INTESA SANPAOLO

Distribution of an interim dividend for the year 2024 by Intesa Sanpaolo S.p.A. pursuant to Article 2433-bis of the Italian Civil Code

Board of Directors 31 October 2024

This is an English translation of the original Italian document "Distribuzione da parte di Intesa Sanpaolo S.p.A. di un acconto sul dividendo dell'esercizio 2024 ai sensi dell'art. 2433-bis del Codice Civile". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com. 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.

Contents

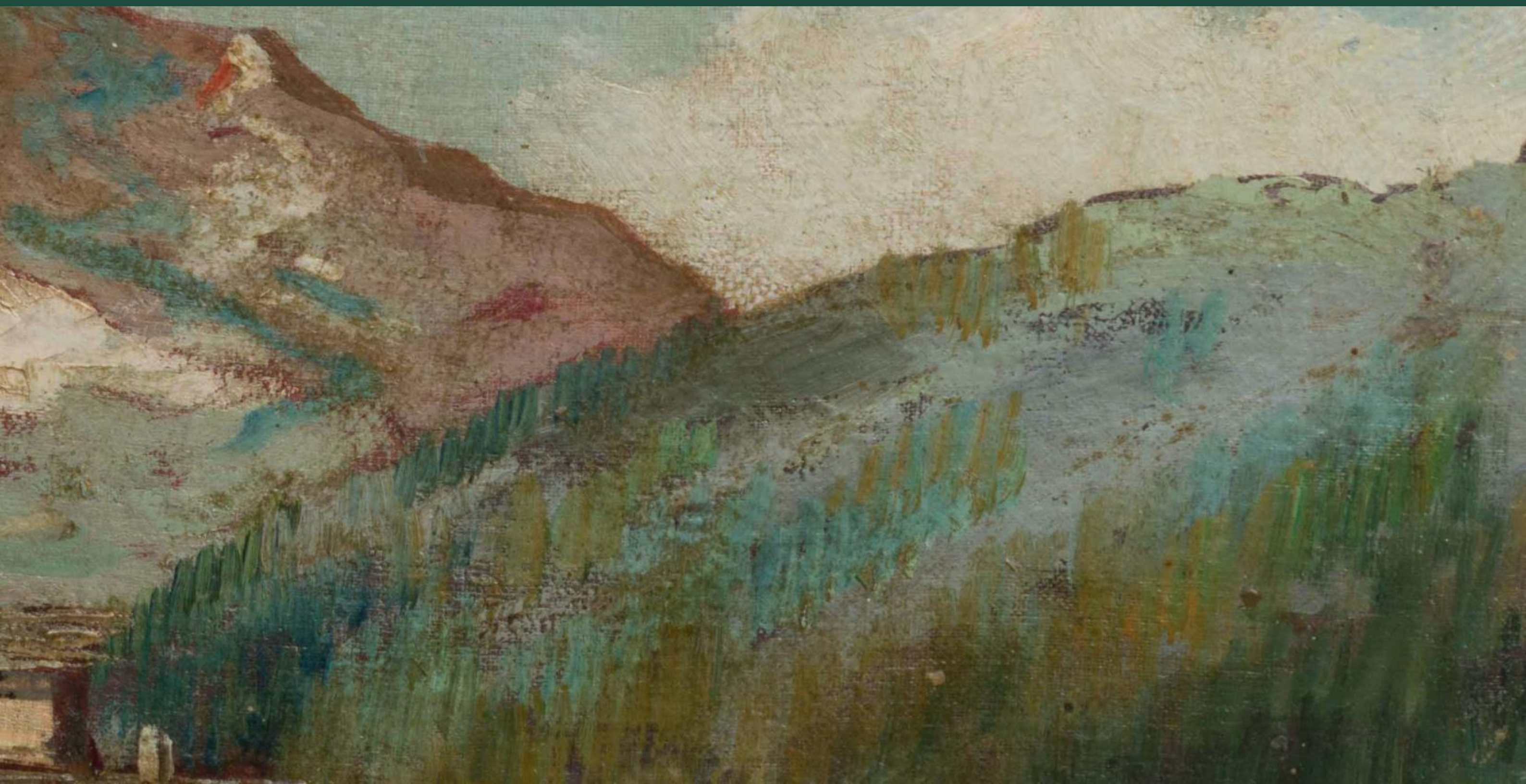
Board of Directors, Manager responsible for preparing the Company’s financial reports and Independent Auditors

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

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



Remarks on the distribution of an interim dividend

The 2022-2025 Business Plan confirmed the Group's commitment to an increasing and sustainable value creation over the Plan period, accompanied by a strong value distribution, envisaging a dividend payout of 70% of the stated consolidated net income for each year of the Plan, as well as possible additional capital returns for shareholders also through any share buybacks, i.e. the purchase of own shares for annulment. The first of these, for a total of 3.4 billion euro, was implemented in part in 2022 and completed in the first months of 2023. A further transaction for 1.7 billion euro was carried out in 2024, between 3 June and 18 October.
Under the envisaged value distribution, in 2024 – as in 2021, 2022, and 2023 – the Board of Directors intends to exercise the power granted by Article 29.5 of the Articles of Association to approve an interim dividend in the manner and form prescribed by law.

Article 2433-bis, paragraphs 1 and 2, of the Italian Civil Code establishes that the distribution of interim dividends is only permitted for companies whose financial statements are subject to independent audit, if that distribution is envisaged by the Articles of Association and approved by the directors after the independent auditors have issued a positive opinion on the financial statements of the previous year and after their approval. It is also establishes, in paragraph 3, that the distribution of interim dividends is not permitted when the latest approved financial statements show losses for the year or previous years.
The distribution must be approved by the directors on the basis of financial statements and a report that confirm that the Company's balance sheet, economic and financial position allow for the distribution. An opinion on those documents must have been obtained from the external auditor.
With regard to the quantification of the amount of the interim dividend, paragraph 4 of the above-mentioned Article of the Italian Civil Code establishes that the distribution cannot exceed the lower of the amount of profit made from the end of the prior year, less the share to be allocated to the legal or statutory reserve, and the amount of the available reserves.

In consideration of the above, and in view of the power granted under Article 29.5 of the Articles of Association, it is noted that the Financial Statements of Intesa Sanpaolo S.p.A. as at 31 December 2023:
– did not show any losses for the year or for previous years;
– were subject to independent audit by EY S.p.A., which issued its positive opinion on 19 March 2024;
– were approved by the Shareholders' Meeting on 24 April 2024.

In the case of Intesa Sanpaolo S.p.A., the distribution of the interim dividend is determined on the basis of the financial statements as at 30 June 2024, prepared in accordance with the recognition and measurement criteria established by international accounting standards IAS/IFRS endorsed by the European Union (IFRS-EU) used for the preparation of the separate financial statements as at 31 December 2023, to which reference should be made for a more complete description.
The financial statements comprise the balance sheet as at 30 June 2024, the income statement for the interim period from 1 January to 30 June 2024, the statement of comprehensive income for that period, the statement of changes in shareholders' equity for the period 1 January to 30 June 2024 and the statement of cash flows for the period 1 January to 30 June 2024.
The amounts reported are compared with the corresponding amounts for the same period of the previous year, except for the balance sheet, which is compared with the corresponding statement as at 31 December 2023.
The available reserves reported in the financial statements as at 30 June 2024 amounted to 20,798 million euro, while the available net income for the period amounted to 3,298 million euro.
In determining the available net income for the period, and therefore the interim dividend distributable, all the items that contribute to this determination, in accordance with the applicable regulations, have been taken into account.

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

(millions of euro)

Net income of Intesa Sanpaolo S.p.A. for the period 1 January - 30 June 2024	3,517
Amount of net income for the period to be allocated to the legal reserve (a)	-
Amount of net income for the period not distributable pursuant to Article 6, paragraph 1, letter a), of Legislative Decree no. 38/2005	219
Net income for the period available	3,298
Available reserves	20,798
Interim dividend distributable (Article 2433-bis, paragraph 4, Italian Civil Code)	3,298
Proposed interim dividend	3,027
Proposed interim dividend per share (euro cents) (b)	17.00

(a) The legal reserve, amounting to 2,125 million euro as at 30 June 2024, represents over 20% of the share capital.

(b) Following the annulment of all own shares purchased in execution of the buyback programme – disclosed to the market on 27 May 2024 – which started on 3 June and ended on 18 October 2024, the number of shares constituting the share capital decreased to 17,803,670,501 while the value of the share capital remained unchanged at 10,368,870,930.08 euro.

Accordingly, pursuant to Article 2433-bis, paragraph 4 of the Italian Civil Code, the maximum amount distributable as an interim dividend is 3,298 million euro.

You are reminded that the purchases related to the programme of purchase of own shares for annulment (buyback) – authorised by the ECB with decision notified on 11 March 2024 and approved by the Intesa Sanpaolo Shareholders' Meeting of 24 April 2024, for a maximum outlay of 1.7 billion euro and a number of shares not exceeding 1,000,000,000 shares, with execution of the purchases and annulment of the shares by 25 October 2024 – began on 3 June 2024 and ended on 18 October 2024. During the period, a total of 479,128,488 shares were purchased, corresponding to around 2.62% of the share capital, at an average purchase price of 3.5481 euro per share, for a total countervalue of 1,699,999,992.53 euro.
The transactions took place on the regulated market Euronext Milan managed by Borsa Italiana through the third-party intermediary appointed to execute the programme, in full independence and without any involvement of the Intesa Sanpaolo Group, in accordance with the terms and conditions authorised by the Intesa Sanpaolo Shareholders' Meeting of 24 April 2024.
The annulment of the shares took place on 23 October 2024. While the share capital remained unchanged at 10,368,870,930.08 euro, the number of ordinary shares without nominal value decreased from 18,282,798,989 to 17,803,670,501. The Articles of Association amended to reflect said annulment were filed with the Turin Company Register on 28 October.

In consideration of the above, the interim dividend distribution for the year 2024 shall be allocated to each of the 17,803,670,501 ordinary shares constituting the share capital of Intesa Sanpaolo S.p.A. as at the date of this document.

Given that the above-mentioned conditions set forth in paragraphs 1 to 3 of Article 2433-bis of the Italian Civil Code have been met and in light of (i) the economic and financial performance of Intesa Sanpaolo S.p.A. in the first six months of 2024, as detailed in the following paragraphs of this Report, together with the information contained in the paragraph "Subsequent events to the first half of 2024", (ii) the economic, balance sheet and financial performance of the Intesa Sanpaolo Group in the first nine months of 2024 and (iii) the disclosure provided in the paragraph "Information on the economic prospects and the outlook for the current year", the Board of Directors intends to distribute an interim dividend – in compliance with the provisions of paragraph 4 of Article 2433-bis of the Italian Civil Code – totalling 3,026,623,985.17 euro, resulting from a unit amount of 17.00 euro cents for each ordinary share, before tax, that will be paid on the first available date, namely 20 November 2024 (with coupon presentation on 18 November and record date on 19 November).

Please note that own shares held by the Bank at the record date of 19 November 2024 are not entitled for interim dividends and the corresponding amount will be allocated to the Extraordinary Reserve.

Following the distribution of the interim dividend being discussed, the capital ratios of the Intesa Sanpaolo Group – both those recorded as at 30 September 2024 and those expected at the year-end – remain well above the minimum requirements set by the supervisory regulations and in particular the Common Equity Tier 1 Ratio, which is also higher than the minimum target of 12% that the Group has set for itself. In addition, there are no regulatory recommendations regarding the capital requirements applicable to Intesa Sanpaolo that preclude the proposed distribution of the interim dividend.

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The chapters below provide details of the income statement and balance sheet performance of Intesa Sanpaolo S.p.A. during the first half of the year 2024.

For details of the background scenario, as well as the management of the main risks related to the military conflict between Russia and Ukraine, see the introductory chapter of the Half-yearly report on operations contained in consolidated half-yearly report as at 30 June 2024, published on the Group's website (www.group.intesasanpaolo.com).
That section also describes the other significant events involving Intesa Sanpaolo during the period, including the new organisational setup effective from 2 April 2024, the resolutions of the Shareholders' Meeting on 24 April 2024, and the acquisition of 99.98% of the share capital of the Romanian bank First Bank S.A., together with the update on the implementation of the 2022-2025 Business Plan, with a particular focus on the projects and initiatives through which the Group's commitment in ESG and sustainability is realised.
To enable a better understanding of Intesa Sanpaolo S.p.A.'s performance during the reporting period, the half-yearly comments use aggregates and indicators that can be classed as "Alternative Performance Measures". The definition of these measures and details of how they are constructed are provided in the specific chapter of the Report on operations accompanying the 2023 Consolidated financial statements and in this document no changes have been made to the measures used.

Economic results

Introduction

The reclassified income statement and balance sheet of the Parent Company Intesa Sanpaolo S.p.A. as at and for the six months ended 30 June 2024, accompanied by a brief comment on the income statement results and balance sheet aggregates are presented below.

General aspects

The income statement is presented in a condensed reclassified format to enable a more immediate interpretation of the results. To guarantee comparison on a like-for-like basis, the income statement data referring to the previous periods have been restated, where necessary and if material, particularly in relation to changes in the scope of reference. This uniformity is achieved through restated figures, which include/exclude the values of the companies that entered or left the scope of reference. In this regard you are reminded that, as part of the larger project of creating a digital bank, set out in the 2022-2025 Business Plan of the Intesa Sanpaolo Group, the contribution of the first business line from Intesa Sanpaolo to Isybank S.p.A. was finalised with legal effect on 16 October 2023, executing the first wave of migration, which involved around 275 thousand customers, for around 1.7 billion euro in direct deposits. With effect from 18 March 2024, the transfer of the second batch of Intesa Sanpaolo customers to Isybank was also completed, involving around 78 thousand customers and approximately 436 million euro of direct deposits.
Given the immateriality of the related income statement effects, no restatements were made to the comparison period's data.

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

The reclassifications and aggregations of captions in the reclassified income statement refer to:
- dividends relating to investments carried at equity, as well as those received and paid within the framework of securities lending, which have been reallocated to Profits (losses) on financial assets and liabilities at fair value;
- differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, which have been allocated among Net interest income owing to the close correlation;
- periodic fees and commissions on current accounts with positive balances applied to customers (excluding the retail customers and SMEs segment), in accordance with the provisions of the term sheets, which are accounted for as net interest income, inasmuch as they cover the financing cost incurred by the Bank;
- Profits (losses) on trading, Fair value adjustments in hedge accounting, Profits (losses) on 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 recoveries of expenses, taxes and duties, which have been subtracted from Other administrative expenses, instead of being included among Other income;
- 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;
- Profits and losses on disposal or repurchase of financial assets measured at amortised cost (loans and debt securities representing loans), which have been allocated to Net adjustments to loans;
- Net losses/recoveries for credit risk associated with financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, the effects on the income statement of the changes in contracts and the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single item Net adjustments to loans. The 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 concerning the banking and insurance industry, with the latter relating to the 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;
- Impairment on goodwill, other intangible assets, and investments in subsidiaries, which are shown net of tax.

Reclassified income statement

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Net interest income	5,641	4,839	802	16.6
Net fee and commission income	2,842	2,708	134	4.9
Profits (Losses) on financial assets and liabilities at fair value	-40	226	-266	
Other operating income (expenses)	1,421	2,270	-849	-37.4
Operating income	**9,864**	**10,043**	**-179**	**-1.8**
Personnel expenses	-2,486	-2,509	-23	-0.9
Administrative expenses	-982	-1,010	-28	-2.8
Adjustments to property, equipment and intangible assets	-548	-527	21	4.0
Operating costs	**-4,016**	**-4,046**	**-30**	**-0.7**
Operating margin	**5,848**	**5,997**	**-149**	**-2.5**
Net adjustments to loans	-539	-639	-100	-15.6
Other net provisions and net impairment losses on other assets	-26	-158	-132	-83.5
Other income (expenses)	12	189	-177	-93.7
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**5,295**	**5,389**	**-94**	**-1.7**
Taxes on income	-1,432	-1,151	281	24.4
Charges (net of tax) for integration and exit incentives	-69	-51	18	35.3
Effect of purchase price allocation (net of tax)	-35	-64	-29	-45.3
Levies and other charges concerning the banking and insurance industry (net of tax)	-231	-195	36	18.5
Impairment (net of tax) of goodwill, other intangible assets and controlling interests	-11	6	-17	
Net income (loss)	**3,517**	**3,934**	**-417**	**-10.6**

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

The income statement of Intesa Sanpaolo S.p.A. for the first half of 2024 closed with net income of 3,517 million euro, compared to 3,934 million euro for the first half of the previous year (-417 million euro; -10.6%), while gross income, amounting to 5,295 million euro, was down by 94 million euro (-1.7%) compared to 5,389 million euro in June 2023.

Net income (loss)

The change in net income in the first half of 2024 compared to the first six months of 2023 was attributable to the following:

- the decrease in Operating income of 179 million euro (-1.8%), attributable to Other operating income (expenses) (-849 million euro, -37.4%), mainly due to lower Dividends (-863 million euro, -40.3%), and the decrease in Profits (Losses) on financial assets and liabilities at fair value (-266 million euro), only partly offset by the higher contribution from Net interest income (+802 million euro; +16.6%) and Net fee and commission income (+134 million euro; +4.9%);
- the decrease in Operating costs of 30 million euro (-0.7%), including the increase in Amortisation of intangible assets and depreciation of property and equipment (+21 million euro; +4%), offset by the decrease in Personnel expenses (-23 million euro; -0.9%) and Administrative expenses (-28 million euro; -2.8%);
- a reduction in Net adjustments to loans of 100 million euro (-15.6%);
- a decrease in Other net provisions and net impairment losses on other assets of 132 million euro (-83.5%), of which 25 million euro due to lower Other net provisions, 59 million euro to lower net adjustments to securities measured at amortised cost and securities at fair value through other comprehensive income, and 47 million euro to lower Net impairment losses on other assets;
- a decrease in Other income (expenses) of 177 million euro (-93.7%);
- the tax effect related to the above changes and, in particular, the effect due to the lower contribution from dividends;
- an increase in Charges (net of tax) for integration and exit incentives of 18 million euro;
- a reduction in the charges connected to the Effect of purchase price allocation (net of tax) of 29 million euro;
- an increase in the Levies and other charges concerning the banking and insurance industry (net of tax) of 36 million euro;
- a decrease in the caption Impairment (net of tax) of goodwill, other intangible assets and controlling interests of 17 million euro.

Net interest income

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Relations with customers	6,104	5,586	518	9.3
Securities issued	-2,185	-1,402	783	55.8
Customer dealing	**3,919**	**4,184**	**-265**	**-6.3**
Instruments measured at amortised cost which do not constitute loans	750	598	152	25.4
Other financial assets and liabilities measured at fair value through profit or loss	92	92	-	-
Other financial assets measured at fair value through other comprehensive income	814	415	399	96.1
Financial assets and liabilities	**1,656**	**1,105**	**551**	**49.9**
Relations with banks	**-514**	**-522**	**-8**	**-1.5**
Differentials on hedging derivatives	**-208**	**-386**	**-178**	**-46.1**
Other net interest income	**788**	**458**	**330**	**72.1**
Net interest income	**5,641**	**4,839**	**802**	**16.6**

Net interest income amounted to 5,641 million euro, up 802 million euro (+16.6%) on the first half of 2023 (4,839 million euro). Customer dealing recorded a decline of 265 million euro (-6.3%): higher interest expense on securities issued (+783 million euro) was only partially offset by the increase in interest on relations with customers (+518 million euro), supported by the ECB maintaining still high interest rates.
Interest on financial assets amounted to 1,656 million euro, up 551 million euro (+49.9%), due to the increase in the contribution from instruments measured at amortised cost which do not constitute loans (+152 million euro) and financial assets measured at fair value through other comprehensive income (+399 million euro).
The contribution from interbank transactions fell slightly, by 8 million euro (-1.5%), to -514 million euro, compared to -522 million euro in the first half of 2023.
The negative differentials on hedging derivatives improved to -208 million euro, compared to -386 million euro in the first six months of 2023.
Finally, other net interest income, inclusive of that accrued on non-performing assets, made a positive contribution of 788 million euro, an increase of 330 million euro.

Net fee and commission income

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Guarantees given / received	80	55	25	45.5
Collection and payment services	249	238	11	4.6
Current accounts	567	604	-37	-6.1
Credit and debit cards	167	155	12	7.7
Commercial banking activities	**1,063**	**1,052**	**11**	**1.0**
Dealing and placement of securities	832	707	125	17.7
Currency dealing	2	1	1	
Portfolio management	45	43	2	4.7
Distribution of insurance products	412	450	-38	-8.4
Other	129	115	14	12.2
Management, dealing and consultancy activities	**1,420**	**1,316**	**104**	**7.9**
Other net fee and commission income	**359**	**340**	**19**	**5.6**
Net fee and commission income	**2,842**	**2,708**	**134**	**4.9**

Net fee and commission income amounted to 2,842 million euro, up 134 million euro (+4.9%) on the first half of the previous year (2,708 million euro). The increase involved all the segments: commercial banking (+11 million euro; +1%), management, dealing and consultancy activities (+104 million euro; +7.9%), and other net fee and commission income (+19 million euro; +5.6%).
Within the commercial banking activities, there was an increase in fee and commission income on fees on guarantees given and received (+25 million euro), on credit and debit cards (+12 million euro) and on collection and payment services (+11 million euro), partly offset by current accounts (-37 million euro), due to the Bank's reduction of the account maintenance fees charged to customers.
For the management, dealing and consultancy activities, the growth was mainly due to the higher contribution from dealing and placement (+125 million euro), particularly from funds (+96 million euro) and from the securities and derivatives segment (+25 million euro), together with the increase in other management and dealing commissions (+14 million euro), only partly offset by the lower contribution from the insurance segment (-38 million euro).
Lastly, for other net fee and commission income, the increase of 19 million euro was mainly due to the increase in fee and commission income on loans and the decrease in success fees paid.

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

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Profits (losses) on trading and on financial instruments under fair value option	-539	-99	440	
Profits (losses) on hedges under hedge accounting	-3	-55	-52	-94.5
Profits (losses) on assets mandatorily measured at fair value through profit or loss	149	96	53	55.2
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	350	267	83	31.1
Profits (losses) on the buyback of financial liabilities	3	17	-14	-82.4
Profits (Losses) on financial assets and liabilities at fair value	**-40**	**226**	**-266**	

Profits (losses) on financial assets and liabilities at fair value through profit or loss amounted to -40 million euro, compared to +226 million euro in the first half of the previous year (-266 million euro).
The change in the aggregate was seen in the net interest income with respect to the transactions in certificates, which generated positive effects on the 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 was attributable to the fall in profits (losses) on trading and on financial instruments under fair value option (440 million euro, due in particular to the above-mentioned performance of certificates) and the reduction in net gains from the repurchase of financial liabilities (-14 million euro; -82.4%), relating to repurchases of own securities and the repayment of amounts due to banks and customers.
These negative effects were offset by the increase in profits 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, or +31.1%, of which +51 million euro attributable to gains on disposal of HTC and HTCS debt securities, mainly government securities), the lower losses on hedges under hedge accounting (-52 million euro; -94.5%), due to the valuations of hedges affected by interest rate movements and the increase in hedged volumes, and the higher contribution from profits (losses) on assets mandatorily measured at fair value through profit or loss (+53 million euro; +55.2%).

Other operating income (expenses)

Other net operating income amounted to 1,421 million euro compared to 2,270 million euro in the first half of 2023, a decrease of 849 million euro (-37.4%). The aggregate includes dividends from investees, with the remainder comprised of sundry operating income. The change in the caption was almost fully attributable to the dividend component, which was down by 863 million euro (-40.3%). In particular, in the first half of 2024, dividends were recorded totalling 1,278 million euro, compared to 2,141 million euro in June 2023. Sundry operating income amounted to 143 million euro, an increase of 14 million euro compared to the first half of 2023 (+10,9%).

Operating income

As a result of these changes, operating income amounted to 9,864 million euro, down 179 million euro (-1.8%) on the figure of 10,043 million euro for the first half of the previous year.

Operating costs

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Wages and salaries	1,663	1,701	-38	-2.2
Social security charges	452	464	-12	-2.6
Other	371	344	27	7.8
Personnel expenses	**2,486**	**2,509**	**-23**	**-0.9**
Information technology expenses	280	303	-23	-7.6
Management of real estate assets expenses	122	137	-15	-10.9
General structure costs	156	150	6	4.0
Professional and legal expenses	92	96	-4	-4.2
Advertising and promotional expenses	44	40	4	10.0
Costs for outsourcing to Group companies	13	12	1	8.3
Indirect personnel costs	68	64	4	6.3
Other costs	141	137	4	2.9
Indirect taxes and duties	75	80	-5	-6.3
Recovery of expenses and charges	-9	-9	-	-
Administrative expenses	**982**	**1,010**	**-28**	**-2.8**
Property and equipment	202	206	-4	-1.9
Intangible assets	346	321	25	7.8
Adjustments	**548**	**527**	**21**	**4.0**
Operating costs	**4,016**	**4,046**	**-30**	**-0.7**

Operating costs amounted to 4,016 million euro, down slightly on June 2023 (-30 million euro; -0.7%), due to the reduction in personnel expenses, which fell from 2,509 million euro to 2,486 million euro (-23 million euro; -0.9%), and other administrative expenses, which decreased from 1,010 million euro to 982 million euro (-28 million euro; -2.8%), partially offset by depreciation and amortisation of property and equipment and intangible assets, which totalled 548 million euro compared to 527 million euro in June 2023 (+21 million euro; +4%).

With specific regard to personnel expenses, the decrease of 23 million euro was mainly attributable to the impact of the variable components of remuneration.

For the other administrative expenses, the decrease of 28 million euro was mainly attributable to information technology expenses (23 million euro) related to the lower cost of outsourcing, and management of real estate assets expenses (15 million euro), related to lower electricity and gas supply costs, partially offset by the increase in general structure costs (6 million euro), advertising and promotional expenses (4 million euro) and indirect personnel costs (4 million euro).

Lastly, the increase of 21 million euro in depreciation and amortisation of property and equipment and intangible assets included 25 million euro attributable to intangible assets, as a result of technology investments in software, continuing the development already implemented during the previous year.

Operating margin

The trends in operating income and costs described above resulted in an operating margin of 5,848 million euro, compared to 5,997 million euro in the first half of the previous year, representing a decrease of 149 million euro, corresponding to -2.5%. The cost/income ratio for June 2024 amounted to 40.7%, a slight increase on the figure for the same period of 2023 (40.3%).

Net adjustments to loans

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Bad loans	-96	-182	-86	-47.3
Unlikely to pay	-341	-349	-8	-2.3
Past due loans	-198	-130	68	52.3
Stage 3 loans	**-635**	**-661**	**-26**	**-3.9**
of which debt securities	*-1*	*-3*	*-2*	*-66.7*
Stage 2 loans	**22**	**71**	**-49**	**-69.0**
of which debt securities	*-*	*-3*	*-3*	
Stage 1 loans	**38**	**-72**	**110**	
of which debt securities	*11*	*19*	*-8*	*-42.1*
Net losses/recoveries on impairment of loans	**-575**	**-662**	**-87**	**-13.1**
Profits/losses from changes in contracts without derecognition	**-3**	**17**	**-20**	
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**39**	**6**	**33**	
Net adjustments to loans	**-539**	**-639**	**-100**	**-15.6**

Net adjustments to loans amounted to 539 million euro, down 100 million euro (-15.6%) on June 2023 (639 million euro).
The change in the caption was largely attributable to the decrease of 49 million euro in net recoveries on Stage 2 loans and the decrease of 26 million euro in net adjustments to Stage 3 non-performing loans, as the result of a significant decrease in adjustments to bad loans (-86 million euro) and unlikely-to-pay loans (-8 million euro), offset by an increase for past due loans (+68 million euro). The net provisions relating to commitments and guarantees given also had a positive impact, with an increase in recoveries of 33 million euro, as did Stage 1 loans, with a rise in recoveries of 110 million euro (38 million euro in recoveries as at June 2024 compared to 72 million euro in adjustments in the same period of the previous year).
In June 2024, the ratio of gross NPLs to total loans stood at 2.2%, in line with the figure in June 2023 (2.3%). The annualised cost of credit – expressed as the ratio of net adjustments to net loans – decreased in 2024 to 30 bps, compared to 38 bps in 2023. The reduction in the cost of credit was supported by a very low volume of inflows from performing to non-performing loans in the half year (0.9 billion euro net of outflows to assets held for sale and returns to performing status).
The coverage of non-performing loans in June 2024 amounted to 49.3%. Specifically, bad loans required net adjustments of 96 million euro, down from the figure for June 2023 (182 million euro), with a coverage ratio of 68.9%. Net adjustments to unlikely-to-pay loans, totalling 341 million euro, were down (-2.3%) compared to 349 million euro recorded in the same period of 2023, with a coverage ratio of 39.7%. Net adjustments to past-due loans amounted to 198 million euro (130 million euro in the first half of 2023), with a coverage ratio of 25.6%. The coverage ratio for forborne positions within the non-performing loan category was 44%. Finally, the coverage of performing loans was 0.4% and incorporated the physiological risk inherent in the loan portfolio.

Other net provisions and net impairment losses on other assets

(millions of euro)

	30.06.2024	30.06.2023	Changes	
			amount	%
Other net provisions	-29	-55	-26	-47.3
Net impairment losses on instruments measured at amortised cost and on instruments measured at fair value through other comprehensive income	-11	-70	-59	-84.3
Net impairment losses on other assets	14	-33	47	
Other net provisions and net impairment losses on other assets	**-26**	**-158**	**-132**	**-83.5**

Other net provisions and net impairment losses on other assets amounted to 26 million euro, compared to 158 million euro in June 2023, a decrease of 132 million euro. These related to provisions for legal disputes and other charges (29 million euro), net impairment losses on instruments measured at amortised cost not treated as loans and on instruments measured at fair value through other comprehensive income (11 million euro), and net recoveries on other assets (14 million euro).

Other income (expenses)
In this caption of the reclassified income statement, the "profits (losses) on financial assets measured at amortised cost other than loans, equity investments and other investments" are aggregated together with other income and expenses not strictly linked to operations.
Other income as at June 2024 amounted to 12 million euro, compared to 189 million euro for the same period in 2023, which included 195 million euro in gains on the sale of Zhong Ou Asset Management Company Limited.

Gross income (loss)
Gross income consequently amounted to 5,295 million euro, down 94 million euro (-1.7%) on the first half of the previous year (5,389 million euro).

Taxes on income
Taxes on income calculated on the components contributing to gross income amounted to -1,432 million euro, compared to -1,151 million euro in the previous period. As at June 2024, the caption included the amount paid by Intesa Sanpaolo to the National Resolution Fund (-130 million euro) as profit sharing 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. (so-called Good Banks). 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.

Charges (net of tax) for integration and exit incentives
Charges (net of tax) for integration and exit incentives amounted to -69 million euro and mainly related to depreciation and amortisation (-59 million euro), personnel expenses (-7 million euro) and other administrative expenses (-4 million euro). This compares with -51 million euro in the first half of 2023, mainly attributable to depreciation and amortisation (-49 million euro) and other administrative expenses (-4 million euro), partially offset by the release of provisions for risks and charges (+2 million euro).

Effect of purchase price allocation (net of tax)
The effect of purchase price allocation (net of tax) amounted to -35 million euro, compared to -64 million euro in the first half of 2023. This caption comprises amounts attributable to valuations 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.

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.
As at 30 June, the caption (net of tax) amounted to 231 million euro, up from 195 million euro in June 2023 (+36 million euro; +18.5%). It includes the 2024 ordinary contribution to the National Interbank Deposit Guarantee Fund of 211 million euro, which the Fund called up in advance, on an exceptional basis, in order to enable the achievement of the target level by the legally established deadline of 3 July 2024. For the ordinary contribution to the Single Resolution Fund (SRF), on the other hand, the caption does not include an estimate of the charge, because the SRB notified the achievement, on 31 December 2023, of the target for available financial means, namely 1% of the deposits protected with all the institutions authorised in the Banking Union.
The aggregate also includes 3 million euro attributable to the Life Insurance Guarantee Fund.
Lastly, the caption included write-downs of 17 million euro for the Atlante Fund and the Italian Recovery Fund.

Impairment (net of tax) of goodwill, other intangible assets and controlling interests
The impairment (net of tax) of goodwill, other intangible assets and controlling interests amounted to -11 million euro, primarily due to the write-down of several controlling interests.
As at June 2023, the caption stood at +6 million euro, with -12 million euro due to the write-down of several controlling interests, offset by +18 million euro resulting from the partial release of the provision made in 2022 to cover the indirect risks associated with the investment held in Pravex Bank Joint-Stock Company, in connection with the ongoing conflict, aimed at capturing the value of the equity contributed by the subsidiary to the Group's Financial Statements.

Balance sheet aggregates

General aspects

A reclassified condensed balance sheet has been prepared to permit a more immediate understanding of the assets and liabilities.

As already stated with regard to the income statement figures, it was not necessary to restate the balance sheet figures for the previous period on a like-for-like basis, due to the immaterial impact of the transfers of business lines from Intesa Sanpaolo to Isybank S.p.A., completed under the broader project for the creation of a digital bank, as set out in the Intesa Sanpaolo Group's 2022 – 2025 Business Plan.

Certain aggregations and reclassifications have been made with respect to the model provided in Circular 262/2005 of the Bank of Italy. Breakdowns of restatements, 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 aggregations and reclassifications of the captions of the reclassified balance sheet related to:

- the separate presentation of financial assets constituting Due from banks and Loans to customers, regardless of the accounting portfolios to which they have been allocated;
- the separate presentation of financial assets not constituting loans, divided into financial assets measured at amortised cost, financial assets 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 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 under Other assets/Other liabilities;
- the separate presentation of Due to banks at amortised cost;
- the aggregation of Due to customers at amortised cost and Securities issued into one caption;
- the aggregation 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	%
Cash and cash equivalents	40,076	72,829	-32,753	-45.0
Due from banks	32,602	31,828	774	2.4
Loans to customers	358,972	367,492	-8,520	-2.3
Loans to customers measured at amortised cost	*357,472*	*366,019*	*-8,547*	*-2.3*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*1,500*	*1,473*	*27*	*1.8*
Financial assets measured at amortised cost which do not constitute loans	54,209	53,950	259	0.5
Financial assets measured at fair value through profit or loss	42,947	43,172	-225	-0.5
Financial assets measured at fair value through other comprehensive income	60,004	51,164	8,840	17.3
Equity investments	25,298	24,055	1,243	5.2
Property, equipment and intangible assets	11,833	12,489	-656	-5.3
Assets owned	*10,817*	*11,433*	*-616*	*-5.4*
Rights of use acquired under leases	*1,016*	*1,056*	*-40*	*-3.8*
Tax assets	13,159	13,564	-405	-3.0
Non-current assets held for sale and discontinued operations	1,061	178	883	
Other assets	30,218	26,633	3,585	13.5
Total Assets	**670,379**	**697,354**	**-26,975**	**-3.9**

Liabilities	30.06.2024	31.12.2023	changes	
			amount	%
Due to banks at amortised cost	72,616	115,426	-42,810	-37.1
Due to customers at amortised cost and securities issued	457,203	444,567	12,636	2.8
Financial liabilities held for trading	46,545	45,045	1,500	3.3
Financial liabilities designated at fair value	23,316	21,345	1,971	9.2
Tax liabilities	534	477	57	11.9
Liabilities associated with non-current assets held for sale and discontinued operations	17	2	15	
Other liabilities	10,644	10,455	189	1.8
of which lease payables	*1,045*	*1,081*	*-36*	*-3.3*
Allowances for risks and charges	3,104	3,997	-893	-22.3
of which allowances for commitments and financial guarantees given	*367*	*407*	*-40*	*-9.8*
Share capital	10,369	10,369	-	-
Reserves	33,840	32,908	932	2.8
Valuation reserves	40	175	-135	-77.1
Interim dividend	-	-2,629	-2,629	
Equity instruments	8,634	7,925	709	8.9
Net income (loss)	3,517	7,292	-3,775	-51.8
Total Liabilities and Shareholders' Equity	**670,379**	**697,354**	**-26,975**	**-3.9**

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

Comments are provided below on the main balance sheet aggregates as at 30 June 2024 compared with those as at 31 December 2023.

Loans to customers

Loans to customers: breakdown

(millions of euro)

	30.06.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Current accounts	7,671	2.1	8,764	2.4	-1,093	-12.5
Mortgages	202,702	56.6	208,701	56.8	-5,999	-2.9
Advances and other loans	118,037	32.9	123,559	33.6	-5,522	-4.5
Commercial banking loans	**328,410**	**91.6**	**341,024**	**92.8**	**-12,614**	**-3.7**
Repurchase agreements	**19,840**	**5.5**	**16,635**	**4.5**	**3,205**	**19.3**
Loans represented by securities	**6,614**	**1.8**	**5,447**	**1.5**	**1,167**	**21.4**
Non-performing loans	**4,108**	**1.1**	**4,386**	**1.2**	**-278**	**-6.3**
Loans to customers	**358,972**	**100.0**	**367,492**	**100.0**	**-8,520**	**-2.3**

As at 30 June 2024, loans to customers totalled around 359 billion euro, down slightly on 367.5 billion euro for the previous year (-8.5 billion euro; -2.3%). This was mainly due to the decrease in commercial banking loans (-12.6 billion euro; -3.7%), in particular mortgages (-6 billion euro; -2.9%), short-term loans in the form of advances and loans (-5.5 billion euro; -4.5%) and current accounts (-1.1 billion euro; -12.5%). 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.
In contrast, there was an increase in repurchase agreements (+3.2 billion euro; +19.3%) and loans represented by securities (+1.2 billion euro; +21.4%). Lastly, as a result of the new de-risking initiatives, non-performing loans decreased to 4.1 billion euro (-0.3 billion euro; -6.3%).

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	884	0.2	773	0.2	111
Unlikely to pay	2,929	0.8	3,244	0.9	-315
Past due loans	295	0.1	369	0.1	-74
Non-Performing Loans	**4,108**	**1.1**	**4,386**	**1.2**	**-278**
Non-performing loans in Stage 3 (subject to impairment)	*4,077*	*1.1*	*4,339*	*1.2*	*-262*
Non-performing loans measured at fair value through profit or loss	*31*	*-*	*47*	*-*	*-16*
Performing loans	**348,177**	**97.0**	**357,564**	**97.3**	**-9,387**
Stage 2	*23,306*	*6.5*	*25,561*	*7.0*	*-2,255*
Stage 1	*324,384*	*90.4*	*331,574*	*90.2*	*-7,190*
Performing loans measured at fair value through profit or loss	*487*	*0.1*	*429*	*0.1*	*58*
Performing loans represented by securities	**6,614**	**1.9**	**5,447**	**1.5**	**1,167**
Stage 2	*200*	*0.1*	*298*	*0.1*	*-98*
Stage 1	*6,414*	*1.8*	*5,149*	*1.4*	*1,265*
Loans held for trading	73	**-**	95	**-**	*-22*
Total loans to customers	**358,972**	**100.0**	**367,492**	**100.0**	**-8,520**
of which forborne performing	***4,041***		***4,343***		***-302***
of which forborne non-performing	***1,580***		***1,687***		***-107***
Loans to customers classified as non-current assets held for sale	**532**		**139**		**393**

In terms of loan quality, net non-performing exposures decreased from 4.4 billion euro as at 31 December 2023 to 4.1 billion euro as at 30 June 2024.
The trends in the individual components show:

- an increase in bad loans from 773 million euro to 884 million euro (+14.4%), with a coverage ratio of 68.9%;
- a reduction in unlikely-to-pay loans, which fell from 3,244 million euro to 2,929 million euro, corresponding to -9.7%, with a coverage ratio of 39.7%;
- a decrease in past-due loans, which amounted to 295 million euro compared to 369 million euro as at 31 December 2023 (-20%), with a coverage ratio of 25.6%.

The net non-performing assets percentage of total net loans to customers amounted to 1.1% (1% according to the EBA definition), down slightly on 1.2% in December 2023 (0.9% according to the EBA definition), with a coverage ratio for non-performing loans of 49.3%.
Net performing loans (not represented by securities) amounted to 348.2 billion euro, compared to 357.6 billion euro as at 31 December 2023, representing a decrease of 9.4 billion euro (-2.6%). The related average coverage was 0.44% (Stage 1 at 0.13% and Stage 2 at 4.68%) substantially in line with the figure as at 31 December 2023 (0.45%, of which Stage 1 at 0.15% and Stage 2 at 4.45%).
Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 1.6 billion euro, with a coverage ratio of 44%. Forborne exposures in the performing loan category amounted to 4 billion euro.

Other financial assets and liabilities: breakdown

(millions of euro)

Type of financial instruments	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL financial assets	Financial liabilities held for trading (*)
Debt securities issued by Governments					
30.06.2024	5,328	43,775	37,594	**86,697**	X
31.12.2023	5,763	36,349	35,266	**77,378**	X
Changes amount	-435	7,426	2,328	**9,319**	X
Changes %	-7.5	20.4	6.6	**12.0**	X
Other debt securities					
30.06.2024	5,048	14,989	16,615	**36,652**	X
31.12.2023	4,411	13,547	18,684	**36,642**	X
Changes amount	637	1,442	-2,069	**10**	X
Changes %	14.4	10.6	-11.1	**-**	X
Equities					
30.06.2024	2,222	1,240	X	**3,462**	X
31.12.2023	2,381	1,268	X	**3,649**	X
Changes amount	-159	-28	X	**-187**	X
Changes %	-6.7	-2.2	X	**-5.1**	X
Quotas of UCI					
30.06.2024	3,913	X	X	**3,913**	X
31.12.2023	3,610	X	X	**3,610**	X
Changes amount	303	X	X	**303**	X
Changes %	8.4	X	X	**8.4**	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	24,210	X	X	**24,210**	-25,210
31.12.2023	25,708	X	X	**25,708**	-26,609
Changes amount	-1,498	X	X	**-1,498**	-1,399
Changes %	-5.8	X	X	**-5.8**	-5.3
Credit derivatives					
30.06.2024	2,226	X	X	**2,226**	-2,274
31.12.2023	1,299	X	X	**1,299**	-1,137
Changes amount	927	X	X	**927**	1,137
Changes %	71.4	X	X	**71.4**	
TOTAL 30.06.2024	**42,947**	**60,004**	**54,209**	**157,160**	**-37,115**
TOTAL 31.12.2023	**43,172**	**51,164**	**53,950**	**148,286**	**-36,459**
Changes amount	**-225**	**8,840**	**259**	**8,874**	**656**
Changes %	**-0.5**	**17.3**	**0.5**	**6.0**	**1.8**

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

The table above shows the breakdown of other financial assets and liabilities, with the latter net of certificates, which are included in the direct deposits aggregate.

Total financial assets amounted to 157.2 billion euro, up by 8.9 billion euro compared to December 2023 (+6%). Financial liabilities held for trading increased by 0.7 billion euro (+1.8%) to 37.1 billion euro. The increase in financial assets was mainly due to the rise in the stock of debt securities issued by governments (+9.3 billion euro; +12%), only partially offset by the

decrease in financial derivatives (-1.5 billion euro; -5.8%). 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 (-1.4 billion euro).
Financial assets measured at fair value through profit or loss amounted to 42.9 billion euro, slightly lower than the figure at the end of 2023 (-0.2 billion euro; -0.5%), 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.

Financial assets measured at fair value through other comprehensive income amounted to 60 billion euro. These assets, which consisted of debt securities of 58.8 billion euro and equity investments and private equity interests of 1.2 billion euro, increased by 8.8 billion euro (+17.3%), primarily due to non-structured debt securities. HTCS debt securities have primarily been classified to Stage 1 (99.5%).

Financial assets measured at amortised cost which do not constitute loans amounted to 54.2 billion euro, up slightly (+0.3 billion euro; +0.5%) compared to the end of the previous year, mainly as a result of the increase in debt securities issued by governments (+2.3 billion euro) and banks (+0.4 billion euro), offset by the decrease in debt securities of other financial companies (-2.5 billion euro). HTC debt securities have primarily been classified to Stage 1 (91.2%).

Debt securities: stage allocation

(millions of euro)

Debt securities: stage allocation	Financial assets at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL
Stage 1			
30.06.2024	58,453	49,455	**107,908**
31.12.2023	49,455	48,565	**98,020**
Changes amount	8,998	890	**9,888**
Changes %	18.2	1.8	**10.1**
Stage 2			
30.06.2024	311	4,754	**5,065**
31.12.2023	441	5,385	**5,826**
Changes amount	-130	-631	**-761**
Changes %	-29.5	-11.7	**-13.1**
Stage 3			
30.06.2024	-	-	**-**
31.12.2023	-	-	**-**
Changes amount	-	-	**-**
Changes %	-	-	**-**
TOTAL 30.06.2024	**58,764**	**54,209**	**112,973**
TOTAL 31.12.2023	**49,896**	**53,950**	**103,846**
Changes amount	**8,868**	**259**	**9,127**
Changes %	**17.8**	**0.5**	**8.8**

Direct deposits

(millions of euro)

	30.06.2024		31.12.2023		changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	303,820	62.0	310,721	65.5	-6,901	-2.2
Repurchase agreements and securities lending	26,498	5.4	13,003	2.7	13,495	
Bonds	98,232	20.0	91,647	19.3	6,585	7.2
Certificates of deposit	793	0.2	232	-	561	
Subordinated liabilities	11,214	2.3	12,210	2.6	-996	-8.2
Other deposits	49,392	10.1	46,685	9.9	2,707	5.8
of which measured at fair value (*)	*32,746*	*6.7*	29,931	*6.3*	*2,815*	*9.4*
Direct deposits	**489,949**	**100.0**	**474,498**	**100.0**	**15,451**	**3.3**

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

Direct deposits, consisting of amounts due to customers at amortised cost and securities issued, as well as certificates, which are a form of funding not measured at amortised cost alternative to bonds, totalled 489.9 billion euro, up 15.5 billion euro (+3.3%) compared to 31 December 2023. The positive performance of the total funding was mainly driven by repurchase agreements and securities lending (+13.5 billion euro), used in the treasury management policies, bond funding (+6.6 billion euro; +7.2%) and certificates (+2.8 billion euro; +9.4%), partly offset by the decrease in current accounts and deposits (-6.9 billion euro; -2.2%) due to businesses using liquidity to reduce bank borrowing and increasing diversification of savings by households.

Amounts due from and to banks - net interbank position

As at 30 June 2024, the 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 – showed a negative imbalance of 1.7 billion euro, compared to -13 billion euro at the end of 2023, representing a decrease of 11.3 billion euro, corresponding to -87.1%.
The change was driven by a 37.1% reduction in liabilities, mainly attributable to the total repayment of the TLTROs III during the half year (36 billion euro in March and 9 billion euro in June).
On the side of assets held at banks, there was also a decrease, although smaller (-30.8%), mainly due to liquidity in on-demand deposits with central banks (-32.1 billion euro), and in particular with the ECB (-30.3 billion euro). Amounts due from banks grew by a total of 2.4%, which reflected the movements, also in opposite directions, of different technical forms through which normal interbank operations are carried out.

Equity investments

Equity investments, which amounted to 25.3 billion euro, included controlling interests in subsidiaries, associates and companies subject to joint control, and were up 1.2 billion euro from the end of the previous year (+5.2%).

Property, equipment and intangible assets

Property, equipment and intangible assets amounted to 11.8 billion euro, down 0.7 billion euro (-5.3%) compared to 12.5 billion euro as at 31 December 2023.

Tax assets

Tax assets, net of tax liabilities, amounted to 12.6 billion euro, a decrease of 0.5 billion euro (-3.5%) compared to 31 December 2023.

Allowances for risks and charges

Allowances for risks and charges amounted to approximately 3.1 billion euro, down from 4 billion euro at the end of the previous year (-0.9 billion euro; -22.3%), mainly due to the reduction in Other allowances for risks and charges for personnel (-0.7 billion euro, equal to -39.8%).

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 and discontinued operations amounted to 1.1 billion euro – mainly consisting of property and equipment and non-performing loans held for sale. The associated liabilities amounted to 17 million euro.

Shareholders' equity

Shareholders' equity, including the net income for the period of 3,517 million euro, amounted to 56.4 billion euro compared to 56 billion euro as at 31 December 2023.

In addition to the difference in the net income for the two periods under comparison (-3.8 billion euro; -51.8%), the most significant changes contributing to the increase of 0.4 billion euro were attributable to:

- the positive effect, recorded on allocating the income for 2023, connected with the closing of the interim dividend on the income for 2023, resolved by the Board of Directors' meeting of 3 November 2023 in compliance with the provisions of Art. 2433-bis, paragraph 4 of the Italian Civil Code (+2.6 billion euro);
- the increase in reserves of 0.9 billion euro (+2.8%), mainly due to the following: allocation to the Reserve pursuant to Article 26, paragraph 5-bis of Decree Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023 (+2 billion euro), the allocation to the Reserve pursuant to Article 6, paragraph 1, letter a) of Legislative Decree no. 38/2005 (+0.3 million euro), the distribution of dividends from the share premium reserve (-0.4 billion euro), in accordance with the resolution of the Shareholders' Meeting of 24 April 2024 concerning the allocation of the net income for 2023, as well as the increase in treasury shares held (-0.6 billion euro), in connection with the execution of the programme of purchase of own shares for annulment (buyback) announced to the market on 27 May 2024 and launched on 3 June 2024;
- the increase in equity instruments (+0.7 billion euro; +8.9%), mainly as a result of the issuance on 20 May 2024 of a fixed-rate perpetual bond denominated in euro for a total nominal amount of 1 billion euro and the early repayment of a perpetual bond on 16 May 2024 (for -0.25 billion euro nominal amount).

In the interest of completeness, a breakdown is provided below of the reserves as at 30 June 2024, including the information required by Article 2427, paragraphs 7-bis and 22-septies, of the Italian Civil Code.

(millions of euro)

	Amount as at 30.06.2024	Principal	Portion of net income	Portion subject to a suspended tax regime	Portion available (a)	Uses in the past three years
Shareholders' equity						
– Share capital	10,369	7,824	759	1,786	-	-
– Equity instruments	8,634	8,679	-45	-	-	-
– Share premium reserve (b)	27,760	13,043	11,048	3,669	A, B, C	394
– Legal reserve	2,125	520	1,605	-	A(1), B, C(1)	-
– Extraordinary reserve	1,441	320	1,121	-	A, B, C	1,932
– Extraordinary reserve - unavailable portion (c)	1,561	-	1,561	-	-	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7, par. 3)	302	-	-	302	A, B(2), C(3)	-
– Concentration reserve (Law 218 of 30/7/1990, art. 7, par 2)	366	-	-	366	A, B(2), C(3)	-
– Other reserves, of which:						
Legal Reserve Branches abroad	*12*	*-*	*12*	*-*	*A, B, C*	*-*
Reserve for contribution to LECOIP 3.0 / PSP incentive plans	*316*	*309*	*7*	*-*	*A*	*-*
IFRS 2 reserve for employee incentive scheme	*77*	*77*	*-*	*-*	*A*	*-*
Reserve for AT1 equity instruments coupons	*-2,043*	*-*	*-2,043*	*-*	*-*	*-*
Suspended tax reserve former UBI Banca	*421*	*-*	*-*	*421*	*A, B,C*	*-*
Unavailable net income reserve pursuant to Article 6 of Legislative Decree 38/2005	*850*	*-*	*850*	*-*	*B*	*-*
Net income reserve pursuant to Law 136 of 9/10/2023 (d)	*1,991*	*-*	*1,991*	*-*	*A(4), B(5)*	*-*
Stock option plans reserve	*42*	*-*	*42*	*-*	*A*	*-*
Reserves: other	*-705*	*-*	*-709*	*4*	*-*	*-*
– Valuation reserves						
Revaluation reserve (Law 576 of 2/12/1975)	*4*	*-*	*-*	*4*	*A, B(2), C(3)*	*-*
Revaluation reserve (Law 72 of 19/3/1983)	*146*	*-*	*-*	*146*	*A, B(2), C(3)*	*-*
Revaluation reserve (Law 408 of 29/12/1990)	*9*	*-*	*-*	*9*	*A, B(2), C(3)*	*-*
Revaluation reserve (Law 413 of 30/12/1991)	*380*	*-*	*-*	*380*	*A, B(2), C(3)*	*-*
Revaluation reserve (Law 342 of 22/11/2000)	*460*	*-*	*-*	*460*	*A, B(2), C(3)*	*-*
FVOCI valuation reserve	*-2,063*	*-*	*-2,063*	*-*	*-*	*-*
Property and equipment and intangible assets valuation reserve	*1,766*	*-*	*1,766*	*-*	*(6)*	*-*
CFH valuation reserve	*-245*	*-*	*-245*	*-*	*-*	*-*
Defined benefit plans valuation reserve	*-174*	*-*	*-174*	*-*	*-*	*-*
Financial liabilities designated at fair value through profit or loss valuation reserve	*-243*	*-*	*-243*	*-*	*-*	*-*
– Treasury shares	-676	-676	-	-	-	-
– Interim dividend	-	-	-	-	-	-
Total Capital and Reserves	**52,883**	**30,096**	**15,240**	**7,547**	(7)	-
Non-distributable portion (e)	11,733	-	-	-	-	-

(a) A = capital increase; B = loss coverage; C = distribution to shareholders.
(b) This reserve includes 23,734 million euro originating from the merger between Banca Intesa and Sanpaolo IMI, as a result of the application of IFRS 3 concerning business combinations. Pending the issue of legal measures concerning the classification of the reserve recognised in application of that accounting standard, the reserve is considered unavailable up to the amount of goodwill and intangible assets recognised in the financial statements. It should be noted that, solely for the amount classified as suspended tax, if the reserve is used to cover losses, net income cannot be distributed unless the reserve is replenished or reduced by the corresponding amount. In addition, if the suspended tax amount is distributed to shareholders, it contributes to the formation of the company income. The portion of profits subject to tax suspension, equal to 3,669 million euro, includes 1,685 million euro relating to the realignment of the tax values to the higher book values of several real estate assets in accordance with Article 1, paragraph 948, of Law 145/2018 and 1,473 million euro relating to the realignment of the tax values of the brand name and other intangible assets to the higher carrying amounts pursuant to Article 110, paragraphs 8 and 8 bis of Law Decree 104/2020.
(c) The unavailable portion of the extraordinary reserve related to the programme of purchase of own shares for annulment (buyback), approved by the Shareholders' Meeting of 24 April 2024 for a maximum total outlay of 1.7 billion euro. The programme was authorised by the European Central Bank by decision notified on 11 March 2024 and was launched on 3 June 2024.
(d) This reserve originates from the resolution approving the 2023 Financial Statements which provided for the allocation of around 1,991 million euro to the non-distributable reserve (corresponding to 2.5 times the one-off tax), in accordance with Article 26 paragraph 5-bis of Law Decree no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023.
(e) The non-distributable portion mainly relates to the revaluation reserves, the valuation reserves established as a direct offsetting entry to the fair value measurement of property and equipment, the reserve established under the long-term incentive plans, a portion of the share premium reserve, the other suspended tax reserves, the share of net income corresponding to the capital gains recognised in the income statement of the previous year, net of the related tax expense, arising from the application of the fair value measurement, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005, the unavailable portion of the extraordinary reserve earmarked for the above-mentioned share buyback and annulment, the amount of the legal reserve corresponding to one-fifth of the share capital pursuant to Article 2430 of the Italian Civil Code, as well as the reserve established pursuant to Article 26 paragraph 5-bis of Decree Law no. 104 of 10 August 2023, converted with amendments by Law no. 136 of 9 October 2023.
(1) May be used to increase capital (A) and for distribution to shareholders (C) for the portion exceeding one fifth of the share capital.
(2) If the reserve is used to cover losses, net income cannot be distributed unless the reserve is replenished or reduced by the corresponding amount.
(3) If this reserve is not recorded under shareholders' equity it may only be reduced in accordance with the provisions of paragraphs 2 and 3 of Article 2445 of the Italian Civil Code. If it is distributed to shareholders, it contributes to forming the taxable income of the company.
(4) The use of the reserve for share capital increase without payment and subsequent repayment of the share capital to the shareholders, for any reason, including for a minimum amount, triggers the payment of the entire one-off tax, plus interest in the amount provided for by Law Decree no. 104 of 10 August 2023.
(5) If this reserve is used to cover losses, and there are other available reserves, the non-distributability constraint will be transferred to the other available earnings and/or capital reserves, for the amount of the reserve used, and, in any event, up to the extent of those available reserves; no distribution of net income may be made until the reserve is replenished.
(6) This reserve is unavailable pursuant to Article 6 of Legislative Decree 38/2005.
(7) Pursuant to Article 47, paragraph 1 of the Combined Tax Regulations, the portion of net income includes retained earnings reserves of 4,208 million euro classified as capital reserves for tax purposes.
The valuation reserves have been included under retained earnings reserves because these are either reserves destined to be reversed to the income statement at the time of sale or discharge of the corresponding assets or liabilities, or they are reserves substantially equivalent to retained earnings reserves.

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	36,778	36,881
Additional Tier 1 capital (AT1) net of regulatory adjustments	8,684	7,684
TIER 1 CAPITAL	**45,462**	**44,565**
Tier 2 capital net of regulatory adjustments	8,453	8,720
TOTAL OWN FUNDS	**53,915**	**53,285**
Risk-weighted assets		
Credit and counterparty risks	272,782	275,948
Market and settlement risks	13,210	11,860
Operational risks	20,597	19,929
Other specific risks (a)	-	-
RISK-WEIGHTED ASSETS	**306,589**	**307,737**
% Capital ratios		
Common Equity Tier 1 capital ratio	12.0%	12.0%
Tier 1 capital ratio	14.8%	14.5%
Total capital ratio	17.6%	17.3%

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

Own funds amounted to 53.9 billion euro, while the Common Equity Tier 1 ratio stood at 12.0%, well above the minimum required.

Risk management

The information on the role performed by the Parent Company Intesa Sanpaolo to ensure effective and efficient management of the risks that the Group is or may be exposed to is provided in the corresponding chapter of the Explanatory notes to the half-yearly condensed consolidated financial statements as at 30 June 2024. You are reminded that Intesa Sanpaolo, in its capacity as Parent Company, performs a role of guidance and coordination[1] with respect to the Group companies, with responsibility for setting the guidelines and methodological rules within the risk management process.

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

- the **military conflict between Russia and Ukraine**, with the measurement approaches adopted, which do not only relate to the loan portfolio but also, albeit to a limited extent, to the securities and real estate positions, as well as summary details of both the direct exposures, namely those of the subsidiaries in the two countries, and cross-border exposures, namely those generated mainly by the corporate and investment banking activities of the Parent Company and the international subsidiary banks of the IMI C&IB Division. Following the significant de-risking carried out from the second half of 2022, in the first six months of 2024, the reduction in the Group's total gross exposures (customers, banks, and securities) continued at a slower pace, mainly driven by repayments on cross-border positions. At the end of the half year, these exposures totalled 1,830 million euro, of which only 230 million euro attributable to the Parent Company, compared to over 5 billion euro at the beginning of the conflict;
- **credit risk**, with updates of the reference macroeconomic context for the calculation of the Expected Credit Loss (ECL), in three versions: baseline, best case and worst case scenarios. These scenarios are applied in the measurement of loans using the "Most-Likely scenario + Add-On" model, where the macroeconomic conditioning of PD and LGD is carried out through a baseline scenario ("Most Likely", in line with the approach used for other business purposes such as, for example, the budget and business plans) and then corrected with an Add-On, calculated based on the distance between the baseline scenario and the alternative scenarios. Managerial adjustments are then applied to the results of the ECL estimation models to take into account risks related to extreme scenarios, as well as specific sectoral vulnerabilities. Overall, the adjustment allowances for both on-balance sheet and off-balance sheet performing exposures of Intesa Sanpaolo as at 30 June 2024 included prudential elements of 0.8 billion euro (against 0.9 billion euro at Group level), substantially unchanged from December, which do not include the additional provisions made on exposures to Russian and Ukrainian counterparties for cross-border positions;
- **counterparty risk**, a particular type of credit risk relating to the possible default of a counterparty before the expiration of a contract, specific to derivatives and transactions in financial instruments. In this regard, the Group adopts mitigation techniques based on bilateral netting arrangements which, in the event of the counterparty's default, offset the credit and debit positions. This risk is mainly significant for the Parent Company, which is authorised to use advanced measurement approaches for reporting purposes, and is only present to a residual extent in the other Group banks, which however still apply simplified advanced metrics at management level;
- **market risks**, broken down into: (i) the trading book (risks deriving from the effect that changes in market variables may have on the Group's various balance sheet items), where Intesa Sanpaolo has the predominant share at consolidated level; and (ii) the banking book, in relation to which a summary outline is provided of the current measurement system that examines the interest rate risk profile of on-balance sheet or off-balance sheet items most closely related to lending and deposit collecting activities, based on two distinct but complementary perspectives: economic value, in the medium to long term, and net interest income, in the shorter term;
- **liquidity risk**, i.e. the risk of not being able to meet payment obligations due to the inability to obtain funds on the market and/or liquidate assets. The Parent Company performs the functions of monitoring and managing liquidity not only in relation to its own organisation, but also by assessing the Group's overall transactions and the liquidity risk it is exposed to, through an internal control and management system, described in its key aspects, which is implemented through the Group's Risk Appetite Framework and the maximum tolerance thresholds approved within it;
- **ESG (Environmental, Social and Governance) risks and climate change risk**, with a description of the key developments underway for the monitoring and management of these risks under the risk management framework. This includes materiality analyses, specific controls, scenario analyses and the integration of ESG/climate-related risk monitoring into the different risk categories (e.g. credit, market, liquidity);
- **operational risks** (risk of incurring losses deriving from the inadequacy or failure of internal procedures, human resources and systems, or from external events), for which the governance model is summarily outlined involving, with direct responsibility, both the organisational units of the Parent Company and those of the other Group Banks and Companies, in line with a strategy of prudent risk-taking and management to ensure long-term business solidity and continuity. Particular attention is given to the disclosure of legal risks, with updates on developments during the half year for the most significant ongoing disputes, and to information on tax litigation, also detailed with reference to the most significant disputes.

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

The qualitative and quantitative disclosure on risk management in the Explanatory notes to the half-yearly condensed consolidated financial statements as at 30 June 2024 also includes the following, as they are closely monitored by the Parent Company:

– a description of how the Group has implemented the three pillars of the fair value measurement process, namely the measurement of the fair value of financial assets and liabilities according to the International Financial Reporting Standards (IFRS), the independent price verification (IPV), and the measurement of prudent value, these latter established by the CRR (Capital Requirements Regulation), together with the related quantitative information;
– the disclosure regarding several types of financial products that supranational and national supervisory bodies consider to be high-risk, and therefore call for maximum transparency. These consist of structured credit products, operations carried out through Special Purpose Entities (SPEs), leveraged transactions, investments in hedge funds, and transactions in trading derivatives carried out with customers;
– a brief update on the interest rate benchmark reform, noting that Intesa Sanpaolo had concluded the project activities by the end of 2023 and had almost entirely completed the transition activities for the benchmarks scheduled to terminated by 31 December 2023.

Subsequent to 30 June 2024, there were no events that significantly changed the risk profile of the Bank and the Group.

Subsequent events to the first half of 2024

No events occurred since the end of the half year that could negatively impact the income statement and the balance sheet included in the Financial statements of Intesa Sanpaolo as at 30 June 2024 prepared pursuant to Article 2433-bis of the Italian Civil Code, set out below in this document.

Today, the Board of Directors approved the consolidated interim statement as at 30 September 2024, which closed with a significant improvement in income for the period and a solid capital position, well above the regulatory requirements.
As stated in the dedicated press release, to which reference is made, the Group closed the first nine months of 2024 with net income up by 17.1% to 7,167 million euro. This was driven by the positive operating performance, with continued growth in revenues and effective cost management, with a best in class cost/income ratio in Europe, despite significant investments in technology, and a cost of risk now at historic lows, consistent with the Group's ranking among the best in Europe in terms of stock and incidence of non-performing loans.
The first nine months for the Parent Company Intesa Sanpaolo closed with net income substantially in line with the same period of the previous year, with a slight recovery in operating income, influenced by the trend in intragroup dividends, stable operating costs, and despite a decrease in adjustments to loans. Considered in terms of contribution to the consolidated financial statements, the Parent Company Intesa Sanpaolo's positive operating performance was fully in line with that of the Group.
Taking into account the payout envisaged in the Business Plan, amounting to 70% of the consolidated net income – and therefore dividends already accrued over the nine months totalling 5 billion euro – the Common Equity Tier 1 Ratio at consolidated level stood at 13.9%[2].
In addition, the level reached by the CET1 does not take into account the additional benefit of 120 basis points resulting from the absorption of deferred tax assets (DTA) (with the pro-forma Common Equity Tier 1 ratio estimated at 15.2%[3]).

The other main events involving Intesa Sanpaolo after the end of the first half of 2024 are summarised below.

With regard to de-risking initiatives, it is noted that three projects were launched in the second quarter, for the purpose of disposing of non-performing loans of Intesa Sanpaolo, mainly through contributions to Alternative Investment Funds (AIF) that invest in credit exposures. These projects were finalised in line with the set timeframes. More specifically, the three transactions involved:
- the transfer to an AIF of a portfolio of UTP small ticket loans with a Gross Book Value (GBV) of around 0.2 billion euro;
- the cash sale of bad loans with a GBV of around 0.2 billion euro;
- the transfer of non-performing loans (UTP and past due loans), divided into three distinct perimeters for a total GBV of over 0.6 billion euro, to the same number of AIFs, selected based on the characteristics of the transferred exposures.

The closing of the first two transactions was carried out in July, while the third was partially finalised in July and partially in October. Since the conditions of IFRS 5 had been met, as at 30 September 2024 the exposures not yet transferred were reclassified among assets held for sale, aligning the book values with the expected prices from the sales.

The programme of purchase of own shares for annulment (buyback) launched on 3 June 2024 continued. As detailed in the opening chapter of this Report ("Remarks on the distribution of an interim dividend"), to which reference is therefore made, on 18 October 2024 Intesa Sanpaolo concluded the programme, having purchased a total of 479,128,488 shares since the launch of the programme, equal to around 2.62% of its share capital, at an average purchase price of 3.5481 euro per share, for a total countervalue of 1,699,999,992.53 euro. The annulment took place on 23 October 2024.

During the period from 9 September to 11 September 2024 an Intesa Sanpaolo ordinary share buyback programme was also implemented to service plans for the assignment of shares, free of charge, to the employees and the Financial Advisors of the Group, in relation to (i) mainly, the Intesa Sanpaolo Group share-based incentive plan for 2023; and (ii) to a lesser extent, the incentive plans of certain subsidiaries, also relating to 2023.
These incentive plans are reserved for Risk Takers who accrue a bonus in excess of the so called "materiality threshold"[4], for those who are paid a "particularly high" amount[5] and for those who, among Middle Managers or Professionals that are not Risk Takers, accrue a bonus exceeding both the so called "materiality threshold"[6] and 100% of the fixed remuneration. In addition,

[2] Regulatory ratio 13.6%, calculated not including any net income of the 3rd quarter of 2024, in compliance with the ECB's recent guidance, which specifically states that a supervised entity is not allowed to include any interim or year-end profits in CET1 capital in case it adopts a distribution policy that does not specify any upper limit for cash dividends and any share buybacks, and it does not commit not to distribute neither via cash dividends nor via share buybacks the profits that it wants to include in CET1.

[3] Estimated considering the total absorption of DTA related to IFRS9 FTA, DTA convertible in tax credit related to goodwill realignment and adjustments to loans, DTA related to the public cash contribution covering the integration and rationalisation charges relating to the acquisition of operations of the two former Venetian banks, as well as the expected absorption of DTA related to the combination with UBI Banca and to the agreement with trade unions signed on 16.11.21 and DTA on losses carried forward, and the expected distribution on the nine months of 2024 net income of insurance companies

[4] Equal to 50 thousand euro or one third of the total remuneration (unless otherwise provided for by specific local regulations).

[5] Pursuant to the Group Remuneration and Incentive Policies, for the three-year period 2022-2024 a variable remuneration exceeding 400 thousand euro constitutes a "particularly high" amount.

[6] Pursuant to the Group Remuneration and Incentive Policies, for Middle Managers and Professionals who are not Risk Takers, the materiality threshold is generally equal to 80 thousand euro (unless otherwise provided for by specific local regulations). This threshold is increased to 150 thousand euro in order to significantly reduce the potential competitive disadvantage in the attraction and the retention of the best staff members in countries other than the Group's domestic market and in businesses in which there is a high competitive pressure on the staff (i.e. high cost of living, intense compensation dynamics and high resignation rate) and, outside the EU, in which the regulatory framework concerning the materiality threshold is less strict (or absent).

the programme was implemented in order to grant, when certain conditions occur, severance payments upon early termination of employment.
Intesa Sanpaolo carried out the purchases according to the methods and within the terms authorised by the Shareholders' Meeting of 24 April 2024, also on behalf of the subsidiaries involved, which thereby concluded the programmes regarding the purchase of the parent company's shares approved by their respective corporate bodies within their remits and analogous to the programme approved by the Parent Company's Shareholders' Meeting. In the three days during which the programme was executed, a total of 21,000,000 Intesa Sanpaolo ordinary shares were purchased, through the IMI Corporate & Investment Banking Division, tasked with the programme execution, representing around 0.11% of the share capital. The average price was 3.7154 euro per share, for a total countervalue of 78,023,430.57 euro. The Parent Company purchased 10,301,330 shares at an average price of 3.7146 euro per share, for a countervalue of 38,265,555.39 euro.
The transactions were executed in compliance with provisions included in Article 2357 *et seq.* and Article 2359-bis and following of the Italian Civil Code and within the limits determined in the resolutions passed by the competent corporate bodies.
Pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation and subsequent amendments, purchases were executed on the regulated market Euronext Milan managed by Borsa Italiana in accordance with trading methods laid down in the market rules for these transactions.
Moreover, the execution method complied with the conditions and the restrictions under Article 5 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014, and Articles 2, 3, and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.
The number of shares purchased daily did not exceed 25% of the daily average volume of the Intesa Sanpaolo ordinary shares traded in August 2024, which was equal to 70.2 million shares, as well as the additional limit, to the above-mentioned regulatory conditions and restrictions, of 15% of the volume traded on the Euronext Milan market on each of the days when purchases were executed.
Note that, pursuant to Article 2357-ter of the Italian Civil Code, the Intesa Sanpaolo Shareholders' Meeting authorised the disposal on the regulated market of own ordinary shares exceeding the actual requirement, under the same conditions as those applied to the purchases, and at a price of no less than the reference price recorded by the share in the stock market session on the day prior to each single disposal transaction, less 10%. Alternatively, these shares may be retained for future incentive plans and/or remuneration payable upon early termination of employment relationship (Severance).

As reported in the Consolidated Half-yearly Report as at 30 June 2024, to which reference is made, on 19 April, 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 develop the Banking Group's properties in a changing real estate market environment. The agreement provides for the contribution to several funds established and managed by COIMA of two portfolios of real estate assets held by Intesa Sanpaolo, identified based on their type and the related strategy for enhancing their value.
In the third quarter, the activities continued in view of finalising the operation, expected in the first half of 2025, contingent on the fulfilment of the conditions precedent identified by the parties. Specifically, the definitive list was prepared of investment properties located in various towns, which are part of the second portfolio, in relation to the scope identified preliminarily on signing the agreement. Note that the first portfolio includes 3 prime assets located in Rome, in Via dei Crociferi 44, and in Milan, in Via Clerici 4-6/Piazza Ferrari 10 and in Via Verdi 9-11-13.
Therefore, as at 30 September 2024, all properties which will be contributed at the closing - amounting to a total of around 0.5 billion euro - were reclassified among assets held for sale.

During the third quarter, the voluntary exit plan continued at Group level in accordance with the trade union agreements of 29 September 2020 and of 16 November 2021.
In total, there were 1,511 voluntary exits in the first nine months (405 in the third quarter, of which 377 with effect from 1 July, 295 in the second quarter, of which 265 with effect from 1 April, and 811 in the first quarter, of which 774 with effect from 1° January) for a total of 8,629 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.
Since January 2024, there were around 1,200 hires (with slight differences in the three quarters) as part of those agreements, for a total of around 4,200 from the beginning of 2021 compared with the 4,600 planned by the end of 2025.

In this regard, it is noted that, on 23 October, Intesa Sanpaolo signed an agreement with Group Trade Union Delegations, which aims at enabling generational change at no social cost, also owing to significant investment in technology. The agreement also aims at defining the steps of a path leading to enabling service and offering models oriented towards greater simplicity and effectiveness for customers, as well as freeing up time for professional development through a major upskilling/reskilling training programme to better address the need for new widespread digital skills and new professions.
The agreement – addressed to all the people who meet pension requirements by 31 December 2030 of the Intesa Sanpaolo Group's Italian companies, including the managers – identifies ways and criteria to reach the target of 4,000 people voluntary leaving the Group by 2027, either by retiring or accessing the Solidarity Fund.
Furthermore, by June 2028, the Group will hire 3,500 young people on indefinite-term contracts, 1,500 of whom as Global Advisors for the Network commercial activities in order to ensure greater proximity to customers, specifically in Wealth Management & Protection. The new hires will sustain the Group's growth and its new activities and are in addition to the aforementioned 4,600 hires by December 2025 already envisaged under the 2022-2025 Business Plan against 9,200 people leaving the Group by the end of the first quarter 2025.
Furthermore, by 2027, 3,000 exits are expected to take place in Italy and 2,000 net exits in the international subsidiaries, the latter entirely involving roles in central functions with no impact on the commercial roles, through actions on natural turnover. Overall, the Group expects savings in personnel expenses in the region of 500 million euro per year on a fully operational basis (starting from 2028) – taking into account the aforementioned hires – and charges in the region of 350 million euro, net of tax, to the be booked in the fourth quarter 2024, not impacting on the prospect of net income of over 8.5 billion euro for the Group in 2024 already disclosed to the market.

Lastly, on 17 October 2024 the Board of Directors of Intesa Sanpaolo approved the creation of the new "Chief Security Officer" Governance Area, reporting directly to CEO Carlo Messina and entrusted to General Antonio De Vita. The new Governance Area will oversee physical security, IT security (cybersecurity) and business continuity to ensure:

- a single point of control for security models and solutions;
- governance of the budget;
- identification of priorities;
- strengthening alignment with the best international security standards and models.

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

The most recent consensus estimates for the fourth quarter point to moderate GDP growth for Italy, the Eurozone and the United States. In the United States, analysts and markets expect the Federal Reserve to cut interest rates again between November and December. In Europe, inflation is expected to rebound temporarily during the fourth quarter of 2024, without this preventing a further 25 basis point cut in official rates by the European Central Bank in December. Euro area yield curves could experience increased volatility due to uncertainty regarding the timing of the economic recovery and the extent of the phase of interest rate cuts. Moreover, the outlook is subject to an unusual level of uncertainty due to the risk of an escalation of the Middle East conflict, which could cause sudden hikes in gas and oil prices, and to the highly uncertain results of the US elections. In that regard, short-term repercussions on markets are possible, especially in the event the results of the election are contested, but also in the case of a harsh break in economic policy.

With regard to 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 (with net interest income of over 15.5 billion euro) for 2024 and at around 9 billion euro for 2025. In the fourth quarter of 2024, Intesa Sanpaolo S.p.A. expects continued strong net income, due to increasing revenues, despite the one-off charge for exit incentives.

For 2025 it is envisaged:
- increasing revenues, with: net interest income resilience (in relation to higher contribution from core deposits hedging and increase in loans volume); growth in net fee and commission income and income from insurance business which leverages on the Group's leadership in Wealth Management, Protection & Advisory; growth in profits from trading;
- decreasing operating costs, despite investment in technology, with: trade union agreement relating to Italy for 4,000 voluntary exits by 2027 of people close to retirement age, 2,350 of which by 2025, and 3,500 new hires of young people by the first half of 2028, 1,500 of which as Global Advisors for the Network commercial activities, specifically in Wealth Management & Protection; by 2027, through natural turnover of people, 3,000 exits in Italy, 1,000 of which by 2025, and 2,000 net exits in international subsidiaries, 500 of which by 2025; additional benefits deriving from technology (e.g.: branch network rationalisation and IT processes streamlining); real-estate rationalisation;
- low cost of risk with: low NPL stock; high-quality loan portfolio and overlays; proactive credit management;
- lower levies and other charges concerning the banking and insurance industry due to no further contribution to the deposit guarantee scheme.

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[7] versus the dividend per share for 2023;
- additional distribution for 2024 to be quantified when full-year results are approved;
- additional future distributions to be evaluated year by year.

A solid capital position is envisaged, with the Group's 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 around 15% pre Basel 4, at around 14.5% post 2025 Basel 4 impact of around 40 basis points, and at around 15.5% post overall Basel 4 impact of 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 20 in the period Q4 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 not considering any additional distribution. Intesa Sanpaolo S.p.A.'s capital ratios are expected to largely exceed the minimum capital requirements set.

The Board of Directors

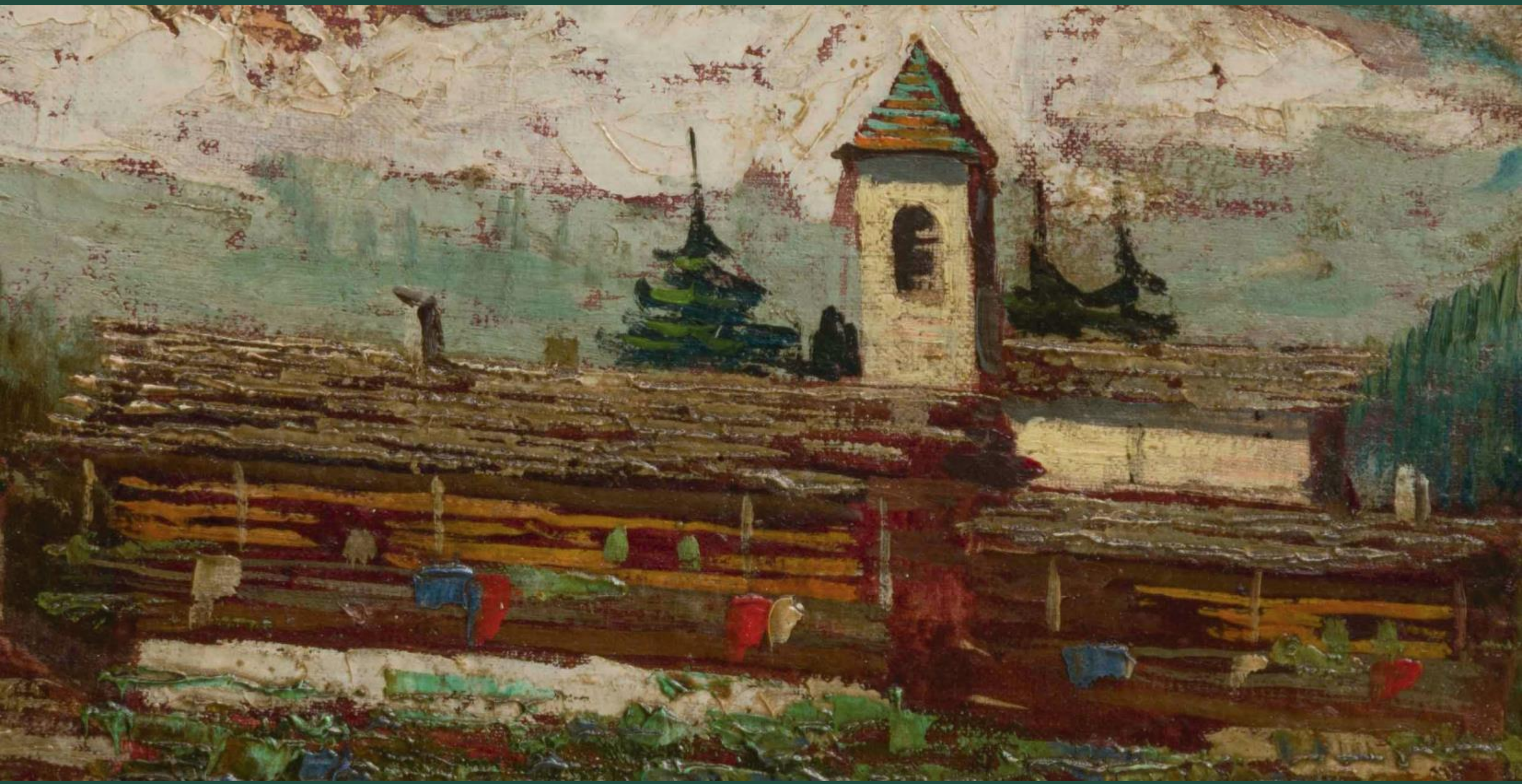
Milan, 31 October 2024

* * *

It is noted that the independent auditors EY S.p.A. issued their legally-required opinion during the meeting of the Board of Directors of 31 October 2024, after the approval of this document.

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

Financial statements of Intesa Sanpaolo S.p.A. as at 30 June 2024 prepared pursuant to Article 2433-bis of the Italian Civil Code



Financial statements

Balance Sheet – Assets

(millions of euro)

Assets		30.06.2024	31.12.2023	Changes	
				amount	%
10.	Cash and cash equivalents	40,076	72,829	-32,753	-45.0
20.	Financial assets measured at fair value through profit or loss	43,592	43,785	-193	-0.4
	a) financial assets held for trading	*38,885*	*39,506*	*-621*	*-1.6*
	b) financial assets designated at fair value	*1*	*1*	*-*	*-*
	c) other financial assets mandatorily measured at fair value	*4,706*	*4,278*	*428*	*10.0*
30.	Financial assets measured at fair value through other comprehensive income	60,913	52,066	8,847	17.0
40.	Financial assets measured at amortised cost	444,229	451,755	-7,526	-1.7
	a) due from banks	*34,446*	*33,275*	*1,171*	*3.5*
	b) loans to customers	*409,783*	*418,480*	*-8,697*	*-2.1*
50.	Hedging derivatives	6,569	6,225	344	5.5
60.	Fair value change of financial assets in hedged portfolios (+/-)	-6,656	-5,573	1,083	19.4
70.	Equity investments	25,298	24,055	1,243	5.2
80.	Property and equipment	7,342	7,983	-641	-8.0
90.	Intangible assets	4,491	4,506	-15	-0.3
	of which:				
	- goodwill	*67*	*67*	*-*	*-*
100.	Tax assets	13,159	13,564	-405	-3.0
	a) current	*2,199*	*1,810*	*389*	*21.5*
	b) deferred	*10,960*	*11,754*	*-794*	*-6.8*
110.	Non-current assets held for sale and discontinued operations	1,061	178	883	
120.	Other assets	30,305	25,981	4,324	16.6
Total assets		**670,379**	**697,354**	**-26,975**	**-3.9**

Balance Sheet – Liabilities and Shareholders' Equity

(millions of euro)

Liabilities and Shareholders' Equity		30.06.2024	31.12.2023	Changes	
				amount	%
10.	Financial liabilities measured at amortised cost	530,864	561,074	-30,210	-5.4
	a) due to banks	*72,622*	*115,432*	*-42,810*	*-37.1*
	b) due to customers	*348,002*	*341,552*	*6,450*	*1.9*
	c) securities issued	*110,240*	*104,090*	*6,150*	*5.9*
20.	Financial liabilities held for trading	46,545	45,045	1,500	3.3
30.	Financial liabilities designated at fair value	23,316	21,345	1,971	9.2
40.	Hedging derivatives	3,386	4,336	-950	-21.9
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-5,148	-3,907	1,241	31.8
60.	Tax liabilities	534	477	57	11.9
	a) current	*103*	*62*	*41*	*66.1*
	b) deferred	*431*	*415*	*16*	*3.9*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	17	2	15	
80.	Other liabilities	11,361	8,945	2,416	27.0
90.	Employee termination indemnities	686	717	-31	-4.3
100.	Allowances for risks and charges	2,418	3,280	-862	-26.3
	a) commitments and guarantees given	*367*	*407*	*-40*	*-9.8*
	b) post-employment benefits	*67*	*76*	*-9*	*-11.8*
	c) other allowances for risks and charges	*1,984*	*2,797*	*-813*	*-29.1*
110.	Valuation reserves	40	175	-135	-77.1
120.	Redeemable shares	-	-	-	-
130.	Equity instruments	8,634	7,925	709	8.9
140.	Reserves	6,756	4,807	1,949	40.5
145.	Interim dividend (-)	-	-2,629	-2,629	
150.	Share premium reserve	27,760	28,162	-402	-1.4
160.	Share capital	10,369	10,369	-	-
170.	Treasury shares (-)	-676	-61	615	
180.	Net income (loss) (+/-)	3,517	7,292	-3,775	-51.8
Total liabilities and shareholders' equity		**670,379**	**697,354**	**-26,975**	**-3.9**

Income Statement

(millions of euro)

		30.06.2024	30.06.2023	Changes	
				amount	%
10.	Interest and similar income	13,871	11,128	2,743	24.6
	of which: interest income calculated using the effective interest rate method	*11,351*	*9,709*	*1,642*	*16.9*
20.	Interest and similar expense	-8,176	-6,199	1,977	31.9
30.	**Interest margin**	**5,695**	**4,929**	**766**	**15.5**
40.	Fee and commission income	3,300	3,151	149	4.7
50.	Fee and commission expense	-549	-545	4	0.7
60.	**Net fee and commission income**	**2,751**	**2,606**	**145**	**5.6**
70.	Dividend and similar income	1,445	2,261	-816	-36.1
80.	Profits (Losses) on trading	-73	82	-155	
90.	Fair value adjustments in hedge accounting	-3	-55	-52	-94.5
100.	Profits (Losses) on disposal or repurchase of:	212	244	-32	-13.1
	a) financial assets measured at amortised cost	*73*	*63*	*10*	*15.9*
	b) financial assets measured at fair value through other comprehensive income	*135*	*164*	*-29*	*-17.7*
	c) financial liabilities	*4*	*17*	*-13*	*-76.5*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	-329	-170	159	93.5
	a) financial assets and liabilities designated at fair value	*-384*	*-201*	*183*	*91.0*
	b) other financial assets mandatorily measured at fair value	*55*	*31*	*24*	*77.4*
120.	**Net interest and other banking income**	**9,698**	**9,897**	**-199**	**-2.0**
130.	Net losses/recoveries for credit risks associated with:	-586	-743	-157	-21.1
	a) financial assets measured at amortised cost	*-586*	*-725*	*-139*	*-19.2*
	b) financial assets measured at fair value through other comprehensive income	*-*	*-18*	*-18*	
140.	Profits (Losses) on changes in contracts without derecognition	-3	16	-19	
150.	**Net income from banking activities**	**9,109**	**9,170**	**-61**	**-0.7**
160.	Administrative expenses:	-4,187	-4,144	43	1.0
	a) personnel expenses	*-2,527*	*-2,540*	*-13*	*-0.5*
	b) other administrative expenses	*-1,660*	*-1,604*	*56*	*3.5*
170.	Net provisions for risks and charges	35	-36	71	
	a) commitments and guarantees given	*40*	*9*	*31*	
	b) other net provisions	*-5*	*-45*	*-40*	*-88.9*
180.	Net adjustments to / recoveries on property and equipment	-225	-236	-11	-4.7
190.	Net adjustments to / recoveries on intangible assets	-421	-380	41	10.8
200.	Other operating expenses (income)	342	404	-62	-15.3
210.	**Operating expenses**	**-4,456**	**-4,392**	**64**	**1.5**
220.	Profits (Losses) on equity investments	2	156	-154	-98.7
230.	Valuation differences on property, equipment and intangible assets measured at fair value	1	-	1	-
240.	Goodwill impairment	-	-	-	-
250.	Profits (Losses) on disposal of investments	-1	1	-2	
260.	**Income (Loss) before tax from continuing operations**	**4,655**	**4,935**	**-280**	**-5.7**
270.	Taxes on income from continuing operations	-1,138	-1,001	137	13.7
280.	**Income (Loss) after tax from continuing operations**	**3,517**	**3,934**	**-417**	**-10.6**
290.	Income (Loss) after tax from discontinued operations	-	-	-	-
300.	**Net income (loss)**	**3,517**	**3,934**	**-417**	**-10.6**

Statement of comprehensive income

(millions of euro)

		30.06.2024	30.06.2023	Changes	
				amount	%
10.	**Net income (loss)**	**3,517**	**3,934**	**-417**	**-10.6**
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**18**	**-151**	**169**	
20.	Equity instruments designated at fair value through other comprehensive income	115	-159	274	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-118	-56	62	
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50.	Property and equipment	8	-2	10	
60.	Intangible assets	-	-	-	
70.	Defined benefit plans	13	66	-53	-80.3
80.	Non current assets classified as held for sale	-	-	-	
90.	Share of valuation reserves connected with investments carried at equity	-	-	-	
	Other comprehensive income (net of tax) that may be reclassified to the income statement	**-153**	**356**	**-509**	
100.	Hedges of foreign investments	-	-	-	
110.	Foreign exchange differences	-	-	-	
120.	Cash flow hedges	73	60	13	21.7
130.	Hedging instruments (not designated elements)	-	-	-	
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	-226	296	-522	
150.	Non-current assets held for sale and discontinued operations	-	-	-	
160.	Share of valuation reserves connected with investments carried at equity	-	-	-	
170.	**Total other comprehensive income (net of tax)**	**-135**	**205**	**-340**	
180.	**Total Comprehensive Income (Captions 10 + 170)**	**3,382**	**4,139**	**-757**	**-18.3**

Changes in 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
	ordinary shares	other shares		retained earnings	other						
AMOUNTS AS AT 31.12.2023	**10,369**	**-**	**28,162**	**3,677**	**1,130**	**175**	**7,925**	**-2,629**	**-61**	**7,292**	**56,040**
Changes in opening balances	-	-	-	-	-	-	-	-	-	-	-
AMOUNTS AS AT 1.1.2024	**10,369**	**-**	**28,162**	**3,677**	**1,130**	**175**	**7,925**	**-2,629**	**-61**	**7,292**	**56,040**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)											
Reserves	-	-	-	2,271	-	-	-	-	-	-2,271	-
Dividends and other allocations	-	-	-	-	-	-	-	2,629	-	-5,021	-2,392
CHANGES IN THE PERIOD											
Changes in reserves	**-**	**-**	**-**	**-418**	**96**	**-**	**-**	**-**	**-**	**-**	**-322**
Operations on shareholders' equity											
Issue of new shares	-	-	4	-	-	-	-	-	33	-	37
Purchase of treasury shares	-	-	-	-	-	-	-	-	-648	-	-648
Interim dividend	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-406	-	-	-	-	-	-	-	-406
Changes in equity instruments	-	-	-	-	-	-	709	-	-	-	709
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-135**	**-**	**-**	**-**	**3,517**	**3,382**
SHAREHOLDERS' EQUITY AS AT 30.06.2024	**10,369**	**-**	**27,760**	**5,530**	**1,226**	**40**	**8,634**	**-**	**-676**	**3,517**	**56,400**

(a) Includes dividends and amounts allocated to the charity allowance of the Parent Company.

Changes in 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
	ordinary shares	other shares		retained earnings	other						
AMOUNTS AS AT 31.12.2022	**10,369**	**-**	**28,212**	**4,467**	**902**	**81**	**7,188**	**-1,400**	**-50**	**4,284**	**54,053**
Changes in opening balances	-	-	-	-	-	-	-	-	-	-	-
AMOUNTS AS AT 1.1.2023	**10,369**	**-**	**28,212**	**4,467**	**902**	**81**	**7,188**	**-1,400**	**-50**	**4,284**	**54,053**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)											
Reserves	-	-	-	1,220	-	-	-	-	-	-1,220	-
Dividends and other allocations	-	-	-	-	-	-	-	1,400	-	-3,064	-1,664
CHANGES IN THE PERIOD											
Changes in reserves	**-**	**-**	**-57**	**-1,880**	**156**	**1**	**-**	**-**	**-**	**-**	**-1,780**
Operations on shareholders' equity											
Issue of new shares	-	-	5	-	-	-	-	-	1,731	-	1,736
Purchase of treasury shares	-	-	-	-	-	-	-	-	-1,700	-	-1,700
Interim dividend	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
Changes in equity instruments	-	-	-	-	-	-	6	-	-	-	6
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**205**	**-**	**-**	**-**	**3,934**	**4,139**
SHAREHOLDERS' EQUITY AS AT 30.06.2023	**10,369**	**-**	**28,160**	**3,807**	**1,058**	**287**	**7,194**	**-**	**-19**	**3,934**	**54,790**

(a) Includes dividends and amounts allocated to the charity allowance of the Parent Company.

Statement of cash flows

(millions of euro)

	30.06.2024	30.06.2023
A. OPERATING ACTIVITIES		
1. Cash flow from operations	**7,582**	**6,548**
Net income (loss) (+/-)	3,517	3,934
Gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit and loss (-/+)	2,865	2,171
Gains/losses on hedging activities (-/+)	3	55
Net losses/recoveries for credit risk (+/-)	696	824
Adjustments to/net recoveries on property, equipment and intangible assets (+/-)	646	616
Net provisions for risks and charges and other costs/revenues (+/-)	-66	136
Taxes, duties and tax credits to be paid/collected(+/-)	1,132	998
Net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
Other adjustments (+/-)	-1,211	-2,186
2. Cash flow from / used in financial assets	**-10,964**	**-9,285**
Financial assets held for trading	-2,219	-3,152
Financial assets designated at fair value	-	-
Other financial assets mandatorily measured at fair value	-451	-127
Financial assets measured at fair value through other comprehensive income	-9,017	-9,051
Financial assets measured at amortised cost	6,308	4,518
Other assets	-5,585	-1,473
3. Cash flow from / used in financial liabilities (*)	**-26,217**	**-26,973**
Financial liabilities measured at amortised cost	-30,212	-41,838
Financial liabilities held for trading	1,580	835
Financial liabilities designated at fair value	1,684	4,525
Other liabilities	731	9,505
Net cash flow from (used in) operating activities	**-29,599**	**-29,710**
B. INVESTING ACTIVITIES		
1. Cash flow from	**1,343**	**2,564**
Sales of investments in associates and companies subject to joint control	39	343
Dividends collected on investments in associates and companies subject to joint control	1,278	2,141
Sales of property and equipment	26	28
Sales of intangible assets	-	52
Sales of subsidiaries and business branches	-	-
2. Cash flow used in	**-1,606**	**-405**
Purchases of investments in associates and companies subject to joint control	-1,176	-33
Purchases of property and equipment	-25	-45
Purchases of intangible assets	-405	-327
Purchases of subsidiaries and business branches	-	-
Net cash flow from (used in) investing activities	**-263**	**2,159**
C. FINANCING ACTIVITIES		
Issues/purchases of treasury shares	-611	-1,664
Share capital increases	517	-156
Dividend distribution and other	-2,798	-1,664
Net cash flow from (used in) financing activities	**-2,892**	**-3,484**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**-32,754**	**-31,035**
RECONCILIATION		
Financial statement captions		
Cash and cash equivalents at beginning of period	72,829	97,071
Net increase (decrease) in cash and cash equivalents	-32,754	-31,035
Cash and cash equivalents: foreign exchange effect	1	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**40,076**	**66,037**

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 -26,217 million euro (cash flow used) and comprise -30,212 million euro in cash flows, 3,264 million euro in fair value changes and 731 million euro in other changes.

Notes to the financial statements

Preparation criteria and accounting policies

These financial statements of Intesa Sanpaolo S.p.A. for the period ended 30 June 2024, prepared in accordance with Article 2433-bis of the Italian Civil Code, consist of the financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows) and these notes. They have been prepared in compliance with the accounting standards issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRS-IC) and endorsed by the European Commission and in force as at 30 June 2024, as provided for by EU Regulation 1606 of 19 July 2002.

The financial statements prepared for the determination of the half-yearly income have been prepared in accordance with the recognition and measurement criteria set out in the International Financial Reporting Standards adopted by the European Union. The accounting policies adopted for the preparation of these financial statements, with regard to the classification, recognition, measurement and derecognition of asset and liability captions, and the recognition methods for revenues and costs, have remained unchanged with respect to those adopted for the Annual Report of Intesa Sanpaolo as at 31 December 2023, to which reference should be made for further details.

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and income statement, and on the contingent assets and liabilities reported in the financial statements.
Estimates are based on available information and subjective evaluations, also founded on past experience, which are used to formulate reasonable assumptions in measuring operating events.
Given their nature, the estimates and assumptions used may vary from year to year, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future financial years as a result of changes in the subjective evaluations made.
If there are greater uncertainties and/or the assets being measured are particularly material, the valuation is supported by specific fairness opinions from external appraisers/experts.
The main cases for which subjective evaluations are required to be made by corporate management include:
- the measurement of impairment losses on loans, investments, and, generally, other financial assets;
- the use of measurement models for determining the fair value of financial instruments not listed on active markets;
- the evaluation of the appropriateness of amounts stated for goodwill and other intangible assets;
- the fair value measurement of real estate and valuable art assets;
- the measurement of personnel funds and allowances for risks and charges;
- the estimates and assumptions on the collectability of deferred tax assets.

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 19 million euro relating to owner-occupied properties and around 68 million euro relating to software.

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 Bank. Below is a brief summary of their main content.

<u>*Regulation no. 2579/2023 - amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback*</u>
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[8] 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[9].

[8] 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.
[9] 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 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 Intesa Sanpaolo 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 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 amendments concern entities that enter into finance agreements in the role of purchasers and not the financing entities, and are therefore not of direct interest for Intesa Sanpaolo.

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

The main accounting issues arising from the ongoing conflict between the Russian Federation and Ukraine and the Bank'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 Bank, through the IMI C&IB Division, had significant cross-border exposures to counterparties resident in the Russian Federation, as well as two subsidiaries operating in the warring countries, which were therefore particularly exposed to the consequences of the conflict: Pravex Bank Joint-Stock Company (Pravex) and Joint-Stock Company Banca Intesa (Banca Intesa Russia).
Following the significant de-risking carried out in 2022 and 2023, as at 30 June 2024, Intesa Sanpaolo's remaining exposures to customers resident in the Russian Federation (net of ECA guarantees) amounted, in gross terms, to 33 million euro (3 million euro net). As at 31 December 2023, these exposures amounted to 35 million euro and 3 million euro respectively. These were accompanied by gross exposures to banks totalling 176 million euro (160 million euro net), mainly relating to loans granted to Banca Intesa Russia[10] (143 million euro and 137 million euro respectively as at 31 December 2023). The gross exposures to customers resident in Ukraine were minimal and amounted to 21 million euro (21 million euro net), essentially unchanged compared to 31 December 2023. 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. In particular, Intesa Sanpaolo continued to exercise control over the two subsidiaries, which operated on the basis of the Parent Company's instructions in their respective environments.

With regard to the measurement choices concerning cross-border credit exposures, the Bank 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.

For the credit exposures to Russian and Ukrainian counterparties, in the first half of 2024 there was a small and overall negative income impact for the Bank of 2.5 million euro, before tax. The amounts were also small in the first half of 2023 and throughout the whole of last year. Specifically, the measurement processes and the recognition of the income effects of the collections and disposals led to the recognition of recoveries on loans in the first half of 2023 of 15 million euro, before tax. The figure for the full year 2023 was 12 million euro.

[10] There were also 170 million euro of cross border off-balance sheet and margin exposures (170 million euro net) to customers resident in Russia (net of ECA, including the guarantees provided by the Parent Company to Intesa Sanpaolo Luxembourg and Ireland totalling 170 million euro) and a total of 554 million euro (554 million euro net) to Russian resident banks.

With regard to the controlling interests held by the Parent Company in Pravex and Banca Intesa Russia, the write-off of the value of both subsidiaries has been maintained, in line with the approach adopted in the 2023 Annual Report. This precautionary approach reflects the ongoing war situation, which necessitates careful consideration of the above-mentioned country risk and appropriate measurement of the exposure to risk of the capital invested abroad.

For further details, see the disclosure provided in the same section of the Notes to the half-yearly condensed consolidated financial statements as at 30 June 2024, as well as the Half-yearly report on operations of the consolidated half-yearly report as at 30 June 2024.

The main accounting aspects related to the application of the IFRS 9 approaches to loans

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 ECB decreased the official rates by 25 basis points, and a new cut in official rates by the European Central Bank 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 does not come back down in the final months of 2024, the European Central Bank could postpone the 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 Bank 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 0.8 billion euro relating to both on-balance sheet and off-balance sheet performing 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.

Declaration of the Manager responsible for preparing the Company’s financial reports

The Manager responsible for preparing the Company’s financial reports, Elisabetta Stegher, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milan, 31 October 2024

Elisabetta Stegher
Manager responsible for preparing
the Company’s financial reports

Attachments

Reconciliation between published financial statements and adjusted financial statements

Reconciliation between published balance sheet as at 31 December 2023 and adjusted balance sheet as at 31 December 2023

Reconciliation between published income statement for the period ended 30 June 2023 and adjusted income statement for the period ended 30 June 2023

Reconciliation between published/adjusted financial statements and restated financial statements

Reconciliation between published balance sheet as at 31 December 2023 and restated balance sheet as at 31 December 2023

Reconciliation between published income statement for the period ended 30 June 2023 and restated income statement for the period ended 30 June 2023

Financial statements

Intesa Sanpaolo balance sheet

Intesa Sanpaolo income statement

Reconciliation between Intesa Sanpaolo financial statements and reclassified Intesa Sanpaolo financial statements

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

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

Reconciliation between published financial statements and adjusted financial statements

Reconciliation between published balance sheet as at 31 December 2023 and adjusted balance sheet as at 31 December 2023

The published balance sheet as at 31 December 2023 did not require any adjustments.

Reconciliation between published income statement for the period ended 30 June 2023 and adjusted income statement for the period ended 30 June 2023

The published income statement for the period ended 30 June 2023 did not require any adjustments.

Reconciliation between published/adjusted financial statements and restated financial statements

Reconciliation between published balance sheet as at 31 December 2023 and restated balance sheet as at 31 December 2023

The published balance sheet as at 31 December 2023 did not require any restatements.

Reconciliation between published income statement for the period ended 30 June 2023 and restated income statement for the period ended 30 June 2023

The published income statement for the period ended 30 June 2023 did not require any restatements.

Financial statements

Intesa Sanpaolo balance sheet

(millions of euro)

Assets		30.06.2024	31.12.2023	Changes	
				amount	%
10.	Cash and cash equivalents	40,076	72,829	-32,753	-45.0
20.	Financial assets measured at fair value through profit or loss	43,592	43,785	-193	-0.4
	a) financial assets held for trading	*38,885*	*39,506*	*-621*	*-1.6*
	b) financial assets designated at fair value	*1*	*1*	*-*	*-*
	c) other financial assets mandatorily measured at fair value	*4,706*	*4,278*	*428*	*10.0*
30.	Financial assets measured at fair value through other comprehensive income	60,913	52,066	8,847	17.0
40.	Financial assets measured at amortised cost	444,229	451,755	-7,526	-1.7
	a) due from banks	*34,446*	*33,275*	*1,171*	*3.5*
	b) loans to customers	*409,783*	*418,480*	*-8,697*	*-2.1*
50.	Hedging derivatives	6,569	6,225	344	5.5
60.	Fair value change of financial assets in hedged portfolios (+/-)	-6,656	-5,573	1,083	19.4
70.	Equity investments	25,298	24,055	1,243	5.2
80.	Property and equipment	7,342	7,983	-641	-8.0
90.	Intangible assets	4,491	4,506	-15	-0.3
	of which:				
	- goodwill	*67*	*67*	*-*	*-*
100.	Tax assets	13,159	13,564	-405	-3.0
	a) current	*2,199*	*1,810*	*389*	*21.5*
	b) deferred	*10,960*	*11,754*	*-794*	*-6.8*
110.	Non-current assets held for sale and discontinued operations	1,061	178	883	
120.	Other assets	30,305	25,981	4,324	16.6
Total assets		**670,379**	**697,354**	**-26,975**	**-3.9**

(millions of euro)

Liabilities and Shareholders' Equity		30.06.2024	31.12.2023	Changes amount	Changes %
10.	Financial liabilities measured at amortised cost	530,864	561,074	-30,210	-5.4
	a) due to banks	*72,622*	*115,432*	*-42,810*	*-37.1*
	b) due to customers	*348,002*	*341,552*	*6,450*	*1.9*
	c) securities issued	*110,240*	*104,090*	*6,150*	*5.9*
20.	Financial liabilities held for trading	46,545	45,045	1,500	3.3
30.	Financial liabilities designated at fair value	23,316	21,345	1,971	9.2
40.	Hedging derivatives	3,386	4,336	-950	-21.9
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-5,148	-3,907	1,241	31.8
60.	Tax liabilities	534	477	57	11.9
	a) current	*103*	*62*	*41*	*66.1*
	b) deferred	*431*	*415*	*16*	*3.9*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	17	2	15	
80.	Other liabilities	11,361	8,945	2,416	27.0
90.	Employee termination indemnities	686	717	-31	-4.3
100.	Allowances for risks and charges	2,418	3,280	-862	-26.3
	a) commitments and guarantees given	*367*	*407*	*-40*	*-9.8*
	b) post-employment benefits	*67*	*76*	*-9*	*-11.8*
	c) other allowances for risks and charges	*1,984*	*2,797*	*-813*	*-29.1*
110.	Valuation reserves	40	175	-135	-77.1
120.	Redeemable shares	-	-	-	
130.	Equity instruments	8,634	7,925	709	8.9
140.	Reserves	6,756	4,807	1,949	40.5
145.	Interim dividend (-)	-	-2,629	-2,629	
150.	Share premium reserve	27,760	28,162	-402	-1.4
160.	Share capital	10,369	10,369	-	-
170.	Treasury shares (-)	-676	-61	615	
180.	Net income (loss) (+/-)	3,517	7,292	-3,775	-51.8
Total liabilities and shareholders' equity		**670,379**	**697,354**	**-26,975**	**-3.9**

Intesa Sanpaolo income statement

(millions of euro)

		30.06.2024	30.06.2023	Changes	
				amount	%
10.	Interest and similar income	13,871	11,128	2,743	24.6
	of which: interest income calculated using the effective interest rate method	*11,351*	*9,709*	*1,642*	*16.9*
20.	Interest and similar expense	-8,176	-6,199	1,977	31.9
30.	**Interest margin**	**5,695**	**4,929**	**766**	**15.5**
40.	Fee and commission income	3,300	3,151	149	4.7
50.	Fee and commission expense	-549	-545	4	0.7
60.	**Net fee and commission income**	**2,751**	**2,606**	**145**	**5.6**
70.	Dividend and similar income	1,445	2,261	-816	-36.1
80.	Profits (Losses) on trading	-73	82	-155	
90.	Fair value adjustments in hedge accounting	-3	-55	-52	-94.5
100.	Profits (Losses) on disposal or repurchase of:	212	244	-32	-13.1
	a) financial assets measured at amortised cost	*73*	*63*	*10*	*15.9*
	b) financial assets measured at fair value through other comprehensive income	*135*	*164*	*-29*	*-17.7*
	c) financial liabilities	*4*	*17*	*-13*	*-76.5*
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	-329	-170	159	93.5
	a) financial assets and liabilities designated at fair value	*-384*	*-201*	*183*	*91.0*
	b) other financial assets mandatorily measured at fair value	*55*	*31*	*24*	*77.4*
120.	**Net interest and other banking income**	**9,698**	**9,897**	**-199**	**-2.0**
130.	Net losses/recoveries for credit risks associated with:	-586	-743	-157	-21.1
	a) financial assets measured at amortised cost	*-586*	*-725*	*-139*	*-19.2*
	b) financial assets measured at fair value through other comprehensive income	*-*	*-18*	*-18*	
140.	Profits (Losses) on changes in contracts without derecognition	-3	16	-19	
150.	**Net income from banking activities**	**9,109**	**9,170**	**-61**	**-0.7**
160.	Administrative expenses:	-4,187	-4,144	43	1.0
	a) personnel expenses	*-2,527*	*-2,540*	*-13*	*-0.5*
	b) other administrative expenses	*-1,660*	*-1,604*	*56*	*3.5*
170.	Net provisions for risks and charges	35	-36	71	
	a) commitments and guarantees given	*40*	*9*	*31*	
	b) other net provisions	*-5*	*-45*	*-40*	*-88.9*
180.	Net adjustments to / recoveries on property and equipment	-225	-236	-11	-4.7
190.	Net adjustments to / recoveries on intangible assets	-421	-380	41	10.8
200.	Other operating expenses (income)	342	404	-62	-15.3
210.	**Operating expenses**	**-4,456**	**-4,392**	**64**	**1.5**
220.	Profits (Losses) on equity investments	2	156	-154	-98.7
230.	Valuation differences on property, equipment and intangible assets measured at fair value	1	-	1	
240.	Goodwill impairment	-	-	-	
250.	Profits (Losses) on disposal of investments	-1	1	-2	
260.	**Income (Loss) before tax from continuing operations**	**4,655**	**4,935**	**-280**	**-5.7**
270.	Taxes on income from continuing operations	-1,138	-1,001	137	13.7
280.	**Income (Loss) after tax from continuing operations**	**3,517**	**3,934**	**-417**	**-10.6**
290.	Income (Loss) after tax from discontinued operations	-	-	-	
300.	**Net income (loss)**	**3,517**	**3,934**	**-417**	**-10.6**

Reconciliation between Intesa Sanpaolo financial statements and reclassified Intesa Sanpaolo financial statements

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

(millions of euro)

Assets			30.06.2024	31.12.2023
Cash and cash equivalents			**40,076**	**72,829**
	Caption 10	Cash and cash equivalents	40,076	72,829
Due from banks			**32,602**	**31,828**
	Caption 40a (partial)	Financial assets measured at amortised cost - Due from banks	32,548	31,786
	Caption 20a (partial)	Financial assets held for trading - Due from banks	-	-
	Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Due from banks	54	42
	Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Due from banks	-	-
Loans to customers			**358,972**	**367,492**
Loans to customers measured at amortised cost			***357,472***	***366,019***
	Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers	350,841	360,553
	Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	6,631	5,466
Loans to customers measured at fair value through other comprehensive income and through profit or loss			***1,500***	***1,473***
	Caption 20a (partial)	Financial assets held for trading - Non-bank loans	73	95
	Caption 20b (partial)	Financial assets designated at fair value through profit or loss - Non-bank loans	-	-
	Caption 20c (partial)	Other financial assets mandatorily measured at fair value through profit or loss - Non-bank loans	518	476
	Caption 30 (partial)	Financial assets at fair value through other comprehensive income - Non-bank loans	909	902
Financial assets measured at amortised cost which do not constitute loans			**54,209**	**53,950**
	Caption 40a (partial)	Financial assets measured at amortised cost - Debt securities (Banks)	1,898	1,489
	Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	52,311	52,461
Financial assets at fair value through profit or loss			**42,947**	**43,172**
	Caption 20a (partial)	Financial assets held for trading	38,812	39,411
	Caption 20b (partial)	Financial assets designated at fair value - Debt securities	1	1
	Caption 20c (partial)	Other financial assets mandatorily measured at fair value	4,134	3,760
Financial assets at fair value through other comprehensive income			**60,004**	**51,164**
	Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income	60,004	51,164
Equity investments			**25,298**	**24,055**
	Caption 70	Equity investments	25,298	24,055
Property, equipment and intangible assets			**11,833**	**12,489**
Assets owned			***10,817***	***11,433***
	Caption 80 (partial)	Property and equipment	6,326	6,927
	Caption 90	Intangible assets	4,491	4,506
Rights of use acquired under leases			***1,016***	***1,056***
	Caption 80 (partial)	Property and equipment	1,016	1,056
Tax assets			**13,159**	**13,564**
	Caption 100	Tax assets	13,159	13,564
Non-current assets held for sale and discontinued operations			**1,061**	**178**
	Caption 110	Non-current assets held for sale and discontinued operations	1,061	178
Other assets			**30,218**	**26,633**
	Caption 50	Hedging derivatives	6,569	6,225
	Caption 60	Fair value change of financial assets in hedged portfolios (+/-)	-6,656	-5,573
	Caption 120	Other assets	30,305	25,981
Total assets			**670,379**	**697,354**

(millions of euro)

Liabilities			30.06.2024	31.12.2023
Due to banks at amortised cost			**72,616**	**115,426**
	Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks	72,622	115,432
	- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	-6	-6
Due to customers at amortised cost and securities issued			**457,203**	**444,567**
	Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers	348,002	341,552
	Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued	110,240	104,090
	- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	-1,039	-1,075
Financial liabilities held for trading			**46,545**	**45,045**
	Caption 20	Financial liabilities held for trading	46,545	45,045
Financial liabilities designated at fair value			**23,316**	**21,345**
	Caption 30	Financial liabilities designated at fair value	23,316	21,345
Tax liabilities			**534**	**477**
	Caption 60	Tax liabilities	534	477
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			**10,644**	**10,455**
	Caption 40	Hedging derivatives	3,386	4,336
	Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	-5,148	-3,907
	Caption 80	Other liabilities	11,361	8,945
	+ Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables)	6	6
	+ Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables)	1,039	1,075
Allowances for risks and charges			**3,104**	**3,997**
	Caption 90	Employee termination indemnities	686	717
	Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	367	407
	Caption 100 b)	Allowances for risks and charges - Post-employment benefits	67	76
	Caption 100 c)	Allowances for risks and charges - Other allowances	1,984	2,797
Share capital			**10,369**	**10,369**
	Caption 160	Share capital	10,369	10,369
Reserves			**33,840**	**32,908**
	Caption 140	Reserves	6,756	4,807
	Caption 150	Share premium reserve	27,760	28,162
	Caption 170	Treasury shares (-)	-676	-61
Valuation reserves			**40**	**175**
	Caption 110	Valuation reserves	40	175
Interim dividend			**-**	**-2,629**
	Caption 145	Interim dividend (-)	-	-2,629
Equity instruments			**8,634**	**7,925**
	Caption 130	Equity instruments	8,634	7,925
Net income (loss)			**3,517**	**7,292**
	Caption 180	Net income (loss) (+/-)	3,517	7,292
Total Liabilities and Shareholders' Equity			**670,379**	**697,354**

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

(millions of euro)

		30.06.2024	30.06.2023
Net interest income		**5,641**	**4,839**
Caption 30	Interest margin	5,695	4,929
- Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	17	46
- 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 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	2	3
+ Caption 80 (partial)	Profits (losses) on trading (Components of profits (losses) on trading relating to net interest income)	-54	-118
+ Caption 160 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-14	-17
+ Caption 170 b) (partial)	Net provisions for risks and charges: b) other net provisions (Time value allowances for risks and charges)	-8	-11
Net fee and commission income		**2,842**	**2,708**
Caption 60	Net fee and commission income	2,751	2,606
- Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	-2	-3
+ 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)	97	115
+ Caption 160 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	-17	-13
+ Caption 160 b) (partial)	Other administrative expenses (Recovery of other expenses)	-29	-22
Profits (Losses) on financial assets and liabilities at fair value		**-40**	**226**
Caption 80	Profits (Losses) on trading	-73	82
Caption 90	Fair value adjustments in hedge accounting	-3	-55
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	135	164
Caption 100 c)	Profits (Losses) on disposal or repurchase of financial liabilities	4	17
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	-384	-201
Caption 110 b)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss	55	31
+ 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 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)	168	120
- Caption 80 (partial)	Profits (losses) on trading (Components of profits (losses) on trading relating to net interest income)	54	118
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-42	-25
- Caption 80 (partial)	Profits (Losses) on trading (Effect of purchase price allocation)	-	-
+ 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	81
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) - Effect associated with profits (losses) on trading	6	-
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)	-	-
- Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-	-1
- 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)	-97	-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 through profit or loss (Charges concerning the banking industry)	26	1
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities designated at fair value (b) other financial assets mandatorily measured at fair value (amounts attributed to net adjustments to loans)	-	14
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions/Releases linked to Profits (losses) on financial assets and liabilities at fair value)	-	-
+ Caption 200 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	10	2
Other operating income (expenses)		**1,421**	**2,270**
Caption 70	Dividend and similar income	1,445	2,261
Caption 200	Other operating expenses (income)	342	404
- 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)	-168	-120
- Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses and indirect taxes)	-328	-279
- Caption 200 (partial)	Other operating expenses (income) (Valuation effects of other assets)	4	-
- Caption 200 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	-10	-2
- Caption 200 (partial)	Other operating expenses (income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	8	7
- Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses)	-	-
- Caption 200 (partial)	Other operating expenses (income) (Charges/revenues from integration)	-2	-1
- Caption 200 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	130	-
+ Caption 220 (partial)	Profits (losses) on equity investments (carried at equity)	-	-
Operating income		**9,864**	**10,043**

(millions of euro)

		30.06.2024	30.06.2023
Personnel expenses		**-2,486**	**-2,509**
Caption 160 a)	Personnel expenses	-2,527	-2,540
- Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	10	1
- Caption 160 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	14	17
- Caption 160 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	17	13
+ Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses)	-	-
Other administrative expenses		**-982**	**-1,010**
Caption 160 b)	Other administrative expenses	-1,660	-1,604
- Caption 160 b) (partial)	Other administrative expenses (Charges for integration)	6	6
- Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	315	287
- Caption 160 b) (partial)	Other administrative expenses (Recovery of other expenses)	29	22
- Caption 160 b) (partial)	Other administrative expenses (Derisking charges)	-	-
+ Caption 200 (partial)	Other operating expenses (income) (Recovery of expenses and indirect taxes)	328	279
Adjustments to property, equipment and intangible assets		**-548**	**-527**
Caption 180	Net adjustments to/recoveries on property and equipment	-225	-236
Caption 190	Net adjustments to/recoveries on intangible assets	-421	-380
- Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	22	25
- Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	1	5
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	65	47
- Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-	2
- Caption 190 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	10	10
Operating costs		**-4,016**	**-4,046**
Operating margin		**5,848**	**5,997**
Net adjustments to loans		**-539**	**-639**
Caption 140	Profits/losses from changes in contracts without derecognition	-3	16
Caption 170 a)	Net provisions for risks and charges (a) commitments and guarantees given	40	9
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans	-44	-33
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	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)	25	41
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities designated at fair value (b) other financial assets mandatorily measured at fair value (amounts attributed to net adjustments to loans)	-	-14
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans	-579	-689
- Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans (Amounts attributed to other net provisions and net impairment losses on other assets)	-2	4
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others)	2	-2
+ Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Loans	5	17
+ Caption 160 b) (partial)	Other administrative expenses (Derisking charges)	-	-
- Caption 170 a) (partial)	Net provisions for risks and charges (a) commitments and guarantees given (provisions for credit risk related to commitments and guarantees given)	-1	-3
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions for non-recurring expenses)	10	-
Other net provisions and net impairment losses on other assets		**-26**	**-158**
Caption 170 b)	Net provisions for risks and charges (b) other net provisions	-5	-45
Caption 230	Valuation differences on property, equipment and intangible assets measured at fair value	1	-
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	-10	-34
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (banks)	1	-
+ Caption 130 a) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at amortised cost - Loans (Amounts attributed to other net provisions and net impairment losses on other assets)	2	-4
Caption 130 b) (partial)	Net losses/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income - Debt securities	-5	-35
+ Caption 170 a) (partial)	Net provisions for risks and charges (a) commitments and guarantees given (provisions for credit risk related to commitments and guarantees given)	1	3
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Time value allowances for risks and charges)	8	11
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Contribution to the life insurance guarantee fund)	4	-
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Charges for integration)	-	-2
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions/Releases linked to Profits (losses) on financial assets and liabilities at fair value)	-	-
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Provisions for non-recurring expenses)	-10	-
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Effect of purchase price allocation)	-	-
- Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (future charges on controlling interests)	-27	-18
+ Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-1	-5
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-	-2
+ Caption 200 (partial)	Other operating expenses (income) (Valuation effects of other assets)	-4	-
+ Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/Recoveries due to impairment of associates)	19	-27

(millions of euro)

		30.06.2024	30.06.2023
Other income (expenses)		**12**	**189**
Caption 220	Profits (Losses) on equity investments	2	156
Caption 250	Profits (Losses) on disposal of investments	-1	1
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (governments, financial and insurance companies)	103	78
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks)	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	-81
- Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) - Effect associated with profits (losses) on trading	-6	-
+ Caption 200 (partial)	Other operating expenses (income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	-8	-7
- Caption 220 (partial)	Profits (losses) on equity investments (carried at equity)	-	-
- Caption 220 (partial)	Profits (Losses) on equity investments (Adjustments/Recoveries due to impairment of associates)	-19	27
- Caption 220 (partial)	Profits (Losses) on equity investments (impairment of controlling interests)	39	12
Income (Loss) from discontinued operations		**-**	**-**
Caption 290	Income (Loss) after tax from discontinued operations	-	-
Gross income (loss)		**5,295**	**5,389**
Taxes on income		**-1,432**	**-1,151**
Caption 270	Taxes on income from continuing operations	-1,138	-1,001
+ Caption 200 (partial)	Other operating expenses (income) (National Resolution Fund settlement agreement)	-130	-
- Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration)	-32	-25
- Caption 270 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-17	-32
- Caption 270 (partial)	Taxes on income from continuing operations (Goodwill impairment)	-	-
- Caption 270 (partial)	Taxes on income from continuing operations (Profits (Losses) on equity investments - Impairment of controlling interests)	-1	-
- Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme and Life insurance guarantee fund)	-105	-93
- Caption 270 (partial)	Taxes on income from continuing operations (Impairment losses on financial assets - Investments for the stability of the banking system)	-9	-
Charges (net of tax) for integration and exit incentives		**-69**	**-51**
+ Caption 160 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-10	-1
+ Caption 160 b) (partial)	Other administrative expenses (Charges for integration)	-6	-6
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Charges for integration)	-	2
+ Caption 180 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-22	-25
+ Caption 190 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-65	-47
+ Caption 200 (partial)	Other operating expenses (income) (Charges/revenues from integration)	2	1
+ Caption 270 (partial)	Taxes on income from continuing operations (Charges for integration)	32	25
Effect of purchase price allocation (net of tax)		**-35**	**-64**
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-17	-46
+ Caption 80 (partial)	Profits (Losses) on trading (Economic effect of purchase price allocation)	-	-
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation)	-25	-41
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Effect of purchase price allocation)	-	-
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation)	-	1
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Effect of purchase price allocation)	-	-
+ Caption 190 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	-10	-10
+ Caption 270 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	17	32

(millions of euro)

		30.06.2024	30.06.2023
Levies and other charges concerning the banking and insurance industry (net of tax)		**-231**	**-195**
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value through profit or loss (Charges concerning the banking industry)	-26	-1
+ Caption 160 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-315	-287
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (Contribution to the life insurance guarantee fund)	-4	-
+ Caption 270 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme and Life insurance guarantee fund)	105	93
+ Caption 270 (partial)	Taxes on income from continuing operations (Impairment losses on financial assets - Investments for the stability of the banking industry)	9	-
Impairment (net of tax) of goodwill, other intangible assets and controlling interests		**-11**	**6**
Caption 240	Goodwill impairment	-	-
+ Caption 170 b) (partial)	Net provisions for risks and charges (b) other net provisions (future charges on controlling interests)	27	18
+ Caption 220 (partial)	Profits (Losses) on equity investments (impairment of controlling interests)	-39	-12
+ Caption 270 (partial)	Taxes on income from continuing operations (Goodwill impairment)	-	-
+ Caption 270 (partial)	Taxes on income from continuing operations (Profits (Losses) on equity investments - Impairment of controlling interests)	1	-
Net income (loss)		**3,517**	**3,934**