	-591	-125	3,935
1.4 Loans	69	295	-53	-892	-581
2. Financial assets: exchange differences	**X**	**X**	**X**	**X**	**218**
Total	**4,774**	**1,287**	**-937**	**-1,105**	**4,237**

NET LOSSES/RECOVERIES FOR CREDIT RISK – CAPTION 130

Net adjustments for credit risk associated with financial assets measured at amortised cost: breakdown

(millions of euro)

Transactions/Income components	IMPAIRMENT LOSSES						RECOVERIES				30.06.2024	30.06.2023
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			Write-off	Other	Write-off	Other						
A. Credit to banks	**-8**	**-4**	**-**	**-2**	**-**	**-**	**9**	**4**	**1**	**-**	**-**	**14**
- Loans	-4	-4	-	-2	-	-	6	3	1	-	-	13
- Debt securities	-4	-	-	-	-	-	3	1	-	-	-	1
B. Credit to clients	**-300**	**-586**	**-25**	**-1,225**	**-2**	**-8**	**385**	**618**	**537**	**13**	**-593**	**-683**
- Loans	-294	-571	-25	-1,223	-2	-8	374	610	536	13	-590	-653
- Debt securities	-6	-15	-	-2	-	-	11	8	1	-	-3	-30
Total	**-308**	**-590**	**-25**	**-1,227**	**-2**	**-8**	**394**	**622**	**538**	**13**	**-593**	**-669**

INSURANCE SERVICE RESULT - CAPTION 160

Insurance income and expenses from insurance contracts issued - Breakdown

(millions of euro)

Captions/Aggregation bases	30.06.2024					
	Basis A1	Basis A2	Basis A3	Basis A4	Basis A5	Total
A. Insurance revenue from insurance contracts issued measured under the GMM and the VFA						
A.1 Amounts related to changes in the asset for remaining coverage	**787**	**75**	**-**	**65**	**-**	**927**
1. Incurred claims and other expected insurance service expenses	219	49	-	31	-	299
2. Changes in the adjustment for non-financial risks	24	2	-	2	-	28
3. Contractual service margin recognised in profit or loss for services provided	530	21	-	34	-	585
4. Other amounts	14	3	-	-2	-	15
A.2 Insurance contract acquisition costs recovered	**4**	**-**	**-**	**-**	**-**	**4**
A.3 Total insurance revenue from insurance contracts issued measured under the GMM or the VFA	**791**	**75**	**-**	**65**	**-**	**931**
A.4 Total insurance revenue from insurance contracts issued measured under the PAA						**638**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	50
- Non-Life Segment - Non-Motor	X	X	X	X	X	588
A.5 Total insurance revenue from insurance contracts issued	**791**	**75**	**-**	**65**	**-**	**1,569**
B. Insurance service expenses from insurance contracts issued – GMM or VFA						
1. Incurred claims and other directly attributable expenses	-187	-45	-	-25	-	-257
2. Changes in the liability for incurred claims	3	3	-	-6	-	-
3. Losses on onerous contracts and recovery of those losses	37	-3	-	-2	-	32
4. Amortisation of insurance contract acquisition costs	-4	-	-	-	-	-4
5. Other amounts	-25	-1	-	-1	-	-27
B.6 Total insurance service expenses from insurance contracts issued – GMM or VFA	**-176**	**-46**	**-**	**-34**	**-**	**-256**
B.7 Total insurance service expenses from insurance contracts issued measured under the PAA						**-430**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	-42
- Non-Life Segment - Non-Motor	X	X	X	X	X	-388
C. Total net expenses/revenue from insurance contracts issued (A.5+B.6+B.7)	**615**	**29**	**-**	**31**	**-**	**883**

Basis A1 (Basis of aggregation 1): Insurance contracts issued with direct participation features - Life Segment
Basis A2 (Basis of aggregation 2): Insurance contracts issued without direct participation features - Life Segment
Basis A3 (Basis of aggregation 3): Insurance contracts issued without direct participation features - Non-Life Segment - Motor
Basis A4 (Basis of aggregation 4): Insurance contracts issued without direct participation features – Non-Life Segment – Non-Motor
Basis A5 (Basis of aggregation 5): Investment contracts issued with discretionary participation features - Life Segment

GMM – General Measurement Model
VFA – Variable Fee Approach
PAA – Premium Allocation Approach

(millions of euro)

Captions/Aggregation bases	30.06.2023					
	Basis A1	Basis A2	Basis A3	Basis A4	Basis A5	Total
A. Insurance revenue from insurance contracts issued measured under the GMM and the VFA						
A.1 Amounts related to changes in the asset for remaining coverage	**804**	**71**	**-**	**78**	**-**	**953**
1. Incurred claims and other expected insurance service expenses	201	43	-	-9	-	235
2. Changes in the adjustment for non-financial risks	14	1	-	1	-	16
3. Contractual service margin recognised in profit or loss for services provided	572	30	-	43	-	645
4. Other amounts	17	-3	-	43	-	57
A.2 Insurance contract acquisition costs recovered	**10**	**-**	**-**	**10**	**-**	**20**
A.3 Total insurance revenue from insurance contracts issued measured under the GMM or the VFA	**814**	**71**	**-**	**88**	**-**	**973**
A.4 Total insurance revenue from insurance contracts issued measured under the PAA						**545**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	16
- Non-Life Segment - Non-Motor	X	X	X	X	X	529
A.5 Total insurance revenue from insurance contracts issued	**814**	**71**	**-**	**88**	**-**	**1,518**
B. Insurance service expenses from insurance contracts issued – GMM or VFA						
1. Incurred claims and other directly attributable expenses	30	-170	-	-17	-	-157
2. Changes in the liability for incurred claims	18	1	-	-6	-	13
3. Losses on onerous contracts and recovery of those losses	3	5	-	2	-	10
4. Amortisation of insurance contract acquisition costs	-9	-	-	-9	-	-18
5. Other amounts	59	-5	-	-25	-	29
B.6 Total insurance service expenses from insurance contracts issued – GMM or VFA	**101**	**-169**	**-**	**-55**	**-**	**-123**
B.7 Total insurance service expenses from insurance contracts issued measured under the PAA						**-335**
- Life Segment	X	X	X	X	X	-
- Non-Life Segment - Motor	X	X	X	X	X	-9
- Non-Life Segment - Non-Motor	X	X	X	X	X	-326
C. Total net expenses/revenue from insurance contracts issued (A.5+B.6+B.7)	**915**	**-98**	**-**	**33**	**-**	**1,060**

Basis A1 (Basis of aggregation 1): Insurance contracts issued with direct participation features - Life Segment
Basis A2 (Basis of aggregation 2): Insurance contracts issued without direct participation features - Life Segment
Basis A3 (Basis of aggregation 3): Insurance contracts issued without direct participation features – Non-Life Segment – Motor
Basis A4 (Basis of aggregation 4): Insurance contracts issued without direct participation features – Non-Life Segment – Non-Motor
Basis A5 (Basis of aggregation 5): Investment contracts issued with discretionary participation features - Life Segment

GMM – General Measurement Model
VFA – Variable Fee Approach
PAA – Premium Allocation Approach

BALANCE OF FINANCE INCOME/EXPENSES RELATING TO INSURANCE BUSINESS – CAPTION 170

Net finance income and expenses from insurance contracts issued

(millions of euro)

Captions/Aggregation bases	30.06.2024				30.06.2023			
	Basis A1	Basis A2	Basis A3	Total	Basis A1	Basis A2	Basis A3	Total
1. Interest accreted	-	-2	-1	-3	-	-1	-5	-6
2. Effects of changes in interest rates and other financial assumptions	-	-1	-1	-2	-	-7	-	-7
3. Changes in fair value of underlying assets of contracts measured under the VFA	-2,820	-2	-	-2,822	-2,639	-	-	-2,639
4. Effects of exchange rate changes	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
6. Total financial net income/expenses from insurance contracts issued recognised in profit or loss	**-2,820**	**-5**	**-2**	**-2,827**	**-2,639**	**-8**	**-5**	**-2,652**

Basis A1= Insurance contracts issued with direct participation features - Life Segment
Basis A2= Insurance contracts issued without direct participation features - Life Segment
Basis A3= Insurance contracts issued without direct participation features - Non-Life Segment

VFA – Variable Fee Approach

Risk management

THE CORE 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 and Sustainability 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 (RAF).
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.
The Chief Risk Officer Governance Area, directly reporting to the Managing Director and CEO, in which the risk management functions are concentrated, including the controls on the risk management and internal validation process, represents a relevant component of the "second line of defence" of the internal control system that is separate and independent from the business supporting functions. This Area 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) assisting the Corporate Bodies in setting and implementing the Group's risk management guidelines and policies, in accordance with the company's strategies and objectives; iii) coordinating and verifying their implementation by the responsible units of the Group, also within the various corporate areas; iv) guaranteeing the measurement and control of the Group's exposure to various types of risk and v) implementing the second level controls on credit and other risks, in addition to ensuring the validation of internal risk measurement and management systems.
The Parent Company performs a guidance and coordination role with respect to the Group companies[41], 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.
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, at a given confidence level, 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 at a forecast level, in line with the Group Risk Appetite Framework approved by the Board of Directors of the Parent Company, based on the budget assumptions and the forecast macroeconomic scenario, and in relation to stress scenarios. The economic capital together with the risk capital calculated on a regulatory basis is a fundamental element in the assessment of the Group's capital adequacy within the ICAAP.
The assessment of capital is included in business reporting and is submitted quarterly to the Steering Committee, the Risk and Sustainability Committee and the Board of Directors of the Parent Company, as part of the Tableau de Bord of 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.

Since the beginning of the conflict, the Intesa Sanpaolo Group has continued to carefully monitor the evolution of the fallout of the Russian-Ukrainian crisis - as well as the other situations of geopolitical tension - on the real economy and the main financial variables, also by conducting specific scenario analyses and stress tests to assess the potential impacts in terms of profitability and capital adequacy. Although the situation is constantly evolving, leaving aside extreme scenarios of conflict escalation that could lead to outcomes that are difficult to assess, these analyses confirm the Group's ability to ensure compliance – also through the implementation of specific actions – with the regulatory requirements and the stricter limits set internally.
With specific regard to risk management, details concerning credit risk are provided in the paragraph "The valuation impacts for the ISP Group of the military conflict between Russia and Ukraine", and there continue to be no significant impacts of the Russian-Ukrainian conflict on the counterparty risk and market risk measurement metrics for the Group's trading book and banking book. Likewise, in light of the low exposure to Russian and Ukrainian counterparties, there were no significant

[41] 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 Articles 2497 *et seq.* of the Italian Civil Code.

impacts on the Group's consolidated liquidity position. With regard to foreign exchange risk, there continue to be no significant impacts due to the low exposures. With regard to operational risks, the additional costs incurred for business continuity and any losses resulting from physical damage to premises/branches located in the conflict zone form part of the monitoring of the exposure to the risk, including that relating to the Risk Appetite Framework. Lastly, with regard to the monitoring of insurance risks, the focus remains on exposures to countries involved in the conflict, which are still entirely residual in nature compared to the total assets.

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, in order to improve the measurement systems and the related risk management systems. In the first half of 2024, the project work continued on the preparations for the incorporation of the restructuring of the Basel Committee agreements ("Basel 4").

With regard to credit risk, there were no changes compared to 31 December 2023.
The periodic updating and alignment to changes in regulations governing IRB systems and their extension continue in accordance with the Regulatory Roadmap agreed with the Supervisory Authorities.

The situation as at 30 June 2024 is shown in the table below.

Portfolio	PD - Model Type	LGD - Model Type	EAD - Model Type	Status
Sovereign	Shadow model based on agency rating	Model based on recovery rates estimated by rating agencies	Regulatory parameters	Used for management purposes only; Standardised approach for reporting purposes
Institutions	Default model (Banks) (4)	Market model (Banks)	Regulatory parameters (Banks)	AIRB authorised since June 2017
	Default model (Municipalities and Provinces) Shadow model (Regions) (4)	Workout model (Municipalities, Provinces, Regions)	Regulatory parameters (Municipalities, Provinces, Regions)	AIRB authorised since June 2017
Corporate	Default model (Corporate)	Workout model (Bank products; Leasing and Factoring)	CCF/K factor model (Bank products) Regulatory parameters (Leasing and Factoring)	FIRB authorised since December 2008, AIRB LGD authorised since December 2010, EAD authorised since September 2017 (1)
	Simulation models (Specialised Lending)	Simulation models / Workout models (Specialised Lending)	CCF/K factor model (Specialised Lending)	AIRB authorised since June 2012 EAD authorised since October 2023
	Expert-Based Model (Non-Banking Fin. Inst.)	Regulatory parameters (Non-Banking Fin. Inst.)	Regulatory parameters (Non-Banking Fin. Inst.)	Used for management purposes only; Standardised approach for reporting purposes
Retail	Default model (Retail)	Workout model (Retail)	CCF/K factor model (Retail)	IRB Other Retail authorised since September 2018, IRB Mortgage since December 2010 (2)
	Default model (Retail SME)	Workout model (Retail SME)	CCF/ K factor model (Retail SME)	IRB PD/LGD authorised since December 2012, EAD authorised since June 2021 (3)

1) ISP authorised for FIRB from December 2008, for LGD AIRB from December 2010 and for EAD from 2017, Banca IMI (2012, merged by incorporation into the Parent company since 2020), ISP Ireland (2010), VUB (2010), Intesa Sanpaolo Bank Slovenia (2017), and ISP Luxembourg (2017). From 2017, the Corporate model has also been used to calculate the risk on the Banking book equity portfolio with LGD 65%/90%.
2) VUB authorised from June 2012 for PD and LGD of Retail Mortgage models and from December 2022 in reference to PD-LGD-EAD models of Other Retail.
3) VUB authorised from June 2014.
4) ISP and Banca IMI (merged by incorporation into the Parent company in 2020) authorised from 2017.

With regard to counterparty risk, the Banking Group has improved its measurement and monitoring by refining the tools required under Basel 3. For regulatory purposes, the Parent Company is authorised to use the internal models approach for the capital requirement related to default risk and credit value adjustment (CVA) risk, for both derivatives and SFTs. This authorisation was obtained for derivatives from the first quarter of 2014, and for SFTs from the report for the fourth quarter 2016. For management purposes, the advanced risk measurement approaches have been implemented for the OTC derivatives of the Parent Company since 2010 and were subsequently extended in 2015 to Securities Financing Transactions. There were no changes in the scope of application of the model compared to 31 December 2023.
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. As at 30 June 2024, the scope of the Advanced Measurement Approach (AMA) was comprised of Intesa Sanpaolo (including the former Banks and Companies merged into it) and the main banks and companies in the Private Banking and Asset Management Divisions, as well as of VUB Banka, VUB Operating Leasing and Privredna Banka Zagreb.

The annual Internal Capital Adequacy Assessment Process (ICAAP) Report, based on the extensive use of internal risk measurement methodologies, internal capital and total capital available, was approved and sent to the ECB in March 2024.

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 (www.group.intesasanpaolo.com) each quarter.

THE VALUATION IMPACTS FOR THE ISP GROUP OF THE MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE

The valuation of exposures to counterparties resident in Russia and Ukraine
As stated, as at 30 June 2024 the Group presented the following on-balance sheet exposures to counterparties resident in Russia and Ukraine, net of ECA guarantees and gross/net of value adjustments carried out:

(millions of euro)

	30.06.2024 (*)				31.12.2023 (**)			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine
Loans to customers	**717**	**184**	**527**	**132**	**872**	**186**	**643**	**123**
Banca Intesa Russia	*174*	*-*	*101*	*-*	*197*	*-*	*117*	*-*
Pravex	*-*	*51*	*-*	*-*	*-*	*62*	*-*	*-*
Cross-border exposures	*543*	*133*	*426*	*132*	*675*	*124*	*526*	*123*
Due from banks	**809**	**60**	**799**	**60**	**707**	**59**	**696**	**59**
Banca Intesa Russia	*793*	*-*	*785*	*-*	*691*	*-*	*683*	*-*
Pravex	*-*	*60*	*-*	*60*	*-*	*59*	*-*	*59*
Cross-border exposures	*16*	*-*	*14*	*-*	*16*	*-*	*13*	*-*
Securities	**9**	**51**	**7**	**46**	**12**	**53**	**10**	**49**
Banca Intesa Russia	*8*	*-*	*7*	*-*	*11*	*-*	*10*	*-*
Pravex	*-*	*44*	*-*	*43*	*-*	*48*	*-*	*47*
IMI C&IB Division	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Insurance Division	*1*	*7*	*-*	*3*	*1*	*5*	*-*	*2*

(*) In addition to the on-balance sheet exposures shown in the table, there are off-balance sheet exposures to customers for 45 million euro (39 million euro net) at Banca Intesa Russia, and 32 million euro (gross and net value) at Pravex, in addition to 19 million euro (book value nil in net terms) in cross-border off-balance sheet exposures to resident customers in Russia, net of ECA, and 8 million euro (8 million euro net) to customers resident in Ukraine.
There is also 66 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Russia and 9 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Ukraine.
Lastly, the cross-border exposures to customers resident in Ukraine are, for the corporate part, backed by guarantees provided by European and US persons, while, for the household part, the amounts as at 30 June 2024 and the increase of around 9 million euro compared to 31 December 2023 mainly relate to exposures disbursed by the subsidiary VUB to households with permanent residence in Slovakia.

(**) In addition to the on-balance sheet exposures shown in the table, there are off-balance sheet exposures to customers for 46 million euro (39 million euro net) at Banca Intesa Russia, and 34 million euro (gross and net value) at Pravex, in addition to 24 million euro (book value nil in net terms) in cross-border off-balance sheet exposures to resident customers in Russia, net of ECA, and 25 million euro (24 million euro net) to customers resident in Ukraine.
There is also 66 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Russia and 10 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Ukraine.
Lastly, the cross-border exposures to customers resident in Ukraine are, for the corporate part, backed by guarantees provided by European and US persons, while, for the household part, mainly relate to exposures disbursed by the subsidiary VUB to households with permanent residence in Slovakia.

As shown in the table, as at 30 June 2024, the remaining on-balance sheet exposures to the total counterparties resident in Russia amounted, in terms of gross values, to 174 million euro (101 million euro net) for Banca Intesa Russia and 543 million euro (426 million euro net) for cross-border exposures to customers resident in Russia (net of ECA guarantees). These were accompanied by exposures to banks totalling 809 million euro (799 million euro net) and in securities totalling 9 million euro (7 million euro net). Exposures to customers resident in Ukraine amounted to 184 million euro (132 million euro net), of which 51 million euro (book value nil in net terms) related to the subsidiary Pravex Bank. These were accompanied by exposures to banks of 60 million euro (60 million euro net) and in securities totalling 51 million euro (46 million euro net). The majority of the exposures to Russian[42] and Ukrainian counterparties essentially consist of loans to customers subject to measurement in accordance with IFRS 9 "Financial Instruments".

[42] For these purposes, the small exposures to Belarusian counterparties have for simplicity been treated and disclosed together with the exposures to the Russian Federation.

During the first half of 2024, the gross on-balance sheet exposure to the total counterparties resident in Russia and Ukraine decreased by 59 million euro (-3% from the end of the previous year). This reduction was mainly made up of 132 million euro for cross-border exposures to customers resident in Russia, primarily as a result of repayments on various exposures, and 23 million euro for exposures to customers of the investee Banca Intesa Russia, as the effect of the larger decrease in volumes than the increase in exposures due to the appreciation of the exchange rate in the first half, partly offset by the increase of around 102 million euro in exposures to banks of Banca Intesa Russia.
The overall net exposure (customers, banks, and securities) as at 30 June 2024 to counterparties resident in Russia and Ukraine, amounting to 1,571 million euro, decreased by 9 million euro (-1%) from 1,580 million euro on 31 December 2023.

As at 30 June 2024, the Group companies other than those operating in the countries involved in the conflict had a total of 40 million euro of gross on-balance sheet non-performing loans to counterparties resident in Russia.
The non-performing loans of the Russian subsidiary amounted to 63 million euro (40 million euro as at 31 December 2023), while the classification of the entire portfolio of the Ukrainian subsidiary to bad loan status led to the recognition of 51 million euro in bad loans (62 million euro as at 31 December 2023).
In line with the disclosure already provided in the Annual Report as at 31 December 2023, with regard to the portfolio that did not show specific signs of deterioration, the analyses of IFRS 9 and the related Annexes show no indications or examples aimed at setting out specific guidelines for the measurement of Expected Credit Losses in contexts of war or defining specific methods of increasing credit risk due to sudden, serious geopolitical crises such as the current one. The most pertinent references to the current scenario seem to be those set out in the Application Guidance of the standard. These allow/suggest the use of collective assessment to verify the existence of a Significant Increase in Credit Risk (SICR) with a view to staging the credit exposures[43], as well as, in line with the treatment set out for capturing the critical issues of another recent emergency situation (COVID-19[44]), using management overlays in the calculation of the ECL, to define the most suitable methods to incorporate the aspects linked to the ongoing conflict into provisions.

For the cross-border positions, the approaches used to determine the ECL as at 30 June 2024 were the same as those already adopted in 2022 and maintained throughout 2023.
The classification to Stage 2 has been confirmed for the counterparties in scope guided by the emergence of “via transfer” risk, namely the risk that counterparties do not honour their debt payment commitments as a result of restrictions or decisions in their countries of residence and not due to aspects directly pertaining to their business, and therefore applied based on the country of residence of the counterparties. This approach was implemented both to determine the SICR and the related classification in Stage 2, and to calculate the ECL.
Specifically, the ECL on the Core scope is calculated using the through the cycle PD associated to the assigned rating, without forward-looking conditioning. This approach was deemed more prudent, as the conditioning methodology, relating to the approaches currently adopted in the satellite models, would not represent the specific risk linked to the countries in conflict. On the other hand, an additional prudential buffer was calculated that ensures equivalence with the use of an estimated loss rate according to an approach based on the transfer of the risk of the country of residence under Pillar 2 modelling (unconditioned LGD of 55% set by the transfer risk model). At the same time, the ratings for the highest risk class already assigned to the most significant counterparties exposed to conflict-related risk have been maintained. Lastly, adjustments have been applied to a counterparty (increases in the ECL as calculated above) to capture potential expected losses not adequately measured by the estimates.
The banks of the ISB Division adopt the ratings of the Parent Company and the centrally determined “transfer risk” parameter of LGD on the Group’s common cross-border customers. For the other exposures, the ratings are determined by local models, in line with the instructions received from the Parent Company’s Group Rating Desk.

With reference to loans to customers disbursed by Pravex, the absolutely serious situation in all of Ukraine resulted in the definition, for the purpose of measuring the loan portfolio of the subsidiary Ukraine bank, of a highly specific approach, significantly based on rationales, which consider the uncertainties and the risk elements associated with the military conflict. Therefore, in light of the worsening and continuation of the conflict with the consequent impacts on the Ukrainian economy, the choice adopted starting from the 2022 Financial Statements regarding the classification of the Ukrainian subsidiary’s loans to customers as non-performing loans (bad loans), with full write-down of the on-balance sheet component, has been maintained.

With regard to Banca Intesa Russia, specific prudent choices were defined, while also considering the different situation of risk/operations than that of the Ukrainian subsidiary. An approach to classifying and measuring performing loans was therefore adopted that strongly considers the geopolitical risk deriving from the ongoing crisis. Therefore, the assessments carried out on the loans of the subsidiary, following their classification to Stage 2, included a centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict and the increased isolation of the Russian economy. As a result of the recomposition of the portfolio following repayments and reclassifications to non-performing loans, the total coverage of performing loans of the Russian subsidiary amounted to around 41.4% of their gross value (35% in December 2023).
The Parent Company and two subsidiaries had provided Banca Intesa Russia with loans to support the bank’s operations with a residual book value as at 30 June 2024 of 211 million euro.

[43] In particular, see IFRS 9 B5.5.1, IFRS 9 B5.5.4, IFRS 9 B5.5.5, IFRS 9 B5.5.18 and IFRS 9 B5.5.52.

[44] IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic.

For completeness, you are reminded that the real estate assets of the two subsidiaries were also subject to valuation. Given the extreme uncertainty surrounding the current war scenario and the current absence of a real estate market in Ukraine, it was considered prudent to maintain the write-off of the value of Pravex's investment and branch assets and other owner-occupied properties. The sole exception was the Kyiv headquarters, for which it was decided, in view of its strategic function for the banking business, the current control that can be exercised over the condition of the building, and its location, to keep its value unchanged. On the other hand, for Banca Intesa Russia's small real estate asset portfolio, essentially consisting of the Moscow headquarters, the valuation did not identify any items giving rise to the need for a write-down, substantially confirming the carrying amounts.

The securities portfolio of the investee Banca Intesa Russia, amounting to 8 million euro (11 million euro as at 31 December 2023), consisted of Russian government securities. The securities portfolio of the subsidiary Pravex, amounting to 44 million euro (48 million euro as at December 2023), consisted of short-term government securities and securities issued by central banks as an investment of part of the liquidity from the reduction of the loan portfolio.

Overall, there were profit and loss impacts on the Russian and Ukrainian exposures as at 30 June 2024, gross of tax effects, totalling net expenses of 68 million euro. Those charges comprise 22 million euro in net valuation effects essentially linked to net recoveries on loans, mainly attributable to collections, and 90 million euro in additional provisions for risks and charges made on consolidation of the investee Banca Intesa Russia to write off its equity contribution to the Group's consolidated financial statements, which was positive at the end of the first half of 2024 due to the investee's positive operating performance, with a total allowance of around 272 million euro as at 30 June 2024.

CREDIT RISK

The Intesa Sanpaolo Group's strategies, Risk Appetite Framework, and Powers and Rules for credit granting and management are aimed at:

- achieving a sustainable goal consistent with the Group's risk appetite and value creation objectives, whilst guaranteeing the quality of its lending operations;
- diversifying the portfolio, limiting the concentration of exposures to counterparties/groups, economic sectors or geographical areas;
- efficiently selecting economic groups and individual borrowers through a thorough analysis of their creditworthiness aimed at limiting the risk of insolvency and mitigating potentially associated losses;
- given the current economic climate, favouring lending business aimed at supporting the real economy and production system and at developing relationships with customers;
- constantly monitoring relationships and the related exposures, through the use of both IT procedures and systematic surveillance of positions that show irregularities with the aim of detecting any symptoms of deterioration in a timely manner.

The 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 exposures 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, Public Sector Entities and Banks). These models make it possible to summarise the counterparty's credit quality in a measure, 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 calculated ratings are then made comparable with those awarded by rating agencies, by means of a like-for-like 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.

The Group has always proactively and prudently managed its risk portfolio. In the 2022-2025 Business Plan, the Group intends to pursue a modular de-risking strategy, which was mostly launched during the previous Business Plan, placing it among the best in Europe in terms of non-performing loan ratio and stock and generating a net drop in the cost of risk. Indeed, the latter will always be maintained at a conservative level, due to the extensive reserves of provisions on loans and ongoing prudent credit management. During the first half, new de-risking initiatives were launched, targeting not only portfolios classified as bad loans, but also portfolios of unlikely-to-pay exposures and impaired past due exposures (in this regard, also see that set out in the disclosure on the Business Plan in the introductory chapter of the Half-Yearly Report on Operations).
As a result of the steps taken, and the conditions laid down in IFRS 5 having been met, at the end of the half year loans were classified as assets held for sale for around 0.9 billion euro in gross value and around 0.5 billion euro in net value, with the latter aligned to the expected proceeds from the sales.

Credit quality

The quality of the loan portfolio is preserved by adopting controls/processes to oversee all phases of the loan, from granting to management, using both IT procedures and activities aimed at systematic supervision of positions, in order to promptly capture any symptoms of imbalance and promote corrective measures to prevent situations of possible impairment. Positions are detected and automatically entered in the credit management processes by way of daily checks using objective risk indicators that allow timely assessments when any anomalies arise or persist and interact with processes and procedures for loan management and monitoring. Total watchlist and non-performing loans are subject to a specific management process that also entails accurately monitoring them using a system of control and periodic management reporting. Specifically, that activity uses performance measurement and control methods that make it possible to construct synthetic risk indicators. In the Group, in compliance with predefined rules, the positions that are assigned a high risk score, confirmed over time, are (manually or automatically) intercepted and classified based on their risk profile, in compliance with regulatory provisions on credit quality, in the following categories:

- bad loans: total "on- and off-balance sheet exposures" to parties that are insolvent or in substantially equivalent situations;
- unlikely-to-pay exposures: "on- and off-balance sheet exposures" of debtors which the bank deems, in its opinion, may not fully fulfil their credit obligations (in principal and/or interest), without availing of actions such as enforcement of guarantees. This assessment is conducted regardless of the presence of any amounts (or instalments) due and unpaid;
- non-performing past due exposures: this category includes on-balance sheet exposures, other than those classified as bad loans or unlikely to pay that, as at the reporting date, are past due or overdrawn by over 90 days on a continuous basis. The total exposure to a debtor must be recognised as Past Due if, at the reference reporting date, the amount of the principal, interest and/or fees not paid when due exceeds both of the following thresholds (hereinafter, collectively, the "Relevance Thresholds"):
  - o the absolute limit of 100 euro for retail exposures and of 500 euro for non-retail exposures (the "Absolute Threshold"), to be compared with the total amount past due from the borrower;
  - o the relative limit of 1%, to be compared with the ratio of the total amount past due to the total amount of all on-balance sheet exposures to the same borrower (the "Relative Threshold").

Lastly, non-performing exposures also include individual exposures with forbearance measures, which meet the definition of "Non-performing exposures with forbearance measures" set out by the ITS EBA (Implementing Technical Standards – European Banking Authority) that do not form a separate category of non-performing exposures, rather a subset thereof. Likewise, exposures with forbearance measures are included among performing loans. The management phase of those exposures, strictly in line with the regulatory provisions regarding classification timing and methods, is supported by automatic system mechanisms that guarantee preset autonomous, independent management processes.

Macroeconomic scenario for forward-looking conditioning

For the purposes of forward-looking conditioning of the parameters for estimating the ECL – in accordance with the approach described in Part A - Accounting Policies of the 2023 Financial Statements and in particular in the paragraph “Impairment of assets” – Intesa Sanpaolo’s policy involves the use of the macroeconomic scenario defined and updated by the Research Department of the CFO Area, at least every six months (June/December).

The table shows the main macroeconomic scenario variables used to determine expected credit losses from a forward-looking perspective, broken down by baseline, best-case and worst-case scenarios. These scenarios were applied in the measurement of loans according to the “Most-Likely scenario + Add-on” model.

Intesa Sanpaolo macroeconomic scenarios for calculating the ECL as at 30 June 2024

		Baseline					Best-case					Worst-case				
		2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
Euro Area	Real GDP EUR (annual change)	0.5%	0.6%	1.3%	1.5%	1.5%	0.5%	0.8%	1.7%	1.8%	1.8%	0.5%	0.2%	0.8%	1.0%	1.1%
	CPI EUR (annual change)	5.4%	2.3%	1.7%	1.8%	2.0%	5.4%	2.4%	1.9%	2.0%	2.1%	5.4%	2.3%	1.5%	1.5%	1.7%
	Euribor 3M	3.43	3.66	2.59	2.52	2.52	3.43	3.72	2.84	2.86	3.27	3.43	3.50	2.17	2.02	2.02
	EurIRS 10Y	3.04	2.74	3.24	3.56	3.58	3.04	2.78	3.44	3.81	4.07	3.04	2.67	2.98	3.19	3.21
	EUR/USD	1.08	1.08	1.12	1.14	1.15	1.08	1.08	1.11	1.13	1.15	1.08	1.08	1.12	1.15	1.16
Italy	Real GDP Italy (annual change)	1.0%	0.7%	1.2%	1.0%	0.6%	1.0%	1.0%	1.3%	1.3%	1.1%	1.0%	0.4%	0.6%	0.6%	0.2%
	CPI Italy (annual change)	5.6%	1.3%	2.1%	1.7%	1.7%	5.6%	1.4%	2.3%	1.9%	2.0%	5.6%	1.3%	1.8%	1.2%	1.3%
	Residential Property Italy (annual change)	1.3%	1.3%	1.7%	1.5%	2.5%	1.3%	1.7%	3.4%	3.4%	4.3%	1.3%	0.8%	-0.9%	-1.3%	0.3%
	6-month BOT yield	3.4	3.4	2.8	2.8	2.8	3.4	3.5	3.1	3.2	3.5	3.4	3.3	2.4	2.4	2.3
	10Y BTP yield	4.1	3.8	4.2	4.8	4.9	4.1	3.8	4.3	4.9	5.2	4.1	3.8	4.1	4.6	4.8
	BTP-Bund Spread 10Y (basis points)	170	134	134	149	154	170	130	122	136	138	170	143	147	170	182
	Italian Unemployment (%)	7.6	7.1	7.0	7.1	7.2	7.6	7.0	6.9	6.9	6.9	7.6	7.1	7.3	7.4	7.6
Commodities	Natural gas price (€/MWh)	41	29	28	26	23	41	29	29	26	23	41	29	28	25	23
	Oil price (BRENT)	82.3	81.7	78.0	76.0	74.0	82.3	81.7	79.6	77.4	76.3	82.3	81.6	76.7	72.9	71.7
USA	Real GDP US (annual change)	2.5%	2.2%	1.8%	2.1%	1.6%	2.5%	2.6%	2.1%	2.5%	2.1%	2.5%	2.2%	1.1%	1.7%	1.4%
	US Unemployment (%)	3.6	3.9	4.1	4.1	4.1	3.6	3.9	3.9	3.8	3.8	3.6	3.9	4.2	4.3	4.4

Scenarios produced in June 2024 by CFO - Research Department. Forecast data for the years 2024, 2025, 2026 and 2027.

In the Eurozone, the GDP is expected to grow by 0.6% in 2024 and 1.3% in 2025. The cycle should be over its low point and, starting in the second half, acceleration in growth is expected, boosted by the impact on consumer spending of the recovery in household purchasing power and the consolidation of foreign demand, which will act as a driver of exports. Private consumer spending will positively contribute to growth also in 2025, when fixed investments will once again sharply accelerate, supported by the effects of the drop in interest rates, the recovery in demand and the return of the credit cycle. The labour market shows no signs of weakening: employment is expected to grow, though at a more moderate pace than in 2023. Fiscal policy is expected to tighten in the current year, but the impact on the cycle should be very slight, as the drop in spending should be mainly explained by the definitive removal of the measures launched to combat the energy crisis. On the contrary, 2024 is expected to be a turning point for effectively spending the NGEU funds in Southern European countries, which will continue to be a significant support at least until 2026. However, starting next year, net of European funds, the restrictive impact of fiscal policy could expand due to the entry into force of new fiscal rules.

In Italy, the direction of GDP growth – expected to be 0.7% and 1.2% in 2025 - will largely be determined by consumer spending, due to the recovery in real income, despite a rise in the savings rate. Vice versa, investments are expected to slow, mainly due to the decrease in construction. Specifically, with regard to construction, though the negative effect of the crackdown on the Superbonus was partly offset by the infrastructure works set out in the NRRP, this will translate into a decrease in the sector in 2025, which could hypothetically recover only in 2026. If the targets of the NRRP are fully hit, estimates of growth could be better than that assumed in the baseline scenario. Services are expected to contribute to growth in 2024-2025: following the unexpected slowdown at the end 2023, services began expanding right from the start of 2024, and the recovery in household purchasing power, which could still translate into an increase in the consumption of services rather than goods, should continue to drive this trend also in the second half of 2024 and in 2025.

For the Eurozone, the inflation rate is expected to be 2.3% in 2024 and 1.7% in 2025. The disinflation process continues, though in an irregular manner. Specifically: the contribution of energy to general inflation decreased significantly in the first half, and is expected to return to positive ground in the second half of 2024, and to average levels in 2025; the disinflation process is almost complete for food products; inflation on non-energy industrial goods, which has significantly decreased over the last few months, could drop further in the second half of the year, and it is possible that that component could be negative from the second half of 2024 to the first quarter of 2025. Services is the component that continues to show the most stickiness.
In Italy, the inflation rate is expected to be 1.3% in 2024 and 2.1% in 2025. The disinflation process also continued in the initial months of 2024. It was more impactful than the process in the Eurozone, thanks to a persistent contribution of the energy component to deflation and a lower trend in underlying inflation, most likely due to the lower cost of salaries.
As planned, in June, the European Central Bank decreased the official rates by 25 basis points, and a new cut in official rates is deemed likely between September and December. A gradual and partial removal of monetary restrictions is still justified by the progress of disinflation, bound to continue over the coming months. At the same time, however, the economic outlook and pressure on public accounts justify a long-term level of interest rates higher than forecast in the past.
The conflicts in Ukraine and the Middle East, which may cause unexpected strains on commodity prices and the financial markets, are adding uncertainty to the outlook. If, contrary to expectations, inflation fails to decrease in the final months of 2024, the European Central Bank could postpone additional interest rate cuts.

With regard to the United States, the long-awaited signs of a slowdown in the US cycle have gained strength recently, though in a “soft landing” scenario. The GDP is expected to grow by 2.2% in 2024 and by 1.8% in 2025. With regard to trends in employment in the USA, according to the baseline scenario, the process of rebalancing between demand and supply is expected to continue. Estimates of the unemployment rate amount to 3.9% for 2024 and 4.1% for 2025 (compared to 3.8% for both years in December), with upside risks. The outcome of November’s presidential elections should not significantly impact the short-term macroeconomic framework, but the consequences could be significant in the medium term.

As described in Part A - Accounting Policies of the 2023 Financial Statements, and in particular in the section “Impairment of assets”, the methodology adopted by the Group includes taking into account alternative scenarios (best-case/worst-case), which mainly use external information (among others, the minimum and maximum forecasts of a fundamental variable such as GDP based on data from Consensus Economics).
That methodology involves identifying the highest (best case) and lowest (worst case) forecasts of GDP growth in the most recent Consensus Economics survey for the leading advanced countries, adapting the performance of private consumer spending and fixed investments of the baseline scenario in order to return an annual average GDP growth profile that is consistent with those forecasts. The other variables are also consistently recalculated.
With regard to the favourable scenario, the assumptions adopted yield a scenario with higher real growth rates (the distance of the growth rates from the baseline scenario is moderate between 0.2 and 0.5 percentage points, but stably positive), moderately higher inflation, and lower unemployment rates. The performance of the stock indices and real estate prices is more robust than in the baseline scenario. Interest rates are higher across all maturities: higher growth is expected to lead the ECB to stop cutting rates at 2.75% rather than 2.50%, to then start up the restriction phase. Long-term rates are significantly higher than in the baseline scenario, but interest rate curves will still flatten.
In the “adverse” scenario, the trend in the Italian GDP is expected to be weak: average annual growth is around one-half percentage point over the entire horizon, while GDP performance in the Eurozone will be stronger, with growth rates of around 1% at the end of the horizon. This will result in a slightly faster and deeper fall in inflation, allowing the ECB to ease monetary policy to the point of becoming expansionary. At the end of the three-year period, the level of short-term rates is 50 basis points lower than in the baseline scenario, while the ten-year IRSs are 35 basis points lower.
The adverse scenario also includes higher levels of the BTP-BUND spread, assuming that the global demand shock is compounded by a moderate domestic idiosyncratic shock, e.g. due to difficulties in implementing the NRRP or the significant pressure from the offering of government securities on domestic financial flows in 2024, with repercussions on the domestic financial markets and on the performance of real estate values.

Managerial adjustments to the results of the models

In the first half of 2024, there were no changes to the approaches introduced in the 2023 Financial Statements, which are mainly based on two complementary elements:

– the adjustment to the outcomes of the forward-looking conditioning model, due to the introduction of a factor derived from “extreme scenarios”, aimed at capturing the impacts of increased uncertainty in the macroeconomic conditions (due, for example, to geopolitical risks or repercussions connected to the higher-than-expected inflation) not captured by the current methodology based on the most likely and alternative scenarios;
– the risk-sensitive post-model adjustments, aimed at reinforcing the provisioning on selected portfolios in relation to potential vulnerabilities and credit risk divergences not captured by the models used, especially in the current economic environment often characterised by crises that affect individual product sectors asymmetrically.

The approaches are described in detail in Part E, Section 2 - Risks of the prudential consolidation - 1.1 Credit Risk, of the Notes to the Consolidated Financial Statements 2023.
Overall, the adjustment allowances for performing exposures as at 30 June 2024 included prudential elements of 0.9 billion euro relating to both on-balance sheet exposures and unsecured exposures, substantially unchanged from December. This figure does not include the additional provisions made on exposures to Russian and Ukrainian counterparties, relating to cross-border positions, and those of Banca Intesa Russia and Pravex, already described in the paragraph “The valuation impacts for the ISP Group of the military conflict between Russia and Ukraine” above.

ECL sensitivity analysis

The ECL, calculated in accordance with IFRS 9, was subject to sensitivity analysis aimed at analysing its variability with respect to the individual alternative scenarios in accordance with the ESMA recommendations.

That analysis was conducted on a portfolio of performing loans (Stage 1 and Stage 2) relating to the scope representing the Group (which includes the banks and companies in Italy, Intesa Sanpaolo Lux and Intesa Sanpaolo Ireland, which represent around 90% of the Group's total exposure).

Note that the approach adopted by the Group to estimate the ECL for the macroeconomic conditioning of PD and LGD involves the use of a ("Most Likely") baseline scenario which is then adjusted with an Add-On calculated based on the distance between the baseline scenario and the best-case/worst-case scenarios. These are largely determined from the selection of the most optimistic/pessimistic assumptions of the Consensus Economics macroeconomic variables and therefore incorporate the forecasts made.

The sensitivity analysis is the difference between the ECL determined using the assumptions adopted for the alternative scenarios (best-case and worst-case) and the ECL derived from the model referred to above, which therefore already includes the alternative forecasts factored by means of their distance from the baseline scenario.

Based on the above, and the fact that the distance between the worst-case and best-case scenarios compared to the baseline scenario is small and broadly symmetrical, the application of the worst-case scenario would result in 0.7 billion euro of exposure sliding into Stage 2, an increase of around 32 million euro in the ECL, and a slight increase in the coverage ratio. On the other hand, the sensitivity of the portfolio to the best-case scenario would see a decrease of 45 million euro in the ECL, with a return to Stage 1 of 0.8 billion euro of exposures. The coverage ratio for performing exposures would decrease by 1 basis point.

In order to consider the greater uncertainty inherent in the forward-looking scenarios, the Group has included in the ECL of performing loans detected starting in the 2023 Financial Statements, an adjustment (referred to in the previous section and described in detail in Part E, Section 2 - Risks of the prudential consolidation - 1.1 Credit risk, of the Notes to the Consolidated Financial Statements 2023) aimed at capturing those elements of uncertainty by considering assumptions from more extreme alternative scenarios that incorporate assumptions of significant deviations from the expected evolution of the macroeconomic framework. The adjustment for the extreme alternative scenarios, which resulted in an increase in the ECL of performing loans of around 290 million euro, is not incorporated in the sensitivity analysis described above. A further intervention of managerial adjustment to the results of the models, referred to in the section above, is aimed at capturing vulnerabilities that affect the individual economic sectors asymmetrically, which are not captured by the models being used and, therefore, cannot be directly linked to the forward-looking components subject to sensitivity analysis.

Counterparty risk

Counterparty risk is a particular kind of credit risk arising from derivatives (OTC – Over The Counter and ETD – Exchange-Trade-Derivatives) and SFTs (Securities Financing Transactions) which refers to the possibility that a counterparty may default before the expiry of a contract with a positive market value.

The Group adopts counterparty risk mitigation techniques through bilateral netting arrangements which, in the event of the counterparty's default, allow the offsetting of credit and debit positions. This is achieved by entering into ISDA – International Swaps and Derivatives Association arrangements for OTC derivatives, which also reduce the absorption of regulatory capital in accordance with supervisory provisions. Where possible, the Bank also implements margin agreements, usually on a daily basis, to cover OTC bilateral derivative transactions (CSA – Credit Support Annex) and SFTs (GMRA – Global Master Repurchase Agreement and GMSLA – General Market Securities Lending Agreement). Transactions in ETD are also subject to daily margining, according to the rules of the reference markets.

For reporting purposes, Intesa Sanpaolo has been authorized to use the internal models approach to calculate the requirement for counterparty risk for (OTC and ETD) derivatives and SFTs.

Those advanced risk measurement methodologies are also used for managerial purposes to assure use test of such advanced models: on a daily basis, the IMI CIB Risk Management Head Office Department calculates, validates and sends the metrics to the credit monitoring systems, to measure the usage of credit lines for derivatives and SFTs. The other banks of the Group, whose operations result in a residual counterparty risk requirement compared to the Parent Company, apply, for operational purposes, the advanced metrics in the simplified form.

In order to ensure use testing of the model, the Group implemented the processes required under the Basel 3 regulations. Specifically, stress tests are conducted to measure the impacts on risk measures under extreme market conditions. Backtesting is also conducted to verify the robustness of the approach.

The following company processes were activated on conclusion of the risk analysis process:

- definition and periodic calculation of stress tests on market scenarios and joint market/credit scenarios on counterparty risk measures;
- definition and periodic analysis of Wrong-Way Risk, i.e. the risk of a positive correlation between the future exposure to a counterparty and that counterparty's probability of default;
- definition and monitoring of management limits;
- contribution of collateral inflow/outflow risk measures, calculated on the basis of the internal counterparty risk model, for margined OTC derivatives and SFTs;
- periodic reporting to the management of measures calculated using the internal exposure model, capital requirement, level of use of management limits, results of stress tests and analyses of wrong-way risk;
- definition and periodic calculation of backtesting analyses to monitor the predictive performance over time of the model with respect to the movements of the risk factors underlying the transactions in the portfolio.

There were no changes in the scope of application of the model compared to 31 December 2023.

MARKET RISKS

TRADING BOOK

General aspects

The regulatory requirements for the trading book are established in Regulation (EU) 876/2019 (CRR2 – Part Three, Title I, Chapter 3, in Articles 102, 103, and 104 respectively). The combined provisions of those articles lay down the set of minimum requirements for the identification of the trading strategies and the measurement and control of the associated risks.
In accordance with the requirements of the applicable regulations, the Intesa Sanpaolo Group has established an internal policy that identifies the trading book based on:
- measurement at fair value through profit or loss of the instruments held for trading;
- the strategies defined;
- the risk-taking centres identified;
- the monitoring, limitation and management of the risks defined in accordance with the internal regulations on market risk.

In particular, the assets classified in the regulatory trading book coincide – apart from some specific exceptions – with the financial assets held for trading (Bank of Italy Circular 262). This association derives from the set of strategies, powers, limits and controls that feed and guarantee the adjacency and consistency between the accounting and prudential portfolios.

Among risks associated with trading activity, market risks deriving from the effect that changes in market variables may generate on the Group's various assets and liabilities are generally quantified through daily and periodic analysis designed to determine the vulnerability of the Intesa Sanpaolo Group's trading book. A list of the main risk factors to which the Group's trading book is exposed is set out below:
- generic interest rate risk (including inflation rate risk);
- specific interest rate risk (credit spread variability in relation to trading in credit derivatives, bonds and loans);
- generic equity risk;
- specific equity risk;
- incremental risk of migration and default (incremental risk charge);
- foreign exchange risk;
- risk of implied volatility on optional instruments;
- risk of illiquid factors (correlation, dividends, ABS, Originate-to-Share (OtS) loans, hedge funds);
- position risk for units of UCIs;
- commodity position risk.

For some of the risk factors cited above and included in the managerial VaR (Value at Risk) measurements, the Supervisory Authority has validated the internal models for the reporting of the capital requirement of Intesa Sanpaolo. More specifically, concerning market risk, the risk profiles validated are: (i) generic and specific on debt securities and on equities; (ii) position risk on quotas of UCI with daily liquidity and (iii) commodity risk.

Risk management processes and measurement methods

The allocation of capital for trading activities is set by the Parent Company's Board of Directors, through the attribution of operating limits in terms of VaR to the various Group units.
The structure of limits reflects the risk level deemed to be acceptable with reference to single business areas, consistent with operating and strategic guidelines defined by top management. The attribution and control of limits at the various hierarchical levels imply the assignment of delegated powers to the heads of business areas, aimed at achieving the best trade-off between a controlled risk environment and the need for operating flexibility. The functioning of the system of limits and delegated powers is underpinned by the basic concepts of hierarchy and interaction.
The application of such principles led to the definition of a structure of limits in which the distinction between first level and second level limits is particularly important:
- **first-level limits (VaR)**: the overall limits of the Group as well as those of the IMI C&IB Division and Group Treasury & Capital Management Area are included in the Group's Risk Appetite Framework (RAF). At the same time, the Board of Directors of the Parent Company defines the operating limits in terms of VaR for other Group companies which hold smaller trading books whose risk is marginal. Following approval, these limits are then allocated to the desks of the individual legal entities, considering the proposals by the business units. Limit absorption trends and the relative congruity analysis are periodically assessed by the Group Financial Risk Committee and Board of Directors of the Parent Company within the framework of the Tableau de Bord for the Group's risks;
- **second level limits** (**sensitivity and greeks**): they have the objective of controlling operations of the various desks on the basis of differentiated measures based on the specific characteristics of traded instruments and operating strategies, such as sensitivity, greeks and equivalent exposures;
- **other significant limits**: they have the objective of monitoring particular transactions (e.g. limits of negative maximum exposure of the valuation reserve, ceilings for transactions with issuer risk).

Some of these limits may be covered by the RAF rules.

The Parent Company represents the main portion of the Group's market risks, while some other Group subsidiaries hold smaller trading books with a marginal risk (approximately less than 10% of the Group's overall management risk): in particular, the risk factors of the international subsidiaries' trading books are local government bonds, positions in interest rates, and foreign exchange rates relating to linear pay-offs.

A more detailed representation of the market risk metrics monitored in the limit structure is set out below:

Managerial VaR

Definition: Value at Risk is a monetary estimate of risk based on statistical techniques capable of summarising the maximum probable loss, with a certain confidence level, that a financial position or portfolio may suffer in a given period (holding period) in response to changes in the risk factors underlying the measurement models caused by market dynamics.

Method: the mathematical and statistical models that make it possible to calculate VaR can be divided into two general categories: parametric approaches (variance/covariance) and approaches based on simulation techniques, such as that in use at Intesa Sanpaolo.

Specifically, the approach used in Intesa Sanpaolo has the following characteristics:
- historical simulation model based on the mark-to-future platform;
- a 99th percentile confidence interval;
- disposal period of 1 day;
- full revaluation of existing positions.

Historical simulation scenarios are calculated internally on time series of one-year risk factors (250 observations). For management purposes, a non-equal probability of occurrence is associated with each scenario, decreasing exponentially as a function of time, to privilege the informational content of the most recent data. For regulatory purposes, scenarios are equally weighted when calculating the capital requirement.

Please note that, in the first quarter of 2024, on the ordinary annual update of the market risk managerial framework, the Board of Directors (as part of the 2024 Group Risk Appetite Framework) confirmed the specific limit for trading within an overall limit for trading and the hold to collect and sell (HTCS) business model.

Sensitivity and greeks

Definition: sensitivity measures the risk attributable to a change in the theoretical value of a financial position to changes of a defined quantity of risk factors connected thereto. It therefore summarises:
- the extent and direction of the change in the form of multipliers or monetary changes in theoretical value;
- without explicit assumptions on the time horizon;
- without explicit assumptions of correlation between risk factors.

Method: the sensitivity indicator can be constructed using the following techniques:
- calculation of prime and second derivatives of the valuation formulae;
- calculation of the difference between the initial value and that resulting from the application of unidirectional shocks independent of risk factors (delta, gamma, vega, CR01 and PV01).

Sensitivity measures make risk profiling more accurate, especially in the presence of option components. These measure the risk attributable to a change in the value of a financial position to predefined changes in valuation parameters including a one basis point increase in interest rates.

Level measures

Definition: level measures, used also as ratios, are indicators supporting synthetic risk metrics which are based on the assumption of a direct relationship between the size of a financial position and the risk profile. In particular, level measures make it possible to monitor the nature of exposures to certain issuers and economic groups.

The main level measure indicators are nominal (or equivalent) position and average duration metrics; level indicators also include the Negative Maximum Exposure of the Valuation Reserve measures characteristic of the HTCS business model.

Method: nominal (or equivalent) position is determined by identifying:
- the notional amount;
- the mark to market;
- the conversion of the position of one or more instruments to that of a given benchmark (equivalent position);
- the FX exposure.

When determining the equivalent position, risk is defined as the value of the various assets, converted into an aggregate position that is “equivalent” in terms of sensitivity to the change in the risk factors investigated.

At Intesa Sanpaolo the approach is characterised by extended use of ceilings in terms of mark-to-market, as representative of the value of the assets as recognised.

Stress tests

Definition: stress tests are conducted periodically to identify and monitor potential vulnerabilities in trading books upon the occurrence of extreme, rare events not fully captured by VaR models.

Method: stress tests for management purposes are applied periodically to market risk exposures, typically adopting:
- sensitivity analysis, which measures the potential impact on the main risk metrics of a change in a single risk factor or simple multi-risk factors;
- scenario analysis, which measures the potential impact on the main risk metrics of a certain scenario that considers multiple risk factors.

The following stress exercises are included in the Group’s Stress Testing Programme:
- multi-risk exercise, based on scenario analysis, which enables the forward-looking assessment of the simultaneous impact on the Group of multiple risk factors, also taking into account the interrelationships between them and, where applicable, the top management’s reaction capacity;
- regulatory multi-risk exercise, ordered and coordinated by the supervisor/regulator which defines its general assumptions and scenarios, requires the full revaluation of the impacts with the resulting need of contributions from the specialist departments of the Chief Risk Officer and Chief Financial Officer Governance Areas;
- situational exercise, ordered by the top management or by the supervisor/regulator in order to assess the impact of particular events (relating to the geopolitical, financial, economic, competitive environment, etc.) from a forward-looking perspective;
- a single or specific risk exercise to assess the impact of scenarios (or single or more specific risk factors) on specific risk areas.

Stressed VaR

Definition: the stressed VaR metric is based on the same measurement techniques as VaR. In contrast to the latter, it is calculated by applying market stress conditions recorded over an uninterrupted 12-month historical period.
Method: that period was identified considering the following guidelines:

- the period must represent a stress scenario for the portfolio;
- the period must have a significant impact on the main risk factors for the portfolio of Intesa Sanpaolo;
- the period must allow real time series to be used for all portfolio risk factors.

While using the historical simulation approach for VaR calculation, the latter point is a discriminating condition in the selection of the holding period. Actually, in order to ensure that the scenario adopted is effectively consistent and to avoid the use of driver or comparable factors, the historical period must ensure the effective availability of market data.
As at the date of preparation of the 2024 Half-yearly Report, the period for the measurement of Stressed VaR for Intesa Sanpaolo was from 1 April 2022 to 21 March 2023.
For managerial purposes, the stressed VaR metric is calculated on the entire set of the Group's portfolios measured at fair value (trading and FVOCI in the banking scope) and the stressed period is revised at least annually, together with the annual update to the market risk management framework (Risk Appetite Framework).

Incremental Risk Charge (IRC)

Definition: The Incremental Risk Charge (IRC) is the maximum potential loss in the credit trading book resulting from an upgrade/downgrade or bankruptcy of the issuers, over a 1-year period, with a 99.9% confidence level. This measure, which is additional to the VaR, is applied to the entire trading book of Intesa Sanpaolo (just as for the other regulatory metrics, it is not applied to the sub-portfolios).
The IRC enables the correct representation of the specific risk on debt securities and credit derivatives because, in addition to idiosyncratic risk, it also captures event and default risk.
This measure applies to all financial products that are sensitive to credit spreads included in the trading book except for the securitisations.
Method: the simulation is based on a Modified Merton Model. The probabilities of transition and default are those observed through the historical matrices of the main rating agencies, applying a probability of default minimum value higher than zero. The asset correlation is inferred from the equity correlation of the issuers. The model is based on the assumption of a constant position with a holding period of one year.
A regular stress program is applied to the model's main parameters (correlation, and transition, default and credit spread matrices).

Daily managerial VaR of the 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.

(millions of euro)

	2024				2023			
	average 2nd quarter	minimum 2nd quarter	maximum 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Total Group Trading Book (a)	30,9	25,2	37,5	31,9	26,4	33,7	35,5	27,9
of which: Group Treasury & Capital Management	*13,1*	*9,3*	*14,2*	*6,2*	*3,8*	*3,7*	*4,4*	*5,1*
of which: IMI C&IB Division	*20,3*	*14,6*	*28,0*	*23,3*	*23,3*	*31,1*	*33,7*	*25,3*

The table shows the historical variability of the daily managerial VaR calculated on the quarterly time series of Intesa Sanpaolo Group (including the subsidiaries in the perimeter), Group Treasury & Capital Management and IMI C&IB Division respectively. The values calculated on the Group perimeter (average, minimum and maximum) do not correspond to the sum of the values of the individual columns, because they are recalculated on the aggregate time series which also includes the subsidiaries in the perimeter.

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

As shown in the table above, during the second quarter of 2024, managerial risk on the trading book was substantially stable on the average amounts of the previous quarter. This risk decreased from 31.9 million euro (average value in the first quarter of 2024) to 30.9 million euro (average value in the second quarter of 2024). The slight decrease seen is attributable to the declining trend in VaR in the second quarter, due to scenario updates starting from the second half of the period. That stability was also seen in the comparison of the average value of the first half of 2023 (31.6 million euro) and the first half of 2024 (31.4 million euro), as shown in the table below.

(millions of euro)

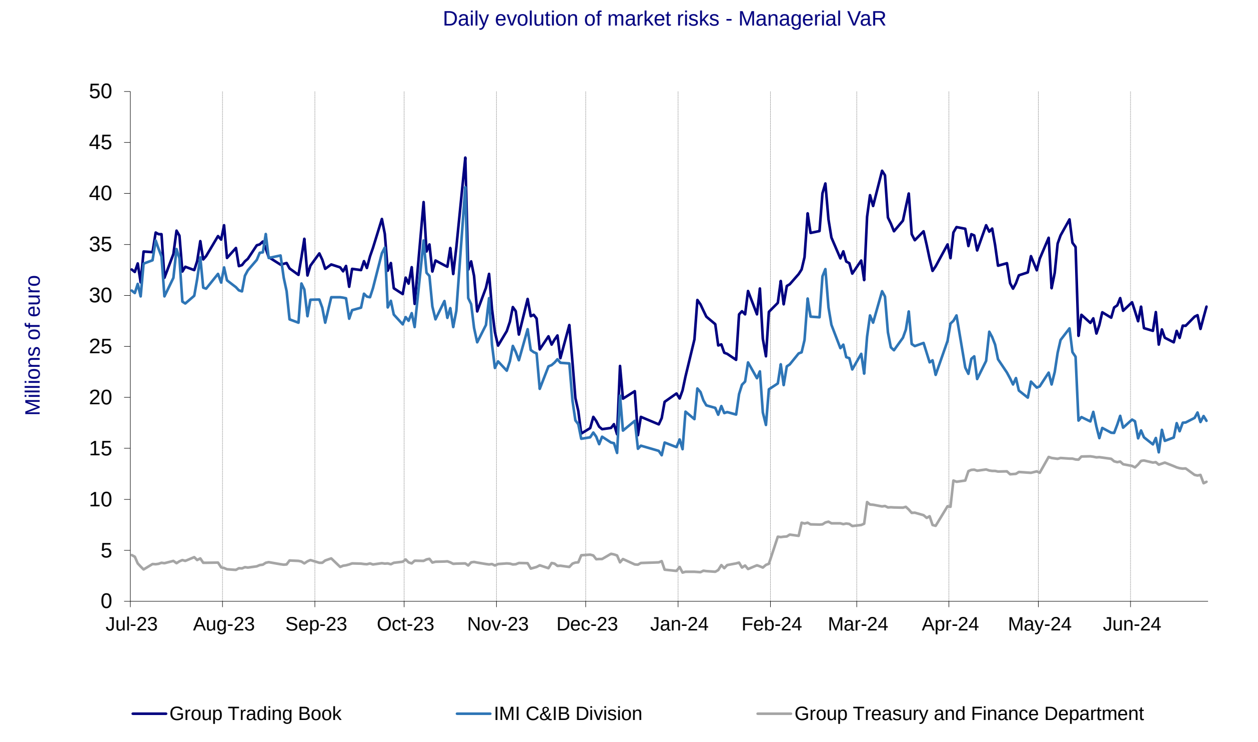
	2024			2023		
	average 1st half	minimum 1st half	maximum 1st half	average 1st half	minimum 1st half	maximum 1st half
Total Group Trading Book (a)	31,4	19,9	42,2	31,6	21,5	45,9
of which: Group Treasury & Capital Management	*9,6*	*2,8*	*14,2*	*4,8*	*3,5*	*6,3*
of which: IMI C&IB Division	*21,8*	*14,6*	*32,6*	*29,3*	*19,5*	*43,7*

The table shows the historical variability of the daily managerial VaR calculated on the time series for the first six months of the year for Intesa Sanpaolo Group (including the subsidiaries in the perimeter), Group Treasury & Capital Management and IMI C&IB Division respectively. The values calculated on the Group perimeter (average, minimum and maximum) do not correspond to the sum of the values of the individual columns, because they are recalculated on the aggregate time series which also includes the subsidiaries in the perimeter.

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

The trend in the trading VaR in the second quarter of 2024 was marked by a decrease, mainly attributable to the issue of observations on the tail of the distribution underlying the calculation of the VaR. That effect was partially offset by portfolio movements, mainly due to the increase in exposure in Tax Credits classified in the trading book (Group Treasury & Capital Management).

The movements are shown in the chart below:



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

2nd quarter 2024	Shares	Interest rates	Credit spreads	Foreign exchange rates	Other parameters	Commodities
Group Treasury & Capital Management	3%	77%	1%	19%	0%	0%
IMI C&IB Division	12%	41%	31%	4%	5%	7%
Group Total	**9%**	**51%**	**24%**	**7%**	**4%**	**5%**

(a) 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 second quarter of 2024, broken down between Group Treasury & Capital Management and IMI C&IB Division, in addition to the distribution of the Group's overall capital at risk (including the subsidiaries in the perimeter).

The breakdown of the Group's risk profile in the trading book in the second quarter of 2024 shows a prevalence of interest rate risk and credit spread risk, accounting for 51% and 24% respectively, of the Group's total managerial VaR. The individual risk-taking centres, on the other hand, show a prevalence of interest rate risk and exchange rate risk for the Group Treasury & Capital Management (77% and 19%, respectively) and of interest rate risk and credit spread risk for the IMI C&IB Division (41% and 31%, respectively).

Risk control with regard to the activity of the Intesa Sanpaolo Group also uses scenario analyses and stress tests. 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 June is summarised in the following table:

(millions of euro)

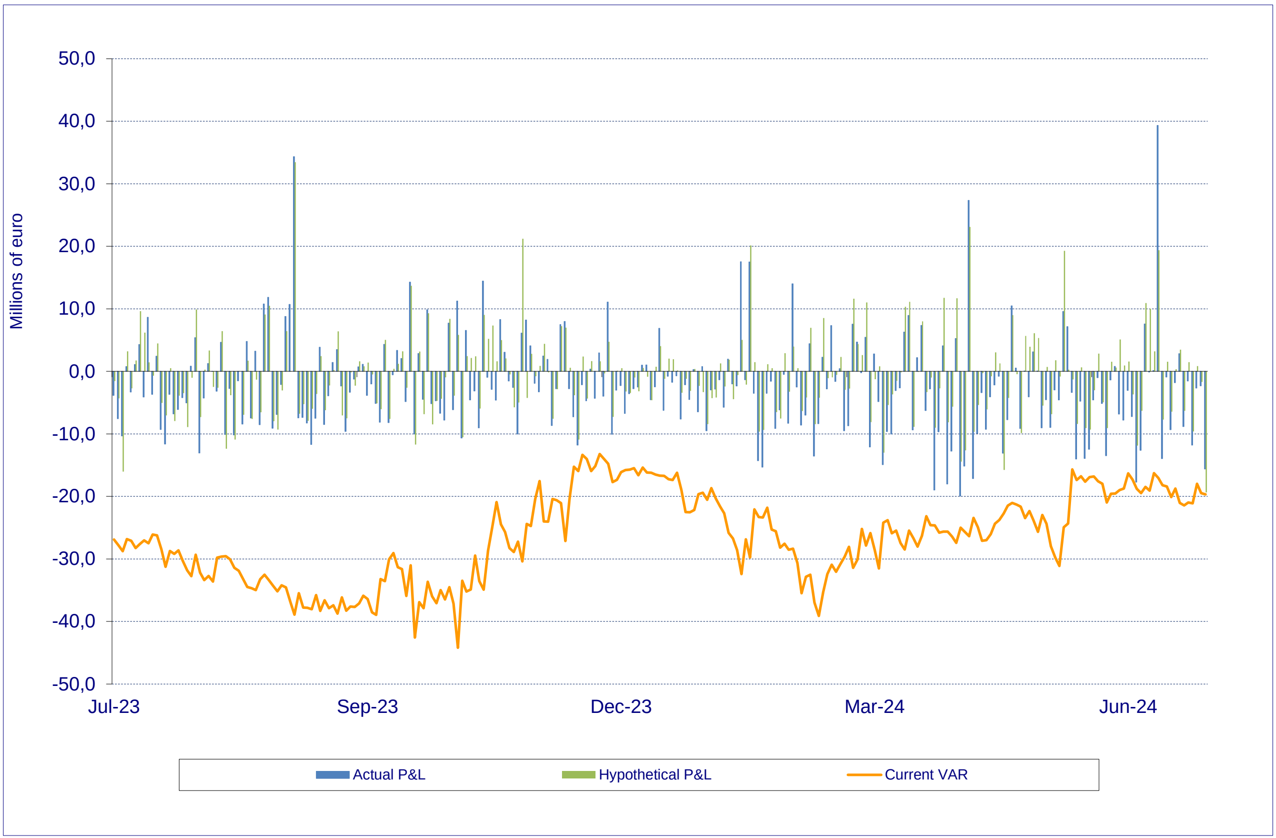
	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITIES		INFLATION	
	Crash	Bullish	+40bps	lower rate	-25bps	+25bps	-5%	+5%	Crash	Bullish	Up	Down
Total Trading Book	80	77	-97	102	-3	10	26	32	5	-2	5	2

In particular:
- for stock market positions, there would not be potential losses either in the case of sudden increases in stock prices or in the case of sharp decreases therein;
- for positions in interest rates, there would be potential losses of 97 million euro in the event of a rise in interest rates;
- for positions in credit spreads, a tightening of credit spreads of 25 basis points would result in an overall loss of 3 million euro;
- for positions in exchange rates, there would be no potential losses either in the event of appreciation or depreciation of the Euro against the other currencies;
- for positions in commodities, there would be a loss of 2 million euro in the event of a rise in prices of commodities other than precious metals;
- lastly, for positions linked to inflation, there would be no potential losses, either in the event of a rise or a fall in inflation.

Backtesting
The soundness of the VaR calculation methods must be monitored daily via backtesting which, for the regulatory backtesting, compares:
- the daily estimates of value at risk;
- the daily profits/losses based on backtesting which are determined using actual daily profits and losses achieved by individual desks, net of components which are not considered in backtesting: these include, for example, fees and financial costs of managing the positions that are regularly reported within the managerial area.

Backtesting allows verification of the model's capability of correctly seizing, from a statistical viewpoint, the variability in the daily valuation of trading positions, covering an observation period of one year (approximately 250 estimates). Any critical situations relative to the adequacy of the internal model are represented by situations in which daily profits/losses based on backtesting highlight more than four occasions, in the year of observation, in which the daily loss is higher than the value at risk estimate. Current regulations require that backtesting is performed by taking into consideration both the actual and hypothetical P&L series.

During the last twelve months there were no backtesting exceptions for the regulatory VaR measure of Intesa Sanpaolo.



BANKING BOOK

Qualitative information

The "banking book" is defined as the commercial portfolio consisting of all the on-balance sheet and off-balance sheet items that are part of the Intesa Sanpaolo Group's lending and deposit collecting activities. Therefore, the interest rate risk of the banking book (hereinafter "interest rate risk" or IRRBB) refers to the current and prospective risk of changes in the economic value and the net interest income of the Group's banking book due to adverse changes in interest rates, which reflect on both the economic value and the net interest income.
The banking book also includes exposure to market risks deriving from the equity investments in listed companies not fully consolidated, mainly held by the Parent Company.
The internal system for measuring interest rate risk assesses and describes the effect of changes in interest rates on the economic value and the net interest income and identifies all significant sources of risk that affect the banking book:

- repricing risk, i.e. the risk associated with lags in maturity dates (for fixed-rate positions) or in the interest rate revision date (for floating-rate positions) of the assets, liabilities and off-balance sheet items;
- yield curve risk, i.e. the risk associated with changes in the inclination and shape of the yield curve;
- basis risk, i.e. the risk arising from imperfect correlation in the adjustment of lending and deposit rates on different instruments, but with otherwise similar repricing characteristics. As interest rates change, these differences can lead to unexpected changes in cash flows and yield spreads between assets, liabilities and off-balance sheet positions having similar maturities or rate revision frequencies;
- optionality risk, i.e. the risk associated with the presence of automatic or behavioural options in the Group's assets, liabilities and off-balance sheet instruments.

Intesa Sanpaolo's current measurement system also allows the risk profile to be examined on the basis of two distinct but complementary perspectives:

- **economic value perspective** (EVE – Economic Value of Equity), which considers the impact of interest rate fluctuations and the associated volatility on the present value of all future cash flows;
- **net interest income perspective** (NII - Net Interest Income), which aims to analyse the impact of interest rate fluctuations and their associated volatility on net interest income.

The economic value perspective assesses the medium-to-long term impacts of interest rate fluctuations, while the net interest income perspective provides a short-term assessment.
Interest rate risk is managed by setting limits to both perspectives. Said limits comprise:

- consolidated limits, which are defined in the RAF and approved by the Board of Directors, both in terms of change in EVE (sensitivity of the economic value or ΔEVE) and net interest income sensitivity (ΔNII). The consolidated ΔEVE limits reflect, consistent with the context and regulatory instructions, the average expected exposure of the Group's EVE. The expected average level is quantified within the RAF and defined as the average exposure that the Group expects to take during the year. The Group's consolidated sensitivity limits EVE and NII are accompanied by two risk indicators, which constitute an "early warning" threshold, and are approved within the RAF, which make it possible to control exposure to the risk of yield curve twists;
- individual shift sensitivity and net interest income sensitivity limits, which are part of the "cascading" process of the Group's RAF limit, and are proposed, after being shared with the operating structures, by the Market and Financial Risk Management Head Office Department and approved by the Group Financial Risk Committee (GFRC). These limits take account of the characteristics of the banks'/divisions' portfolios, with particular reference to intermediated volumes, average durations, the type of instruments traded and the Company's strategic mission within the Group.

The Market and Financial Risk Management Head Office Department performs monthly checks that the limits and early warning level approved in the Risk Appetite Framework (RAF) are observed at the consolidated and individual level. In addition, the Group has adopted a specific internal policy document regarding interest rate risk (the IRRBB Guidelines) subject to approval by the Board of Directors, which governs the Group's entire interest rate risk management framework and in particular the aspects of governance, methods of use and formulation of scenarios.
The IRRBB Guidelines define the methods for measuring the financial risks generated by the Group's banking book:

1. Sensitivity of economic value (ΔEVE);
2. Net interest income sensitivity (ΔNII);
3. Credit Spread Risk of the Banking Book (CSRBB);
4. Value at Risk (VaR).

These measures are available for each relevant currency in the banking book.

The **sensitivity of the economic value** (or sensitivity of the fair value) measures the change in the economic value of the banking book and is calculated at individual cash flow level for each financial instrument, based on different instantaneous rate shocks and based on historical stress simulations aimed at identifying the worst and best cases. It reflects the changes in the present value of the cash flows of the positions already in the balance sheet for the entire remaining duration until maturity (run-off balance sheet). The cash flows used to determine the present value are developed at the risk-free rate (Euribor/Libor) and discounted according to risk-free discount curves.
To control the exposure and monitor the limits, the calculation involves determining the algebraic sum of the equivalent in euro of the sensitivities of the positions in the various currencies by applying a parallel shock of +100 basis points to the interest rate curves in the various currencies. The calculation for non-parallel shocks for the purposes of controlling the exposure and monitoring the early warning level is performed similarly. The sensitivity of the relevant currencies is then corrected, according to a "currency aggregation" management technique, to take account of the imperfect correlation with the rates of the main currency (the euro).

The **sensitivity of net interest income** focuses the analysis on the impact that changes in interest rates can have on the Group's ability to generate stable profit levels. The component of profits measured is represented by the difference between the net interest income generated by interest-bearing assets and liabilities, including the results of hedging activities through the use of derivatives. The time horizon of reference is commonly limited to the short and medium term (from one to three years) and the impact is assessed on a going concern basis. The change in net interest income is estimated under expected scenarios as well as under potential interest rate shocks and stress scenarios. Further assumptions are made regarding customer behaviour (differentiated according to interest rate scenarios) and market behaviour and the response of Group/Bank management to changes in the economy. Thus, the projection of the net interest income and its sensitivity to changes in market factors require a series of modelling assumptions for the development of volumes and rates (fixed/floating), the reference time horizon, the relevant currencies, as well as the behavioural models introduced (prepayment, core deposits, etc.) and the assumptions regarding the evolution of the portfolio (run-off, constant or dynamic balance sheet).
The net interest income sensitivity limits are set on the basis of an instantaneous and parallel interest rate shock of +/-50 basis points, with a reference time horizon of 1 year and assuming a constant balance sheet. The net interest income sensitivity limit is defined as the limit on the loss in the income statement and, therefore, is exclusively negative (limit on the potential reduction in the net interest income): the use of the limit is represented by the sensitivity that generates a greater reduction in net interest income in the two scenarios of a parallel rise and fall in interest rates. The total sensitivity exposure of net interest income is given by the algebraic sum of the exposure of individual currencies.

Based on the definition by the EBA, **CSRBB** – **Credit Spread Risk of the Banking Book** is the risk driven by changes of the market credit spread and market liquidity spread, which respectively represent the credit risk premium required by market operators for a specific credit quality and liquidity premium, which stimulates the market appetite of investors, and by other potential characteristics of credit risk instruments which are not detected by other existing prudential frameworks. The CSRBB framework was introduced as a criterion to assess and monitor the risk deriving from market credit spreads and market liquidity spreads, which impact the EVE and the NII of the bank's non-trading assets.

Value at Risk (VaR) is a probability-based metric that expresses the maximum potential loss of portfolio value that could be incurred within a specific time horizon, at a pre-defined confidence level. VaR is also used to consolidate exposure to financial risks of the various Group companies which perform banking book activities, also taking into account the benefits of diversification and the correlation between various risk factors and different currencies. This measure is calculated and monitored, for the entire scope, by the Market and Financial Risk Management Head Office Department.

In calculating the above risk measures, Intesa Sanpaolo adopts behavioural models for representing capital items.

For mortgages, statistical techniques are used to determine the probability of prepayment, in order to reduce the risk of excess hedging in relation to real exposure to interest rate risk (overhedging). The prepayment ratios for Retail mortgages and consumer loans are estimated through a Survival Analysis that expresses the repricing portfolio of each single mortgage, based on macroeconomic variables, personal details of the counterparty and financial variables.

For core deposits (customer current accounts), a financial representation model is adopted aimed at reflecting the behavioural features of stability of deposits and partial and delayed reaction to market interest rate fluctuations.

Both models are continuously monitored and periodically revised to promptly reflect changes in customer behaviour and characteristics over time, as well as in the relevant regulatory framework.

In order to measure the Group's vulnerability to market turbulence, the interest rate risk measurement system measures the impacts on the economic value and net interest income produced by strains on the market ("scenario analysis"), i.e. sudden changes in the general level of interest rates, changes in the relationships between fundamental market rates (basis risk), in the slope and shape of the yield curve (yield curve risk), in the liquidity of the main financial markets or in the volatility of market rates.
These analyses are conducted by subjecting the portfolio to various interest rate change scenarios:
- regulatory scenarios produced by the Supervisory Outlier Test (SOT), which introduces an Early Warning referring to changes in economic value of 15% of Tier 1, calculated with reference to the BCBS scenarios (Parallel shock up, Parallel shock down, Steepener shock, Flattener shock, Short rates shock up and Short rates shock down) and changes in net interest income equal to 5% of Tier 1, calculated solely with reference to the parallel scenarios (parallel shock up and parallel shock down);
- shocks diversified by reference curve of the main risk factors and calculated as the difference between the yields of the curves of the individual factors and those of a curve relating to the selected pivot parameter (basis risk);
- stress scenarios in historical simulation.

Stress tests on behavioural models are also carried out to verify the financial impact of alternative assumptions underlying the behavioural parameters estimated in the models. The methodological assumptions underlying the assumptions contained in the stress scenarios are duly described in the detailed methodologies.

Quantitative information

Banking book: internal models and other sensitivity analysis methodologies

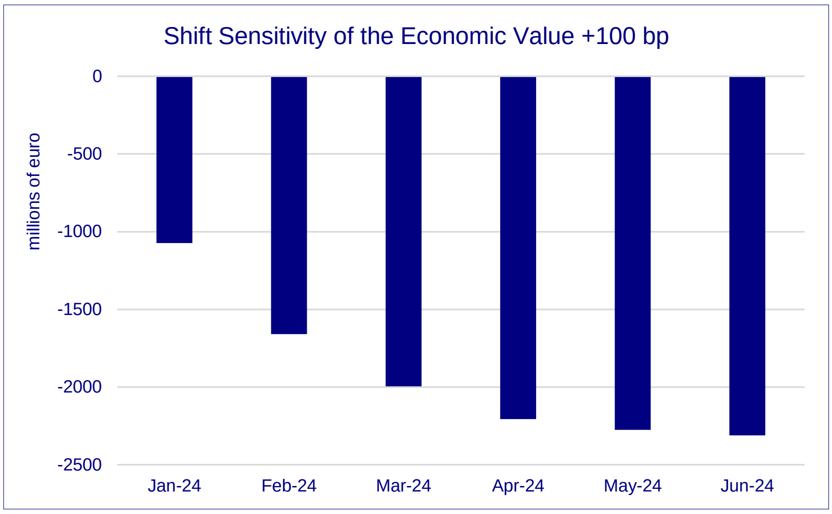
In the first half of 2024, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through sensitivity of economic value, averaged -1,920 million euro, with a minimum value of -1,074 million euro and a maximum value of -2,312 million euro, with the latter coinciding with the value at the end of June 2024. The latter figure increased by -1,311 million euro compared to a value of -1,001 million euro at the end of 2023. The increase from the end of 2023 reflected the implementation of a strategy to protect the net interest income from expected interest rate declines. The increase in exposures of the securities portfolio HTCS recorded during the half year also contributed to the change.

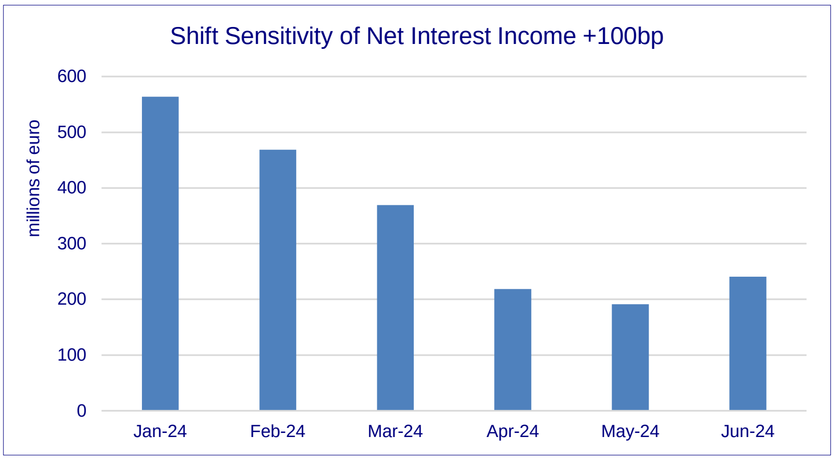
The sensitivity of net interest income – assuming a +50, -50 and +100 basis point change in interest rates – amounted to 149 million euro, -73 million euro and 241 million euro, respectively, at the end of June 2024. The latter figure was down on the value at the end of 2023, amounting to 614 million euro, reflecting the mentioned strategy to protect the net interest income, implemented mainly through hedging derivatives on demand deposits, both at the Parent Company and at the main banks of the Group. The increase in the exposure in securities in the HTCS portfolio also contributed to the drop in this measure.

The table and charts below provide a representation of the performance of the sensitivity of economic value (or the sensitivity of fair value) and the sensitivity of net interest income.

(millions of euro)

	1st half 2024			30.06.2024	31.12.2023
	average	minimum	maximum		
Shift Sensitivity of the Economic Value +100bp	-1,920	-1,074	-2,312	-2,312	-1,001
Shift Sensitivity of Net Interest Income -50bp	-150	-52	-323	-73	-332
Shift Sensitivity of Net Interest Income +50bp	199	116	320	149	350
Shift Sensitivity of Net Interest Income +100bp	342	191	564	241	614





Interest rate risk, measured in terms of VaR, averaged 568 million euro in the first half of 2024, with a maximum value of 717 million euro, reached in April, and a minimum value of 326 million euro, recorded in January. The figure at the end of June 2024 came to 657 million euro, up on the value at the end of December 2023, equal to 273 million euro, due to the increase in banking book exposure to interest rates hikes carried out during the half year.

Foreign exchange risk, expressed by equity investments in foreign currency (banking book) and measured in terms of VaR, averaged 86 million euro in the first half of 2024, with a maximum value of 107 million euro, reached in February, and a minimum value of 75 million euro, recorded in May 2024. The figure at the end of June amounted to 79 million euro, down on the value at the end of December 2023, equal to 118 million euro, due to the decreased overall volatility of the portfolio.

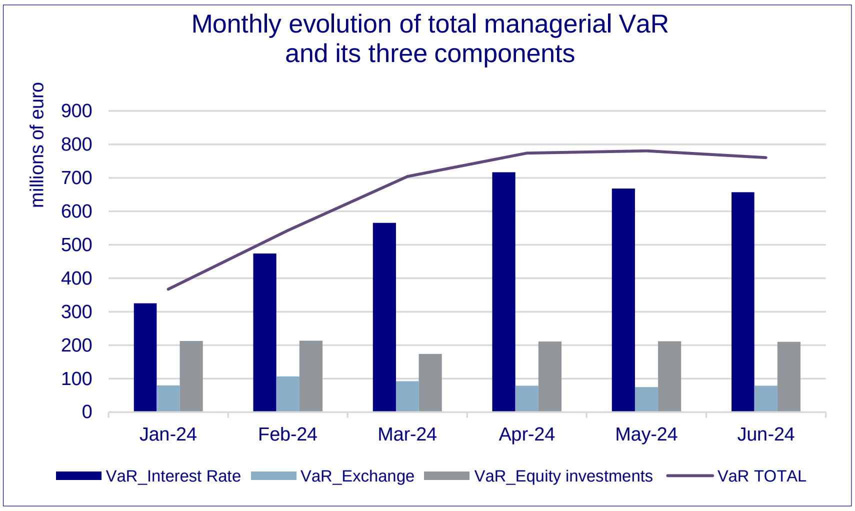
The price risk generated by the equity portfolio recorded an average in terms of VaR of 206 million euro in the first half of 2024, with a minimum value of 174 million euro recorded in March and a maximum value of 213 million euro, recorded at the end of February. The figure at the end of June amounted to 211 million euro, down on the value of 247 million euro at the end of December 2023.

Total VaR, consisting of the three components described above (Interest Rate VaR, Exchange Rate VaR and Equity VaR) averaged 655 million euro in the first half of 2024, with a maximum value of 781 million euro recorded in May and a minimum value of 367 million euro, recorded at the end of January. The figure at the end of June amounted to 761 million euro, up on the value at the end of December 2023, equal to 311 million euro, due to the increase in exposure of the banking book to bearish scenarios in the medium/long-term section, previously illustrated in relation to interest rate VaR.

The table and chart below provide a representation of the performance of total VaR and its three components (Interest Rate VaR, Exchange VaR and Equity Investments VaR).

(millions of euro)

	1st half 2024			30.06.2024	31.12.2023
	average	minimum	maximum		
Value at Risk - Interest Rate	568	326	717	657	273
Value at Risk - Exchange	86	75	107	79	118
Value at Risk - Equity investments	206	174	213	211	247
Total Value at Risk	**655**	**367**	**781**	**761**	**311**



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 portfolio of quoted minority stakes, largely classified to the HTCS category.

Price risk: impact on Shareholders' Equity

		Impact on shareholders' equity at 30.06.2024	Impact on shareholders' equity at 31.03.2024	Impact on shareholders' equity at 31.12.2023
Price shock	10%	70	57	52
Price shock	-10%	-70	-57	-52

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Bank may not be able to meet its payment obligations due to the inability to obtain funds on the market (funding liquidity risk) or liquidate its assets (market liquidity risk).
Intesa Sanpaolo's internal control and management system for liquidity risk is implemented within the Group Risk Appetite Framework and in compliance with the tolerance thresholds for liquidity risk approved in the system, which establish that the Group must maintain an adequate liquidity position in order to cope with periods of strain, including prolonged periods, on the various funding supply markets, also by establishing adequate liquidity reserves consisting of marketable securities and refinancing at Central Banks. To this end, a balance needs to be maintained between incoming and outgoing funds, both in the short and medium-long term. This goal is implemented by the Group Liquidity Risk Management Guidelines approved by the Corporate Bodies of Intesa Sanpaolo, in implementation of the applicable regulatory provisions.

Those Guidelines illustrate the tasks of the various corporate functions, the rules and the set of control and management processes aimed at ensuring prudent monitoring of liquidity risk, thereby preventing the emergence of crisis situations. To this end, they include procedures for identifying risk factors, measuring risk exposure and verifying observance of limits, conducting stress tests, identifying appropriate risk mitigation initiatives, drawing up emergency plans and submitting informational reports to company bodies.
In particular, a detailed definition is prepared of the tasks assigned to the corporate bodies and reports are presented to the senior management concerning certain important formalities such as the approval of measurement indicators, the definition of the main assumptions underlying stress scenarios and the composition of early warning thresholds used to activate emergency plans.

In order to pursue an integrated, consistent risk management policy, strategic decisions regarding liquidity risk monitoring and management at the Group level fall to the Parent Company's Corporate bodies. From this standpoint, the Parent Company performs its functions of monitoring and managing liquidity not only in reference to its own organisation, but also by assessing the Group's overall transactions and the liquidity risk to which it is exposed.
The corporate functions of the Parent Company responsible for ensuring the correct application of these Guidelines and the adequacy of the Group's liquidity position are the Group Treasury & Capital Management structure and the Planning & Control structure, responsible, within the Chief Financial Officer (CFO) Area, for liquidity management, and the Market and Financial Risk Management Head Office Department, which is directly responsible, within the Chief Risk Officer (CRO) Area, for measuring liquidity risk on a consolidated basis.
The Chief Audit Officer assesses the functioning of the overall structure of the control system monitoring the process for measuring, managing and controlling the Group's exposure to liquidity risk and verifies the adequacy and compliance of the process with the requirements established by the regulations. The results of the controls carried out are submitted to the Corporate Bodies, at least once a year.
The liquidity risk measurement metrics and mitigation tools are formalised by the Group Liquidity Risk Management Guidelines which establish the methodology used for both the short-term and structural liquidity indicators.

The short-term liquidity is aimed at providing an adequate, balanced level of cash inflows and outflows the timing of which is certain or estimated to fall within a period of 12 months, while ensuring a sufficient liquidity buffer, available for use as the main mitigation tool for liquidity risk. To that end, and in keeping with the liquidity risk appetite, the system of limits consists of specific short-term indicators, both of a regulatory nature with a holding a period of one month (Liquidity Coverage Ratio - LCR) and internally defined (Survival Period indicators).

The LCR indicator is aimed at strengthening the short-term liquidity risk profile, ensuring that sufficient unencumbered high-quality liquid assets (HQLA) are retained that can be converted easily and immediately into cash on the private markets to satisfy the short-term liquidity requirements (30 days) in an acute liquidity stress scenario. To this end, the Liquidity Coverage Ratio measures the ratio between: (i) the stock of HQLA and (ii) the total net cash outflows calculated according to the scenario parameters defined by Delegated Regulation (EU) 2015/61 and its supplements/amendments.

The Survival Period is an internal indicator designed to measure the first day on which the net liquidity position (calculated as the difference between available liquidity reserves and net outflows) becomes negative, i.e. when additional liquidity is no longer available to cover simulated net outflows. To this end, two different scenario hypotheses are considered, baseline and stressed, designed to measure, respectively: (i) the Group's independence from interbank funding on the financial markets and (ii) the survival period in the event of further tensions of a market and idiosyncratic nature, of medium-high severity, managed without envisaging restrictions on credit activity involving customers. For the Survival Period indicator, in stress conditions it is established that a minimum survival period must be maintained with the purpose of establishing an overall level of reserves covering greater cash outflows during a period of time that is adequate to implement the required operating measures to restore the Group to balanced conditions.

The aim of the Intesa Sanpaolo Group's structural Liquidity Policy is to adopt the structural requirement provided for by the regulatory provisions - the Net Stable Funding Ratio (NSFR). This indicator 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. To this end, it sets a minimum "acceptable" amount of funding exceeding one year in relation to the needs originating from the characteristics of liquidity and residual duration of assets and off-balance sheet exposures. In addition, the internal policy on structural liquidity also includes "early warning" indicators for maturities of more than 1 year, with particular attention to long-term gaps (> 5 years).

The Group Liquidity Risk Management Guidelines also establish methods for management of a potential liquidity crisis, defined as a situation of difficulty or inability to meet cash obligations falling due, without implementing procedures and/or employing instruments that, due to their intensity or manner of use, do not qualify as ordinary administration. By setting itself the objectives of safeguarding the Group's asset value and also guaranteeing business continuity under conditions of extreme liquidity emergency, the Contingency Liquidity Plan ensures the identification of the early warning signals and their ongoing monitoring, the definition of procedures to be implemented in situations of liquidity stress, also indicating the immediate lines of action, and the intervention measures for the resolution of emergencies. Within this framework, the Group Treasury & Capital Management structure was officially entrusted with drawing up the Contingency Funding Plan (CFP), which contains the various lines of actions that can be activated in order to face potential stress situations, specifying the extent of the mitigating effects attainable in the short-term.

The Group's liquidity position, which continues to be supported by suitable high-quality liquid assets (HQLA) and the significant contribution from retail stable funding, remained within the risk limits set out in the current Group Liquidity Policy for the entire first half of 2024. The levels of both regulatory indicators, LCR and NSFR, were above the regulatory requirements. The Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, amounted to an average of 163.5% (168.1% in December 2023). As at 30 June 2024, the exact value of unencumbered HQLA reserves at the various Treasury Departments of the Group amounted to 130.9 billion euro (160.3 billion euro at the end of 2023), approximately 40% of which consisted of cash as a result of temporary excess liquidity payments in the form of unrestricted deposits held at central banks. Including the other marketable reserves and/or eligible Central Bank reserves, also comprising retained self-securitisations, the Group’s total unencumbered liquidity reserves amounted to 209.6 billion euro (202.2 billion euro in December 2023).

The total unencumbered reserves of the Group increased mainly due to the higher liquidity surplus from operations of the Group’s Commercial Network and the new volumes of MLT funding on the financial markets.
Reserves HQLA decreased due to the repayment of the TLTRO tranches during the half year, which freed up collateral non-HQLA eligible for use at the Central Bank.

(millions of euro)

	Unencumbered (net of haircut)	
	30.06.2024	31.12.2023
HQLA Liquidity Reserves	**130,919**	**160,309**
Cash and Deposits held with Central Banks (HQLA)	48,711	80,461
Highly liquid securities (HQLA)	71,768	68,522
Other HQLA securities not included in LCR	10,440	11,326
Other eligible and/or marketable reserves	**78,704**	**41,877**
Total Group's Liquidity Buffer	**209,623**	**202,186**

The NSFR was higher than 100% also following the repayment of the tranche of TLTRO matured in June, amounting to 9 billion euro, supported by a solid base of stable deposits from customers, in addition to adequate wholesale medium/long-term securities funding. As at 30 June 2024, the Group NSFR, measured according to regulatory instructions, came to 124.0% (121.1% at the end of December 2023).

The stress tests, in a combined scenario of market and specific crises (with significant loss in customer deposits), also 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 of more 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 various risk factors.

ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) RISKS AND CLIMATE CHANGE RISK

Sustainability, a term referring to the ability to avoid harming the environment and communities, in order to support a medium/long-term economic, social and environmental balance, is a factor of significant, increasing importance for society as a whole. The management of ESG issues therefore requires considering not only the impacts of the related risks on the Bank's organisation, but also the potential impact on stakeholders and the risks that the Bank exposes its stakeholders and the environment to through its operations. The Intesa Sanpaolo Group is aware of the importance of fair, responsible allocation of the resources and the influence that a banking group can have in terms of sustainability in both the short and long term and pays particular attention to managing ESG risks, both regarding its operations and relating to the activities of its corporate customers and the sectors considered sensitive, i.e. with a significant ESG risk profile.
ESG risks are therefore included in the overall risk management framework as they represent potential negative impacts that an organisation or activity may have on the environment, people and communities, including risks related to the corporate conduct (corporate governance), earnings, reputational profile and credit quality with possible legal consequences. Within the ESG risks, particular importance is given to climate risk, namely the financial risk arising from exposure to the physical and transition risk related to climate change. The risks and opportunities related to climate change are identified and analysed in a coordinated manner by the various corporate functions, in order to include them in the ordinary processes of risk identification, assessment and monitoring, in the Group's credit strategies and commercial offering.
The Group is therefore committed to incorporating the impact of climate-related aspects into its strategic decision-making processes, in order to fully integrate them into the risk management framework with the aim of maintaining a limited risk profile. This includes the monitoring and management of ESG risks, including risks arising from climate change (credit, operational, reputational, market and liquidity risks) and the implementation of ethical and environmental standards in the internal processes, products and services offered to customers, and selection of counterparties and suppliers.
The Risk Appetite Framework (RAF), which represents the general framework used for the management of enterprise risk, includes a specific section dedicated to ESG, climate change and reputational risks. This section includes qualitative and quantitative information. Specifically, with regard to ESG & Climate risks, the Group recognises the strategic importance of ESG factors and the urgent need to curb climate change.

As illustrated in the 2023 Financial Statements, climate change risks can be divided into physical and transitional risks.

Physical risks represent the negative financial impact from climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, i.e. air, water and soil pollution, water stress, biodiversity loss, and deforestation. These risks – which can usually arise in both the short/medium and long term – can be broken down into acute and chronic risks:
- **acute physical risks,** which refer to specific events that have the potential to create significant physical damage (e.g. flooding of rivers and oceans, tropical storms). These events are occurring more frequently, on both a regional and global basis;
- **chronic physical risks,** which involve a series of physical impacts of considerably longer duration than those posed by acute risks. They are identifiable as processes of change rather than single events. In most cases, the impacts are localised (e.g., drought) but chronic risks are likely to become more significant in the long term.

Transition risks are the negative financial impacts that an institution may incur, directly or indirectly, as a result of the process of adjustment to a low-carbon and more environmentally sustainable economy, arising from:
- **public policy and legal risks**: this category includes policies that attempt to limit actions that contribute to the negative effects of climate change or political actions that seek to promote adaptation to climate change and the legal risk arising from the inability of organisations to mitigate/adapt to climate change;
- **technological developments**: these include innovations that support the transition to a low-carbon and energy-efficient economic system;
- **consumer preferences**: changes in the demand and supply of certain goods, products and services that are more sustainable;
- **reputational risk:** arising from changes in customer or community perceptions of an organisation's contribution to the transition to a low-carbon economy.

The integration of ESG risks, and in particular climate change risk, into the risk management framework comprises:
- a materiality analysis (Climate/ESG Materiality Assessment);
- establishment of specific controls within the Risk Appetite Framework (RAF);
- execution of a Climate Scenario Analysis;
- monitoring of ESG risks divided according to the different risk categories (e.g. credit, market, liquidity), with a particular focus, within the environmental risks, on climate change risk.

Climate/ESG Materiality Assessment

The Climate/ESG Materiality Assessment is aimed at identifying business sectors, geographic areas and portfolios (e.g. corporates, households and sovereigns) with higher vulnerability to climate change and ESG risks based on qualitative and quantitative approaches, in order to prioritise the risk controls to be implemented. The results of the Materiality Assessment provide the basis for:
- updating the mapping of the various climate and ESG risk factors, their transmission channels and the impact on other risk categories;
- setting the limits and Key Risk Indicators (KRIs) within the Risk Appetite Framework;
- calibrating and performing stress tests on specific climate and ESG risk factors;
- guiding the sectoral credit policies and strategies (ESG Sectoral Color Coding) and establishing specific actions aimed at mitigating ESG risks.

Risk Appetite Framework (RAF)

The RAF integrates and translates what has been defined in terms of strategic guidelines, Climate/ESG Materiality Assessment, and ESG Sectoral Color Coding into specific controls, identifying, on an annual basis, limits, key risk indicators (KRIs) and specific actions aimed at containing the ESG risks, with particular regard to the sectors most exposed to those risks. This also includes specific actions related, for example, to the Group's strategic choices, such as subscribing to the Net-Zero targets. Specifically, intermediate sector targets for 2030 have been set within the Business Plan for the most emission-intensive sectors, subject to a transition plan for mitigating the potential future risk, in accordance with the recommendations of the Net-Zero Banking Alliance (NZBA).In addition to the Oil & Gas, Power Generation and Automotive sectors, which are already covered by targets, the Iron & Steel and Commercial Real Estate sectors have been added, and further sectors will be progressively added in the future, in line with the commitments made in joining the NZBA and with the request for validation by the Science Based Target initiative (SBTi).

The ESG Climate Change and Reputational Risk section of the Group RAF includes:

– specific limits in relation to the exposure to the coal mining and oil & gas sectors; for coal mining in particular, the limit is reviewed annually in line with the target of phasing out lending by 2025;
– specific early warning thresholds/KRIs relating to the emission intensity (CO_2eq) in terms of financed production of the counterparties belonging to the Oil & Gas, Power Generation and Automotive sectors, with the aim of meeting the commitments made within the Net-Zero Banking Alliance and the Science Based Target initiative;
– monitoring of new underwritings broken down by energy performance class (EPC), to improve the quality of the residential properties taken as collateral and consequently reduce the transition risk associated with mortgages;
– an early warning threshold in relation to the Group's exposure has also been introduced for sectors characterised by significant issues, especially with regard to the social dimension, in line with the ESG sectoral strategy of associated credit disincentives;
– setting of limits on investment activity in the banking book financial portfolios.

The development work under way in 2024 will enable the further strengthening of this section and the expansion of its scope, also in terms of portfolios covered (e.g. Residential Real Estate and Commercial Real Estate, and investment portfolios with financial instruments).

The RAF also identifies the main limitations and exclusions to lending to sectors/counterparties most exposed to ESG risks, which are then integrated into the self-regulatory policy and/or company processes. Specifically, Intesa Sanpaolo has issued the "Rules for lending operations in the coal sector", the "Rules governing transactions in the Oil&Gas sector" at the beginning of 2024 and the "Rules governing transactions with subjects active in the armaments sector", aimed at establishing general and specific criteria for limiting and excluding lending operations to counterparties in those sectors.

Climate Scenario Analysis

Scenario analysis is a key element in integrating the risks and opportunities associated with climate change into the business strategies, also considering the medium- to long-term implications. The Climate Scenario Analysis is used, within the more general framework of the materiality assessment, to explore potential portfolio vulnerabilities, particularly in the credit portfolio, as part of the regulatory stress testing exercises or the Internal Capital Assessment Adequacy Process (ICAAP) and the Internal Liquidity Assessment Adequacy Process (ILAAP).
In conducting the ICAAP process, Intesa Sanpaolo adopts an approach that incorporates specific solutions designed to verify the impact of transition and physical risk on the Non Financial Corporate (NFC) portfolio and the real estate-backed portfolio. With regard to transition risk, the impact is assessed by means of shocks applied to the balance sheets of the individual counterparties and to the energy efficiency level of the residential and commercial properties. The estimate of the impact of physical risk, on the other hand, is determined based on the geolocation of collateral real estate or NFC customer production sites, according to the different types of weather events. Within the ILAAP, particular attention is paid to analysing the impact of climate and environmental risk factors that could compromise the liquidity positions from a forward-looking perspective over medium-term horizons (1-3 years).

December 2023 also saw the start of the "One-off Fit-for-55 climate risk scenario analysis" exercise carried out by the European Banking Authority (EBA) on behalf of the European Commission in cooperation with the European Supervisory Authorities (ESAs), the European Central Bank and the European Systemic Risk Board (ESRB). This exercise involves the application of top-down scenarios to data collected from banks to assess the resilience of the EU financial sector and its ability to support the transition to a low-carbon economy, also under stress conditions. The phase of data collection by the banks involved in the exercise was completed in the first quarter of 2024. The results, at the banking industry level, will be released by the EBA in the first quarter of 2025.

The results of the impact assessments conducted so far (materiality assessment and climate scenario analysis) have shown that the Group is not exposed to a material extent to climate risks in the short term. Over the medium- to long-term horizon, exposure to these risks could intensify in a limited and concentrated manner in areas already subject to control and monitoring. In particular, with regard to the transition risk on the most emission-intensive sectors of the Banking Book (Oil & Gas, Power Generation and Automotive), intermediate sector targets to 2030 have been set in the Business Plan – aligned to the Net-Zero target by 2050 – subject to a transition plan in accordance with the NZBA guidance, to mitigate the potential future risk. The monitoring will be progressively extended to other sectors, in line with the commitments made upon joining the NZBA and with the request for validation by the SBTi.

Monitoring of ESG/climate risks in the different risk categories

Intesa Sanpaolo's risk management framework involves the integration of climate and environmental risk factors with the different risk categories impacted. This decision takes into account the fact that the impact of climate and environmental risks may be direct, for example due to lower earnings of companies or the reduction in value of assets, or indirect, for example due to legal actions (legal risk) or reputational damage that arises when the public, counterparties of the institution and/or investors associate the institution with adverse environmental effects (reputational risk).

With regard to **credit risk**, the qualitative component of the models currently validated and used by the Group considers various ESG and Climate-related aspects and elements. For Large Corporates, a specific module has also been incorporated into the model that considers quantitative ESG data provided by external providers, and for the Corporate model (companies or groups with a size of less than 500 million euro), an ad hoc module has been developed – in addition to the qualitative questions that also consider socio-environmental risks, to take account of the counterparty's exposure to physical risks arising from catastrophic events (e.g. damage to production facilities and/or warehouses) – that statistically identifies potential deteriorations in the Probability of Default, using historic and public information on catastrophic events observed at geographic area level. More specifically, for domestic counterparties, this module provides an assessment of the risk of damage related to natural disasters (floods, fires, earthquakes) to which a company is potentially exposed depending on the region (and/or municipality) where it operates and/or mainly conducts its business. Overall, the weight of these modules in the final rating is limited. Consequently, at present there does not appear to be any appreciable "large-scale" effect attributable to those modules on the ratings expressed by the internal models and, therefore, on the downstream metrics that use them (e.g. ECL).

In managing **market risk**, Intesa Sanpaolo also assesses the effects of climate and environmental factors on its current positions exposed to market risk. Specifically, the Group:
– analyses and monitors market prices and liquidity of financial instruments to identify possible evidence of climate and environmental risk factors;
– analyses the impact of climate and environmental risks on the fair value measurement of financial instruments, focusing in particular on the main asset classes, payoffs and positions explicitly linked to climate and environmental (C&E) risk factors, as well as the future investments proposed by the business structures;
– classifies current positions subject to market risk using the ESG indicators available internally (e.g. ESG Sectoral Assessment and ESG Sectoral Color Coding) and externally (e.g. economic-industrial business sectors, ESG score/rating), also through recognised providers, in order to identify specific risk controls, also considering the materiality of the exposures. These controls consist of the establishment of market risk limits on the investment activity (e.g. allocation of ceiling limits) which also contribute to the ESG Climate Change and Reputational Risk sections of the Group RAF. In principle, the indicators used for assessing the ESG risks associated with the investment activity enable the establishment of negative/positive screening criteria and strategies, taking into account the specific characteristics of the different asset classes concerned, such as instruments issued by corporate counterparties and instruments issued by government or supranational counterparties.

Within the market risk management model, the assessment of exposure to ESG risks also involves stress tests to investigate the sensitivity of the portfolios to ESG risk factors and estimate the impact that those factors, particularly climate and environmental risks, may have on the actual risk level of the exposures.

With regard to **liquidity risk**, significant climate and environmental risks may lead to an increase in net cash outflows or erode available liquidity reserves. Even though, according to the general consensus in the banking industry, the link between C&E risks and liquidity is mainly indirect and potentially more long term in nature, it is considered important not to underestimate these risks and their potential transmission, and to duly incorporate an assessment of their potential effects on the Group's current and future liquidity position.

To this end, after the prior identification of climate and environmental risk factors that could adversely affect the Group's liquidity positions, specific analyses and monitoring of exposures are carried out to assess the materiality of the risk factors identified, maintaining a close connection with the qualitative assessments adopted:
– by the Bank at sector and sub-sector level (e.g. ESG Sectoral Assessment) for credit risk purposes;
– for the valuation of government securities for market risk purposes.

In the assessment of the various scenarios, including stress scenarios, on the timing of inflows and outflows and the quantitative and qualitative adequacy of liquidity buffers, particular attention is also devoted to analysing the impact of climate and environmental risk factors that could compromise the liquidity positions on a forward-looking basis over a medium-term time horizon. These analyses are incorporated into the annual report on the Internal Liquidity Adequacy Assessment Process (ILAAP) without highlighting material absorptions of Group liquidity reserves.

In managing **operational risks**, Intesa Sanpaolo also considers the possible adverse impact of weather and environmental events on its real estate, business continuity and litigation risk. Specifically, the Group:
– within the loss data collection for operational events, identifies those related to climate and environmental risks, through specific event types;
– during the Operational Risk Assessment process, uses specific risk scenarios dedicated to climate and environmental risks to assess possible losses resulting from property damage, possible disruptions to its operations and potential legal liabilities;
– to protect business continuity, assesses the impact of the physical risks associated with IT centres and sites (including outsourced IT services), identifying alternative locations for disaster recovery.
– as of 2023, uses a dedicated scenario to assess the impacts on the Bank of an extreme weather event affecting a key supplier and compromising its ability to provide the service it was engaged for.

In relation to climate/environmental litigation risk, Intesa Sanpaolo has set up monitoring of market disputes (domestic and international), refined its litigation monitoring process, and established a special training initiative for the staff involved.

The operational losses identified in relation to climate and environmental risks, together with the results (in terms of expected loss and VaR) of the Self-Diagnosis of the assessment of the possible impacts of those risks, contribute to the calculation of the capital requirement at individual and consolidated Group level, using an advanced approach, and are included in the operational risk reporting periodically submitted to the Group Control Coordination and Non-Financial Risks Committee.

In managing **reputational risk**, the Group makes prior assessments of the potential ESG and reputational risks associated with the Group's business operations and supplier/partner selection through the ESG & Reputational Risk Clearing process.
With regard to the corporate credit granting process in particular, it is aimed at making a prior assessment of the potential ESG and reputational risks associated with credit transactions involving counterparties operating in sectors sensitive to ESG and/or reputational risks. The ESG & Reputational risk clearing process is applied on a proportional basis and in a differentiated manner according to the complexity of the counterparties/transactions and has escalation mechanisms differentiated according to the ESG/reputational risk class assigned to the transaction/counterparty. The Group also monitors its web and press reputation by integrating specific assessments of events related to environmental risks/climate change (e.g. events resulting from protests or adverse campaigns arising from the Bank's lending activities). Lastly, specific scenarios relating to ESG and climate issues are included in the annual reputational risk assessment by the top management.

In relation to the **risks associated with the Investment Service for Customers**, the Group has set up a series of centralised controls aimed, on one hand, at monitoring the sustainability risk implicit in the size of the ESG score provided by a specialist infoprovider at instrument and portfolio level and, on the other hand, at ensuring that sufficient stress is given to Sustainable Development Goal (SDG) factors in the analyses carried out within the Product Governance process for the assets under administration issued by the Parent Company and distributed through the captive networks.

With regard to **direct environmental risks**, in view of the increasing strategic significance of the issue of CO_2 emissions, in 2022 Intesa Sanpaolo drew up a new plan, called the Own Emissions Plan, which sets a 2030 Carbon Neutrality target for own emissions combined with a 53% decrease in gross emissions (compared to 2019), through energy efficiency measures and greater use of energy from renewable sources. Intesa Sanpaolo is also committed to analysing and containing possible risks on its properties, as well as taking swift action to deal with any environmental emergencies that may arise. To this end, in line with the provisions of the Business Plan, in 2023 a specific tool was selected that identifies the degree of exposure of Intesa Sanpaolo's real estate assets to the main geographical and climate change risks, such as floods, hydrogeological risks, drought, forest fires, etc. This platform geolocalises each individual asset in Italy and calculates the exposure index for each risk, based on data from the main national and international certified sources, such as SwissRE, Copernicus, World Bank, INGV, ISPRA, and the Department of Civil Protection. With regard to hydrogeological risk (floods and landslides), which also relates to climate change and the possible occurrence of crisis scenarios in Italy which could have repercussions on Intesa Sanpaolo's properties, a series of company structures is to be activated. In the second half of 2024, the platform will also integrate the international branches and offices, and a function for the computerised management of emergency events will be developed.

The potential impacts, the related time horizon (short, medium and long-term) and the actions identified for each observed potential risk, which are updated annually, for both indirect and direct risks, set out in the 2023 Financial Statements, to which reference is made.
Further information on the monitoring of environmental and climate risks is provided in the Climate Report[45], in the Consolidated Non-Financial Statement and in the document Basel 3 Pillar 3 Disclosure.

[45] Previously the TCFD Report.

INFORMATION ON FINANCIAL PRODUCTS

In line with the requests for the utmost transparency made by supranational and national Supervisory Authorities, below we provide information on the method for determine the fair value, structured credit products, operations carried out through Special Purpose Entities (SPEs), leveraged transactions, investments in hedge funds and transactions in trading derivatives entered into with customers. This section also includes the disclosure on the Interest Rate Benchmark Reform.

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES, INDEPENDENT PRICE VERIFICATION AND PRUDENT VALUATION

The framework of financial measurement at fair value is based on three pillars: fair value measurement according to the IFRS, independent price verification (IPV) and prudent value measurement. The latter are established by the CRR (Capital Requirements Regulation). The paragraphs below describe the methods applied by the Intesa Sanpaolo Group to implement and use those elements.

Fair value of financial instruments

The Intesa Sanpaolo Group governs and defines the fair value measurement of financial instruments through the "Group Guidelines / Rules for Valuation of Financial Instruments at Fair Value", prepared by the Market and Financial Risk Management Head Office Department and applied by the Parent Company and all consolidated subsidiaries, including the insurance companies.
The "Guidelines for Valuation of Financial Instruments at Fair Value", once a favourable opinion has been given by the Group Financial Risk Committee, are revised and approved at least on an annual basis by the Board of Directors, with the support of the Risks and Sustainability Committee. The "Rules for Valuation of Financial Instruments at Fair Value" are reviewed, revised and approved at least on an annual basis by the Group Financial Risk Committee, which is specifically delegated to do so by the Management Bodies, and which also reviews material changes and updates proposed by the Market and Financial Risk Management Head Office Department.
The "Rules for the Measurement of Unlisted Equity Investments", drawn up by Group Shareholdings and approved by the Group Financial Risk Committee, govern the fair value measurement of unlisted equities and financial instruments with unlisted equities as their underlying.
The methodologies for the fair value measurement of financial instruments, as well as any adjustments attributable to uncertainties in valuation, are governed by the Intesa Sanpaolo Group through the "Rules for Valuation of Financial Instruments at Fair Value" and are described in detail in the 2023 Annual Report, to which reference is made for more information.

IFRS 13 establishes a fair value hierarchy in which inputs to fair value measurement techniques are divided into three levels. That hierarchy assigns top priority to (unadjusted) quoted prices on active markets for identical assets or liabilities (level 1 data) and the lowest priority to unobservable inputs (level 3 data). Specifically:
– fair value level 1 applies when an instrument is measured directly on the basis of (unadjusted) quoted prices on active markets for identical assets or liabilities to which the entity has access on the measurement date;
– fair value level 2 applies when a price has not been found on an active market and the instrument is measured according to valuation techniques, on the basis of observable market parameters, or of the use of parameters that are not observable but are supported and confirmed by market evidence, such as prices, spreads or other inputs (the comparable approach);
– fair value level 3 applies when fair value is measured using various inputs, not all of which are directly drawn from observable market parameters, and which thus entail estimates and assumptions by the valuator.

If various inputs are used to measure the fair value of an asset or liability, classification in the hierarchy is determined on the basis of the lowest-level input used in measurement. When assigning a level in the fair value hierarchy, priority is given to the inputs of the valuation techniques rather than the valuation techniques themselves.
The attachment "Fair Value Hierarchy Rules" to the "Rules for Valuation of Financial Instruments at Fair Value" defines, with regard to the respective financial instrument valuation models/inputs, the basic rules that market inputs must comply with in order to be classified as Level 2, and the significance thresholds which, when overrun, result in the assignment of Level 3.

For level 1 financial instruments, the current bid price is used for financial assets and the current ask price for financial liabilities, struck on the principal active market at the end of the reference period.
For financial instruments with a scarcely significant bid-ask spread or for financial assets and liabilities with offsetting market risks, mid-market prices are used (again referred to the last day of the reference period) instead of the bid or ask price.
The following are considered level 1 financial instruments: contributed bonds (i.e. bonds for which the Composite Bloomberg Bond Trader is available from the Information Provider Bloomberg, or, alternatively, a price on the EuroMTS circuit, or at least three prices available from the Information Provider Bloomberg), contributed equities (i.e., quoted on the official market of reference), UCITS funds (covered by EU directives), spot exchange rates, and derivatives for which prices are available on an active market (for example, exchange traded futures and options) and UCITS hedge funds.
Conversely, all other financial instruments that do not belong to the above-described categories or that do not have the contribution level defined by the "Rules for Valuation of Financial Instruments at Fair Value" are not considered level 1 instruments.

When no listing on an active market exists or the market is not functioning regularly, that is when the market does not have a sufficient and continuous number of trades, and bid-ask spreads and volatility that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price at which, in an orderly transaction, the asset is sold or the liability transferred between market participants, as at the measurement date, under current market conditions.
Those techniques include:

- the use of market values that are indirectly linked to the instrument being measured, deriving from products with similar risk characteristics (level 2 inputs);
- valuations carried out using – even only partially – inputs not deriving from parameters observable on the market, for which estimates and assumptions are used by the valuator (level 3 inputs).

In the case of level 2 inputs, the valuation is based on prices or credit spreads presumed from the official listing of instruments which are similar in terms of risk factors, using a given calculation methodology (valuation model). The use of this approach requires the identification of transactions on active markets in relation to instruments that, in terms of risk factors, are comparable with the instrument to be measured. Level 2 calculation methodologies reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretional parameters – parameters for which values may not be inferred from quotations of financial instruments present on active markets or fixed at levels capable of reproducing quotations on active markets – that significantly influence the final measurement.
The following are measured using level 2 input models:

- bonds without official quotations expressed by an active market and whose fair value is determined through the use of an appropriate credit spread which is estimated starting from contributed and liquid financial instruments with similar characteristics;
- loans whose fair value is determined through the use of an appropriate credit spread which is estimated starting from market data of financial instruments with similar characteristics;
- derivatives measured through specific models, fed by input parameters (such as yield, foreign exchange and volatility curves) observed on the market;
- structured credit products (including, among others, ABSs, HY CLOs, CDOs) for which significant prices are not available and whose fair value is measured using valuation techniques that consider parameters that can be gathered from the market;
- non-contributed equity instruments measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions, or using the "relative" valuation models based on multipliers;
- non-UCITS hedge funds, provided the Level 3 instruments do not exceed a set threshold.

In case of instruments classified as level 3, the calculation of the fair value is based on valuation models which consider input parameters not directly observable on the market, therefore implying estimates and assumptions on the part of the valuator. In particular, the valuation of the financial instrument uses a calculation methodology which is based on specific assumptions of:

- the development of future cash flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
- the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where this is not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The following are measured using this method:

- some transactions in derivatives, bonds, or complex structured credit instruments measured using level 3 inputs;
- hedge funds in which the level 3 assets are above a set limit;
- private equity funds, private debt funds, real estate funds and closed-end funds resulting from sales of non-performing loans valued at NAV, with possible discounts;
- shareholdings and other equities measured using models based on discounted cash flows or using equity methods;
- loans whose fair value is determined through the use of a credit spread that does not meet the criteria to be considered level 2;
- loans with underlying equity risk, whose fair value is calculated based on the discounting of expected contractual flows.

Independent Price Verification (IPV)

Independent Price Verification (IPV) of financial instruments is “the regular verification of the accuracy and independence of market prices or the data input in pricing models” (Art. 4 (1.70) Regulation (EU) no. 575/2013), carried out “in addition to daily marking to market or marking to model […] by a person or unit independent from persons or units that benefit from the trading book” (Art. 105(8) Regulation (EU) no. 575/2013).
The Intesa Sanpaolo Group has set up an IPV process with 3 levels of control in line with the provisions of Bank of Italy Circular 285/2013, incorporated into the Integrated Internal Control System, which requires the risk management processes to be incorporated in the processes and methods for valuing the company activities, also for accounting purposes.
The Intesa Sanpaolo Group governs and defines the independent price verification process through the Group “Guidelines and Rules on Independent Price Verification”, as illustrated in detail in the reporting package for the year 2023, to which reference is made for more information.

Prudent value of financial instruments

The framework of financial measurements is completed with the prudent valuation of financial instruments measured at fair value. In accordance with the provisions of Regulation (EU) no. 575/2013 (Capital Requirements Regulation – CRR), prudent valuation entails the calculation of specific additional valuation adjustments (AVAs) for the financial instruments measured at fair value, aimed at capturing different sources of valuation uncertainty and ensuring the achievement of a suitable level of certainty in the measurement of the positions. The total value of the AVAs is deducted from the Common Equity Tier 1 capital, without impacts on accounting fair values.
The Intesa Sanpaolo Group, in line with the criteria indicated in Delegated Regulation (EU) 2016/101, is subject to the application of the core approach for the determination of AVAs both at individual and at consolidated level for all the positions measured at fair value. The prudent value corresponds to the exit price from the position with a level of certainty equal to 90%. The Group governs and defines the prudent value measurement of financial instruments through the Group “Guidelines

and Rules for Prudent Valuation of Financial Instruments at Fair Value", illustrated in greater detail in the reporting package for the year 2023, to which reference is made for more information.

Fair value hierarchy

Assets and liabilities measured at fair value on a recurring basis: fair value by level

(millions of euro)

Assets / liabilities at fair value	30.06.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	107,611	27,699	9,482	107,488	27,918	9,188
a) Financial assets held for trading	11,428	26,169	146	11,546	26,487	130
of which: equities	*1,761*	-	*28*	*1,892*	-	*23*
of which: quotas of UCI	*320*	-	*6*	*444*	-	*6*
b) Financial assets designated at fair value	-	2	4	-	1	-
c) Other financial assets mandatorily measured at fair value	96,183	1,528	9,332	95,942	1,430	9,058
of which: equities	*5,853*	*276*	*97*	*5,578*	*205*	*210*
of which: quotas of UCI	*83,033*	*202*	*7,983*	*83,672*	*192*	*7,501*
2. Financial assets measured at fair value through other comprehensive income	137,378	9,303	403	130,591	9,489	673
of which: equities	*537*	*499*	*235*	*458*	*497*	*344*
3. Hedging derivatives	-	7,406	-	-	7,006	-
4. Property and equipment	-	-	6,663	-	-	7,222
5. Intangible assets	-	-	-	-	-	-
Total	**244,989**	**44,408**	**16,548**	**238,079**	**44,413**	**17,083**
1. Financial liabilities held for trading	8,907	36,011	170	7,829	35,614	50
2. Financial liabilities designated at fair value	5,116	68,669	304	91	72,660	31
3. Hedging derivatives	-	4,058	-	-	5,188	-
Total	**14,023**	**108,738**	**474**	**7,920**	**113,462**	**81**

The table above shows the figures for the entire Group, including the insurance companies, which are applying IFRS 9 Financial Instruments from 2023, for which the application had been deferred under the Deferral Approach.
Looking at the table, with regard to assets, level 3 instruments, which allow for more discretion in fair value measurement, they represent a small portion of the portfolio, with an impact of 5.4% on total assets (5.7% as at 31 December 2023).
Level 3 financial assets refer mainly to UCI units under Financial assets mandatorily measured at fair value, and are mainly attributable to equity and bond funds of insurance companies.
With regard to the banking segment, the UCI units under Financial assets mandatorily measured at fair value are mainly attributable to the Parent Company and in terms of composition they relate, in order of significance, to real estate funds, private equity funds, private debt funds, infrastructure funds, hedge funds, and venture capital funds.
The caption also includes 236 million euro relating to interests held by the bank in the Atlante Fund and in the Italian Recovery Fund (formerly Atlante Fund II), alternative investment funds to support Italian banks in their recapitalisation transactions and in the management of the bad loans in the sector.
Property and equipment measured at level 3 fair value includes real estate assets and valuable art assets, which represent 40.3% of the balance sheet assets at level 3 fair value.
A total of 80.1% of assets measured at fair value are determined based on market prices (level 1), and therefore without any discretion by the valuator.
A total of 88.2% of the liabilities at fair value are attributable to Level 2, primarily to Financial liabilities designated at fair value.

Assets and liabilities measured at fair value on a recurring basis: fair value by level (of which: Banking Group and Other Companies)

(millions of euro)

Assets / liabilities at fair value	**30.06.2024**			**31.12.2023**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Financial assets measured at fair value through profit or loss	11,599	27,097	4,155	11,703	27,257	3,940
a) Financial assets held for trading	11,401	26,169	146	11,521	26,485	130
of which: equities	*1,761*	-	*28*	*1,892*	-	*23*
of which: quotas of UCI	*320*	-	*6*	*444*	-	*6*
b) Financial assets designated at fair value	-	2	4	-	1	-
c) Other financial assets mandatorily measured at fair value	198	926	4,005	182	771	3,810
of which: equities	*151*	*276*	*10*	*137*	*205*	*128*
of which: quotas of UCI	*47*	*202*	*3,453*	*45*	*192*	*3,130*
2. Financial assets measured at fair value through other comprehensive income	70,950	6,635	349	61,003	7,135	480
of which: equities	*537*	*492*	*235*	*458*	*490*	*344*
3. Hedging derivatives	-	7,386	-	-	6,982	-
4. Property and equipment	-	-	6,656	-	-	7,214
5. Intangible assets	-	-	-	-	-	-
Total	**82,549**	**41,118**	**11,160**	**72,706**	**41,374**	**11,634**
1. Financial liabilities held for trading	8,906	36,002	170	7,825	35,611	50
2. Financial liabilities designated at fair value	5,116	17,894	304	91	21,222	31
3. Hedging derivatives	-	3,961	-	-	5,105	-
Total	**14,022**	**57,857**	**474**	**7,916**	**61,938**	**81**

With regard to assets, level 3 instruments, which allow for more discretion in fair value measurement, account for a limited portion of the portfolio, with an impact of 8.3% on total assets (9.3% as at 31 December 2023).
A total of 61.2% of assets measured at fair value are determined based on market prices (level 1), and therefore without any discretion by the valuator.
Property and equipment measured at level 3 fair value includes real estate assets and valuable art assets, which represent 59.6% of the balance sheet assets at level 3 fair value.
A total of 80% of these liabilities are classified in level 2. The share of level 3 instruments is less than 1% of total liabilities.
Lastly, the caption "Other assets", not directly included in the table above, comprised tax credits recognised and measured at fair value for 11.8 billion euro as at 30 June 2024, of which 3.7 billion euro held under the Hold to Collect and Sell business model and 8.1 billion euro held under the Other/Trading business model. The fair value of those credits was determined with reference to the changes in interest rates. Given the specific characteristics of the credits in question, they have been assigned to level 3, also in line with the considerations set out in the clarification note issued by the Bank of Italy on 24 July 2023 ("Clarification Note on credit risk").

In addition to the transfers relating to financial assets and liabilities measured at level 3 as detailed below, please note that the following transfers were made during the first half of 2024 (book value as at 30 June 2024):

- from level 1 to level 2:
  - financial assets held for trading of 45 million euro;
  - financial assets measured at fair value through other comprehensive income of 80 million euro;
  - financial liabilities designated at fair value of 89 million euro;
- from level 2 to level 1:
  - financial assets held for trading of 34 million euro;
  - financial assets measured at fair value through other comprehensive income of 10 million euro;
  - financial liabilities held for trading of 37 million euro;
  - financial liabilities designated at fair value of 4,596 million euro.

The transfers between fair value levels are determined by the trends in the observability of prices or market data used to measure the instruments and by the materiality of the unobservable inputs.
The transition from level 1 to level 2 is a consequence of the disappearance of an active market for that instrument assessed by analysing the reliability and the reciprocal consistency of the available prices according to the provisions of the Group's Fair Value Policy. Conversely, securities for which a mark-to-model measurement is performed using inputs that can be observed on the market – classified, therefore, as level 2 – are transferred to level 1 when the existence of an active market is identified.

***Assets and liabilities measured at fair value on a recurring basis: fair value by level** (of which: Insurance Companies)*

(millions of euro)

Assets / liabilities at fair value	**30.06.2024**			**31.12.2023**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Financial assets measured at fair value through profit or loss	96,012	602	5,327	95,785	661	5,248
a) Financial assets held for trading	27	-	-	25	2	-
of which: equities	-	-	-	-	-	-
of which: quotas of UCI	-	-	-	-	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets mandatorily measured at fair value	95,985	602	5,327	95,760	659	5,248
of which: equities	*5,702*	-	*87*	*5,441*	-	*82*
of which: quotas of UCI	*82,986*	-	*4,530*	*83,627*	-	*4,371*
2. Financial assets measured at fair value through other comprehensive income	66,428	2,668	54	69,588	2,354	193
of which: equities	-	*7*	-	-	*7*	-
3. Hedging derivatives	-	20	-	-	24	-
4. Property and equipment	-	-	7	-	-	8
5. Intangible assets	-	-	-	-	-	-
Total	**162,440**	**3,290**	**5,388**	**165,373**	**3,039**	**5,449**
1. Financial liabilities held for trading	1	9	-	4	3	-
2. Financial liabilities designated at fair value	-	50,775	-	-	51,438	-
3. Hedging derivatives	-	97	-	-	83	-
Total	**1**	**50,881**	**-**	**4**	**51,524**	**-**

With regard to assets in the insurance segment, level 3 instruments, which allow for more discretion in fair value measurement, account for a limited portion of the portfolio, with an impact of 3.1% on total assets (3.1% as at 31 December 2023).
94.9% of financial assets measured at fair value in the insurance segment are determined based on market prices (level 1), and therefore without any discretion by the valuator.
Liabilities at fair value of the segment were almost entirely measured using level 2 inputs and attributable to Financial liabilities designated at fair value.
In addition to the transfers relating to financial assets and liabilities in the insurance segment designated at level 3 as detailed below, please note that the following transfers were made during the first half of 2024 (book values as at 30 June 2024):

- from level 1 to level 2:
  - other financial assets mandatorily measured at fair value for 41 million euro;
  - financial assets measured at fair value through other comprehensive income for 301 million euro;
- from level 2 to level 1:
  - financial assets measured at fair value through other comprehensive income for 742 million euro.

The transfers between fair value levels are determined by the trends in the observability of prices or market data used to measure the instruments and by the materiality of the unobservable inputs.
The transition from level 1 to level 2 is a consequence of the disappearance of an active market for that instrument assessed by analysing the reliability and the reciprocal consistency of the available prices according to the Group's Guidelines and Rules for Valuation of Financial Instruments at Fair Value. Conversely, securities for which a mark-to-model measurement is performed using inputs that can be observed on the market – classified, therefore, as level 2 – are transferred to level 1 when the existence of an active market is identified.

Half-yearly changes in assets measured at fair value on a recurring basis (level 3)

(millions of euro)

	Assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	TOTAL	*of which: a) Financial assets held for trading*	*of which: b) Financial assets designated at fair value*	*of which: c) Other financial assets mandatorily measured at fair value*				
1. Initial amount	**9,188**	**130**	**-**	**9,058**	**673**	**-**	**7,222**	**-**
2. Increases	**1,330**	**45**	**4**	**1,281**	**69**	**-**	**55**	**-**
2.1 Purchases	725	14	1	710	34	-	16	-
2.2 Gains recognised in:	220	7	-	213	8	-	21	-
2.2.1 Income statement	220	7	-	213	-	-	3	-
- of which capital gains	*206*	*5*	-	*201*	-	-	*3*	-
2.2.2 Shareholders' equity	-	X	X	X	8	-	18	-
2.3 Transfers from other levels	21	19	-	2	9	-	-	-
2.4 Other increases	364	5	3	356	18	-	18	-
3. Decreases	**-1,036**	**-29**	**-**	**-1,007**	**-339**	**-**	**-614**	**-**
3.1 Sales	-454	-14	-	-440	-100	-	-4	-
3.2 Reimbursements	-4	-1	-	-3	-20	-	-	-
3.3 Losses recognised in:	-216	-8	-	-208	-7	-	-52	-
3.3.1 Income statement	-216	-8	-	-208	-1	-	-48	-
- of which capital losses	*-212*	*-7*	-	*-205*	-	-	*-48*	-
3.3.2 Shareholders' equity	-	X	X	X	-6	-	-4	-
3.4 Transfers to other levels	-6	-6	-	-	-82	-	-	-
3.5 Other decreases	-356	-	-	-356	-130	-	-558	-
4. Final amount	**9,482**	**146**	**4**	**9,332**	**403**	**-**	**6,663**	**-**

The captions “Other increases” and “Other decreases” under Financial assets mandatorily measured at fair value refer to UCI units and to loans for the banks and to only loans for the insurance companies.

The captions of Property and equipment “Other increases” and “Other decreases” include the transfers from Investment property to Property and equipment used in operations and vice versa. These also include transfers among assets held for sale. Specifically, “Other decreases” include a portfolio of real estate reclassified by Intesa Sanpaolo S.p.A. to assets held for sale pursuant to IFRS 5, as part of a contribution of real estate assets to funds managed by Coima, for a total value of 475 million euro.

Half-yearly changes in assets measured at fair value on a recurring basis (Level 3) *(of which: Banking Group and Other Companies)*

(millions of euro)

	Assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	TOTAL	*of which: a) Financial assets held for trading*	*of which: b) Financial assets designated at fair value*	*of which: c) Other financial assets mandatorily measured at fair value*				
1. Initial amount	**3,940**	**130**	**-**	**3,810**	**480**	**-**	**7,214**	**-**
2. Increases	**728**	**45**	**4**	**679**	**59**	**-**	**55**	**-**
2.1 Purchases	422	14	1	407	34	-	16	-
2.2 Gains recognised in:	95	7	-	88	7	-	21	-
2.2.1 Income statement	95	7	-	88	-	-	3	-
- of which capital gains	*81*	*5*	-	*76*	-	-	*3*	-
2.2.2 Shareholders' equity	-	X	X	X	7	-	18	-
2.3 Transfers from other levels	21	19	-	2	-	-	-	-
2.4 Other increases	190	5	3	182	18	-	18	-
3. Decreases	**-513**	**-29**	**-**	**-484**	**-190**	**-**	**-613**	**-**
3.1 Sales	-281	-14	-	-267	-	-	-4	-
3.2 Reimbursements	-4	-1	-	-3	-20	-	-	-
3.3 Losses recognised in:	-127	-8	-	-119	-6	-	-52	-
3.3.1 Income statement	-127	-8	-	-119	-	-	-48	-
- of which capital losses	*-123*	*-7*	-	*-116*	-	-	*-48*	-
3.3.2 Shareholders' equity	-	X	X	X	-6	-	-4	-
3.4 Transfers to other levels	-6	-6	-	-	-34	-	-	-
3.5 Other decreases	-95	-	-	-95	-130	-	-557	-
4. Final amount	**4,155**	**146**	**4**	**4,005**	**349**	**-**	**6,656**	**-**

Half-yearly changes in assets measured at fair value on a recurring basis (Level 3) *(of which: Insurance Companies)*

(millions of euro)

	Assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property and equipment	Intangible assets
	TOTAL	*of which: a) Financial assets held for trading*	*of which: b) Financial assets designated at fair value*	*of which: c) Other financial assets mandatorily measured at fair value*				
1. Initial amount	**5,248**	**-**	**-**	**5,248**	**193**	**-**	**8**	**-**
2. Increases	**602**	**-**	**-**	**602**	**10**	**-**	**-**	**-**
2.1 Purchases	303	-	-	303	-	-	-	-
2.2 Gains recognised in:	125	-	-	125	1	-	-	-
2.2.1 Income statement	125	-	-	125	-	-	-	-
- of which capital gains	*125*	-	-	*125*	-	-	-	-
2.2.2 Shareholders' equity	-	X	X	X	1	-	-	-
2.3 Transfers from other levels	-	-	-	-	9	-	-	-
2.4 Other increases	174	-	-	174	-	-	-	-
3. Decreases	**-523**	**-**	**-**	**-523**	**-149**	**-**	**-1**	**-**
3.1 Sales	-173	-	-	-173	-100	-	-	-
3.2 Reimbursements	-	-	-	-	-	-	-	-
3.3 Losses recognised in:	-89	-	-	-89	-1	-	-	-
3.3.1 Income statement	-89	-	-	-89	-1	-	-	-
- of which capital losses	*-89*	-	-	*-89*	-	-	-	-
3.3.2 Shareholders' equity	-	X	X	X	-	-	-	-
3.4 Transfers to other levels	-	-	-	-	-48	-	-	-
3.5 Other decreases	-261	-	-	-261	-	-	-1	-
4. Final amount	**5,327**	**-**	**-**	**5,327**	**54**	**-**	**7**	**-**

Half-yearly changes in liabilities measured at fair value on a recurring basis (level 3)

(millions of euro)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Initial amount	**50**	**31**	**-**
2. Increases	**164**	**276**	**-**
2.1 Issues	159	275	-
2.2 Losses recognised in:	3	1	-
2.2.1 Income statement	3	1	-
- of which capital losses	*3*	*1*	-
2.2.2 Shareholders' equity	X	-	-
2.3 Transfers from other levels	2	-	-
2.4 Other increases	-	-	-
3. Decreases	**-44**	**-3**	**-**
3.1 Reimbursements	-	-	-
3.2 Repurchases	-	-3	-
3.3 Gains recognised in:	-2	-	-
3.3.1 Income statement	-2	-	-
- of which capital gains	*-2*	-	-
3.3.2 Shareholders' equity	X	-	-
3.4 Transfers to other levels	-42	-	-
3.5 Other decreases	-	-	-
4. Final amount	**170**	**304**	**-**

A single table is shown, fully referring to the Banking Group and Other Companies (this case is not present in the insurance segment).

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value by level

(millions of euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	30.06.2024				31.12.2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	514,168	42,765	265,633	192,453	518,950	38,622	296,383	174,096
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	1,139	-	-	1,139	264	-	-	264
Total	**515,307**	**42,765**	**265,633**	**193,592**	**519,214**	**38,622**	**296,383**	**174,360**
1. Financial liabilities measured at amortised cost	608,512	57,830	504,760	47,001	642,119	60,128	538,963	43,238
2. Liabilities associated with non-current assets	17	-	-	17	2	-	-	2
Total	**608,529**	**57,830**	**504,760**	**47,018**	**642,121**	**60,128**	**538,963**	**43,240**

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value by level (of which: Banking Group and Other Companies)

(millions of euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	30.06.2024				31.12.2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	514,166	42,765	265,631	192,453	518,945	38,622	296,378	174,096
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	1,139	-	-	1,139	214	-	-	214
Total	**515,305**	**42,765**	**265,631**	**193,592**	**519,159**	**38,622**	**296,378**	**174,310**
1. Financial liabilities measured at amortised cost	606,324	57,830	502,719	47,001	639,914	60,128	537,323	42,886
2. Liabilities associated with non-current assets	17	-	-	17	2	-	-	2
Total	**606,341**	**57,830**	**502,719**	**47,018**	**639,916**	**60,128**	**537,323**	**42,888**

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: fair value by level (of which: Insurance Companies)

(millions of euro)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	30.06.2024				31.12.2023			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	2	-	2	-	5	-	5	-
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and discontinued operations	-	-	-	-	50	-	-	50
Total	**2**	**-**	**2**	**-**	**55**	**-**	**5**	**50**
1. Financial liabilities measured at amortised cost	2,188	-	2,041	-	2,205	-	1,640	352
2. Liabilities associated with non-current assets	-	-	-	-	-	-	-	-
Total	**2,188**	**-**	**2,041**	**-**	**2,205**	**-**	**1,640**	**352**

Sensitivity analysis for financial assets and liabilities measured at level 3

As required by IFRS 13, for the financial assets and liabilities measured at level 3 fair value, the following table lists the effects of a change in one or more significant non-observable parameters used in the valuation techniques adopted to determine the fair value. Note that only the total material effects as at 30 June 2024 are shown in the table.

Financial assets/liabilities	Non-observable parameters	Sensitivity (thousands of euro)	Change in non-observable parameter
FVTPL and FVTOCI securities and loans	Credit spread	-223	1 bp
FVTPL and FVTOCI securities and loans	JD parameters	-25	1%
FVTPL and FVTOCI securities and loans	Correlation	-144	1%
OTC Derivatives - Equity	Historical volatility	168	10%
OTC Derivatives - Equity	Correlation between underlying equity baskets	1,175	10%
OTC Derivatives - Equity CPPI	Historical correlation	-16	10%
Hedge Fund	Net Asset Value	54	1%

Information on "Day one profit/loss"

Under IFRS 9, financial instruments shall be initially recognised at fair value. The fair value of a financial instrument at initial recognition is normally the "transaction price", i.e. the fair value of the consideration given or received in relation to, respectively, financial assets and liabilities. The fact that, upon initial recognition, the fair value of a financial instrument normally coincides with the transaction price is usually intuitively verifiable in the case of transactions falling under level 1 of the fair value hierarchy. Any differences between the price and the fair value are usually attributable to the so-called commercial margins, which are considered as not falling within the scope of Day One Profit (DOP). Therefore, commercial margins are taken to the income statement on the first subsequent measurement of the financial instrument. Also in the case of level 2, which is based on quotes that can be derived indirectly from the market (Comparable Approach), the fair value and the price often coincide upon initial recognition. Any residual differences, as in the previous case, are usually attributable to the commercial margins. With respect to level 3 instruments, no definite reference benchmark is available to compare the transaction price with, since there is more discretion in fair value measurement. For the same reason, the calculation of any commercial margin to be taken to the income statement is also difficult. In this event, the instrument is always initially recognised at the transaction cost, irrespective of whether it is possible to identify commercial margins. Subsequent measurement shall not include the difference between cost and fair value identified upon initial recognition (also defined as DOP). This difference shall be recognised in the income statement only when it arises from changes to the factors over which market participants base their valuations when fixing prices (including the time effect). Where unobservable inputs used to estimate the fair value become observable, the residual deferred DOPs are recognised in the income statement. Similarly, in the event of "on the book" transactions falling under the investment division's activities, the DOPs earned on transactions – included in the above on the book management – are taken to the income statement when transactions are carried out which substantially eliminate the risks linked to unobservable parameters of the instrument which generated the DOP.
As at 30 June 2024, the amount of the DOPs deferred in the balance sheet had been fully released to the income statement, following the closing of the associated transactions.

INFORMATION ON STRUCTURED CREDIT PRODUCTS

The risk exposure in structured credit products came to 5,542 million euro as at 30 June 2024, a net increase of 1,074 million euro compared to the stock of 4,468 million euro as at 31 December 2023. The exposure included investments in CLOs (Collateralised Loan Obligations) of 2,905 million euro, in ABSs (Asset Backed Securities) of 2,566 million euro and in CDOs (Collateralised Debt Obligations) of 71 million euro, which was again a marginal activity also in the first half of 2024.

(millions of euro)

Accounting categories	30.06.2024				31.12.2023	Changes	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	Total		absolute	%
Financial assets held for sale	374	634	-	1,008	775	233	30.1
Financial assets mandatorily measured at fair value	-	3	-	3	3	-	-
Financial assets measured at fair value through other comprehensive income	1,619	723	-	2,342	2,106	236	11.2
Financial assets measured at amortised cost	912	1,206	71	2,189	1,584	605	38.2
Total	**2,905**	**2,566**	**71**	**5,542**	**4,468**	**1,074**	**24.0**

In this disclosure, structured credit products include debt securities held by the Group divided into tranches upon issuance consisting of various degrees of subordination and not issued within transactions originated by entities of the Intesa Sanpaolo Group or by public entities, in addition to those issued within transactions where the Group finances its corporate and financial institution customers[46].
The performance of the portfolio in the first half of 2024 shows higher overall investments in ABS and CLO debt securities than disposals and redemptions, with a total increase of 1,074 million euro, mainly attributable to the operations of the IMI Corporate & Investment Banking Division.
Exposures measured at fair value (CLO and ABS debt securities) increased sharply by 469 million euro, from 2,884 million euro in December 2023 to 3,353 million euro in June 2024. The increase was attributable to higher investments totalling 1,320 million euro, of which 700 million euro relating to financial assets held for trading and 620 million euro to financial assets measured at fair value through other comprehensive income, offset by redemptions and disposals totalling 851 million euro, of which 467 million euro relating to the first component and 384 million euro to the second component.
Exposures classified among assets measured at amortised cost (CLO, ABS and CDO debt securities) amounted to 2,189 million euro in June 2024, compared with a balance of 1,584 million euro in December 2023, a net increase of 605 million euro, generated by higher investments of 793 million euro, only partially offset by disposals and reimbursements of 188 million euro.
From the perspective of the income statement, the overall profit of +12 million euro as at 30 June 2024 compares with nil as at 30 June 2023.
The performance of assets held for trading in the first half of the year, caption 80 of the income statement, amounted to +8 million euro and was attributable to exposures in CLO and ABS (+7 million euro from realisation impacts and +1 million euro from valuation effects). In the first six months of 2023, this amounted to +1 million euro, attributable to realisation impacts on CLO exposures (+1 million euro) as well as a zero overall impact on ABS exposures (+4 million euro realisations and -4 million euro valuation).
The profits (losses) from financial assets mandatorily measured at fair value as at 30 June 2024 were essentially nil, the same as the situation as at 30 June 2023.
The exposures to debt securities classified as assets measured at fair value through other comprehensive income recorded a net increase in fair value of +15 million euro in the first six months of 2024 through a shareholders' equity reserve (from a reserve of -30 million euro in December 2023 to -15 million euro in June 2024), in addition to impacts from sales from the portfolio of +3 million euro (which were not present in the first six months of 2023).
On the debt securities classified as assets measured at amortised cost, the result as at 30 June 2024 of +1 million euro from realisation impacts compared to the results of -1 million euro as at 30 June 2023 (also referring to realisation impacts).

(millions of euro)

Income statement results broken down by accounting category	30.06.2024				30.06.2023	Changes	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	Total		absolute	%
Financial assets held for sale	5	3	-	8	1	7	
Financial assets mandatorily measured at fair value	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	3	-	-	3	-	3	-
Financial assets measured at amortised cost	-	-	1	1	-1	2	
Total	**8**	**3**	**1**	**12**	**-**	**12**	**-**

[46] This is implemented by the Group through its subsidiary Duomo Funding Plc.

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 issuance 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.
For 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 provided in 2023 Annual Report.

With regard to the Covered Bond issuance programmes, under the programme issued by ISP CB Pubblico, in January, the last two remaining series, respectively the 13th and 14th, both retained, were redeemed in advance for an overall total of 1,850 million euro. In addition, during the first quarter of 2024, the Bank repurchased the entire residual loan portfolio segregated in the Vehicle, with payment of the sale price totalling 1,850 million euro in mid-March. The final payments for the closure of the Programme were made on 2 April 2024.
Within the covered bond programme guaranteed by ISP OBG, the 32nd retained series matured in February, for an amount of 1,650 million euro. In June, 21st retained series was partially redeemed for an amount of 500 million euro and the 25th for an amount of 50 million euro.
With regard to the loan portfolio, in January a selective repurchase of bad, substandard and unlikely-to-pay loans was carried out for 22.6 million euro.
Within the covered bond programme guaranteed by UBI Finance, the 14th series matured in February for an amount of 1 billion euro.
With regard to the loan portfolio, in January a selective repurchase of bad, substandard and unlikely-to-pay loans was carried out for 22.7 million euro.
Under the covered bond programme guaranteed by ISP CB Ipotecario, the 25th series matured in March for an amount of 1 billion euro. Furthermore, the 21st series was subject to early redemption in May, for a total residual amount of 1,200 million euro.
In the first half of 2024, five Covered Bond were made:

- in March the 34th retained series was issued for 1 billion euro, with a floating rate and a 5-year maturity;
- three retained series were issued in May:
  - the 36th for 1,400 million euro, with a floating rate and a 4-year maturity;
  - the 37th for 1,700 million euro, with a floating rate and a 9-year maturity;
  - the 38th for 1,700 million euro, with a floating rate and an 11-year maturity;
- in June the 35th series was issued for 500 million euro, with a floating rate and a 6-year maturity. This is a private placement subscribed by the EIB.

All the Covered Bond issues are listed on the Luxembourg Stock Exchange and have a Moody's Aa3 rating.
With regard to the loan portfolio, two loan portfolios were sold: the first in February for an amount of 5,763 million euro and the second in May for an amount of 4,230 million euro.

Lastly, regarding self-securitisations, for Brera SEC 2017, the first Residential Mortgage Backed Security ("RMBS") transaction in the Brera series, the loan portfolio was fully repurchased in January, paying the price at the end of the same months for an amount of 3,339 million euro. The self-securitisation was redeemed in advance in the last ten days of May, with full early repayment of the securities.

INFORMATION ON LEVERAGED TRANSACTIONS

In line with the ECB reference regulations, "Guidance on Leveraged Transactions", the scope of leveraged transactions 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 that scope. Specialised lending transactions (project finance, real estate and asset financing) and certain other types of credit facilities, such as trade finance transactions, are also excluded.
As at 30 June 2024, for the Intesa Sanpaolo Group, the transactions that meet the definition of Leveraged Transactions as per the ECB Guidance amounted to 26.9 billion euro, relating to 1,938 credit lines. The geographical distribution shows that more than half of the transactions, in terms of volume, were with domestic counterparties (58%). The main economic macro-sectors of the counterparties concerned were the industrial, services and financial sectors.
In accordance with the requirements of the ECB Guidance, as part of the Credit Risk Appetite specific limits 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 Group's risk appetite on these types of operations.

INFORMATION ON INVESTMENTS IN HEDGE FUNDS

The Parent Company's hedge fund portfolio as at 30 June 2024 amounted to 223 million euro for the trading book and 200 million euro for the banking book for a total of 423 million euro, compared to 163 million euro and 184 million euro, respectively, as at 31 December 2023, for a total of 347 million euro.
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 average redemption times that are longer than those of UCITS (Undertakings for Collective Investment Schemes in Transferable Securities) funds.
In the first half of 2024, there was an increase of 76 million euro on the end of the previous year, including investments of 58 million euro, increases in fair value of 19 million euro and impacts from repayments of -1 million euro.
Specifically, the investments were mainly made in the trading book (49 million euro) in UCITS hedge funds that better meet the capital absorption requirements in accordance with the CRR2. The positive changes in fair value were made up of 8 million euro for the banking book and 11 million euro for the trading book, while the repayments referred to the banking book.
In terms of effects on the income statement, as at 30 June 2024 there was an overall profit of +19 million euro, attributable to the valuation effects of funds in the portfolio, including financial assets mandatorily measured at fair value (+8 million euro) and financial assets held for trading (+11 million euro). As at 30 June 2023, the result in the income statement totalled +11 million euro, attributable to valuation effects of funds held among financial assets mandatorily measured at fair value (+8 million euro) and among financial assets held for trading (+2 million euro), in addition to realisation impacts on the trading segment (+1 million euro).
In the Intesa Sanpaolo Group, Eurizon Capital SGR held hedge funds amounting to 14 million euro as at 30 June 2024 (exposure unchanged on 31 December 2023) of which +0.5 million euro was recognised in the income statement for the half year, fully deriving from valuations (as at 30 June 2023 +2 million euro was recognised, also from valuations, for exposures that amounted to 51 million euro). Hedge funds are held according to a seeding approach that involves setting up a service portfolio consisting of shares of mutual funds for which marketing has begun in support of the funds.

INFORMATION ON TRADING TRANSACTIONS IN DERIVATIVES WITH CUSTOMERS

Considering relations with customers only, as at 30 June 2024, 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 2,378 million euro (2,830 million euro as at 31 December 2023). The notional value of these derivatives totalled 38,413 million euro (40,555 million euro as at 31 December 2023).
In particular, the notional value of plain vanilla contracts was 35,477 million euro (37,575 million euro as at 31 December 2023), while that of structured contracts was 2,936 million euro (2,980 million euro as at 31 December 2023).
The positive fair value of contracts outstanding with the 10 customers with the highest exposures was 1,381 million euro (1,628 million euro as at 31 December 2023).
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 3,321 million euro as at 30 June 2024 (3,545 million euro as at 31 December 2023). The notional value of these derivatives totalled 59,973 million euro (60,349 million euro as at 31 December 2023).
In particular, the notional value of plain vanilla contracts was 55,140 million euro (56,166 million euro as at 31 December 2023), while that of structured contracts was 4,833 million euro (4,183 million euro as at 31 December 2023).
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 June 2024, this led to a positive impact of 8 million euro under "Profits (Losses) on trading" in the income statement (negative impact of 18 million euro as at 31 December 2023).
For details of the methodologies used in determining the fair value of financial instruments, see the paragraphs specifically dedicated to this subject in the 2023 Annual Report.
Please note that the figures reported above do not include fair value of derivatives embedded in structured bond issues as well as the related hedges taken out by the Group.

INTEREST RATE BENCHMARK REFORM

Interest Rate Benchmark Reform – General aspects
Launched in 2016, following the publication of the European Union Benchmark Regulation (Regulation EU no. 2016/1011), the interest rate benchmark reform in Europe can be considered completed, with the existence, to date, of two interest rates published on a daily basis, which fully comply with the Regulation, the Euribor rate for maturities of up to 12 months, administered by the EMMI (European Money Market Institute) and the €STR rate for overnight maturities, recorded and published by the ECB. Also outside the Eurozone, these have been identified and are operational for all the main currencies of risk-free interest rates (RFR) which gradually replaced the LIBOR rate. There is only one exception, which will soon be resolved, relating to USD. In April 2023 the Financial Conduct Authority (FCA) requested that the benchmark administrator continue publishing the USD LIBOR in synthetic form, for maturities at 1, 3 and 6 months also after the termination date of 30 June 2023, up to September 2024 to facilitate the transition of legacy contracts (excluding derivatives subject to clearing).

The summary of benchmarks for the main currencies is as follows:

IBOR	Risk Free Rate	Administrator	Secured or Unsecured	Transaction
GBP LIBOR	SONIA	Bank of England	Unsecured	o/n wholesale deposits
USD LIBOR	SOFR	New York Fed	Secured	o/n UST repo
JPY LIBOR	TONAR	Bank of Japan	Unsecured	o/n call rate
CHF LIBOR	SARON	SIX Swisse Exchange Ltd.	Secured	interbank o/n report
EUR LIBOR	€STR	ECB	Unsecured	o/n wholesale deposits

Source: ICE Benchmark Administration, Intesa Sanpaolo

Interest Rate Benchmark Reform – Intesa Sanpaolo's activities
Since 2016, Intesa Sanpaolo constantly worked to oversee and implement all necessary actions to comply with the changes in the benchmarks, closed its projects at the end of 2023, passing the matter to ordinary management by the various company functions involved. The activities of working groups at European level, in which Intesa Sanpaolo always played an active role, organised by the EMMI, the ECB, and then transferred to the ESMA, were stopped at the end of 2023.

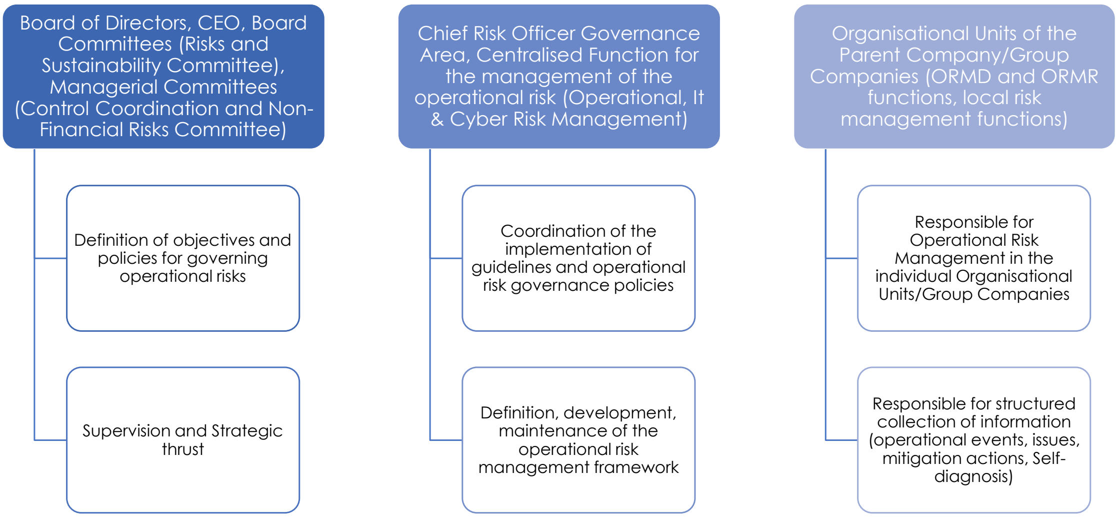
As stated in the 2023 Financial Statements, with reference to the benchmarks being wound down by 31 December 2023, the transition activities have been successfully completed for all these benchmarks, with the exception of several residual positions for the USD LIBOR, which were outstanding also as at 30 June 2024 (mainly referring to several loans disbursed and debt securities under assets and liabilities). Currently, for those positions, the USD LIBOR rates published with synthetic methodology are used, and the underlying benchmark rates are being renegotiated through agreements between the parties or by activating the fallback clauses set out in the contracts.

There are also several residual positions of loans linked to the Canadian Dollar Offered Rate (CDOR), whose transition will be completed at the next contractual refixing.

OPERATIONAL RISKS

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, people and systems or from external events[47].
The Intesa Sanpaolo Group adopts an undertaking and management strategy of operational risk based on prudent management principles and aimed at guaranteeing long-term solidity and continuity for the company. In addition, the Group pays particular attention to achieving an optimal balance between growth and profitability and the resulting risks.
In line with these objectives, the Intesa Sanpaolo Group has long since established an overall operational, ICT and security risk governance framework, by setting up a Group policy and organisational processes for measuring, managing and controlling these risks.

Governance Model
An effective and efficient framework for managing operational, ICT and security risks must be fully integrated into decision-making processes and management of business operations. Accordingly, the Intesa Sanpaolo Group has chosen to involve the organisational units (business units, head-office/support structures) of the Parent Company, the Banks and Group companies with direct responsibility in the operational, ICT and security risk management process.



The Intesa Sanpaolo Group's operational, ICT and security risk governance process is divided into the following phases:
- identification: identification and description of potential areas of operational, ICT and security risks (e.g., operating events, presence of critical elements, applicability of risk factors, significant risk scenarios);
- assessment and measurement: determination of exposure to operational, ICT and security risks (e.g., self-diagnosis[48], determination of economic and regulatory capital, preventive analyses of operational, ICT and security risks, assessment of the significance of the issues identified);
- monitoring and control: ongoing supervision of the development of the exposure to operational, ICT and security risks, including to prevent the occurrence of harmful events and promote active risk management;
- mitigation: containment of operational, ICT and security risks through appropriate mitigation actions and suitable risk-transfer strategies according to a risk-driven approach;
- reporting: preparation of information flows related to operational, ICT and security risk management, designed to ensure adequate knowledge of the exposure to this risk.

ICT and security risk
The Intesa Sanpaolo Group considers its information system a tool of primary importance to the achievement of its strategic, business and social responsibility objectives, including in the light of the critical nature of the company processes that depend on it. Accordingly, it undertakes to create a resilient environment and to invest in assets and infrastructure designed to minimise the potential impact of ICT and security events and to protect its business, image, customers and employees.
The Group has therefore adopted a system of principles and rules intended to identify and measure the ICT and security risk to which company assets are exposed, assess the existing safeguards and identify adequate methods of managing such risks, in accordance with the operational, ICT and security risk management process.
In line with the methodological framework established for the governance of operational risks, the ICT and security risk management framework has been developed with a view to integrating and coordinating the specific expertise of the structures involved.
ICT (Information and Communication Technology) and security risk is defined as the risk of incurring losses due to breaches of confidentiality, lack of integrity and inadequacy of systems and data, unavailability of systems and data, or the inability to replace information technology within reasonable time and cost limits, in the event of changes in the requirements of the

[47] As far as the financial losses component is concerned, the Operational Risk includes the following risks: legal, conduct, compliance, financial crime, fiscal, IT and Cyber, physical security, business continuity, third-party, data quality, fraud, process and employer. Strategic and reputational risk are not included.
[48] Self-diagnosis is the annual process through which the Organisational Units identify their level of exposure to operational, ICT and security risk. It includes Operational Risk Assessment and ICT Risk Assessment, both of which are further broken down into Business Environment Evaluation (VCO) and Scenario Analysis (SA).

external environment or the business (agility). It also includes security risk resulting from inadequate or incorrect internal processes or external events, including cyber attacks, or an inadequate level of physical security. In the integrated view of corporate risk for supervisory purposes, this risk is considered, according to specific aspects, as operational, reputational and strategic risk. ICT risk includes Cyber risk and IT risk.

Internal model for the measurement of operational risk

The Intesa Sanpaolo Group's internal model for calculating capital absorption (the "Advanced Measurement Approach" or "AMA") is designed to combine all the main sources of quantitative information (internal and external operational losses and estimates deriving from the Scenario Analysis) and qualitative information (Business Environment Evaluation - VCO).

Capital-at-risk is therefore identified as the minimum amount at Group level required to bear the maximum potential loss (worst case). It is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-risk of operational losses), applied to historical data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.9%. The methodology also applies a corrective factor, which derives from the qualitative analyses of the risk level of the operational environment (VCO), to take into account the effectiveness of internal controls in the various Organisational Units.

The internal model's insurance mitigation component was approved by the Competent Authority in June 2013 with immediate effect of its benefits on operations and on the capital requirements.

Operational risk capital requirement

For regulatory purposes, the Group adopts the Advanced Measurement Approach (AMA), in partial use with the standardised (TSA) and basic approaches (BIA), to determine the capital requirement.

As at 30 June 2024, the scope of the Advanced Measurement Approach (AMA) was comprised of Intesa Sanpaolo (including the former Banks and Companies merged into it) and the main banks and companies in the Private Banking and Asset Management Divisions, as well as of VUB Bank, VUB Operating Leasing and PBZ Banka. It is important to note that First Bank, the Romanian bank whose entry into the ISP Group was finalised at the end of May 2024, entered the scope of the BIA approach.

Capital absorption thus determined came to 2,364 million euro as at 30 June 2024, slightly up on the 2,278 million euro as at 31 December 2023. That increase is partly attributable to the inclusion of First Bank and partly to the historical component of the AMA approach, specifically due to the slight worsening of the risk profile of the categories "Customers, products and operating practices" and "Processes".

Legal risks

As at 30 June 2024, there were a total of around 10,300 non-tax related disputes – excluding those involving Risanamento S.p.A., which is not subject to management and coordination by Intesa Sanpaolo – pending at Group level (in addition to around 20,800 “mass” disputes at the international subsidiary banks, which, as a whole, account for a very low remedy sought), with a total remedy sought[49] of around 3,370 million euro. This amount includes all disputes for which the risk of a disbursement of financial resources resulting from a potential negative outcome has been deemed possible or likely and therefore does not include disputes for which risk has been deemed remote.
The risks associated with the disputes are thoroughly and individually analysed by the Parent Company and Group companies. Specific and appropriate provisions have been made to the Allowances for Risks and Charges in the event of disputes for which there is an estimated probability of a disbursement of more than 50% and where the amount of the disbursement may be reliably estimated (disputes with likely risk). Without prejudice to the uncertainty inherent in all litigation, the estimate of the obligations that could arise from the disputes and hence the amount of any provisions recognised are based on the forward-looking assessments of the outcome of the trial. These forward-looking assessments are, in any event, prepared on the basis of all information available at the time of the estimate and updated over the course of the proceedings.
The disputes with likely risk are about 23,200 (of which around 16,600 relating to the above-mentioned “mass” disputes) with a remedy sought of 1,698 million euro and provisions of 659 million euro. Compared to last year, there was a decrease in the number of disputes, which mainly concerned disputes certain loan contractual topics relating to the subsidiary Banca Intesa Beograd.
The component referring to the Parent Company Intesa Sanpaolo totals around 5,000[50] disputes, with a remedy sought of 1,420 million euro and provisions of 457 million euro. These include around 2,600 positions relating to disputes concerning anatocism.
There were around 500 disputes relating to other Italian subsidiaries, with a remedy sought of 160 million euro and provisions of 82 million euro.
With regard to the international subsidiaries, there were around 17,700 disputes with a remedy sought of 118 million euro and provisions of 120 million euro, impacted by the previously mentioned mass disputes. Specifically, there were around 14,000 disputes relating to the subsidiary Banca Intesa Beograd in relation to two areas of litigation[51] that have involved the entire Serbian banking system. The first concerns processing fees charged by banks when granting loans and the second relates to real estate loans insured through the National Housing Loan Insurance Corporation (NKOSK).

For the main pending disputes, the significant developments in the half year are described below. For previous disputes and a detailed illustration of significant individual disputes, see the Notes to the 2023 Financial Statements.

Dispute regarding financial derivative instruments

With regard to derivative transactions, the legal risks linked to legal proceedings with local authorities, their subsidiaries and individuals continue to be subject to careful monitoring.
Specifically, disputes are pending with 15 local authorities, with possible or likely risk, for total claims of 58 million euro, and disputes with 3 Companies controlled by public entities, with total claims of 37.1 million euro. Disputes with individuals, assessed as having possible or likely risk, total 169, and of these, 45 positions also regard requests for refunds of amounts on other accounts held with the Bank. Net of those latter positions, the total value of the claims lodged in the proceedings regarding only derivatives amounts to around 138.4 million euro.

Disputes linked to Group acquisitions/integrations - former UBI Good Banks

In execution of the Share Purchase Agreement (“SPA”) on 18 January 2017 and the Closing on 10 May 2017, UBI Banca acquired from the National Resolution Fund managed by the Bank of Italy (NRF), “Nuova Banca Marche”, “Nuova Banca Etruria” and “Nuova Carichieti” (the “Target Bridge Institutions” or “Bridge Institutions” or “Good Banks”).
Subsequently, those Bridge Institutions were incorporated into UBI Banca.
Following the incorporation of UBI Banca, Intesa Sanpaolo (ISP) took on over the management of the “Good Banks dispute”, that is, all those disputes regarding events or acts that occurred prior to 10 May 2017 and referring to the operations of the three banks impacted by the resolution orders (the “Old Banks”) or “Good Banks”, which were then acquired by UBI Banca.
Those disputes are backed by the warranties and obligations to indemnify by the Seller (NRF) for the benefit of UBI Banca in relation to the acquisition of the New Banks deriving from the resolution of Banca delle Marche, Banca Popolare dell’Etruria e del Lazio and Cassa di Risparmio della Provincia di Chieti and therefore also cover any liabilities arising from the activities carried out by the Banks (the “Old Banks”) before they were subject to the resolution procedure, in relation to, *inter alia*, risks of a legal nature or generally related to ongoing or threatened disputes, or violations of the law and any potential liabilities.
On 27 May 2024, as part of wider negotiations, ISP and the Bank of Italy entered into an Agreement to simplify the management of the pending Good Banks dispute. The Agreement aims to simplify the administrative management of disputes that have already been settled in court, but not yet indemnified, and to limit the guarantees (General Cap) with regard to a scope of pending disputes that has been accurately identified.

[49] The figures for the remedy sought do not include claims of indeterminate value, i.e. those that do not contain a specific financial claim when the dispute is initiated; the value of these disputes is determined during the course of the proceedings when sufficient information emerges for the valuation.
[50] These include 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, so-called Excluded Disputes covered by public guarantee (“Indemnification Guarantee”).
[51] For those cases, the provisions are relatively higher than the remedy sought (which is determined based on the customer’s original claim) to take account of the interest and legal fees to be paid to the adverse party and the potential increase of the original claim submitted in the legal proceedings.

Italian Antitrust Authority proceedings and representative action of the consumer association "Associazione Movimento Consumatori" against Intesa Sanpaolo and Isybank

In November 2023, the Italian Antitrust Authority (AGCM) announced the initiation of proceedings against Intesa Sanpaolo and Isybank aimed at verifying the existence of an unfair commercial practice regarding the transfer of relationships of around 2.4 million "predominantly digital" customers from Intesa Sanpaolo to Isybank as part of a transfer of business lines, with the accompanying unilateral amendment of the transferred contracts. The transfer of the first business line had already been made on 16 October 2023, while the transfer of the second business line was scheduled for 18 March 2024.
According to the arguments made by the Authority, among other things, the communication sent to the customers concerned was inadequate and the manner and timing of its distribution was not commensurate with the importance of the matter addressed.
In November 2023, the AGCM ordered the suspension, on a precautionary basis, of the commercial practice considered unfair.
In December 2023, Intesa Sanpaolo and Isybank filed a report containing the measures envisaged to comply with the precautionary measure.
In December 2023, the two banks also submitted a proposal of commitments to the AGCM, detailing what they had already outlined in the report of compliance with the precautionary measure, for the purpose of reaching a positive conclusion of the proceedings.
In March 2024, the two banks submitted an addition to the proposal of commitments to the AGCM containing further measures in favour of the customers concerned.
The proposed commitments – most of which already implemented – specifically envisage:

- providing to the customers involved in the operation suitable disclosure: i) on the banking services that are unavailable in Isybank (though, instead, are available in Intesa Sanpaolo); ii) on the main elements, terms and conditions of the Isybank offering;
- notifying customers whose accounts were included in the first business line that, up to 31 December 2026, they can open a new account with Intesa Sanpaolo at better conditions than those applied before the transfer to Isybank;
- with regard to customers whose accounts are potentially included in the second business line, transferring to Isybank only the accounts of customers who have granted their "express consent".

By way of order dated 11 June 2024, the Authority accepted the commitments proposed by the two Banks, rendering them binding. The proceedings concluded, thus, without imposing a fine.
Also with regard to the above-mentioned operation, the consumer association "Associazione Movimento Consumatori" brought a representative action against Intesa Sanpaolo and Isybank (with a petition served in January 2024) before the Court of Turin for alleged "violations of the collective interests of consumers".
The association asked the Court to prohibit the use of the new clauses in the transferred contracts, without the consent of the consumers, and the prohibition of the repetition of the unlawful conduct, as well as the adoption of appropriate measures to eliminate or reduce the effects of the violations if the unlawful conduct is confirmed.
The two banks filed their defence briefs, contesting the arguments of the Associazione Movimento Consumatori – with detailed reasons both on the merits and from a procedural perspective – and requesting the rejection of the claims in consideration of the measures (outlined above) taken in the meantime in favour of the customers within the AGCM proceedings.
On 27 May 2024, the two Banks and the Associazione Movimento Consumatori entered into a settlement agreement which settled the dispute.
In execution of the settlement, on 29 May 2024, the Associazione Movimento Consumatori filed at the Court the petition to withdraw the claim and proceedings, asking for the discontinuance of action. On the same date, the two Banks accepted the petition to withdraw the claim and, at the following hearing of 31 May, the proceedings were declared discontinued.

Italian Antitrust Authority proceedings against Intesa Sanpaolo RBM Salute

In May 2023, the AGCM initiated proceedings against Intesa Sanpaolo RBM Salute (ISP RBM) for alleged unfair business practices, purported to have been adopted from January 2023, aimed at hindering the exercise of consumers' rights arising from the contractual relationship, leading them to give up financial and welfare benefits provided by the insurance coverage held by them.
In its communication dated 15 February 2024, the Authority issued its conclusions on the preliminary findings, based on which it upheld the claims made in the decision to initiate proceedings and also considered that the unfair business practice was still ongoing.
ISP RBM submitted a defence brief, in which it highlighted, among other things, the strategic and operational measures it had already taken prior to the commencement of the proceedings and the further improvements these measures had brought to the service levels provided to the policyholders.
With order dated 20 May 2024, the AGCM ruled that ISP RBM's conduct constituted an ongoing unfair commercial practice, prohibiting its dissemination or continuation, and imposing an administrative fine of 2.5 million euro.
On 19 July 2024, ISP RBM submitted an appeal to the Lazio Regional Administrative Court, asking that the fine ordered be cancelled.

Offering of diamonds
In 2017, the AGCM instituted proceedings to verify the conduct in breach of the provisions on unfair business practices against the companies that sold diamonds (DPI and another company) and the banks that recommended the services of those companies. At the end of those proceedings, the AGCM issued penalties as a result of verifying that the conduct of DPI and the banks breached the Consumer Code.
The Authority issued a fine of 3 million euro against ISP, reduced from the initial fine of 3.5 million euro, after the Authority had recognised the value of the measures taken by the Bank since 2016 to strengthen the safeguards on the offering process.
ISP filed an appeal at the Lazio Regional Administrative Court, which rejected the appeal in November 2022. The Bank then filed an appeal at the Council of State, which, in a ruling of March 2024, rejected the appeal and upheld the penalty measure. The judgment of the Council of State became final and rendered the penalty final.
Within the criminal proceedings pending before the Court of Milan, with ruling dated 9 April 2024, the Preliminary Investigation Judge ordered the dismissal of the case against the two ISP relationship managers under investigation, on the grounds of “the act not constituting an offence”, thus rendering the proceedings fully closed.

Anatocism
In February 2017, the AGCM initiated proceedings against ISP for alleged unfair business practices involving, among other things, the methods used to request the authorisation from customers for the charging of the interest to the account imposed by the new regulations introduced in 2016.
The Authority completed the proceedings in October 2017, ruling that the Bank had implemented an “aggressive” policy aimed at acquiring the above-mentioned authorisation. As a result, the Authority issued a fine of 2 million euro against ISP.
The Bank has submitted an appeal before the Lazio Regional Administrative Court. By ruling of 2 January 2023, the Lazio Regional Administrative Court upheld the fine. ISP submitted an appeal to the Council of State, which, in a ruling of March 2024, rejected the appeal and upheld the fine.
The judgment of the Council of State became final and rendered the penalty final.

Reference for a preliminary ruling to the Court of Cassation on the legitimacy of the fixed instalment repayment plan
On 29 May 2024 the Joint Divisions of the Court of Cassation (by ruling no. 15130) ruled on an important issue for banking operations: specifically, whether the failure to indicate in a fixed-rate mortgage loan agreement the fixed instalment repayment method (called French amortization method) and the compound capitalisation regime makes the purpose of the contract vague or impossible to determine.
The Joint Divisions set out the following approach to interpretation, also applicable beyond the case submitted to their examination (as per the role as guarantor of the uniform interpretation of the law): “Regarding fixed-rate bank mortgages with repayment of the loan in instalments governed by a standardised, traditional repayment plan, the failure to indicate the repayment method and compound capitalization of debt interest regime cannot give rise to partial nullity of the contract, either due to vagueness of or the inability to determine the purpose of the contract, or due to breach of the regulations on transparency of contractual conditions and relations between credit institutions and their customers”.
This ruling will make it possible to significantly limit the risk of proliferation of disputes regarding objections to fixed instalment repayment methods.

Azzurro 2000 S.a.s. di Tilli Renzo & C.
In 2004, the company Azzurro 2000 brought an action for damages against the former Sanpaolo Banco di Napoli for alleged unlawful reporting to the Central Credit Register, quantifying the claim at around 50 million euro.
The plaintiff’s claim was rejected at both first and second instance.
Against the appeal ruling, the plaintiff filed (i) an appeal before the Court of Cassation and (ii) a revocation proceeding before the same Court of Appeal. The latter declared the request for revocation inadmissible and the plaintiff filed a further appeal before the Court of Cassation against this second ruling of the Court of Appeal.
The Supreme Court combined the two cases and upheld the first appeal, basing solely on one of the grounds of appeal, overturning the decision and referring the case back to the Naples Court of Appeal, and declared the request for revocation inadmissible.
The plaintiff then resumed the action and the Bank appeared before the Court. The hearing was scheduled in 2026 to refer the lawsuit to judgement.

Azienda Agricola Turelli S.S. Soc. Agricola
In 2017, as party of an objection to an order to pay obtained by ISP to recover its credit, Azienda Agricola Turelli S.S. and its members Attilio and Laura Turelli filed a counterclaim for compensation for damages quantified at a total of around 20 million euro, for alleged breach of the obligations of good faith and contractual fairness.
In August 2023, the Court of Brescia rejected the objection and the claim for compensation for damages, ordering the opponents to pay the legal fees to ISP. In the meantime, the credit covered by the order to pay was subject to two subsequent assignments.
In February 2024 the opponents lodged an appeal against the first instance ruling, with an initial hearing in September 2024. The Bank appeared before the Court. The following parties also appeared:
- the second assignee, which also requested that ISP and/or the first assignee (its assignor) be ordered to return the price paid to purchase the credit, or to compensate for the (not specifically quantified) damages, as well as to hold it harmless and/or indemnified from any claim for reimbursement/compensation that may be recognised against the appellant, though it had not concluded any contracts with the Bank;
- the first assignee of the credit.

IMI/SIR
At the end of 2023, the Bank brought proceedings before the Tax Court to demand the refund of 33.2 million euro, previously paid as withholding tax for overdue interest on the compensation for damages under the 1994 ruling paid to Mrs Battistella, as Nino Rovelli's heir. The Italian Revenue Agency filed an appearance on 20 December 2023, arguing that the request for reimbursement was unfounded.
The First Instance Tax Court of Rome rejected the Bank's appeal by way of ruling dated 24 April. The term for appeal ends on 24 November 2024.

Reyl & Cie (Switzerland) – Proceedings pursuant to Legislative Decree 231/2001 of the Public Prosecutor's Office of the Court of Milan
Within the criminal proceedings pursuant to Italian Legislative Decree 231/01, pending before the Court of Milan, on conclusion of discussion between Reyl's defence counsel and the Public Prosecutor at the hearing of 3 July 2024, with the view to avoiding a drawn out dispute, and without recognising any liability for the circumstances alleged, the bank filed a petition to apply a financial penalty (plea bargain). The next hearing is scheduled for 24 September 2024, when the Preliminary Investigating Judge will rule on that petition.

Lawsuit against two Hungarian subsidiaries of Intesa Sanpaolo
The lawsuit is connected with a lease agreement terminated by one of the subsidiaries in 2010. During 2011, the tenant initiated proceedings in civil court, and during 2021, it supplemented its initial claim, formulating new claims and, as a result, increasing the total of the claims to around 31 million euro.
In July 2022, the Court rejected all the plaintiff company's claims, finding that it lacked standing. The plaintiff filed an appeal against that decision.
In December 2022, the Court of Appeal partially upheld the adverse party's appeal, ordering one of the two defendant companies to pay around 9.5 million euro. The subsidiary filed an appeal with the Supreme Court, which overturned the second-instance decision, upholding the ruling of the First Instance Court.
The plaintiff then brought an action before the Constitutional Court and initiated review proceedings before the Court of First Instance. Both proceedings failed the admissibility test.
The opponent submitted an appeal before the Court of Appeal against the ruling of the Court of First Instance (on the admissibility test). This petition was also rejected, and the terms for the opponent to file an appeal before the Constitutional Court are pending.
Intesa Sanpaolo's subsidiaries took action in 2012 for the recognition of their receivables claimed against the tenant resulting from unpaid lease rentals. These proceedings are currently pending.

Labour litigation
In line with the situation as at 31 December 2023, as at 30 June 2024 there were no significant cases of labour litigation from either a qualitative or quantitative standpoint. In general, all labour litigation is covered by specific provisions adequate to meet any outlays.

Tax litigation

At Group level, the total value of the claims for tax disputes (taxes, penalties and interest) was equal to 152 million euro as at 30 June 2024, down on 155 million euro as at 31 December 2023.
The Group's tax litigation risks are covered by adequate provisions to the allowances for risks and charges (51 million euro as at 30 June 2024, amount unchanged on 31 December 2023).

The Parent Company had 448 pending litigation proceedings (487 as at 31 December 2023) for a total amount claimed (taxes, penalties and interest) of 107 million euro (107.6 million euro as at 31 December 2023), considering both administrative and judicial proceedings at various instances.
In relation to these proceedings, the actual risks were quantified at 41.1 million euro as at 30 June 2024 (41.4 million euro as at 31 December 2023).
During the half year, a total of 129 disputes, with a total amount claimed of 4.2 million euro, were settled, for a total disbursement (including legal and court fees) of 0.8 million euro, of which 0.4 million euro through profit and loss, mainly referring to the municipal property tax (IMU) disputes on terminated and ongoing lease contracts, using allowances for risk of 0.4 million euro (including legal fees).

With regard to the Italian subsidiaries, tax disputes totalled 37 million euro as at 30 June 2024 (compared to 39 million euro as at 31 December 2023), covered by specific provisions amounting to 5 million euro (unchanged on 31 December 2023).

For the international subsidiaries, tax disputes as at 30 June 2024 had a low amount, and 70% of their risk is covered: they amount to a total of 8 million euro (substantially unchanged on 31 December 2023), with provisions of 5 million euro (amount also unchanged on 31 December 2023).
There is nothing significant to report.

Parent Company

With regard to the main outstanding disputes, there were no significant changes during the half year and, therefore, reference should be made to the Notes to the 2023 Consolidated Financial Statements for a detailed analysis.
The main new disputes that arose in the first half of 2024 regard (i) disputes on registration tax on judicial documents, (ii) disputes on municipal property tax (IMU) on real estate not repossessed following the termination of the related lease contracts.

With regard to questionnaires, the following is noted.
As widely reported in the Notes to the 2023 Consolidated Financial Statements (to which reference is made for more details), from the end of 2023 to the start of 2024, Intesa Sanpaolo (ISP), as the incorporating and/or consolidating entity, was served "orders" and "questionnaires" by several Regional and Provincial Directorates of the Italian Revenue Agency, relating to the tax period 2017. Those documents set out IRES (corporate income tax) claims regarding the tax treatment that the Italian companies of the Group applied to the income recognised through profit and loss at the time, against the commitment that the Parent Company unilaterally took on, to hold them harmless from the charges that would arise for those companies following the integration into the Group of Banca Popolare di Vicenza and Veneto Banca, the so called "Venetian Banks" (these were charges for IT integration, charges for exit incentives for employees, and charges for the closure/merger of branches, etc.).
In the case in question, the subsidiaries considered IRES inapplicable to that income, while the Directorates argued that it should have been taxed.
During the discussions with the Italian Revenue Agency, we illustrated the reasons why the claims lodged should be considered completely unfounded.
On 19 March 2024, the Agency communicated:
- it was of the opinion that the contributions in question a) fall within the provisions of Article 88, paragraph 3 of the Income Tax Code, and, therefore, were only taxable on a cash basis (obviously, therefore, only if and up to the amounts in which they were actually paid/received, thus excluding cases of contributions not paid due to the intervening merger of the subsidiary into ISP); and b) were in any case only taxable outside the ISP tax consolidation (because within the consolidation, the taxation at the level of the consolidated entity corresponds to a deduction at the level of the consolidating parent company);
- it had consequently decided to abandon the initial claims and thus to close the assessments relating to 2017 (the year in which no contribution was paid by ISP to the subsidiaries).

A brief submitted on 1 July 2024 set out the terms and operating methods that ISP, along with its subsidiaries (excluding those incorporated in the meantime), intends to apply, to spontaneously comply with classifying the contributions as "capital contribution", taxable and deductible "on a cash basis".
Specifically: i) no claims on 2017, as ISP did not pay any income to the subsidiaries; ii) no claims in the cases of subsidiaries incorporated prior to collection of the contribution; and iii) settlement of the years 2018-2022 in which the subsidiaries received the contribution. In operating terms, that adjustment would be carried out through a voluntary correction of tax return pursuant to Article 13 of Italian Legislative Decree no. 472 of 18 December 1997, filing supplementary tax returns "unfavourable" to the subsidiaries and "favourable" to ISP.
The Italian Revenue Agency confirmed that it agrees with that approach. The total cost for net taxes, penalties and interest to heal the tax position of all years of the companies involved, also considering the deductibility for ISP, will be low.
On 11 March 2024 the Italian Revenue Agency - Lombardy Regional Directorate served a questionnaire to ISP for the incorporated entity Mediocredito Italiano, regarding the tax return for 2018 and, specifically, several tax credits, totalling 2.4 million euro, declared and used to offset the payment of VAT due for that period. ISP replied to the questionnaire on 15 March 2024, providing the information requested. There have been no developments.

Group Companies

For details regarding Banca Fideuram – Intesa Sanpaolo Private Banking and Intesa Sanpaolo Private Banking, given that there have been no significant changes, see the Notes to the 2023 Financial Statements.

On 28 December 2023, Fideuram ISPB Asset Management SGR (hereinafter, Fideuram SGR) received from the Italian Revenue Agency – Lombardy Regional Directorate an order to file an appearance for 28 December regarding the year 2017 for IRES and IRAP, following the delivery of documentation in response to a questionnaire served on 4 August 2023, in order to establish adversarial proceedings on the alleged transfer pricing issues arising in relation to the consideration for fees and commissions received by Fideuram SGR in delegated manager activities for investment funds performed in favour of the Irish associate Fideuram Asset Management Ireland (principal). With specific regard to those management fees and commissions, the Agency has repeated the same adjustments made for the years 2011 to 2013 (which gave rise to tax settlement proposals for those years) as well as for the year 2016, which Fideuram accepted by signing the settlement proposal on 15 December 2022 and paying the amount due (220 thousand euro) on 20 December 2022. In this order, the Agency adjusted Fideuram SGR's 2017 taxable income upwards by 1.14 million euro, resulting in higher IRES and IRAP (plus interest) for a total of around 300 thousand euro.
As a result of that order, adversarial proceedings were initiated, which resulted in the finalisation of the tax settlement proposal on 12 April 2024, which settled the payment of IRES and IRAP of 190 thousand euro plus interest of 40 thousand euro and, thus, for a total of 230 thousand euro (nothing for penalties, given that the transfer pricing documentation had been correctly prepared).

In May 2023 SIREF Fiduciaria, as the incorporating entity of FIGE Fiduciaria, was served a payment notice of a total of 1.1 million euro following an automated check of Form 770/2019 (for the year 2018) as the non-recognition of the payments made for Tax on the Value of Insurance Contracts (and the related penalty for non-payment plus interest), due to errors in form in filling out the Form 770/2019. The Company submitted an appeal before the First Instance Tax Court of Milan, and in the meantime, requested and obtained from the Italian Revenue Agency the administrative suspension of the payment order. By ruling of March 2024 the Court declared the discontinuance of the matter in issue, as a result of the removal of the payment order.

Cargeas Assicurazioni – now merged into Intesa Sanpaolo Assicura – underwent a tax audit by the Italian Revenue Agency, Lombardy Regional Directorate, Large Taxpayers Office, aimed at verifying the correct application, for the years from 2010 to 2018, of the tax rules on private insurance and life annuity contracts pursuant to Italian Law no. 1216 of 29 October 1961.
Reference should be made to the Notes to the 2023 Financial Statements for analysis.

As previously noted in the Notes to the 2023 Financial Statements and in the Interim Statement as at 31 March 2024, on 29 November 2023, the former Intesa Sanpaolo Life DAC – an insurance company incorporated under Irish law – received a summons from Guardia di Finanza (Italian Tax Police) for clarifications regarding tax monitoring requirements.
Note that Intesa Sanpaolo Vita S.p.A. (as the incorporating entity of Intesa Sanpaolo Life DAC) replied, with communication dated May 2024, to the requests of the Guardia di Finanza (Italian Tax Police) of March 2024, requesting the addition to the statements submitted in 2022, solely for the years 2018-2020 (as the year 2017 had lapsed in the meantime), both for the premiums collected and the amounts paid (relating to the insurance benefits provided), with detailed evidence of: year of reference and insurance policy numbers; type of transaction, i.e., whether this was a premium initially paid (recurring and/or single premium) or an additional premium and, with regard to the insurance benefits, whether they were a partial or total surrender or other transactions (thus settlement due to expiry and/or due to claims); date and amount of each single transaction; identification of the party (person) "monitored"; and any reasons for objective exemption from the notification obligation. In addition, the same documentation provided for the years 2017 to 2020 was also requested for the years 2021 and 2022, accompanied by the same detailed schedules.

Then, the claims regarding Transfer Pricing on the benefits provided to Eurizon Capital Luxembourg by Eurizon Capital SGR S.p.A. ("EC ITA") for the years 2016, 2017 and 2018, which began with a questionnaire served to the latter company on 22 December 2022 relating to IRES and IRAP for 2016, were settled.
A similar claim raised for the years 2017 and 2018 against Epsilon SGR S.p.A., which began on 4 April 2023 with a tax audit by the Italian Revenue Agency – Lombardy Regional Directorate – Large Taxpayers Office regarding the year 2017 (then extended also to 2018) concerning direct taxes, IRAP, VAT and obligations of tax collection agents, was settled. The claim related to the failure of the cross-border transaction regarding the service of UCI (Undertaking for Collective Investment) management provided by Epsilon to the Luxembourg associate company EC LUX to align with the conditions of free competition.
For more details on claims to both companies, refer to the previous Notes to the financial statements.
Action was taken with the Italian Revenue Agency so that the transactions between EC ITA, Epsilon SGR and EC LUX were examined in a consistent and coordinated manner. Following numerous meetings between the company and the Lombardy Regional Directorate, an agreement was reached on the use of the median for 2017 and the first quartile for 2018.
The proceedings concluded with the signing of the tax settlement agreements for IRES and IRAP on 24 April 2024 and the payment of the amounts due, which were in line with the provisions previously allocated by the subsidiaries in their financial statements as at 31 December 2023, namely:
- for EC ITA, total provisions of 9.6 million euro for the years 2017 and 2018 (outlay due of 9.7 million euro), given by the higher IRES and IRAP taxes for 8.1 million euro (previously allocated as at 30 September 2023) and interest for 1.5 million euro (of which 1.4 million euro previously allocated as at 30 September 2023);
- for Epsilon, total provisions of 4.1 million euro for the years 2017 and 2018, given by the higher IRES and IRAP taxes for a total of 3.4 million euro (previously allocated as at 30 September 2023) and interest for 700 thousand euro (of which 600 thousand euro previously allocated as at 30 September 2023).

INSURANCE RISKS

Investment portfolios

The investments of the insurance companies of the Intesa Sanpaolo Group (Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura, Fideuram Vita and Intesa Sanpaolo RBM Salute) are made with their shareholders' fund and to cover contractual obligations with customers. These refer to traditional adjustable life insurance policies, unit-linked policies, pension funds and non-life policies.

As at 30 June 2024, the investment portfolios of Group companies, recorded at book value, amounted to 173,958 million euro. Of these, a part amounting to 88,082 million euro relates to traditional adjustable life policies (the financial risk of which is shared with the policyholders by virtue of the mechanism whereby the returns on assets subject to separately managed account determined), non-life policies and shareholders' fund. 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 85,876 million euro.

Considering the various types of risks, the analysis of investment portfolios, described below, concentrates on the assets held to cover traditional adjustable life policies, non-life policies and shareholders' fund.

In terms of breakdown by asset class, net of derivative financial instruments, around 84% of assets, amounting to 74,014 million euro, were bonds, whereas assets subject to equity risk represented around 2% of the total and amounted to 1,942 million euro. The remainder (12,186 million euro) consisted of investments relating to UCI, Private Equity and Hedge Funds (around 14%).

The carrying value of derivatives came to around -60 million euro, of which around 17 million euro relating to effective management derivatives, and the remaining portion (around -77 million euro) is attributable to hedging derivatives.

At the end of the first six months of 2024, investments made with the shareholders' fund of Intesa Sanpaolo Vita and Fideuram Vita amounted to around 1,293 million euro at market value, and presented a risk in terms of VaR (99% confidence level, 10-day holding period) of around 13 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 around -4,331 million euro.

The distribution of the portfolio by rating class was as follows: AAA/AA bonds represented around 4.4% of total investments and A bonds around 11.9%; low investment grade securities (BBB) represented around 80.6% of the total and the portion of speculative grade or unrated was minimal (3.1%); and in the BBB area a considerable proportion was 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 around 70.7% of the total investments, while financial companies (mostly banks) contributed around 19.4% of exposure and industrial securities made up around 9.9%.

At the end of the first half of 2024, the sensitivity of bonds fair value to a change in credit rating of issuers, intended as a market credit spreads shock of +100 basis points, was -4,544 million euro, with -3,693 million euro due to government issuers and -851 million euro to corporate issuers (financial institutions and industrial companies).

Shareholder base, transactions with related parties and other information

Shareholder base

According to records in the Shareholders' Register and the most recent available information, shareholders with stakes represented by shares with voting rights exceeding 3% of capital – threshold that, if exceeded, requires disclosure to both the company and Consob[52], pursuant to current Italian legislation (Article 120 of the Consolidated Law on Finance) – are shown in the table below[53].

Shareholder	Ordinary shares	% held
Fondazione Compagnia di San Paolo	1,188,947,304	6.503%
Fondazione Cariplo	961,333,900	5.258%

Transactions with related parties

1. Procedural features

The Board of Directors of Intesa Sanpaolo S.p.A. adopted, in compliance with the procedures set out by regulations, the Group Procedures regulating the conduct of Transactions with Related Parties of Intesa Sanpaolo S.p.A., Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking.
These Procedures, most recently updated in June 2021, take into account both the rules issued by Consob, pursuant to Article 2391-bis of the Italian Civil Code, and the supervisory provisions introduced by the Bank of Italy on 12 December 2011 in terms of risk assets and conflicts of interest of banks and banking groups with respect to "Associated Entities", issued in accordance with Article 53, paragraphs 4 et seq. of the Consolidated Law on Banking and ICRC (Interdepartmental Committee for Credit and Savings) Resolution 277 of 29 July 2008, as well as the rules established by Article 136 of the Consolidated Law on Banking.

The Procedures apply to the entire Intesa Sanpaolo Group with respect to the following aspects:
- the criteria for identifying Related Parties and Associated Entities;
- the process of analysis, decision-making and information for corporate bodies in connection with transactions with Related Parties and Associated Entities;
- market disclosure for transactions with Related Parties;
- the prudential limits and periodic reporting obligations towards the Bank of Italy for at-risk assets in respect of Associated Entities;
- the rules governing organisational controls and safeguards;
- the general rules for disclosure and abstention about the management of the personal interests by management body members, employees and company staff, including other than Associated Entities.

Pursuant to the Procedures, the following are considered Related Parties of Intesa Sanpaolo: parties that exercise significant control or influence, subsidiaries and associates, joint ventures, pension funds of the Group, Management Body Members and Key Managers of Intesa Sanpaolo and their close family members and significant shareholdings.
The set of Associated Entities of the Group consists of the Associated Entities of each bank of the Group (including the Parent Company) and each monitored significant intermediary with own funds greater than 2% of the total of consolidated own funds. The following are considered to be Associated Entities for each bank or monitored significant intermediary of the Group: i) shareholders that exercise control, significant influence or that are required to request authorisation pursuant to Article 19 of the Consolidated Law on Banking or that may appoint a member of the management or strategic supervisory body and the relative corporate groups; ii) subsidiaries, associated companies under joint control and associated companies, as well as the companies they control, also jointly with others; iii) management body members and their relative close family members up to the second degree and significant shareholdings.

[52] Pursuant to Article 119-bis, paragraph 7 of the Issuers' Regulation, companies and licensed parties holding shares as assets under management may use the exemption from the disclosure obligations if the managed shares are more than 3% and less than 5%.

[53] See also the information provided in the 2023 Financial Statements:
- in December 2020, BlackRock Inc. had disclosed a 5.005% holding in the share capital of Intesa Sanpaolo (notified in Form 120 A dated 9 December 2020) as well as a 5.066% aggregate holding (notified in Form 120 B dated 4 December 2020) and has not provided any update of these holdings following the subsequent changes in the number of shares into which the share capital of Intesa Sanpaolo is divided;
- JP Morgan Chase & Co. had disclosed on 21 December 2021 a 4.571% aggregate holding (notified in Form 120 B), of which only 0.963% was represented by voting rights attached to shares.

As a form of self-regulation, the Bank has extended the regulations on transactions with Related Parties, as well as on risk assets and conflicts of interest with Associated Entities to:

a) Intesa Sanpaolo shareholders and their groups that hold an equity investment in the share capital with voting rights of the Bank that exceeds the minimum threshold set out in regulations on the communication of significant equity investments in associates and companies subject to joint control in listed companies, calculated considering only shares owned or under management, as well as entities jointly controlled by them with others;
b) companies in which management body members of Intesa Sanpaolo or their close family members i) hold executive offices or the office of chair of the management body; ii) hold a qualifying equity investment equal to or exceeding 10% of the capital or voting rights of that entity, or a position of significant influence;
c) companies which the Group has notable investments in and financial links with, attributable to at least two of the following indicators:
   - the counterparty holds an equity investment in Intesa Sanpaolo's capital between 1% and the minimum threshold set out in regulations on the communication of significant equity investments in listed companies;
   - an entity of the Intesa Sanpaolo Group holds an equity investment in the counterparty exceeding 10% of the voting rights;
   - significant credit exposure of the Group to the counterparty.

This approach allows closer monitoring of transactions with the main entities in potential conflict of interest risk.

The Procedures set forth the assessment process that must be followed by the Parent Company and subsidiary companies when carrying out transactions with Related Parties of Intesa Sanpaolo, Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking, to ensure appropriateness of the transactions. The Procedures also require detailed examination of the reasons and interests behind the transaction, their effects on financials and the terms of the transaction.

In line with the regulations implemented by Consob and by the Bank of Italy, a regime of full or partial exemptions from the application of the regulations is also envisaged.
With regard to the decision-making for transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group, the procedure distinguishes between:

– transactions involving smaller amounts: with a value of less than or equal to 250 thousand euro for individuals and 1 million euro for persons other than natural persons (excluded from application of the regulations);
– less significant transactions: with a value higher than the small-amount thresholds (250 thousand euro for individuals and 1 million euro for persons other than natural persons) but lower than or equal to the most significant thresholds indicated below;
– most significant transactions: with a value higher than the threshold of 5% of the indicators defined by Consob and by the Bank of Italy (approximately 2.9 billion euro for the Intesa Sanpaolo Group);
– transactions attributed to the shareholders' meeting, in accordance with the law or with the Articles of Association.

In the process of approval of transactions with Related Parties of Intesa Sanpaolo and Associated Entities of the Group, an important role is reserved for the Committee for Transactions with Related Parties, which meets the independence requirements laid down in the Corporate Governance Code for Listed Companies and Art. 148 of the Consolidated Law on Finance. The Committee for Transactions with Related Parties can make use of independent experts, where considered appropriate, according to the degree of importance of the transaction, its specific economic or structural characteristics and the nature of the related party or associated entity.
For most significant transactions, the Committee must be promptly involved in the analysis and negotiation phases, receiving a complete and timely flow of information, with the right of the Committee to request additional information and make observations.
All transactions – that are not exempt based on the Procedures – undertaken by the Parent Company with one of its related parties or associated entities are subject to approval by the Board, after consulting the Committee for Transactions with Related Parties.
The Procedures set out specific controls in the event that a less significant or most significant transaction is approved in spite of a negative opinion of the Committee for Transactions with Related Parties.

Transactions undertaken by subsidiaries with Related Parties of Intesa Sanpaolo and Associated Entities of the Group must be approved by the Board of Directors of the subsidiaries concerned, subject to prior authorisation from the Parent Company released in accordance with the procedure described above.

The Procedures also define the general criteria for the information to be provided, at least quarterly – also pursuant to Article 150 of the Consolidated Law on Finance – to the directors and the control body regarding transactions with Related Parties and Associated Entities completed in the reference period by the Parent Company or by its subsidiaries. All of the above is aimed at providing a complete overview of the transactions of greater importance, as well as the volumes and the main features of all those delegated. The reports, which are also provided to the Committee for Transactions with Related Parties, must include all transactions, even if exempt from the decision-making procedure, for amounts greater than the small-amount thresholds. Transactions of less significant importance in the form of intragroup loans and bank funding are excluded from this requirement (provided they do not regard a subsidiary with significant interests of another Related Party or Associated Entity and are not carried out at market or standard conditions). For ordinary intragroup less significant transactions carried out at market conditions, reporting is on an aggregate annual basis.

Transactions undertaken by Italian subsidiary banks with Related Parties and Associated Entities of the Group that have not been considered exempt must, subject to authorisation by the Parent Company, be approved by the relative Board of Directors, upon obtaining the opinion of a Committee of independent directors set up within the Board of Directors of the bank itself. Furthermore, specific reporting rules apply to transactions by the Bank's Bodies.

The Procedures also apply to transactions with Relevant Persons pursuant to Art. 136 of the Consolidated Law on Banking, which must be applied by all the Italian Banks of the Intesa Sanpaolo Group, including the Parent Company. This provision requires the adoption of a more thorough decision-making procedure (unanimous decision by the management body, excluding the vote of the interested member, and favourable vote of members of the control body) in order to allow the bank management body members to contract obligations, directly or indirectly, with the bank of which they act as management body members.

Furthermore, the requirements envisaged by the Italian Civil Code (Article 2391) and Article 53 of the Consolidated Law on Banking governing directors' personal interests are confirmed.
In particular, Article 2391 of the Italian Civil Code requires each Board Member to report every interest held, in his/her own name or on behalf of third parties, that may be significant in carrying out his/her management function, with reference to a specific transaction. In accordance with the abovementioned provision, the Board has jurisdiction over decisions regarding transactions – including those with Related Parties – in which the Managing Director possesses an interest on his/her own account or through a third party and must therefore abstain from the decision, entrusting the Board as per Article 2391 of the Italian Civil Code.
In addition, Article 53 of the Consolidated Law on Banking requires banks' directors to abstain from voting on resolutions where they have a conflict of interest on their own behalf or on behalf of third parties.

2. Information on balances with related parties

Receivable and payable balances with related parties as at 30 June 2024 within the consolidated accounts of the Intesa Sanpaolo Group – other than those intragroup consolidated intragroup – amount to a total that is insignificant compared to the size of the Group's capital base. Likewise, the weight of income and charges with related parties on consolidated operating margin is insignificant.

	30.06.2024	
	Amount (millions of euro)	Impact (%)
Total financial assets (1)	7,451	0.9
Total other assets (2)	466	1.2
Total financial liabilities (3)	5,930	0.8
Total other liabilities (4)	834	0.6

(1) Includes captions 10, 20, 30, 40 and 70 of balance sheet assets.

(2) Includes captions 50, 60, 80, 120 and 130 of balance sheet assets.

(3) Includes captions 10, 20 and 30 of balance sheet liabilities.

(4) Includes captions 40, 50, 70, 80, 90, 100 and 110 of balance sheet liabilities.

	30.06.2024	
	Amount (millions of euro)	Impact (%)
Total interest income	50	0.3
Total interest expense	137	1.5
Total fee and commission income	28	0.5
Total fee and commission expense	13	1.0
Total operating costs (1)	104	1.9

(1) Includes caption 190 of the income statement.

The table below reports the main terms of reference of transactions with each category of related party, as classified by IAS 24, net of operations with fully consolidated entities, with the category of Significant Shareholders of Intesa Sanpaolo and their corporate groups (subsidiaries also controlled jointly with others, parent companies and companies subject to joint control) with an equity investment with voting rights in the Bank greater than the minimum threshold set out in regulations on communications of significant shareholdings in listed companies calculated only based on shares owned or under management, as well as with the additional subjects included in the scope set as a form of self-regulation.
The following table does not show the impact of related party transactions on the Group's cash flows, as this was not significant.
For greater clarity and in line with the reports sent to the Supervisory Authorities, note that the off-balance sheet items were detailed on two separate rows by grouping on one side the guarantees/commitments given and on the other the guarantees/commitments received. The first category also includes the revocable commitments issued totalling 1.3 billion euro.

(millions of euro)

	Subsidiaries not consolidated on a line-by-line basis	**Companies subject to joint control and their subsidiaries**	**Associates and their subsidiaries**	**Board Members and General Managers, Key Managers and their related parties**	**Pension funds**	**TOTAL**	Shareholders (*)	Companies which the Group has notable investments in and financial links with (**)	Other companies linked to Board Members and General Managers (***)
Cash and cash equivalents	-	-	39	-	-	39	-	449	-
Financial assets measured at fair value through profit or loss	-	3	9	-	-	12	9	2,358	-
a) financial assets held for trading	-	*3*	-	-	-	*3*	-	*2,258*	-
b) financial assets designated at fair value	-	-	-	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	*9*	-	-	*9*	*9*	*100*	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	21	-
Financial assets measured at amortised cost	3	305	465	27	-	800	50	1,080	7
a) due from banks	-	-	*3*	-	-	*3*	-	*1,000*	-
b) loans to customers	*3*	*305*	*462*	*27*	-	*797*	*50*	*80*	*7*
Other assets	2	-	152	-	-	154	1	311	-
Investments in associates and companies subject to joint control	49	107	2,470	-	-	2,626	-	-	-
Financial liabilities measured at amortised cost	22	270	736	28	84	1,140	105	3,819	7
a) due to banks	-	-	*7*	-	-	*7*	-	*3,702*	-
b) due to customers	*22*	*270*	*729*	*28*	*84*	*1,133*	*105*	*117*	*7*
Financial liabilities held for trading	-	-	1	-	-	1	-	851	-
Financial liabilities designated at fair value	-	-	-	7	-	7	-	-	-
Other financial liabilities	3	-	23	23	488	537	17	280	-
Guarantees and commitments given	26	70	590	4	-	690	59	1,225	1
Guarantees and commitments received	-	17	-	2	-	19	80	87	-

(*) As a result of self-regulation, shareholders and their groups that hold a stake in the share capital that exceeds the minimum threshold set out in regulations on the communication of significant shareholdings in listed companies, calculated considering only shares owned or under management, as well as entities jointly controlled by them.

(**) As a result of self-regulation, companies that meet the conditions of at least two of these indicators: i) the counterparty holds a stake in Intesa Sanpaolo's capital with an amount between 1% and the minimum threshold set out in regulations on the communication of significant shareholdings in listed companies; ii) an entity of the ISP Group holds a stake in the counterparty exceeding 10% of the voting rights; iii) significant credit exposure of the Group to the counterparty. The amounts shown largely refer to the companies of the JP Morgan Group.

(***) As a result of self-regulation, companies in which management body members of Intesa Sanpaolo or their close family members i) hold executive offices or the office of chair of the management body; ii) hold a qualifying holding equal to or exceeding 10% of the capital or voting rights of that entity, or on which those persons may exercise a significant influence.

In the interest of completeness, the Group's most significant associates included in the category of related parties in accordance with the version of IAS 24 in effect are: 1875 Finance Holding AG, Alpian S.A., Back2Bonis, Camfin S.p.A., Cassa di Risparmio di Fermo S.p.A., Digit'Ed Holding S.p.A., Efesto, Equiter S.p.A., FI.NAV Comparto A1 Crediti, Fondo UTP Italia Comparto Crediti, Intrum Italy S.p.A., Lendlease MSG Heartbeat, Neva First – FCC, Penghua Fund Management Co. Ltd., Retail & Leisure Fund, Rexer S.p.A., RSCT Fund - Comparto Crediti, and Warrant Hub S.p.A.
The main joint ventures include: Mir Capital S.c.a. Sicar, Mooney Group S.p.A. and PBZ Croatia Osiguranje Public Limited for Company Compulsory Pension Fund Management.

3. Information on transactions with related parties

It is noted that transactions with fully consolidated intragroup related parties are not included in this document because they are netted at consolidated level.

Most significant transactions

During the half year, the Intesa Sanpaolo Group did not carry out any transactions that qualified as non-ordinary "most significant transactions" and at non-market or non-standard conditions subject – in accordance with the Group Procedures regulating the conduct of Transactions with Related Parties of Intesa Sanpaolo S.p.A., Associated Entities of the Group and Relevant Parties pursuant to Art. 136 of the Consolidated Law on Banking – to the obligation to publish a market disclosure document.
Please note that the most significant transactions in the period are those that exceed the threshold of 5% of Own Funds at consolidated level (approximately 2.9 billion) or of the other indicators defined by the Consob regulation.

Other significant transactions

The transactions undertaken by the Intesa Sanpaolo Group with related parties generally fall within the scope of the Group's ordinary activities and are generally entered into at market conditions, based on considerations of mutual economic interest, in line with the internal procedures mentioned above.

Relations between the Intesa Sanpaolo Group and the board members and general managers, key managers, their close family members and entities they have significant investments in refer to the Group's normal business activities and are defined applying, where conditions recur, the terms reserved to all employees, in full respect and transparency of terms applied.

With respect to transactions with Shareholders – which hold equity investments in Intesa Sanpaolo S.p.A. with voting rights greater than the minimum threshold set out in regulations on communications of significant shareholdings in listed companies calculated solely based on shares owned or under management, and with other significant shareholders because of the significant shareholding or financial relationships present – ordinary transactions were undertaken at market conditions.
These included the following in particular:

- transactions in OTC financial instruments carried out by Intesa Sanpaolo S.p.A., as part of its ordinary operations, with the companies of the JP Morgan Chase & Co. and BlackRock Inc. groups, as well as Compagnia di Sanpaolo, Cassa di Risparmio di Firenze and Cassa di Risparmio in Bologna;
- service agreements with companies of the BlackRock Inc. group, under ESG-impact projects (for a total value of approximately 1.4 million euro).

With regard to the transactions with jointly-controlled subsidiaries or associates, as well as with significant investees due to the presence of important equity and financial ties, mention should be made of:

- the signing of a commercial agreement by Intesa Sanpaolo S.p.A. and other Group banks with Bancomat S.p.A., as part of the broader project aimed at the acquisition of an interest in Bancomat S.p.A. by Fondo Strategico Italiano;
- the dilution of the Intesa Sanpaolo S.p.A.'s interest in Bancomat S.p.A. from 31.6% to 18%, with its consequent reclassification as a non-controlling interest, measured at FVTPL;
- the subscription by the vehicle Fondo Tematico Piano Urbani Integrati S.r.l. of new equity instruments issued by Euromilano S.p.A.;
- credit transactions by Intesa Sanpaolo S.p.A. in favour of ISM Investimenti S.p.A., Intermarine S.p.A., Camfin Alternative Assets S.r.l. and Euromilano S.p.A.;
- credit transactions in favour of Alpian S.A. by Reyl & Cie S.A. with a total value of approximately 5 million euro;
- the signing of commercial agreements with Mooney S.p.A. by Intesa Sanpaolo S.p.A. and Isybank S.p.A.;
- transactions in OTC financial instruments with Cassa di Risparmio di Fermo S.p.A.;
- the signing of supply contracts with Destination Gusto S.r.l.;
- the subscription by Fideuram – Intesa Sanpaolo Private Banking S.p.A. of a capital increase of 2.5 million euro in favour of Asteria Investment Managers S.A.;
- a technology asset rental transaction between Intesa Sanpaolo Rent Foryou S.p.A. and Mooney S.p.A. with a value of approximately 4.7 million euro;
- the early closure of the Brera SEC securitisation.

The operations with pension funds included transactions in OTC financial instruments carried out by Intesa Sanpaolo S.p.A., as part of its ordinary operations, with the Fondo Pensioni per il Personale Cariplo.

Other significant information

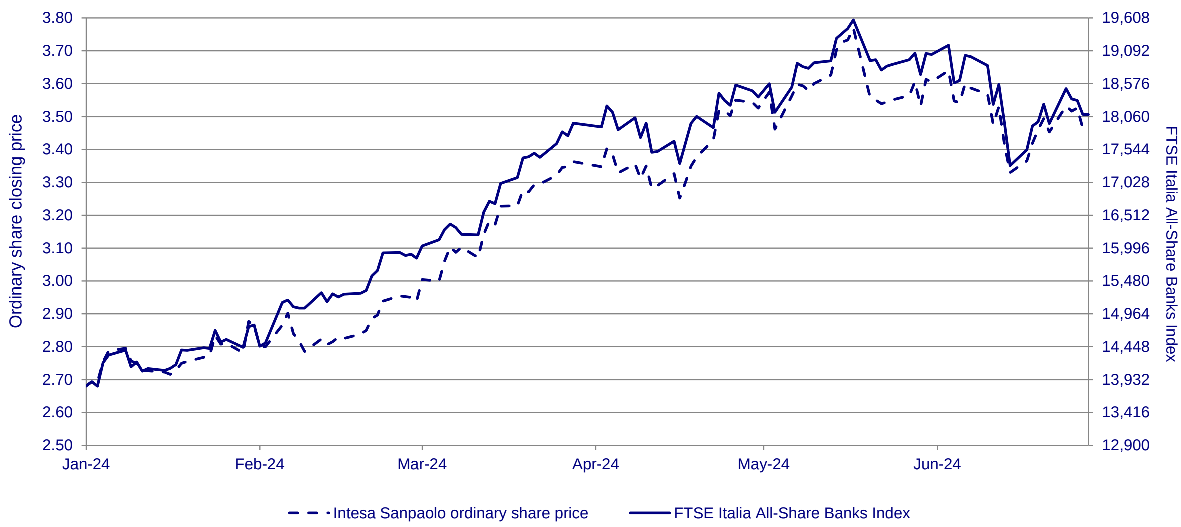
With regard to the companies carried at equity, a gain from the sale of equity investments was recognised attributable to the sale of shares of Bancomat S.p.A. and Euromilano S.p.A.

Share performance

In the first half of 2024, the international equity markets continued the bullish trend recorded in 2023, albeit with differences between geographical areas and phases of consolidation over the period.
The gradual improvement in the outlook for growth at global level has decreased the probability of a recession, thus supporting a greater risk appetite on the equity markets. In the initial months of the year, investors were expecting the central banks to quickly ease the monetary policies. However, a decrease in consumer prices that was slower than expected resulted in the prudent revision of expectations on interest rate cuts in 2024.
Corporate results in Italy in the 1st quarter showed differing performance between the non-financial segment, which faced weak demand and the stabilisation of prices, and financial companies, supported by fee and commission income and the net interest income. On the whole, forecasts of 2024 income remained stable over the half year, with a slight deterioration in the non-financial segment.
The uncertainty following the results of the European elections led to a downward correction in the continental stock markets at the end of June, from the highs reached in May.
The Euro Stoxx index ended the half year up by 5.8%. The CAC 40 remained substantially unchanged (-0.9%), penalised by the political uncertainty in France. The DAX grew by 8.9%, as well as the IBEX 35, which recorded an increase of 8.3%. Outside the euro area, the Swiss SMI market index recorded an increase of +7.7%, while the FTSE 100 index in the UK rose by +5.6%.
The US equity markets performed very strongly during the half year: the S&P 500 index closed at +14.5%, while the NASDAQ 100 technology stocks index reached +17.0%. The performance of the main stock markets in Asia diverged: while the NIKKEI 225 index closed the half year at +18.3%, China's benchmark SSE Composite index remained substantially stable (-0.3%).
The Italian equity market showed more favourable changes than the benchmarks in the euro area: the FTSE MIB index ended the half year at +9.2%, after reaching a peak of +16.7% in mid-May, while the FTSE Italia All-Share index recorded an increase of +8.8%. Mid-cap stocks recorded a marginally negative performance (-0.7%).
In the banking sector, the gradual improvement in the economy and the slower-than-expected fall in consumer prices led to a downward adjustment in interest rate cut expectations. As a result, the European index closed the first half of 2024 with an increase of 15.6%, stronger than the performance of the Euro Stoxx (+5.8%).
In the same period, the Italian banking index (FTSE Italia All-Share Banks) recorded a 32.6% increase – higher than both the European index and the FTSE MIB – driven by the positive impact on bank earnings from higher-than-expected market interest rates at the beginning of the year, the absence of clear signs of asset quality deterioration and generous shareholder remuneration policies.

The price of Intesa Sanpaolo ordinary shares in the first six months of 2024 mirrored that of the banking sector indices, with a marked upward trend until mid-May, a downward trend in the following thirty days and a partial recovery in the second half of June, closing the half year up by 31.3% compared to the end of 2023.
Intesa Sanpaolo's capitalisation rose to 63.5 billion euro at the end of June 2024, from 48.3 billion euro at the end of 2023.

Intesa Sanpaolo ordinary share price and banking index



Source: Bloomberg

Earnings per share

Intesa Sanpaolo's share capital consists solely of ordinary shares.

Net income attributable to ordinary shares was determined considering the dividends accrued and then allocating the residual portion of net income, in the hypothetical assumption of its total distribution, in equal weight to all outstanding shares.

The Earnings Per Share (EPS) indicator is presented both in the "basic" and in the "diluted" formula: basic EPS is calculated by dividing income theoretically attributable to holders of shares by the weighted average number of outstanding shares (excluding own shares repurchased); diluted EPS also takes into account the effect of any future issues.

	Ordinary shares	
	30.06.2024	**30.06.2023**
Weighted average number of outstanding shares (*)	18,208,246,405	18,511,218,394
Income attributable (millions of euro)	4,766	4,222
Basic EPS (euro)	0.26	0.23
Diluted EPS (euro)	0.26	0.23
Basic EPS annualised (**) (euro)	0.52	0.46
Diluted EPS annualised (**) (euro)	0.52	0.46

(*) The weighted average number of outstanding shares is calculated excluding repurchased treasury shares.

(**) Income is not indicative of the forecast net income for the year, since it is obtained by annualising the net income for the period.

Price/book value

The indicator reflects the value attributed by the market to the share capital of a listed company, and hence indirectly to the company's overall assets. Although it measures the confidence which financial analysts and the financial community have in the company's income prospects and capital position, the indicator is significantly affected by the external factors that influence share prices.

Also for the Intesa Sanpaolo Group, the level and performance of the indicator – as at 30 June 2024 calculated on both average figures and half year-end figures – were influenced by the dynamics of the market and its industry sector. The comparative figures for the years 2020 to 2023 shown in the table are annual averages.

(millions of euro)

	30.06.2024	1st half 2024	2023	2022	2021	2020
Market capitalisation	63,460	58,558	45,144	38,433	44,535	34,961
Shareholders' equity	65,275	64,619	62,533	62,715	64,823	60,920
Price / book value	**0.97**	**0.91**	**0.72**	**0.61**	**0.69**	**0.57**

Rating

During the first half of 2024, the ratings assigned by the international agencies to Intesa Sanpaolo S.p.A. did not change. The ratings, which were unchanged as at the date of approval of this Report, are therefore the same as those indicated in the 2023 Annual Report, as set out below.

	RATING AGENCIES			
	Morningstar DBRS	Fitch Ratings	Moody's	S&P Global Ratings
Short-term debt	R-1 (low)(1)	F2	P-2	A-2
Long-term debt (senior preferred unsecured)	BBB (high)	BBB	Baa1	BBB
Outlook / Trend Long-term debt	Stable	Stable	Stable	Stable
Viability	-	bbb	-	-

(1) Stable Trend.

An always updated information about Intesa Sanpaolo's ratings can be found in the Investor Relations/Rating section of the Group website.

Dividends paid

On 22 May 2024 (with coupon presentation on 20 May and record date on 21 May), the remaining dividend for the year 2023 was paid for an amount of 2,776,310,634.08 euro, corresponding to 15.20 euro cents for each of the 18,265,201,540 ordinary shares without nominal value outstanding on the record date (thus excluding the 17,597,449 own shares held by the Bank on the same date, to which no dividends are due, for an amount of 2,674,812.25 euro that was allocated to the Extraordinary Reserve).

It is recalled that on 22 November 2023 (with coupon presentation on 20 November and record date on 21 November) interim dividends were payable on the 2023 results, resolved by the Intesa Sanpaolo Board of Directors on 3 November 2023, in compliance with the provisions set out in Article 2433-bis, paragraph 4 of the Italian Civil Code. The interim dividend, equal to 14.40 euro cents per share, was paid to the 18,256,842,646 ordinary shares outstanding on the record date for a total of 2,628,985,341.02 euro (net of the undistributed portion relating to 25,956,343 own shares held at the record date, for an amount of 3,737,713.40 euro).

Therefore, the total amount of the dividend paid out for the year 2023 was 29.60 euro cents per share, meaning a distribution of 5,405,295,975.10 euro, equivalent to a payout ratio of 70% of consolidated net income.

Segment reporting

Breakdown by business area: income statement figures [a]

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre (b)	Total
Net interest income	3,401	1,553	1,245	622	29	-	1,095	7,945
Net fee and commission income	2,429	615	320	1,055	436	2	-204	4,653
Income from insurance business	-	-	-	-	-	889	14	903
Profits (Losses) on financial assets and liabilities designated at fair value	58	-121	73	23	1	-	63	97
Other operating income (expenses)	1	-	-35	8	24	-5	-3	-10
Operating income	**5,889**	**2,047**	**1,603**	**1,708**	**490**	**886**	**965**	**13,588**
Personnel expenses	-1,621	-258	-313	-242	-51	-72	-643	-3,200
Other administrative expenses	-1,398	-453	-232	-195	-58	-85	1,081	-1,340
Adjustments to property, equipment and intangible assets	-1	-8	-57	-50	-4	-17	-530	-667
Operating costs	**-3,020**	**-719**	**-602**	**-487**	**-113**	**-174**	**-92**	**-5,207**
Operating margin	**2,869**	**1,328**	**1,001**	**1,221**	**377**	**712**	**873**	**8,381**
Net adjustments to loans	-565	26	-34	-18	-	-	37	-554
Other net provisions and net impairment losses on other assets	-45	4	-4	-17	-	-	-116	-178
Other income (expenses)	17	-	2	20	30	-	19	88
Income (Loss) from discontinued operations	-	-	-	-	-	-	-	-
Gross income (loss)	**2,276**	**1,358**	**965**	**1,206**	**407**	**712**	**813**	**7,737**
Taxes on income	-745	-432	-241	-376	-100	-214	-402	-2,510
Charges (net of tax) for integration and exit incentives	-40	-11	-23	-9	-	-8	-11	-102
Effect of purchase price allocation (net of tax)	-11	-	-1	-10	-2	-5	-25	-54
Levies and other charges concerning the banking and insurance industry (net of tax)	-187	-	-12	-20	-	-23	-51	-293
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-	-	-	-	-
Minority interests	-	-	-1	2	-	-	-13	-12
Net income (loss) as at 30.06.2024	**1,293**	**915**	**687**	**793**	**305**	**462**	**311**	**4,766**
Net income (loss) as at 30.06.2023	**1,264**	**851**	**678**	**701**	**260**	**477**	**-9**	**4,222**

(a) Figures from the reclassified financial statements as described in the Half-Yearly report on operations.

(b) The Corporate Centre has been attributed the intersector netting.

In application of IFRS 15, in particular paragraphs 114 and 115, which require a breakdown of revenues from contracts with customers, the breakdown of fee and commission income and expense by business area is provided below.

(millions of euro)

Captions [a]	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre (b)	Total
Guarantees given	52	177	29	1	-	-	-	259
Collection and payment services	235	68	110	4	-	-	-	417
Current accounts	557	17	75	5	-	-	-	654
Credit and debit cards	320	1	135	10	-	-	-	466
Commercial banking activities	**1,164**	**263**	**349**	**20**	**-**	**-**	**-**	**1,796**
Dealing and placement of securities	754	139	13	180	243	-	-604	725
Currency dealing	3	1	2	1	-	-	1	8
Portfolio management	46	1	24	986	910	-	-131	1,836
Distribution of insurance products	412	-	17	347	-	2	-2	776
Other	134	28	7	106	-	-	2	277
Management, dealing and consultancy activities	**1,349**	**169**	**63**	**1,620**	**1,153**	**2**	**-734**	**3,622**
Other net fee and commission income	**109**	**303**	**48**	**13**	**81**	**-**	**50**	**604**
Fee and commission income	**2,622**	**735**	**460**	**1,653**	**1,234**	**2**	**-684**	**6,022**
Fee and commission expense	**-193**	**-120**	**-140**	**-598**	**-798**	**-**	**480**	**-1,369**
Net fee and commission income 30.06.2024	**2,429**	**615**	**320**	**1,055**	**436**	**2**	**-204**	**4,653**
Net fee and commission income 30.06.2023	**2,357**	**560**	**291**	**931**	**419**	**1**	**-206**	**4,353**

(a) Figures from the reclassified financial statements as described in the Half-Yearly report on operations.

(b) The Corporate Centre has been attributed the intersector netting.

Breakdown by business area: balance sheet figures [a]

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre (b)	Total
Loans to customers								
30.06.2024	226,038	122,993	43,470	13,681	285	-	15,747	422,214
31.12.2023	232,406	124,215	43,002	14,372	243	-	16,254	430,492
Direct deposits from banking business								
30.06.2024	263,775	124,328	59,050	43,383	24	-	99,154	589,714
31.12.2023	270,604	113,087	59,317	45,805	16	-	88,714	577,543

(a) Figures from the reclassified financial statements as described in the Half-Yearly report on operations.

(b) The Corporate Centre has been attributed the intersector netting.

Breakdown by geographical area: income statement figures and balance sheet figures [(a)]

(millions of euro)

	Italy	Europe	Rest of the World	Total
Operating income				
30.06.2024	10,423	2,611	554	13,588
30.06.2023	9,579	2,331	488	12,398
% change	8.8	12.0	13.5	9.6
Loans to customers				
30.06.2024	335,391	67,219	19,604	422,214
31.12.2023	344,529	65,603	20,360	430,492
% change	-2.7	2.5	-3.7	-1.9
Direct deposits from banking business				
30.06.2024	499,367	81,996	8,351	589,714
31.12.2023	489,432	79,439	8,672	577,543
% change	2.0	3.2	-3.7	2.1

Breakdown by geographical area is carried out with reference to the location of Group entities.

(a) Figures from the reclassified financial statements as described in the Half-Yearly report on operations.

Certification of the Half-yearly condensed consolidated financial statements pursuant to Art. 154-bis of Legislative Decree 58/1998

1. The undersigned Carlo Messina, as Managing Director and CEO, and Elisabetta Stegher, as Manager responsible for preparing the Company's financial reports of Intesa Sanpaolo, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, hereby certify:
   - the adequacy in relation to the Company's features and
   - the actual application of the administrative and accounting procedures employed to draw up the Half-yearly condensed consolidated financial statements, in the first half of 2024.

2. Verification of the appropriateness and effective application of the administrative and accounting procedures employed to draw up the Half-yearly condensed consolidated financial statements as at 30 June 2024 was based on methods defined by Intesa Sanpaolo consistently with the COSO and, as to the IT component, COBIT models, which are internationally accepted frameworks for internal control systems[54].

3. The undersigned also certify that:

   3.1. the Half-yearly condensed consolidated financial statements as at 30 June 2024:
   - have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation (EC) no. 1606/2002 of 19 July 2002;
   - correspond to the results of the accounting books and records;
   - give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and of the companies included in the scope of consolidation.

   3.2. The Half-yearly report on operations contains a reliable analysis of the most significant events in the first six months of the year and their impact on the Half-yearly condensed consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Half-yearly report on operations also includes a reliable analysis of significant transactions with related parties.

Milan, 30 July 2024

Carlo Messina
Managing Director and CEO

Elisabetta Stegher
Manager responsible for preparing the Company's financial reports

[54] The COSO Framework was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The COBIT Framework - Control OBjectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

Independent Auditors’ Report

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Intesa Sanpaolo S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows and the related explanatory notes of Intesa Sanpaolo S.p.A. (hereafter the "Bank") and its subsidiaries (the "Intesa Sanpaolo Group") as at 30 June 2024 and for the six months then ended. The Directors of Intesa Sanpaolo S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of the Bank's personnel responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of the Intesa Sanpaolo Group as at 30 June 2024 and for the six months then ended are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 6 August 2024

EY S.p.A.
Signed by: Massimo Testa, Auditor

This report has been translated into the English language solely for the convenience of international readers

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Attachments

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

Reconciliation between published consolidated balance sheet as at 31 December 2023 and adjusted consolidated balance sheet as at 31 December 2023

Reconciliation between published consolidated income statement for the period ended 30 June 2023 and adjusted income statement for the period ended 30 June 2023

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

Reconciliation between published consolidated balance sheet as at 31 December 2023 and restated consolidated balance sheet as at 31 December 2023

Reconciliation between published consolidated income statement for the period ended 30 June 2023 and restated consolidated income statement for the period ended 30 June 2023

Restated consolidated financial statements

Restated consolidated balance sheet

Consolidated income statement

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between restated consolidated balance sheet and reclassified consolidated balance sheet

Reconciliation between 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 2023 and adjusted consolidated balance sheet as at 31 December 2023

The published consolidated balance sheet as at 31 December 2023 did not require any adjustments.

Reconciliation between published consolidated income statement for the period ended 30 June 2023 and adjusted income statement for the period ended 30 June 2023

The published consolidated income statement as at 30 June 2023, 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 2023 and restated consolidated balance sheet as at 31 December 2023

(millions of euro)

Assets		31.12.2023	Changes in the scope of consolidation (a)	31.12.2023 Restated
10.	Cash and cash equivalents	89,270	398	89,668
20.	Financial assets measured at fair value through profit or loss	144,594	5	144,599
	a) financial assets held for trading	*38,163*	*1*	*38,164*
	b) financial assets designated at fair value	*1*	*4*	*5*
	c) other financial assets mandatorily measured at fair value	*106,430*	*-*	*106,430*
30.	Financial assets measured at fair value through other comprehensive income	140,753	16	140,769
40.	Financial assets measured at amortised cost	518,950	1,210	520,160
	a) due from banks	*32,899*	*78*	*32,977*
	b) loans to customers	*486,051*	*1,132*	*487,183*
50.	Hedging derivatives	7,006	-	7,006
60.	Fair value change of financial assets in hedged portfolios (+/-)	-5,695	-	-5,695
70.	Investments in associates and companies subject to joint control	2,501	-	2,501
80.	Insurance assets	813	-	813
	a) insurance contracts issued that are assets	*412*	*-*	*412*
	b) reinsurance contracts held that are assets	*401*	*-*	*401*
90.	Property and equipment	9,825	25	9,850
100.	Intangible assets	9,524	18	9,542
	of which:			
	- goodwill	*3,672*	*-*	*3,672*
110.	Tax assets	14,533	2	14,535
	a) current	*1,932*	*-*	*1,932*
	b) deferred	*12,601*	*2*	*12,603*
120.	Non-current assets held for sale and discontinued operations	264	1	265
130.	Other assets	31,232	6	31,238
Total assets		**963,570**	**1,681**	**965,251**

(a) The restatement refers to the entry of First Bank.

(millions of euro)

Liabilities and Shareholders' Equity		31.12.2023	Changes in the scope of consolidation (a)	31.12.2023 Restated
10.	Financial liabilities measured at amortised cost	642,119	1,469	643,588
	a) due to banks	*93,242*	*48*	*93,290*
	b) due to customers	*440,449*	*1,421*	*441,870*
	c) securities issued	*108,428*	-	*108,428*
20.	Financial liabilities held for trading	43,493	1	43,494
30.	Financial liabilities designated at fair value	72,782	-	72,782
40.	Hedging derivatives	5,188	-	5,188
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-3,967	-	-3,967
60.	Tax liabilities	1,946	-	1,946
	a) current	*458*	-	*458*
	b) deferred	*1,488*	-	*1,488*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	2	-	2
80.	Other liabilities	12,741	11	12,752
90.	Employee termination indemnities	767	-	767
100.	Allowances for risks and charges	4,523	17	4,540
	a) commitments and guarantees given	*524*	*1*	*525*
	b) post-employment benefits	*98*	-	*98*
	c) other allowances for risks and charges	*3,901*	*16*	*3,917*
110.	Insurance liabilities	119,849	-	119,849
	a) insurance contracts issued that are liabilities	*119,674*	-	*119,674*
	b) reinsurance contracts held that are liabilities	*175*	-	*175*
120.	Valuation reserves	-2,009	-	-2,009
130.	Redeemable shares	-	-	-
140.	Equity instruments	7,948	-	7,948
150.	Reserves	14,697	-	14,697
155.	Interim dividend (-)	-2,629	-	-2,629
160.	Share premium reserve	28,003	-	28,003
170.	Share capital	10,369	-	10,369
180.	Treasury shares (-)	-140	-	-140
190.	Minority interests (+/-)	164	183	347
200.	Net income (loss) (+/-)	7,724	-	7,724
Total liabilities and shareholders' equity		**963,570**	**1,681**	**965,251**

(a) The restatement refers to the entry of First Bank.

Reconciliation between published consolidated income statement for the period ended 30 June 2023 and restated consolidated income statement for the period ended 30 June 2023

The published consolidated income statement as at 30 June 2023, did not require any restatements.

Restated consolidated financial statements

Restated consolidated balance sheet

(millions of euro)

Assets		30.06.2024	31.12.2023 Restated	Changes amount	Changes %
10.	Cash and cash equivalents	55,500	89,668	-34,168	-38.1
20.	Financial assets measured at fair value through profit or loss	144,792	144,599	193	0.1
	a) financial assets held for trading	*37,743*	*38,164*	*-421*	*-1.1*
	b) financial assets designated at fair value	*6*	*5*	*1*	*20.0*
	c) other financial assets mandatorily measured at fair value	*107,043*	*106,430*	*613*	*0.6*
30.	Financial assets measured at fair value through other comprehensive income	147,084	140,769	6,315	4.5
40.	Financial assets measured at amortised cost	514,168	520,160	-5,992	-1.2
	a) due from banks	*35,201*	*32,977*	*2,224*	*6.7*
	b) loans to customers	*478,967*	*487,183*	*-8,216*	*-1.7*
50.	Hedging derivatives	7,406	7,006	400	5.7
60.	Fair value change of financial assets in hedged portfolios (+/-)	-6,783	-5,695	1,088	19.1
70.	Investments in associates and companies subject to joint control	2,626	2,501	125	5.0
80.	Insurance assets	658	813	-155	-19.1
	a) insurance contracts issued that are assets	*439*	*412*	*27*	*6.6*
	b) reinsurance contracts held that are assets	*219*	*401*	*-182*	*-45.4*
90.	Property and equipment	9,131	9,850	-719	-7.3
100.	Intangible assets	9,465	9,542	-77	-0.8
	of which:				
	- goodwill	*3,663*	*3,672*	*-9*	*-0.2*
110.	Tax assets	14,094	14,535	-441	-3.0
	a) current	*2,297*	*1,932*	*365*	*18.9*
	b) deferred	*11,797*	*12,603*	*-806*	*-6.4*
120.	Non-current assets held for sale and discontinued operations	1,139	265	874	
130.	Other assets	35,142	31,238	3,904	12.5
Total assets		**934,422**	**965,251**	**-30,829**	**-3.2**

(millions of euro)

Liabilities and Shareholders' Equity		30.06.2024	31.12.2023 Restated	Changes amount	%
10.	Financial liabilities measured at amortised cost	608,512	643,588	-35,076	-5.5
	a) due to banks	*48,885*	*93,290*	*-44,405*	*-47.6*
	b) due to customers	*445,467*	*441,870*	*3,597*	*0.8*
	c) securities issued	*114,160*	*108,428*	*5,732*	*5.3*
20.	Financial liabilities held for trading	45,088	43,494	1,594	3.7
30.	Financial liabilities designated at fair value	74,089	72,782	1,307	1.8
40.	Hedging derivatives	4,058	5,188	-1,130	-21.8
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-5,234	-3,967	1,267	31.9
60.	Tax liabilities	2,699	1,946	753	38.7
	a) current	*506*	*458*	*48*	*10.5*
	b) deferred	*2,193*	*1,488*	*705*	*47.4*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	17	2	15	
80.	Other liabilities	15,598	12,752	2,846	22.3
90.	Employee termination indemnities	733	767	-34	-4.4
100.	Allowances for risks and charges	3,786	4,540	-754	-16.6
	a) commitments and guarantees given	*495*	*525*	*-30*	*-5.7*
	b) post-employment benefits	*92*	*98*	*-6*	*-6.1*
	c) other allowances for risks and charges	*3,199*	*3,917*	*-718*	*-18.3*
110.	Insurance liabilities	119,676	119,849	-173	-0.1
	a) insurance contracts issued that are liabilities	*119,659*	*119,674*	*-15*	-0.0
	b) reinsurance contracts held that are liabilities	*17*	*175*	*-158*	-90.3
120.	Valuation reserves	-2,445	-2,009	436	21.7
130.	Redeemable shares	-	-	-	
140.	Equity instruments	8,652	7,948	704	8.9
150.	Reserves	17,076	14,697	2,379	16.2
155.	Interim dividend (-)	-	-2,629	-2,629	
160.	Share premium reserve	27,601	28,003	-402	-1.4
170.	Share capital	10,369	10,369	-	-
180.	Treasury shares (-)	-744	-140	604	
190.	Minority interests (+/-)	125	347	-222	-64.0
200.	Net income (loss) (+/-)	4,766	7,724	-2,958	-38.3
Total liabilities and shareholders' equity		**934,422**	**965,251**	**-30,829**	**-3.2**

Consolidated income statement

(millions of euro)

		30.06.2024	30.06.2023	Changes	
				amount	%
10.	Interest and similar income	17,974	14,562	3,412	23.4
	of which: interest income calculated using the effective interest rate method	*15,175*	*13,031*	*2,144*	*16.5*
20.	Interest and similar expense	-8,855	-6,630	2,225	33.6
30.	**Interest margin**	**9,119**	**7,932**	**1,187**	**15.0**
40.	Fee and commission income	5,580	5,306	274	5.2
50.	Fee and commission expense	-1,332	-1,366	-34	-2.5
60.	**Net fee and commission income**	**4,248**	**3,940**	**308**	**7.8**
70.	Dividend and similar income	436	359	77	21.4
80.	Profits (Losses) on trading	20	69	-49	-71.0
90.	Fair value adjustments in hedge accounting	-5	-57	-52	-91.2
100.	Profits (Losses) on disposal or repurchase of:	105	-97	202	
	a) financial assets measured at amortised cost	*81*	*72*	*9*	*12.5*
	b) financial assets measured at fair value through other comprehensive income	*20*	*-187*	*207*	
	c) financial liabilities	*4*	*18*	*-14*	*-77.8*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	1,387	1,630	-243	-14.9
	a) financial assets and liabilities designated at fair value	*-2,850*	*-2,281*	*569*	*24.9*
	b) other financial assets mandatorily measured at fair value	*4,237*	*3,911*	*326*	*8.3*
120.	**Net interest and other banking income**	**15,310**	**13,776**	**1,534**	**11.1**
130.	Net losses/recoveries for credit risk associated with:	-573	-725	-152	-21.0
	a) financial assets measured at amortised cost	*-593*	*-669*	*-76*	*-11.4*
	b) financial assets measured at fair value through other comprehensive income	*20*	*-56*	*76*	
140.	Profits (Losses) on changes in contracts without derecognition	-7	3	-10	
150.	**Net income from banking activities**	**14,730**	**13,054**	**1,676**	**12.8**
160.	Insurance service result	854	1,064	-210	-19.7
	a) insurance revenue arising from insurance contracts issued	1,569	1,518	51	3.4
	b) insurance service expenses arising from insurance contracts issued	-686	-458	228	49.8
	c) insurance revenue arising from reinsurance contracts held	62	73	-11	-15.1
	d) insurance service expenses arising from reinsurance contracts held	-91	-69	22	31.9
170.	Balance of financial income and expenses related to insurance operations	-2,828	-2,648	180	6.8
	a) net financial expenses/revenue related to insurance contracts issued	-2,827	-2,652	175	6.6
	b) net financial expenses/revenue related to reinsurance contracts held	-1	4	-5	
180.	**Net income from banking and insurance activities**	**12,756**	**11,470**	**1,286**	**11.2**
190.	Administrative expenses:	-5,341	-5,256	85	1.6
	a) personnel expenses	*-3,090*	*-3,067*	*23*	*0.7*
	b) other administrative expenses	*-2,251*	*-2,189*	*62*	*2.8*
200.	Net provisions for risks and charges	-209	-130	79	60.8
	a) commitments and guarantees given	*31*	*32*	*-1*	*-3.1*
	b) other net provisions	*-240*	*-162*	*78*	*48.1*
210.	Net adjustments to / recoveries on property and equipment	-317	-336	-19	-5.7
220.	Net adjustments to / recoveries on intangible assets	-499	-451	48	10.6
230.	Other operating expenses (income)	423	462	-39	-8.4
240.	**Operating expenses**	**-5,943**	**-5,711**	**232**	**4.1**
250.	Profits (Losses) on investments in associates and companies subject to joint control	93	194	-101	-52.1
260.	Valuation differences on property, equipment and intangible assets measured at fair value	2	-22	24	
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	-	160	-160	
290.	**Income (Loss) before tax from continuing operations**	**6,908**	**6,091**	**817**	**13.4**
300.	Taxes on income from continuing operations	-2,130	-1,846	284	15.4
310.	**Income (Loss) after tax from continuing operations**	**4,778**	**4,245**	**533**	**12.6**
320.	Income (Loss) after tax from discontinued operations	-	-	-	
330.	**Net income (loss)**	**4,778**	**4,245**	**533**	**12.6**
340.	Minority interests	-12	-23	-11	-47.8
350.	**Parent Company's net income (loss)**	**4,766**	**4,222**	**544**	**12.9**

Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

Reconciliation between restated consolidated balance sheet and reclassified consolidated balance sheet

(millions of euro)

Assets		30.06.2024	31.12.2023 Restated
Cash and cash equivalents		**55,500**	**89,668**
Caption 10	Cash and cash equivalents	55,500	89,668
Due from banks		**33,026**	**31,298**
Caption 40a (partial)	Financial assets measured at amortised cost - Loans to Banks (Contribution of banking business)	32,969	31,252
Caption 20a (partial)	Financial assets held for trading - Due from banks (Contribution of banking business)	-	-
Caption 20b (partial)	Financial assets designated at fair value - Due from banks (Contribution of banking business)	3	4
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Due from banks (Contribution of banking business)	54	42
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Due from banks (Contribution of banking business)	-	-
Loans to customers		**422,214**	**430,492**
Loans to customers measured at amortised cost		***420,418***	***428,758***
Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers (Contribution of banking business)	413,322	422,889
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	7,096	5,869
Loans to customers measured at fair value through other comprehensive income and through profit or loss		***1,796***	***1,734***
Caption 20a (partial)	Financial assets held for trading - Loans to customers (Contribution of banking business)	73	95
Caption 20b (partial)	Financial assets designated at fair value - Loans to customers (Contribution of banking business)	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Loans to customers (Contribution of banking business)	807	737
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Loans to customers (Contribution of banking business)	916	902
Financial assets measured at amortised cost which do not constitute loans		**60,779**	**60,145**
Caption 40a (partial)	Financial assets measured at amortised cost - Debt securities (banks) (Contribution of banking business)	2,232	1,725
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	58,547	58,420
Financial assets measured at fair value through profit or loss		**41,914**	**42,027**
Caption 20a (partial)	Financial assets held for trading (Contribution of banking business)	37,643	38,042
Caption 20b (partial)	Financial assets designated at fair value - Debt securities (Contribution of banking business)	3	1
Caption 20c (partial)	Other financial assets mandatorily measured at fair value (Contribution of banking business)	4,268	3,984
Financial assets measured at fair value through other comprehensive income		**77,018**	**67,732**
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income (Contribution of banking business)	77,018	67,732
Financial assets pertaining to insurance companies measured at amortised cost		**2**	**5**
Caption 40a (partial)	Financial assets measured at amortised cost - Loans to Banks (Contribution of insurance business)	-	-
Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers (Contribution of insurance business)	2	5
Financial assets pertaining to insurance companies measured at fair value through profit or loss		**101,961**	**101,718**
Caption 20a (partial)	Financial assets held for trading (Contribution of insurance business)	27	27
Caption 20b (partial)	Financial assets designated at fair value (Contribution of insurance business)	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value (Contribution of insurance business)	101,914	101,667
Caption 50 (partial)	Hedging derivatives (Contribution of insurance business)	20	24
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income		**69,150**	**72,135**
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income (Contribution of insurance business)	69,150	72,135
Equity investments		**2,626**	**2,501**
Caption 70	Investments in associates and companies subject to joint control	2,626	2,501
Property, equipment and intangible assets		**18,596**	**19,392**
Assets owned		***17,262***	***18,004***
Caption 90 (partial)	Property and equipment	7,797	8,462
Caption 100	Intangible assets	9,465	9,542
Rights of use acquired under leases		***1,334***	***1,388***
Caption 90 (partial)	Property and equipment	1,334	1,388
Tax assets		**14,094**	**14,535**
Caption 110	Tax assets	14,094	14,535
Non-current assets held for sale and discontinued operations		**1,139**	**265**
Caption 120	Non-current assets held for sale and discontinued operations	1,139	265
Other assets		**36,403**	**33,338**
Caption 50	Hedging derivatives (Contribution of banking business)	7,386	6,982
Caption 60	Fair value change of financial assets in hedged portfolios (+/-)	-6,783	-5,695
Caption 80	Insurance assets	658	813
Caption 130	Other assets	35,142	31,238
Total Assets		**934,422**	**965,251**

(millions of euro)

Liabilities		30.06.2024	31.12.2023 Restated
Due to banks at amortised cost		**48,173**	**92,545**
Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks (Contribution of banking business)	48,176	92,549
- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of banking business)	-3	-4
Due to customers at amortised cost and securities issued		**556,970**	**547,613**
Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers (Contribution of banking business)	445,347	441,733
Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued (Contribution of banking business)	112,801	107,101
- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of banking business)	-1,178	-1,221
Financial liabilities held for trading		**45,078**	**43,487**
Caption 20	Financial liabilities held for trading (Contribution of banking business)	45,078	43,487
Financial liabilities designated at fair value		**23,314**	**21,344**
Caption 30	Financial liabilities designated at fair value (Contribution of banking business)	23,314	21,344
Financial liabilities at amortised cost pertaining to insurance companies		**2,185**	**2,199**
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (Contribution of insurance business)	709	741
Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (Contribution of insurance business)	120	137
Caption 10 c) (partial)	Financial liabilities measured at amortised cost - Securities issued (Contribution of insurance business)	1,359	1,327
- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of insurance business)	-	-
- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of insurance business)	-3	-6
Financial liabilities held for trading pertaining to insurance companies		**107**	**90**
Caption 20 (partial)	Financial liabilities held for trading (Contribution of insurance business)	10	7
Caption 40 (partial)	Hedging derivatives (Contribution of insurance business)	97	83
Financial liabilities designated at fair value pertaining to insurance companies		**50,775**	**51,438**
Caption 30 (partial)	Financial liabilities designated at fair value (Contribution of insurance business)	50,775	51,438
Tax liabilities		**2,699**	**1,946**
Caption 60	Tax liabilities	2,699	1,946
Liabilities associated with non-current assets held for sale and discontinued operations		**17**	**2**
Caption 70	Liabilities associated with non-current assets held for sale and discontinued operations	17	2
Other liabilities		**15,509**	**15,121**
Caption 40	Hedging derivatives (Contribution of banking business)	3,961	5,105
Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	-5,234	-3,967
Caption 80	Other liabilities	15,598	12,752
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of banking business)	3	4
Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of insurance business)	-	-
Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of banking business)	1,178	1,221
Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of insurance business)	3	6
Insurance liabilities		**119,676**	**119,849**
Caption 110	Insurance liabilities	119,676	119,849
Allowances for risks and charges		**4,519**	**5,307**
Caption 90	Employee termination indemnities	733	767
Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	495	525
Caption 100 b)	Allowances for risks and charges - Post-employment benefits	92	98
Caption 100 c)	Allowances for risks and charges - Other allowances for risks and charges	3,199	3,917
Share capital		**10,369**	**10,369**
Caption 170	Share capital	10,369	10,369
Reserves		**43,933**	**42,560**
Caption 130	Redeemable shares	-	-
Caption 150	Reserves	17,076	14,697
Caption 160	Share premium reserve	27,601	28,003
- Caption 180	Treasury shares (-)	-744	-140
Valuation reserves		**-2,079**	**-1,711**
Caption 120	Valuation reserves (Contribution of banking business and including IAS19 Reserves pertaining to insurance business)	-2,079	-1,711
Valuation reserves pertaining to insurance companies		**-366**	**-298**
Caption 120	Valuation reserves (Contribution of insurance business)	-366	-298
Interim dividend		**-**	**-2,629**
Caption 155	Interim dividend (-)	-	-2,629
Equity instruments		**8,652**	**7,948**
Caption 140	Equity instruments	8,652	7,948
Minority interests		**125**	**347**
Caption 190	Minority interests	125	347
Net income (loss)		**4,766**	**7,724**
Caption 200	Net income (loss) (+/-)	4,766	7,724
Total Liabilities and Shareholders' Equity		**934,422**	**965,251**

Reconciliation between consolidated income statement and reclassified consolidated income statement

(millions of euro)

Captions		30.06.2024	30.06.2023
Net interest income		**7,945**	**6,838**
Caption 30	Interest margin	9,119	7,932
- Caption 30 (partial)	Net interest income (Contribution of insurance business)	-1,117	-1,017
- Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	-1	7
- Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	28	64
+ Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	-	-
- Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	3	7
+ Caption 80 (partial)	Hedging swap differentials	-54	-118
+ Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-20	-22
+ Caption 200 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-13	-15
Net fee and commission income		**4,653**	**4,353**
Caption 60	Net fee and commission income	4,248	3,940
- Caption 60 (partial)	Net fee and commission income - Insurance segment	363	350
- Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	2	1
- Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	-	-
+ Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	42	25
+ 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)	96	115
+ 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 (Return components of insurance policies taken out for the benefit of financial advisor networks)	3	2
+ Caption 160b) (partial)	Insurance service expenses arising from insurance contracts issued (Contribution of banking business) Fee and commission income Private Banking Division financial advisors	-28	-24
+ Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	-36	-30
+ Caption 190 b) (partial)	Other administrative expenses (Recovery of expenses)	-37	-26
Income from insurance business		**903**	**856**
Caption 160	Insurance service result	854	1,064
Caption 170	Balance of financial income and expenses related to insurance operations	-2,828	-2,648
+ Caption 30 (partial)	Net interest income (Contribution of insurance business)	1,117	1,017
+ Caption 60 (partial)	Net fee and commission income (Contribution of insurance business)	-363	-350
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, measured 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) (Contribution of insurance business)	268	231
+ Caption 80 (partial)	Profits (Losses) on trading (Contribution of insurance business)	-15	-64
+ Caption 90 (partial)	Fair value adjustments in hedge accounting (Contribution of insurance business)	-	-
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income - Contribution of insurance business	-122	-360
+ Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss - Contribution of insurance business	-2,470	-2,083
+ 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 (Contribution of insurance business)	4,122	3,803
+ Caption 130 b) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income (Contribution of insurance business)	15	-29
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Personnel expenses	177	172
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Other Administrative Expenses	83	81
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Depreciation Property and Equipment	12	12
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Amortisation of Intangible Assets	25	21
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued (Contribution of banking business) Fee and commission income Private Banking Division financial advisors	28	24
- Caption 160 b) (partial)	Costs for insurance services deriving from insurance contracts issued - release of insurance liabilities	-	-35
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment of insurance business	-	-

(millions of euro)

Captions		30.06.2024	30.06.2023
Profits (Losses) on financial assets and liabilities at fair value		**97**	**337**
Caption 80	Profits (Losses) on trading	20	69
Caption 90	Fair value adjustments in hedge accounting	-5	-57
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	-2,850	-2,281
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	4,237	3,911
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	20	-187
Caption 100 c)	Profits (Losses) on disposal or repurchase of financial liabilities	4	18
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, measured 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) (Contribution of banking business)	168	120
+ Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	-3	-7
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-42	-25
- Caption 80 (partial)	Profits (Losses) on trading (Contribution of insurance business)	15	64
- Caption 80 (partial)	Hedging swap differentials	54	118
- Caption 90 (partial)	Fair value adjustments in hedge accounting (Contribution of insurance business)	-	-
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Contribution of insurance business)	122	360
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies) - Effect associated with profits (losses) on trading	104	78
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business) - Effect associated with profits (losses) on trading	6	3
- 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)	-96	-115
- 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 (Contribution of insurance business)	2,470	2,083
- 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 (Contribution of insurance business)	-4,122	-3,803
- 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 (Return components of insurance policies taken out for the benefit of financial advisor networks)	-41	-28
- 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)	26	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 (amounts attributed to net adjustments on loans)	-	14
- Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation) (Contribution of banking business)	-	-1
+ Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	10	2

(millions of euro)

Captions		30.06.2024	30.06.2023
Other operating income (expenses)		**-10**	**14**
Caption 70	Dividend and similar income	436	359
Caption 230	Other operating expenses (income)	423	462
+ Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	1	-7
+ Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	-2	-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 (Return components of insurance policies taken out for the benefit of financial advisor networks)	4	9
- 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) (Contribution of banking business)	-168	-120
- 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) (Contribution of insurance business)	-268	-231
- Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-8	-9
- Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	-523	-442
- Caption 230 (partial)	Other operating expenses/(income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	-12	7
- Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	4	-
- Caption 230 (partial)	Other operating expenses (income) (Impairment losses on repurchased property and equipment)	-	-
- Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	3	4
- Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	-10	-2
- Caption 230 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	130	-
+ Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-4	-4
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-34	-33
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-2	-2
+ Caption 250 (partial)	Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	20	24
Operating income		**13,588**	**12,398**
Personnel expenses		**-3,200**	**-3,185**
Caption 190 a)	Personnel expenses	-3,090	-3,067
- Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	11	2
- Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	20	22
- Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	36	30
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Personnel expenses	-177	-172
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-	-
Other administrative expenses		**-1,340**	**-1,375**
Caption 190 b)	Other administrative expenses	-2,251	-2,189
- Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	15	18
- Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	365	343
- Caption 190 b) (partial)	Other administrative expenses (Recovery of expenses)	37	26
- Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	4	4
- Caption 190 b) (partial)	Other administrative expenses (extraordinary taxes on international subsidiaries)	42	53
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Other Administrative Expenses	-83	-81
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	523	442
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	8	9
Adjustments to property, equipment and intangible assets		**-667**	**-651**
Caption 210	Net adjustments to / recoveries on property and equipment	-317	-336
Caption 220	Net adjustments to / recoveries on intangible assets	-499	-451
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment of insurance business	-	-
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	26	30
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	6	8
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	34	33
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Depreciation Property and Equipment	-12	-12
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Amortisation of Intangible Assets	-25	-21
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	89	68
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	1	1
- Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	28	27
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	2	2
Operating costs		**-5,207**	**-5,211**
Operating margin		**8,381**	**7,187**

(millions of euro)

Captions		30.06.2024	30.06.2023
Net adjustments to loans		**-554**	**-556**
Caption 140	Profits/losses from changes in contracts without derecognition	-7	3
Caption 200 a)	Net provisions for risks and charges for credit risk related to commitments and guarantees given	31	32
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Loans (Contribution of banking business)	-40	-24
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	8	15
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation) (Contribution of banking business)	25	41
+ 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 (amounts attributed to net adjustments on loans)	-	-14
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Loans (Contribution of banking business)	-592	-626
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	6	-
+ Caption 130 b) (partial)	Net adjustments/Recoveries for credit risk associated with financial assets designated at fair value through other comprehensive income - Loans (Contribution of banking business)	5	17
+ Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	10	-
Other net provisions and net impairment losses on other assets		**-178**	**-191**
Caption 260	Valuation differences on property, equipment and intangible assets measured at fair value	2	-22
Caption 200 b)	Net provisions for risks and charges - Other net provisions	-240	-162
+ 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 (Return components of insurance policies taken out for the benefit of financial advisor networks)	34	17
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	-7	-44
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities due to Banks (Contribution of banking business)	-	1
+ Caption 130 b) (partial)	Net adjustments/Recoveries for credit risk associated with financial assets designated at fair value through other comprehensive income - Debt securities (Contribution of banking business)	-	-44
- Caption 200 b) (partial)	Net provisions for risks and charges - Other net provisions (Contribution to the Life Insurance Guarantee Fund)	41	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Charges for integration)	-	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	13	15
- Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	-2
- Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	-10	-
+ Caption 160 b (partial)	Costs for insurance services deriving from insurance contracts issued - release of insurance liabilities	-	35
- Caption 260 (partial)	Valuation differences on property, equipment and intangible assets measured at fair value	-	24
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-6	-8
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-1	-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)	-4	-
+ Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	-	-
Other income (expenses)		**88**	**304**
Caption 250	Profits (Losses) on investments in associates and companies subject to joint control	93	194
Caption 280	Profits (Losses) on disposal of investments	-	160
Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	107	78
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business)	6	3
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies) - Effect associated with profits (losses) on trading	-104	-78
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business) - Effect associated with profits (losses) on trading	-6	-3
+ Caption 230 (partial)	Other operating expenses/(income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	12	-7
+ Caption 260 (partial)	Valuation differences on property, equipment and intangible assets measured at fair value	-	-24
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	-20	-24
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	-	-
- Caption 280 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	5
Income (Loss) from discontinued operations		**-**	**-**
Caption 320	Income (Loss) after tax from discontinued operations	-	-
+ Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	-
Gross income (loss)		**7,737**	**6,744**

(millions of euro)

Captions		30.06.2024	30.06.2023
Taxes on income		**-2,510**	**-2,084**
Caption 300	Taxes on income from continuing operations	-2,130	-1,846
+ Caption 190 b) (partial)	Other administrative expenses (extraordinary taxes on international subsidiaries)	-42	-53
+ Caption 230 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	-130	-
- Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	-42	-36
- Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-27	-44
- Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-139	-105
- 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 (Tax)	-	-
Charges (net of tax) for integration and exit incentives		**-102**	**-86**
+ Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-11	-2
+ Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	-15	-18
+ Caption 200 b) (partial)	Net provisions for risks and charges (Charges for integration)	-	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-26	-30
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-89	-68
+ Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	-3	-4
+ Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	42	36
Effect of purchase price allocation (net of tax)		**-54**	**-90**
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-28	-64
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation) - (Contribution of banking business)	-25	-41
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation) (Contribution of banking business)	-	1
+ Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	2
+ Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	-28	-27
+ Caption 280 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	-5
+ Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	27	44
Levies and other charges concerning the banking and insurance industry (net of tax)		**-293**	**-239**
+ 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)	-26	-1
+ Caption 200 b) (partial)	Net provisions for risks and charges - Other net provisions (Contribution to the Life Insurance Guarantee Fund)	-41	-
+ Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-365	-343
+ Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	139	105
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		**-12**	**-23**
Caption 340	Minority interests	-12	-23
Net income (loss)		**4,766**	**4,222**

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Financial calendar

Approval of the Interim Statement as at 30 September 2024 and resolution with regard to the distribution of an interim dividend	31 October 2024