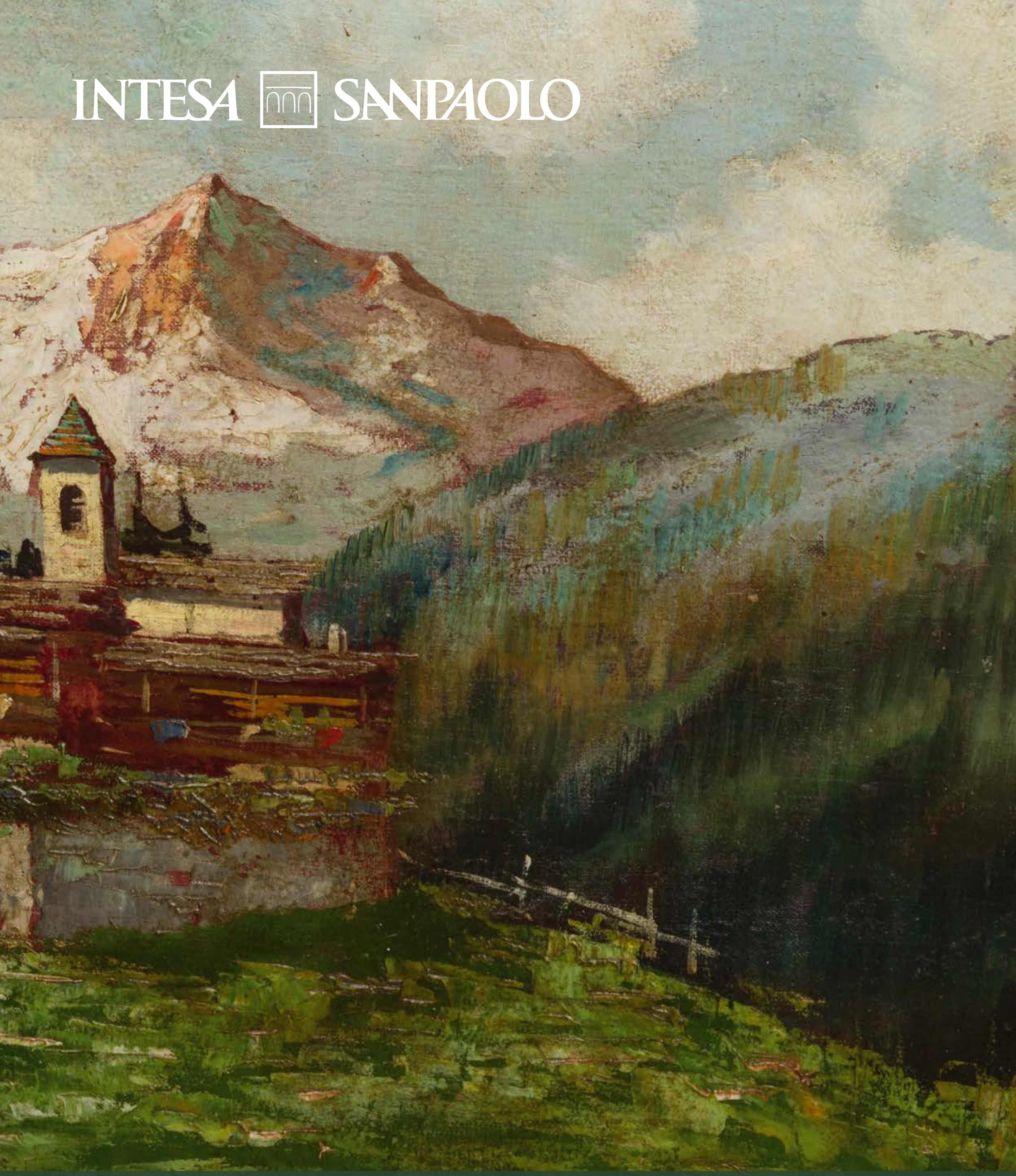

INTESA SANPAOLO

Interim Statement as at 31 March 2024

Interim Statement as at 31 March 2024

Intesa Sanpaolo S.p.A. Registered Office: Piazza S. Carlo, 156 10121 Torino Italy Secondary Registered Office: Via Monte di Pietà, 8 20121 Milano Italy Share Capital Euro 10,368,870,930.08 Torino Company Register and Fiscal Code No. 00799960158 “Intesa Sanpaolo” VAT Group representative Vat Code No. 11991500015 (IT11991500015) Included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund and Parent Company of the banking group “Intesa Sanpaolo” included in the National Register of Banking Groups

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1,062

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698

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714

SOUTH

Branches
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ISLANDS

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Asset Management

Fiduciary Services

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

The Intesa Sanpaolo Group: international presence

Banks, Branches and Representative Offices

INTESA SANPAOLO

ALEXBANK | بنك الإسكندرية

BANCA INTESA

BANCA INTESA Beograd

CIB BANK

EXIMBANK

INTESA SANPAOLO BANK Albania

INTESA SANPAOLO BANK LUXEMBOURG

INTESA SANPAOLO BANK Romania

INTESA SANPAOLO BANK Slovenia

INTESA SANPAOLO BANKA Bosna i Hercegovina

INTESA SANPAOLO BANK IRELAND

INTESA SANPAOLO BRASIL SA

INTESA SANPAOLO WEALTH MANAGEMENT Luxembourg

PRAVEX BANK

PRIVREDNA BANKA ZAGREB

REYL INTESA SANPAOLO

VÚB BANKA

AMERICA

Direct Branches	Representative Offices
New York	Washington D.C.

Country	Subsidiaries	Branches
Brazil	Intesa Sanpaolo Brasil	1

AUSTRALIA/OCEANIA

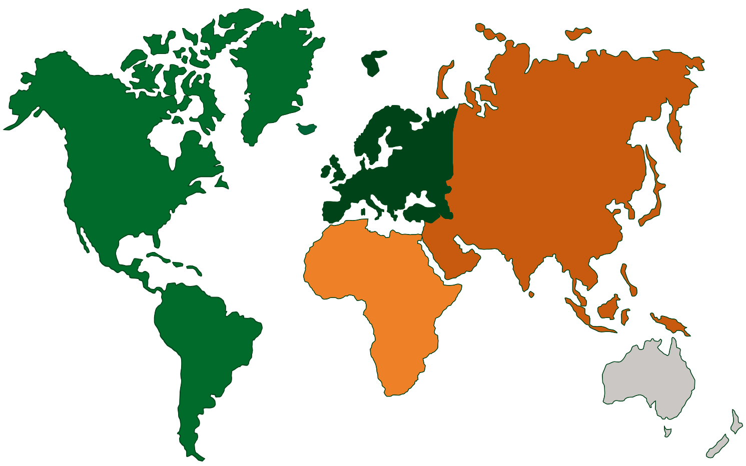
Direct Branches
Sydney

ASIA

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

EUROPE

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



Country	Subsidiaries	Branches
Albania	Intesa Sanpaolo Bank Albania	35
Belgium	Intesa Sanpaolo Wealth Management	2
Bosnia and Herzegovina	Intesa Sanpaolo Banka Bosna i Hercegovina	43
Croatia	Privredna Banka Zagreb	141
Czech Republic	VUB Banka	1
Hungary	CIB Bank	60
Ireland	Intesa Sanpaolo Bank Ireland	1
Luxembourg	Intesa Sanpaolo Wealth Management	1
	Intesa Sanpaolo Bank Luxembourg	1
Moldova	Eximbank	17
Romania	Intesa Sanpaolo Bank Romania	34
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AFRICA

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EURIZON ASSET MANAGEMENT

FIDEURAM ASSET MANAGEMENT IRELAND

INTESA INVEST Beograd

INTESA SANPAOLO VITA

意才 YI TSAI

Wealth Management

CIB LEASING

INTESA LEASING Beograd

PBZ LEASING

VÚB OPERATING LEASING

Leasing

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

Board of Directors

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

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

Introduction

As is known, Legislative Decree 25 of 15 February 2016, which implemented the Transparency Directive (2013/50/EU), eliminated the obligation to publish interim statements and gave Consob the option of establishing any additional disclosure obligations with respect to the annual and half-yearly reports. By Resolution 19770 dated 26 October 2016, Consob, pursuant to regulatory delegation provided for in said Decree, approved the changes to the Issuers' Regulation, which have applied since 2 January 2017. Article 82-ter gave listed companies the option to choose whether or not to publish additional periodic financial information, specifying the application criteria and principles to be adopted.
In announcing the 2024 financial calendar to the market, Intesa Sanpaolo confirmed its decision, pursuant to Article 65-bis and the above-mentioned Article 82-ter of the Issuers' Regulation, to disclose – on a voluntary basis – financial information as at 31 March and 30 September of each financial year, in addition to the annual and half-yearly reports. This information consists of interim statements approved by the Board of Directors.
As illustrated in detail in the chapter "Criteria for the preparation of the Interim Statement", the Interim Statement as at 31 March 2024 has been prepared, in consolidated form, in compliance with the recognition and measurement criteria required by the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS – IC) and endorsed by the European Commission, as provided for by Regulation (EC) no. 1606 of 19 July 2002.
The Interim Statement contains the Balance sheet, the Income statement, the Statement of comprehensive income for the period, the Changes in shareholders' equity, prepared in accordance with Bank of Italy Circular 262/2005, 8th update of 17 November 2022, as well as the Accounting policies and the Report on operations. It is also complemented by information on significant events which occurred during the period in question and the main risks and uncertainties. The document contains financial information taken from or attributable to the financial statements, as well as other information – for example, figures on quarterly trends, and certain Alternative Performance Measures – not directly attributable to the financial statements. See the chapter Alternative Performance Measures in the Report on operations accompanying the 2023 Consolidated Financial Statements for a definition of these measures and their calculation methods, confirming that, with specific regard to the military conflict between Russia and Ukraine, in line with the ESMA guidance, no new measures have been added, nor have any changes been made to the measures used.

To support the comments on results for the period, the Interim Statement also presents and illustrates reclassified consolidated income statement and balance sheet schedules.
In the reclassified statements, the figures are normally restated, where necessary and if they are material, for ease of comparison. In particular, the amounts are provided as consistently as possible with reference to the different periods covered, above all in relation to any intervening changes in the scope of consolidation.
Breakdowns of restatements and reclassifications as compared to the accounting schedules established in Bank of Italy Circular 262 are provided in separate reconciliation tables included in the attachments to this report, as also required by Consob in its Communication 6064293 of 28 July 2006.
No restatements were necessary in this Report and the figures presented for comparison have therefore not changed from those published in 2023.

The consolidated financial statements[1] are subject to a limited review by the Independent Auditors EY S.p.A. for the sole purpose of issuing the certification required by Article 26, paragraph 2 of European Union Regulation 575/2013 and European Central Bank Decision 2015/656.

[1] Consolidated balance sheet, Consolidated income statement, Statement of consolidated comprehensive income, Changes in consolidated shareholders' equity and related Accounting policies.

Overview of the first quarter 2024

Income statement figures and Alternative Performance Measures(°)

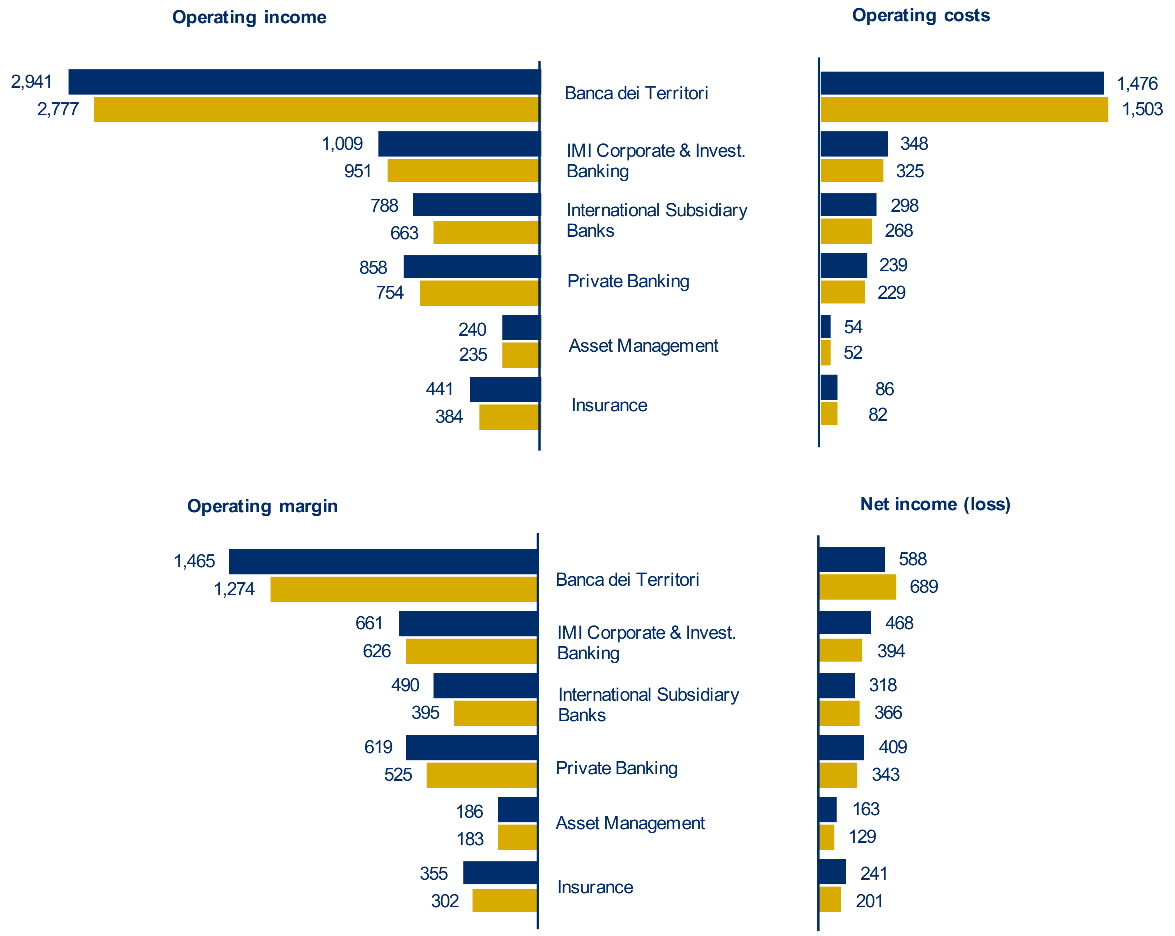
Consolidated income statement figures (millions of euro)	31.03.2024	31.03.2023	**Changes** amount	**Changes** %
Net interest income	3,932	3,254	678	20.8
Net fee and commission income	2,272	2,137	135	6.3
Income from insurance business	455	397	58	14.6
Profits (Losses) on financial assets and liabilities at fair value	79	262	-183	-69.8
Operating income	6,732	6,057	675	11.1
Operating costs	-2,570	-2,536	34	1.3
Operating margin	4,162	3,521	641	18.2
Net adjustments to loans	-236	-189	47	24.9
Net income (loss)	2,301	1,956	345	17.6

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

31.03.2024
31.03.2023

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

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



(*) Excluding Corporate Centre

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

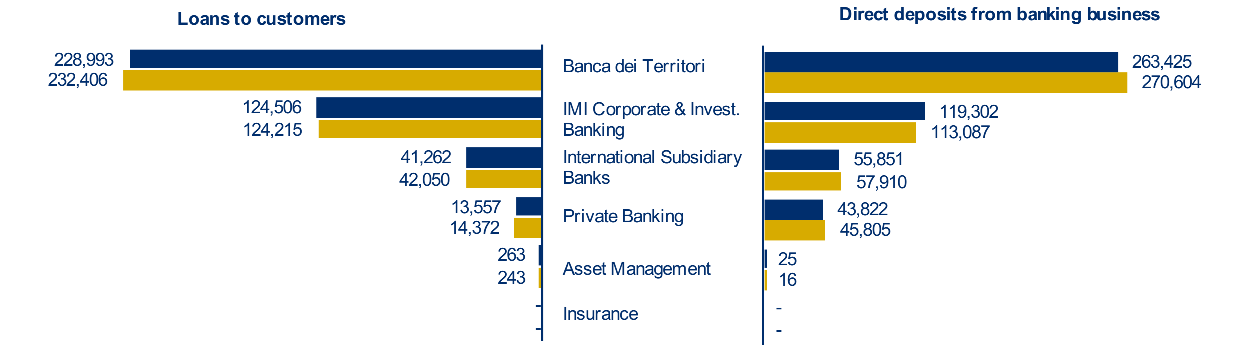
31.03.2024

31.03.2023

Balance sheet figures and Alternative Performance Measures(°)

Consolidated balance sheet figures (millions of euro)	31.03.2024	31.12.2023	Changes amount	Changes %
Financial assets	181,762	169,707	12,055	7.1
Financial assets pertaining to insurance companies	174,198	173,858	340	0.2
Loans to customers	423,254	429,540	-6,286	-1.5
Total assets	931,596	963,570	-31,974	-3.3
Direct deposits from banking business	575,926	576,136	-210	-
Direct deposits from insurance business	173,776	172,746	1,030	0.6
Indirect deposits:	750,003	722,194	27,809	3.9
of which: Assets under management	*453,319*	*444,031*	*9,288*	*2.1*
Shareholders' equity	65,804	63,963	1,841	2.9
Loans to customers / Direct deposits from banking business (%) (Loan to deposit ratio)	73.5%	74.6%		

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



(*) Excluding Corporate Centre

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

31.03.2024
31.12.2023

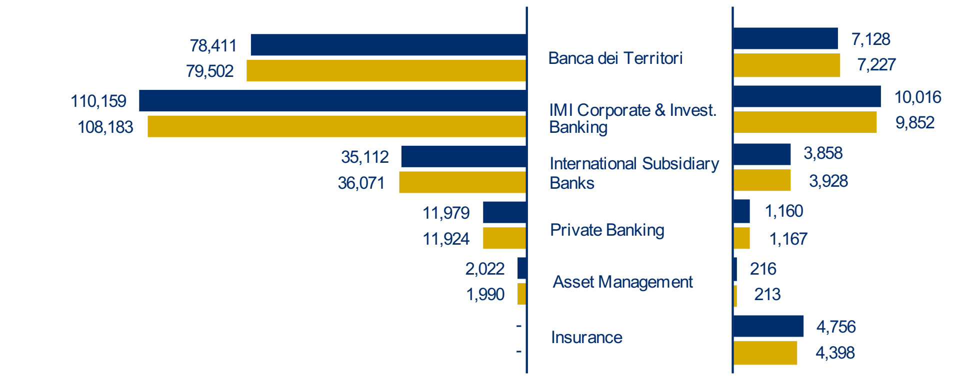
(°) For more detailed information on the Alternative Performance Measures, see the specific chapter of the Report on operations in the 2023 Annual Report.

Alternative Performance Measures and other measures(°)

Consolidated capital ratios (%)		
Common Equity Tier 1 capital (CET1) net of regulatory adjustments/Risk-weighted assets (Common Equity Tier 1 capital ratio)	13.3	13.7
TIER 1 Capital / Risk-weighted assets	15.9	16.3
Total own funds / Risk-weighted assets	18.9	19.2
Risk-weighted assets (millions of euro)	303,233	302,110
Absorbed capital (millions of euro)	30,842	30,474

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

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



(*) Excluding Corporate Centre

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

31.03.2024
31.12.2023

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

Consolidated profitability ratios (%)

	31.03.2024	31.03.2023
Cost / Income	38.2	41.9
Net income / Shareholders' equity (ROE) [a]	17.4	14.9
Net income / Total assets (ROA) [b]	1.0	0.8

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

(a) Ratio of net income to shareholders' equity at the end of the period. Shareholders' equity does not include AT1 capital instruments, income for the period and dividend and charity distributions in May. The figure for the period has been annualised. The comparative figure is not restated.

(b) Ratio between net income and total assets at the end of the period. The figure for the period has been annualised. The comparative figure is not restated.

31.03.2024

31.03.2023

Earnings per share (euro)

	31.03.2024	31.03.2023
Basic earnings per share (basic EPS) [c]	0.13	0.10
Diluted earnings per share (diluted EPS) [d]	0.13	0.10

Consolidated risk ratios (%)

	31.03.2024	31.12.2023
Net bad loans / Loans to customers	0.2	0.2
Net non-performing loans / Loans to customers	1.2	1.2
Cumulated adjustments on bad loans / Gross bad loans to customers	73.0	72.4
Cumulated adjustments on gross non-performing loans / Gross non-performing loans to customers	50.7	49.8

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

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

(d) The diluted earnings are calculated taking into account any future issuances of new ordinary shares and excluding own shares.

Operating structure	31.03.2024	31.12.2023	Changes amount
Number of employees (e)	**93,910**	**94,368**	**-458**
Italy	71,422	71,946	-524
Abroad	22,488	22,422	66
Number of financial advisors	**5,814**	**5,761**	**53**
Number of branches (f)	**4,244**	**4,259**	**-15**
Italy	3,310	3,323	-13
Abroad	934	936	-2

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

(e) The workforce indicated refers to the exact number of employees at the end of the period, counting part-time workers as equal to 1 unit.

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

31.03.2024

31.03.2023 (Income statement figures)
31.12.2023 (Balance sheet figures)

The first quarter of 2024

Economic trends

In the early months of 2024, economic surveys pointed to an acceleration in global economic activity and international trade, in an environment of cooling inflationary pressures. Expectations of monetary policy easing have become less aggressive, particularly in the US. In the face of higher-than-expected economic growth and significant inflation stickiness, the Federal Reserve left official rates unchanged at 5.25-5.50%, while still signalling that it expects to lower them later this year. The conflict in the Middle East has had limited repercussions on the global economy, but is still a major factor of uncertainty. Oil prices rose steadily during the quarter, reversing the fall at the end of 2023.

In the euro area, economic activity remained almost stagnant. However, there was an improvement in expectations in the economic surveys, as well as signs of stabilisation in manufacturing activity. In addition, the flash estimate indicated GDP growth in the first quarter (+0.3% compared to the fourth quarter of 2023). Expectations about future production trends are still very negative in the construction sector, which is more sensitive to financial conditions. The unemployment rate remained stable at its lowest level (6.5% in February), reflecting a labour market where shortage of workers is offsetting the effects of the lack of GDP growth. Inflation fell further to 2.4% in March, with an even sharper decrease to 3.1% for the rate excluding fresh food and energy.

In Italy, industrial production continued to decline in the first two months of 2024, but the economic surveys in March pointed to signs of recovery. The flash estimate for GDP growth was higher than expected (+0.3% in the first quarter 2024 compared to the previous quarter). Construction activity is still being buoyed by incentives for building renovations, which have led to an above-average level of confidence in the sector. In services, the economic surveys indicated an improvement in the January-March period, which was also confirmed (solely for January) by the turnover data. Although the unemployment rate rose to 7.5% in February, it was coupled with high employment rates and continued strong job growth. Inflation (1.2% in March) was low and below the average for the euro area.

The European Central Bank has so far left monetary policy unchanged, maintaining the deposit rate at 4.0%. The reduction in excess reserves also continued in the first quarter: the APP (Asset Purchase Programme) securities portfolio was further reduced by not reinvesting the maturities, while the redemption of TLTRO IIIs was not compensated by increased demand for liquidity at the regular auctions. On 13 March 2024, as part of the revision of the monetary policy framework, the European Central Bank announced that from 18 September 2024 the main refinancing operations rate will be set 15 basis points above the deposit rate, instead of the current 50 basis points.

During the first quarter of 2024, there was a significant scale back of expectations of official rate cuts, which was reflected in a rise in medium- and long-term government bond yields from their lows at the end of 2023. This movement was significant for US debt, but was also seen in the European markets, with the yield on the ten-year Bund increasing by 37 basis points between 29 December and 28 March. On Italian debt, upward pressure was offset by a reduction in risk premiums, with the ten-year BTP-Bund spread falling by 28 basis points to 137 over the same period. The increase in rate spreads between the US and the Eurozone was accompanied by a strengthening of the dollar in the foreign exchange markets.

In the Italian banking market, lending continued to decline, due to falling demand for credit and restrictive financial conditions, leading businesses to resort to self-financing and postpone investments. For loans to non-financial companies, the decrease was smaller than the lows in the second half of 2023. The stock of mortgage loans to households fell slightly year-on-year, while the reduction in new loans for house purchase continued at a slower pace than in 2023. Since January, signs of a turnaround in interest rates on new loans have become more prevalent, with the largest interest rate reductions involving fixed-rate mortgages for households and loans above 1 million euro granted to businesses.

The negative trend in bank deposits showed an improvement, with the decline gradually easing from -3% at the end of 2023 to a year-on-year change close to zero in March. In particular, business deposits started growing again from January, at a rate of 4.9% year-on-year in the quarter. The shift of savings from current accounts to time deposits continued, with the former still declining overall and the latter growing at a double-digit rate, aided by higher remuneration. During the quarter, rates on new time deposits also started to fall, while rates on current accounts remained sticky at an average of 0.55%.

As a result of the ongoing reallocation of Italian savers' portfolios towards domestic government bonds, debt securities in custody at banks continued to grow strongly. In contrast, the asset management industry was still affected by the higher interest rate environment, with further outflows from mutual funds in the first two months, partly offset by the continued bond fund subscriptions. In March there was an improvement, with the monthly net flows of the funds segment returning to positive territory, driven by the bond category. Since the beginning of the year, new business for life insurance has started to grow again.

Consolidated results of Intesa Sanpaolo

The consolidated income statement for the first quarter of 2024 posted a *net income* of 2,301 million euro, up by 17.6% on 1,956 million euro for the same period of 2023 and up by 43.6% on 1,602 million euro for the fourth quarter of 2023.
This growth was driven by the positive operating performance, particularly on the revenue side.

Operating income rose to 6,732 million euro, confirming its positive trend both year-on-year (+675 million euro; +11.1% compared to the first quarter of 2023) and quarter-on-quarter (+359 million euro; +5.6% compared to the last three months of 2023).
The year-on-year revenue performance continued to be driven primarily by *net interest income*, which grew by 20.8% to 3,932 million euro. The growth of the aggregate was driven by all the main components: interest income on financial assets in the portfolio, also as a result of increased investment stocks; interest on relations with banks, in particular those with the ECB; and other net interest income, in the presence of a lower negative contribution from differentials on hedging derivatives. Only customer dealing declined, due to the higher interest expense on securities issued after the significant funding plan implemented in 2023.
With regard to the determinants described above, the quarterly performance (-1.6%) was influenced, on the customer dealing side, by the decrease in medium- to long-term loan volumes, and, on the relations with banks side, by the decrease in average balances deposited with the ECB (as well as the different number of days)[2].
Net fee and commission income, amounting to 2,272 million euro, consolidated the signs of recovery that had emerged towards the end of 2023, with an increase of 6.3% (+7.7% on a quarterly basis) essentially attributable to management, dealing and consultancy activities, in particular dealing and placement of securities, as well as portfolio management schemes, while the distribution of insurance products recovered only in comparison with the final months of 2023. Commercial banking activities made a slightly higher contribution year-on-year, reflecting the contrasting movements in the different components, despite the decline recorded on a quarterly basis.
Income from insurance business rose to 455 million euro, up 14.6% (+16.4% compared to the fourth quarter of 2023), mainly attributable to the life business, whose net investment result in the first three months of 2024 became largely positive, offsetting the decline in the technical margin.
Despite an improvement of 170 million euro from the fourth quarter of 2023, *profits (losses) on financial assets and liabilities at fair value*, amounting to 79 million euro, fell by 69.8% year-on-year, to be viewed in connection with the increase in the net interest income relatively to transactions in certificates, which generated positive effects on interest income in terms of greater liquidity invested and negative effects on trading connected to the management of financial risks following the increase in market interest rates. The decrease in this caption was therefore mainly concentrated within the “Profits (losses) on trading and on financial instruments under fair value option”, only partially offset by improved contributions from other components, in particular from the disposal/repurchase of assets/liabilities.
The caption *other operating income (expenses)*, which includes profits on investments carried at equity and other income/expenses from continuing operations, showed a net balance of -6 million euro, compared to +7 million euro in the first quarter of 2023, having incorporated lower profits on investments carried at equity (from 11 million euro to 7 million euro) and higher operating expenses. The figure for the first quarter of 2024 shows a significant improvement on the figure for the last quarter of the previous year (amounting to -32 million euro), which was affected by higher net operating expenses.

Overall, *operating costs* increased slightly year-on-year to 2,570 million euro (+34 million euro; +1.3%). In detail: *personnel expenses* increased by 2.1%, despite a reduction in the average workforce (-720 people; -0.7%), due to the effect of salary adjustments resulting from the renewal of the national collective bargaining agreement, for the portion effective from 1 July 2023; *administrative expenses* fell by 3.3%, as a result of savings in property management, also related the streamlining of the branch network, in IT expenses, due to lower outsourcing costs, and in indirect taxes and duties; and *amortisation and depreciation* rose by 6.9%, mainly due to investments in technology.
In quarterly terms, the comparison with the final months of 2023 shows a decrease in operating costs (-898 million euro; -25.9%). The decrease, which involved all the components, was particularly significant for personnel expenses (-27.1%), also due to the reduction in the workforce (-510 people; -0.5%), and for administrative expenses (-32.1%), due to the particular characteristics of the last quarter of the year, both in terms of the seasonality of some expense captions and of specific projects/initiatives.

As a result of the revenue and cost movements described above, the *operating margin* rose to 4,162 million euro (+641 million euro; +18.2%). The growth was even more substantial on a quarterly basis (+1,257 million euro; +43.3%). The cost/income ratio consequently decreased to 38.2%, from 41.9% in the first quarter of 2023.

Net adjustments to loans amounted to 236 million euro (+47 million euro; +24.9%). In comparison with the previous year, the positive effect of lower adjustments on Stage 3 non-performing loans (-40 million euro) was more than offset by the reduction in recoveries (81 million euro in total) on performing loans, in particular those classified in Stage 2, and to a lesser extent on provisions for credit risk associated with commitments and financial guarantees given. The cost of risk, represented as the ratio of net adjustments to net loans, consequently stood at 22 basis points in annualised terms compared to 36 basis points for the full year 2023.
The quarterly trend in net adjustments shows a significant reduction (-380 million euro; -61.7%), compared to the last three months of the previous year. This was mainly attributable to Stage 3 non-performing loans (-195 million euro), also due to the absence of a component, amounting to 148 million euro, which had been recognised in the fourth quarter in relation to de-risking initiatives, and performing loans (-133 million euro), which in the last three months of 2023 had incorporated the effects of the updated scenario and parameters of the IFRS 9 methodologies.

[2] The periods of the two years under comparison are still characterised by different levels of market interest rates: the quarterly average of the 1-month Euribor rose from 2.36% in the first quarter of 2023 to 3.86% in the first quarter of 2024 (3.85% in the fourth quarter of 2023).

Other net provisions and net impairment losses on other assets decreased to 53 million euro from 70 million euro in the first quarter of 2023 (-24.3%). The caption consisted of: (i) 54 million euro of net provisions, including 34 million euro in order to write off the equity contribution from the Russian investee to the consolidated financial statements against the net income accrued during the period (36 million euro in the first three months of 2023, of which 19 million euro related to the Russian investee); and (ii) 1 million euro of net recoveries on other assets (net impairment losses of 34 million euro, essentially for credit risk on securities in portfolio, in the first quarter of 2023).
On a quarterly basis this caption also decreased, but to a greater extent (-279 million euro; -84%). Indeed, it is worth remembering that during the fourth quarter, in addition to provisions of 43 million euro aimed at writing off the equity contribution of the Russian investee, several components related to de-risking were recognised under impairment losses on other assets.
Other income (expenses), which include realised gains and losses on investments, equity investments and financial assets at amortised cost other than loans, as well as income/expenses not strictly related to operations, had a positive balance of 57 million euro, mainly attributable to several commercial agreements entered into by the Group. This amount should be compared to 101 million euro recorded in the corresponding period of 2023, which included the capital gain of 116 million euro from the sale of the PBZ Card acquiring business line to Nexi (in the fourth quarter, the positive contribution of this caption was 29 million euro).

As a result of the changes described above, *gross income* improved to 3,930 million euro (+567 million euro; +16.9% compared to the first quarter of 2023). In comparison with the 1,986 million euro for the fourth quarter of 2023, gross income almost doubled (+97.9%).
The change in the taxable base led to an increase in *taxes on income* for the period to 1,278 million euro (+194 million euro; +17.9%), resulting in a tax rate of 32.5% (32.2% in the first three months of 2023). In the last three months of 2023, the tax expense was only 288 million euro, with a tax rate of 14.5%, both due to the lower taxable base and the benefit from the recognition of deferred tax assets of 352 million euro related to losses carried forward of the former UBI Banca.

The following were recognised after tax: *charges for integration and exit incentives* of 56 million euro (42 million euro in the first quarter and 80 million euro in the fourth quarter of 2023) and *negative effects of purchase price allocation* of 29 million euro (46 million euro in the first three months and 35 million euro in the last three months of 2023).
The *charges aimed at maintaining the stability of the banking industry* amounted to 257 million euro (381 million euro before tax) and essentially consisted of the estimated amount, based on the figures as at 31 March, of the 2024 contributions to the deposit guarantee scheme for the Group's Italian banks (238 million euro net; 356 million euro gross), for which an early call up was made[3]. In the first quarter of 2023, on the other hand, 228 million euro of charges (330 million euro before tax) were recognised, almost entirely related to the estimated ordinary contributions, for the full year, to the Single Resolution Fund for the Group's Italian and European banks (in the fourth quarter of 2023 a positive effect of 18 million euro was recognised following the adjustment of previously estimated charges).

After the allocation of net income of 9 million euro to minority interests (7 million euro in the first three months of 2023 versus losses of 1 million euro in the last three months of 2023), the consolidated income statement closed, as already mentioned, with a net income of 2,301 million euro, up by 17.6% from 1,956 million euro realised in the first quarter of the previous year and up by 43.6% from 1,602 million euro in the last quarter of 2023.

With regard to the balance sheet aggregates, loans to customers totalled 423.3 billion euro as at 31 March 2024, down slightly from December 2023 (-6.3 billion euro; -1.5%). This performance was driven by commercial banking loans, which fell to 395.4 billion euro (-6.7 billion euro; -1.7%), in an environment of still high market interest rates, which dampened demand both from businesses, which preferred to postpone investment decisions and use available liquidity to limit their use of bank loans, and from households, particularly for mortgage loans financing home purchases. The decrease in the stocks concerned all the technical forms, both medium/long-term loans (-1.3% to 222.6 billion euro), as a result of the predominance of repayments/withdrawals over new disbursements, and shorter-term loans, namely current accounts (-6.7% to 20 billion euro) and advances (-1.5% to 152.8 billion euro).
With regard to the remaining components of the aggregate, short-term loans of a financial nature, consisting of repurchase agreements used as part of the overall treasury management, remained essentially stable at 16.8 billion euro (+1.1%) while loans represented by securities exceeded 6 billion euro (+3.4%) and the stock of non-performing loans remained at just under 5 billion euro (-0.2%).
In terms of credit quality, the NPL ratio remained unchanged at 2.3% gross and 1.2% net (2.3% and 1.2% respectively in December 2023)[4]. The coverage ratio for non-performing loans increased to 50.7% from 49.8% at the end of 2023, while the coverage ratio for performing loans, of 0.57%, remained at the level of December 2023 (0.58%).

On the funding side, direct deposits from banking business stood at 575.9 billion euro at the end of the quarter, with no significant changes compared to 31 December 2023 (-210 million euro; -0.04%). This stability actually reflected contrasting movements in the different technical forms. Current accounts and deposits decreased to 393 billion euro (-14.9 billion euro; -3.7%), still accounting for over 68% of the total aggregate, confirming their status as a strong point of the Group's liquidity position. The greatest extent of the decline was in current accounts – due to the effects of the employment of liquidity

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

[4] Based on the EBA definition, as at 31 March 2024 the NPL ratio was 2.0% gross and 1.0% net (1.8% and 0.9% respectively at the end of 2023). The increase was mainly attributable to the decrease in the total exposures used as the denominator of the ratio, which include exposures to banks (including the reserve requirement and on-demand loans, i.e. current accounts and on-demand deposits).

by businesses to reduce their use of bank loans and the increasing diversification of savings by households prompted by high interest rates – and only marginally involved time deposits.
Bonds also decreased to 76.2 billion euro (-2,092 million euro; -2.7%), after the significant funding realised in advance during 2023, partially offset by the increase in subordinated liabilities to 13 billion euro (+888 million euro; +7.3%) following two issuances for a total nominal of 1,308 million euro and an early redemption for a nominal of 500 million euro in March. Certificates of deposit also fell to just under 2 billion euro (-386 million euro; -16.5%).
The performance of the technical forms described above was offset by: (i) the growth in other deposits to 65.6 billion euro (+3,183 million euro; +5.1%), driven in particular by the fair value component, almost entirely consisting of investment certificates, which had reached 32.3 billion euro at the end of March (+2,329 million euro; +7.8%); and (ii) the significant increase in financial funding in the form of repurchase agreements, which doubled to 26.1 billion euro (+13,111 million euro), reflecting the impact of the treasury management policies.

Direct deposits from insurance business amounted to 173.8 billion euro at the end of March 2024, up slightly from December 2023 (+1,030 million euro; +0.6%). Insurance liabilities represented 69.4% of the aggregate, rising to 120.6 billion euro (+712 million euro; +0.6%), despite a decline in collected premiums from traditional life insurance policies. Thanks to the strong performance of the financial markets, which favoured their placement, financial liabilities – consisting entirely of unit-linked investment contracts included in the caption Financial liabilities designated at fair value pertaining to insurance companies of the reclassified balance sheet – amounted to 51.7 billion euro (+310 million euro; +0.6%), maintaining their incidence at 29.8% of the total. Lastly, the residual portion, amounting to 0.8%, consisted of other insurance deposits – included in the caption Financial liabilities at amortised cost pertaining to insurance companies – which also incorporate subordinated liabilities. They remained unchanged at 1.5 billion euro (+8 million euro; +0.5%).

Indirect customer deposits, measured at market prices, rose to 750 billion euro as at 31 March 2024, an increase of 27.8 billion euro (+3.9%) over the three months. Continuing the trend that had already emerged in 2023, the growth was mainly driven by assets under administration, which reached 296.7 billion euro (+18.5 billion euro; +6.7%), representing 39.6% of total indirect customer deposits, reflecting an ongoing repositioning of customer investments towards bonds, particularly domestic government bonds.
Also supported by market valuations, assets under management rose to 453.3 billion euro (+9.3 billion euro; +2.1%). This positive trend concerned almost all the components, but with varying degrees of intensity: mutual funds (+2.4% to 159.2 billion euro), portfolio management schemes (+4.2% to 83.5 billion euro), and, albeit as a small proportion of the total, deposits from institutional customers (+3.6% to 27.2 billion euro) and pension funds (+5.5% to 17.6 billion euro). In contrast, total insurance liabilities and insurance financial liabilities remained stable at 165.9 billion euro (+0.2%).

Highlights

The military conflict between Russia and Ukraine

The ISP subsidiaries in Russia and Ukraine

The Group is present in Russia and Ukraine through two subsidiaries:
- Joint-Stock Company Banca Intesa (Banca Intesa Russia), 47% owned by Intesa Sanpaolo and 53% by Intesa Sanpaolo Holding International (Luxembourg). This is a Moscow-based corporate bank, which operates with 27 branches and 860 staff. The Group's presence in Russia dates back almost 50 years (initially as a Representative Office, closed in August 2023). The bank has participated in the financing of large national and international Russian projects, also offering a full range of banking services for small and medium-sized enterprises, retail customers and companies. The regional branch network extends from Kaliningrad to Vladivostok;
- Pravex Bank Joint-Stock Company (Pravex), 100%-owned by Intesa Sanpaolo. This is a small commercial bank based in Kyiv, part of the International Subsidiary Banks Division, which operates with 40 branches mainly in the Kyiv region and employs 649 people. Intesa Sanpaolo acquired the bank in 2008 and has been operating in the country continuously since that date.

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

Risk management

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

The Risk Management and Control Task Force and the Crisis Unit
With regard to the monitoring of credit risk, there were no significant new developments to be reported for the first quarter of 2024. The implementation is continuing under the Credit Action Plan – with regard to the prevention of flows into non-performing status for exposures showing signs of difficulty, without being past-due – of specific diagnostic initiatives on companies in the energy-intensive and gas-intensive industries that are particularly sensitive to fluctuations in energy costs, also connected with the ongoing military conflict between Russia and Ukraine.
In light of the further tightening of the sanctions imposed on Russia by Western countries, in order to ensure regulatory compliance, the close monitoring continued through a specific dashboard at Group level, aimed at overseeing the changes in the lists of sanctioned persons and entities at European and international level, identifying sanctioned persons and entities for the purpose of blocking positions and payments, complying with the specific ban on accepting deposits above the threshold set by the European regulations, and identifying and blocking financial instruments subject to sanctions. As at 31 March 2024, the exposure to Russian counterparties subject to sanctions included in the OFAC (Office of Foreign Assets Control) SDN and/or EU asset freeze lists amounted to around 248 million euro (237 million euro at the end of 2023). The increase from 31 December 2023 was mainly related to the inclusion of new sanctioned persons and entities added to the OFAC SDN lists with exposure to the freeze Group[5].
Since the beginning of the conflict, the Group has also been monitoring the evolution of the fallout of the Russian-Ukrainian crisis on the real economy and the main financial variables, also by conducting specific scenario analyses and stress tests to assess the potential impacts in terms of profitability and capital adequacy. Although the situation is constantly evolving, leaving aside extreme scenarios of conflict escalation that could lead to outcomes that are difficult to assess, these analyses confirm the Group’s ability to ensure compliance – also through the implementation of specific actions – with the regulatory requirements and the stricter limits set internally.

The Operational Resilience Task Force
With regard to the initiatives implemented since the initial stages of the conflict for Pravex’s employees, in particular concerning the support for the expatriation of those employees and their families, when requested, the flow of returns to Ukraine further intensified during 2024. At the end of March, the number of colleagues and their families hosted in Italy in the Group-owned flats and in the residential facilities made available in Bergamo had fallen to 46 (from 64 in December 2023), against more than 200 initially accommodated during 2022. These were exclusively family members of employees as there are no more Pravex employees being accommodated in Italy.
With regard to business continuity in Ukraine, also thanks to the actions taken during the more than two years of conflict, operational capability has been consistently maintained without the need to implement continuity solutions. To overcome the power supply problems, Starlink satellite equipment was provided to ensure data connection, along with power banks distributed to the headquarters and staff with critical and strategic tasks. Power generators were also installed in all the operational branches. The measures described are enabling the uninterrupted provision of services and are still considered valid and sufficient to deal with the situation, even in light of increasing Russian attacks on Ukrainian power plants.
The number of branches opened daily has long since settled above 90% of the available branches. Again in 2024, the decision-making process for the operations of the individual branches continues to be based on a risk assessment methodology agreed with the Parent Company, which involves the use of specific indicators, while always taking staff safety into account. During the first quarter of 2024, there were no branches damaged by the bombing.
At Banca Intesa Russia, the systems have always functioned without any operational problems since the beginning of the conflict.
In 2024, the monitoring has also continued of the operations of Banca Comerciala Eximbank, the Group’s Moldovan subsidiary, which still has no operational problems to report, despite the temporary worsening of the conflict in the area.
In terms of cybersecurity, the monitoring and threat intelligence activities continue, alongside the continued strengthening of the cybersecurity controls throughout the Intesa Sanpaolo Group. The threat intelligence activity aimed at monitoring possible attacks on Pravex has been strengthened due to the increased risks it faces following the terrorist attack in Moscow in March. Specific educational initiatives on cyber risks, through training courses and in-depth studies on specific topics, are regularly implemented to continually raise awareness among all the Group’s staff.
As usual, the additional costs incurred for business continuity and losses resulting from physical damage to premises/branches located in the conflict zone form part of the monitoring of the exposure to operational risk, including that relating to the Risk Appetite Framework.

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

The main accounting issues arising from the ongoing conflict between the Russian Federation and Ukraine and the Intesa Sanpaolo Group’s approach to addressing them are summarised in the paragraphs below.
The situation of the Russian/Ukrainian crisis has been the subject of close attention since the outbreak of hostilities at the end of February 2022. Indeed, in addition to cross-border exposures to counterparties resident in the Russian Federation, the Group, as already mentioned, has two subsidiaries in the warring countries – Pravex and Banca Intesa Russia – which are therefore particularly exposed to the consequences of the conflict.
At the beginning of 2022, loans to Russian customers represented around 1% (almost 5 billion euro) of the Intesa Sanpaolo Group’s total loans to customers (net of the exposures backed by Export Credit Agency - ECA guarantees). The de-risking has therefore focused on reducing these exposures; the Group already started carrying it out in the second half of 2022 and continued during 2023 and the first quarter of 2024. Total gross exposures (customers, banks and securities) as at 31 March 2024 to counterparties resident in Russia and Ukraine amounted to just 1,825 million euro gross (1,543 million euro after adjustments), a decrease of 64 million euro or -3% (-37 million euro in net values, -2%) from 31 December 2023, when the gross exposures amounted to 1,889 million euro (1,580 million euro in net values). More specifically, as at 31 March 2024, the

[5] On 23 February 2024, the EU approved the 13th sanctions package against Russia, which included the addition of 106 individuals and 88 entities to the freeze lists and blacklists.

remaining exposures to customers amounted, in terms of gross values, to 187 million euro (111 million euro net) for Banca Intesa Russia and 621 million euro (486 million euro net) for cross-border exposures to customers resident in Russia (net of ECA guarantees). The exposures to Russian counterparties were also accompanied by gross exposures to banks totalling 709 million euro (699 million euro net) and in securities totalling 8 million euro (6 million euro net)[6]. Gross exposures to customers resident in Ukraine amounted to 182 million euro (127 million euro net), of which 54 million euro (book value nil in net terms) related to the subsidiary Pravex (figures as at 31 December 2023, as described below)[7], in addition to exposures to banks and in Ukrainian short-term government bonds totalling 118 million euro gross (114 million euro net). That said, the situation as at 31 March 2024 is essentially the same as that described in the Annual Report as at 31 December 2023, given that:

- ISP continued to exercise control over the two banks, which operated on the basis of the Parent Company's instructions in their respective environments;
- there are no new significant regulatory provisions with respect to those already considered for the 2023 Annual Report.

Consequently, the main methodological choices – both in terms of consolidation of the two subsidiaries and valuation of the credit exposures – are essentially the same as those used in the last Annual Report. Before outlining the valuation choices regarding the two subsidiaries and examining the aspects related to the valuation of the cross-border exposures (for the valuation of these exposures, see also Part E, Credit Risk, 1.1 "The valuation impacts for the ISP Group of the military conflict between Russia and Ukraine" of the Notes to the 2023 Consolidated Financial Statements), a few preliminary observations need to be made about how Pravex Bank and Banca Intesa Russia contributed to the consolidated financial statements as at 31 March 2024. In particular, while it was possible to consolidate an accounting situation aligned to that of the Parent Company for Banca Intesa Russia (therefore, consolidated with reference to the results as at 31 March 2024), for Pravex, the specific situation in the city of Kyiv (where the bank is based) led to the conclusion that – in order to contain the "operational" risk – it was considered more appropriate to use the accounting situation as at 31 December 2023, translated at the exchange rate of 31 March 2024, for the consolidation. The results of Pravex are therefore incorporated by means of the line-by-line consolidation of a consolidation package prepared in accordance with the IAS/IFRS for the previous quarter, in keeping with the approach already adopted for the 2022 and 2023 Annual Reports. However, it is worth recalling here that the balance sheet balances of the Ukrainian subsidiary are substantially immaterial in the context of those of the Intesa Sanpaolo Group. The above method of consolidation is also supported by the fact that the balance sheet management data as at 31 March 2024 do not show any significant differences – in the total aggregates – compared to those at the end of December.
With regard to the valuation choices, the absolutely serious situation in all of Ukraine resulted in the definition, for the purpose of measuring Pravex's loan portfolio, of a specific approach, significantly based on prudent rationales, in light of the continuation of the conflict and the consequent repercussions on the Ukrainian economy. As at 31 March 2024, as in the 2023 Consolidated Financial Statements, it was considered appropriate to maintain the full write down of Pravex's on-balance sheet loans to customers, with consequent classification to Stage 3. As a result of that choice, for the purposes of the Group's consolidated financial statements, the equity of the subsidiary has been reduced to zero, resulting in a negative contribution of 21 million euro to the consolidation. Also for Banca Intesa Russia, an approach to classifying and measuring performing loans continued to be adopted that strongly considers the geopolitical risk deriving from the ongoing crisis. Therefore, as was already the case in the 2023 Annual Report, the assessments carried out as at 31 March 2024 on the loans of the subsidiary included a centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict and the increased isolation of the Russian economy. As a result of the provisions made, the total coverage of performing loans of the Russian subsidiary amounted to around 35% of their gross value, the same as in December 2023. As in the past accounting closings, the provision aimed at reducing the equity of the investee to zero has also been maintained. The significant adjustments on the credit exposures of Banca Intesa Russia and Pravex, made on a prudential basis, reflect the current war situation that generates the need for careful consideration of the above-mentioned country risk, with appropriate measurement of the risk that the capital invested abroad is exposed to, connected to the possibility that political or economic circumstances may result in non-repayment of the loan (irrespective of the specific credit risk of the individual counterparty).
For the cross-border positions, the Group continued to adopt the measurement approach guided by the emergence of the so-called "transfer" risk (an approach applied both for the determination of the SICR and the related classification to Stage 2, and for the calculation of the ECL through the application of managerial adjustments) in order to better incorporate provisions related to the risk associated with the current conflict that would otherwise not be properly captured by the risk measurement systems normally used. At the same time, the ratings for the highest risk class already assigned to the most significant counterparties exposed to conflict-related risk have been maintained.
In the first quarter of 2024, the Group did not experience any significant profit and loss impacts from the exposures to Russian or Ukrainian counterparties, in line with the situation in the first quarter of 2023. With regard to the income statement for the full year 2023, it is worth recalling that the flow of collections and the valuation processes established upon closure of the financial statements led to the recognition of write-backs on loans and securities, before tax, totalling 205 million euro, partially offset by the provision made upon consolidation of Banca Intesa Russia to write off its equity contribution to the Group's consolidated financial statements, amounting to 114 million euro.

[6] There were also 43 million euro (37 million euro net) in gross off-balance sheet exposures to customers at Banca Intesa Russia and 24 million euro cross-border (with essentially no impact in terms of net values) with customers resident in Russia (net of ECA). Lastly, there were 66 million euro (gross and net values) of cross-border positions with Russian resident banks.

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

Other highlights

The other significant events that occurred in the first quarter of the year, as well as some events occurring after the end of the quarter, are described below.

On 11 March 2024, Intesa Sanpaolo received the ECB's authorisation regarding the purchase of own shares for annulment (buyback) with no reduction in share capital, to be launched in June, which had been announced on 6 February upon presentation of the 2023 results.
The purchase – which may be for an amount not exceeding 1,000,000,000 shares for a maximum total outlay of 1.7 billion euro – was authorised by the Ordinary Shareholders' Meeting of 24 April, which also established the related execution procedures (see further below).

The transfer from Intesa Sanpaolo to Isybank of the second business line – consisting of the set of assets and legal relations operationally organised for the management of private individual customers holding transactional products (accounts and payment cards), loans and mortgages (with related CPI and fire protection insurance), meeting a number of requirements including being aged under 65, the prevalent use of digital channels, and express consent to the transfer – took legal effect on 18 March 2024. The deed of transfer, signed on 13 March, was implemented upon subscription and release of the second tranche of the 700-thousand-euro capital increase approved by the Extraordinary Shareholders' Meeting of 11 October 2023. As a result, Isybank's share capital increased to 31,000,000 euro. The related IT migration was completed over the weekend of 16 and 17 March. The transfers from Intesa Sanpaolo to Isybank involved a total of around 350,000 customers.

On 28 March 2024, the Board of Directors of Intesa Sanpaolo, upon proposal by the Managing Director and CEO Carlo Messina, adopted a new organisational structure that leverages the strengths that have established the Bank as a leader in Europe and focuses on the Group's capacity to innovate. The renewed organisation readies the Group to tackle the challenges facing the European banking sector, by harnessing the best new managerial talents and by valuing internal resources, all with a long-term perspective. These significant and wide-ranging changes are marked by a generational transition introducing new talents in key positions, guided and supported by highly-experienced individuals who have long held leadership roles within the Group. The average age of those taking on new top-level responsibilities is 49. The new organisational structure, effective from 2 April 2024, also marks a particularly important step in the longstanding initiative to nurture female talent.
Below is a summary of the most significant measures implemented:
– streamlining of the governance areas reporting directly to Managing Director Carlo Messina, through a new organisational tier of Chiefs;
– establishment of the new "Wealth Management Divisions" structure, which will provide unified oversight of the strategically important wealth management businesses, with the aim of accelerating their growth and increasing the integration of the product factories;
– establishment of a new governance area focused on ESG (Chief Sustainability Officer) to steer the Group's sustainable development strategies, with a special commitment to social matters and the fight against inequalities. The new area will be tasked with strategic direction, activity planning, and monitoring;
– creation of a new governance area (Chief Transformation & Organisation Officer) containing a specific newly established structure dedicated to the Group's transformation strategies to respond to the new challenges of technological innovation and Artificial Intelligence, by developing innovative organisational and operational models;
– strengthening of the Chief Lending Officer area, which will be responsible for a new credit decision-making model, consolidating the important milestones achieved and ensuring further sustainability of the results (Zero-NPL Bank).

Lastly, to complete the disclosure for the first quarter of 2024, the voluntary exits plan continued in accordance with the trade union agreements of 29 September 2020 and 16 November 2021.
There were 811 voluntary exits in the first three months of the year, of which 774 with effect from 1 January, for a total of 7,929 exits from the beginning of 2021, against the 9,200 exits expected to take place by the first quarter of 2025 under the terms of the two above-mentioned trade union agreements. In addition, at the beginning of April 2024 there was a further exit window involving around 250 Group employees.
In the quarter, there were around 450 hires as part of those agreements, for a total of around 3,450 from the beginning of 2021 compared with the 4,600 planned by the end of 2025.

In addition, as part of the Next Way of Working project – aimed at implementing a new working model based on strengthening individual responsibility and improving work-life balance – activities are continuing for the preliminary real estate and technological interventions aimed at constructing new workspaces designed to enhance the moments of presence in the office. The Next Way of Working model will be progressively extended throughout Italy in 2024: the remaining minor refinements are being implemented to bring the new layout of the spaces in Rome into operation, the work has started in Treviso, the design approval phase has been completed in Cuneo, and the design of the Milan Bisceglie spaces is being finalised. The extension of the model will continue to be accompanied by the implementation of technological tools (release of the space booking function in the planning and reservation tool), together with specific targeted communication campaigns.

On 19 April 2024, Intesa Sanpaolo and COIMA – a company specialising in investing in, developing and managing Italian real estate assets on behalf of institutional investors – signed an agreement to evaluate the best opportunities to develop the Banking Group's properties in a changing real estate market environment.
The agreement, which was approved by the Board of Directors of Intesa Sanpaolo on 28 March 2024 and which reflects changing strategies in real estate in response to the increased emphasis on ESG objectives in the sector, revolves around the transfer to investment vehicles managed by COIMA SGR of a real estate portfolio of the Bank with a total value of over 500 million euro.

The completion of the transaction is contingent on fulfilment of certain conditions precedent. Upon the transfer, Intesa Sanpaolo will receive shares in the COIMA investment vehicles, which will be identified according to the type of real estate in the portfolio and the strategy for developing its value. The transaction, which will result in a significant reduction of Intesa Sanpaolo's real estate assets, will involve (i) three prime properties, located in Rome at Via dei Crociferi 44 and in Milan at Via Clerici 4-6/Piazza Ferrari 10 and at Via Verdi 9-11-13; (ii) additional properties to be vacated or disposed of in the coming months, located in several cities, including Milan, Turin, Rome, Brescia, Bergamo, Bologna, Padua and Florence.
The agreement will also involve the examination of further areas of collaboration in the real estate sector that could generate business opportunities of common interest.
The agreement is part of the Group's broader smart property management strategy, set out in the 2022/2025 Business Plan, which, for the owner-occupied properties, envisages a strong acceleration towards the new way of working and a significant modernisation of the working environments in department spaces, and, for the investment properties, the value optimisation of the assets through disposals and active management via leasing or the creation of new businesses.
In the preparation of the Interim Statement as at 31 March 2024, all of the prime properties and part of the additional properties were reclassified as assets held for sale in accordance with IFRS 5.

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

– *the approval of the 2023 financial statements of the Parent Company Intesa Sanpaolo and the allocation of the net income for the year with the distribution to shareholders of a dividend and part of the Share premium reserve.* The cash distribution to shareholders of a remaining amount of 2,778,985,446.33 euro (corresponding to 15.20 euro cents for each of the 18,282,798,989 ordinary shares constituting the share capital) was approved, of which 2,373,107,308.77 euro as dividends from the net income for the year (corresponding to 12.98 euro cents per share) and 405,878,137.56 euro as an assignment of reserves drawn on the Share premium reserve (corresponding to 2.22 euro cents on each share). Also taking into account the interim dividend paid in November 2023, amounting to 2,628,985,341.02 euro[8] (corresponding to 14.40 euro cents per share), the total amount of interim and remaining dividends relating to the year 2023 consequently was equal to 5,407,970,787.35 euro, corresponding to a 70% payout of the consolidated net income. The amount not distributed in respect of any own shares held by the Bank at the record date will be allocated to the Extraordinary reserve. The payment will take place from 22 May 2024 (with coupon presentation on 20 May and record date on 21 May);
– *the remuneration policies and incentive plans*. The Shareholders' Meeting approved the remuneration and incentive policies for 2024, together with the related adoption and implementation procedures, as described respectively in chapters 4 and 1 of Section I of the Report on remuneration policy and compensation paid; it passed a resolution agreeing on the Disclosure on compensation paid in 2023 as described in Section II of the same Report; and it approved the 2024 Annual Incentive System, which provides for the use of Intesa Sanpaolo ordinary shares to be purchased on the market;
– *authorisation to purchase own shares for annulment with no reduction of the share capital*. More specifically, the Shareholders' Meeting authorised: (i) the purchase, also in part or in fractions, of Intesa Sanpaolo shares for a maximum overall outlay of 1.7 billion euro and a maximum quantity of 1,000,000,000 shares, with execution by 25 October 2024; (ii) the Board of Directors to carry out the purchases at a price to be identified from time to time, subject to the condition that the price cannot be more than 10% below or above the reference price of the Intesa Sanpaolo shares registered on the Euronext Milan managed by Borsa Italiana S.p.A. the day before the execution of each individual purchase. The transactions will be carried out in line with the provisions of Article 132 of the Consolidated Law on Finance, Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation and with any other legislative and regulatory provisions (including the regulations and other rules of the European Union) applicable and in force from time to time; and (iii) the Board of Directors, with the power to delegate to the Managing Director and CEO, to carry out the purchases using the Extraordinary Reserve;
– *the authorisation to purchase and dispose of own shares to serve the incentive plans and for trading purposes.*

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

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

Outlook

Economic activity is expected to gradually strengthen over the course of 2024, boosted by a recovery in the purchasing power of wages, an improvement in confidence, and less restrictive financial conditions. The Italian economy is expected to experience moderate growth, in line with that of 2023, but accelerating during the year. A further fall in European inflation is envisaged, although moderate and punctuated by temporary rebounds.
In Europe, a reduction in official rates is considered likely from June onwards. Markets and analysts are factoring in an overall cut of 75 basis points during 2024. However, the ECB will accelerate the reduction of its securities portfolios from July, also reducing reinvestments under the PEPP (Pandemic Emergency Purchase Programme). In the US, the stronger growth and stickiness of inflation may prompt the Federal Reserve to delay the start of the rate cuts until September.
The conflicts in Ukraine and the Middle East, which may cause unexpected strains on commodity prices and the financial markets, are adding uncertainty to the outlook.

For the Intesa Sanpaolo Group, the implementation of the 2022-2025 Business Plan is proceeding at full speed, with the prospect of net income in 2024 and 2025 to exceed 8 billion euro.
For 2024 it is envisaged:
- solid revenue growth, driven by a further increase in net interest income and growth in net fee and commission income and income from insurance business which leverages on the Group's leadership in Wealth Management, Protection & Advisory;
- stable operating costs, despite investment in technology, mainly attributable to lower personnel expenses;
- low cost of risk deriving from the zero-NPL bank status and the high-quality loan portfolio;
- lower levies and other charges concerning the banking industry due to no further contribution to the resolution fund.

A strong value distribution is envisaged:
- cash payout ratio of 70% of the consolidated net income for each year of the Business Plan, with an increase in the dividend per share for 2024 and 2025[9] versus the dividend per share for 2023;
- buyback of 1.7 billion euro to be launched in June 2024;
- additional distribution for 2024 and 2025 to be evaluated year by year.

A solid capital position is envisaged, with the Common Equity Tier 1 ratio – confirming the Basel 3/Basel 4 target of above 12% over the 2022-2025 Business Plan horizon – expected to stand, in 2025, at above 14% pre Basel 4, above 13.5% post Basel 4 and above 14.5% post Basel 4 including the absorption of DTAs (the vast majority of which will be absorbed by 2028), taking into account the above-mentioned payout ratio envisaged for the years covered by the Business Plan and the buyback to be launched in June 2024 and not considering any additional distribution.

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

Consolidated financial statements

Consolidated balance sheet

(millions of euro)

Assets		31.03.2024	31.12.2023	Changes amount	Changes %
10.	Cash and cash equivalents	51,156	89,270	-38,114	-42.7
20.	Financial assets measured at fair value through profit or loss	146,171	144,594	1,577	1.1
	a) financial assets held for trading	*38,096*	*38,163*	*-67*	*-0.2*
	b) financial assets designated at fair value	*1*	*1*	*-*	*-*
	c) other financial assets mandatorily measured at fair value	*108,074*	*106,430*	*1,644*	*1.5*
30.	Financial assets measured at fair value through other comprehensive income	149,607	140,753	8,854	6.3
40.	Financial assets measured at amortised cost	512,402	518,950	-6,548	-1.3
	a) due from banks	*31,104*	*32,899*	*-1,795*	*-5.5*
	b) loans to customers	*481,298*	*486,051*	*-4,753*	*-1.0*
50.	Hedging derivatives	6,728	7,006	-278	-4.0
60.	Fair value change of financial assets in hedged portfolios (+/-)	-6,003	-5,695	308	5.4
70.	Investments in associates and companies subject to joint control	2,502	2,501	1	0.0
80.	Insurance assets	887	813	74	9.1
	a) insurance contracts issued that are assets	*484*	*412*	*72*	*17.5*
	b) reinsurance contracts held that are assets	*403*	*401*	*2*	*0.5*
90.	Property and equipment	9,236	9,825	-589	-6.0
100.	Intangible assets	9,359	9,524	-165	-1.7
	of which:				
	- goodwill	*3,660*	*3,672*	*-12*	*-0.3*
110.	Tax assets	14,467	14,533	-66	-0.5
	a) current	*2,285*	*1,932*	*353*	*18.3*
	b) deferred	*12,182*	*12,601*	*-419*	*-3.3*
120.	Non-current assets held for sale and discontinued operations	731	264	467	
130.	Other assets	34,353	31,232	3,121	10.0
Total assets		**931,596**	**963,570**	**-31,974**	**-3.3**

Consolidated balance sheet

(millions of euro)

Liabilities and Shareholders' Equity		31.03.2024	31.12.2023	Changes amount	Changes %
10.	Financial liabilities measured at amortised cost	603,082	642,119	-39,037	-6.1
	a) due to banks	*56,722*	*93,242*	*-36,520*	*-39.2*
	b) due to customers	*437,829*	*440,449*	*-2,620*	*-0.6*
	c) securities issued	*108,531*	*108,428*	*103*	*0.1*
20.	Financial liabilities held for trading	44,747	43,493	1,254	2.9
30.	Financial liabilities designated at fair value	74,966	72,782	2,184	3.0
40.	Hedging derivatives	4,740	5,188	-448	-8.6
50.	Fair value change of financial liabilities in hedged portfolios (+/-)	-4,552	-3,967	585	14.7
60.	Tax liabilities	2,670	1,946	724	37.2
	a) current	*620*	*458*	*162*	*35.4*
	b) deferred	*2,050*	*1,488*	*562*	*37.8*
70.	Liabilities associated with non-current assets held for sale and discontinued operations	5	2	3	
80.	Other liabilities	14,308	12,741	1,567	12.3
90.	Employee termination indemnities	758	767	-9	-1.2
100.	Allowances for risks and charges	4,385	4,523	-138	-3.1
	a) commitments and guarantees given	*495*	*524*	*-29*	*-5.5*
	b) post-employment benefits	*98*	*98*	*-*	*-*
	c) other allowances for risks and charges	*3,792*	*3,901*	*-109*	*-2.8*
110.	Insurance liabilities	120,561	119,849	712	0.6
	a) insurance contracts issued that are liabilities	*120,341*	*119,674*	*667*	*0.6*
	b) reinsurance contracts held that are liabilities	*220*	*175*	*45*	*25.7*
120.	Valuation reserves	-2,279	-2,009	270	13.4
130.	Redeemable shares	-	-	-	
140.	Equity instruments	7,889	7,948	-59	-0.7
150.	Reserves	22,291	14,697	7,594	51.7
155.	Interim dividend (-)	-2,629	-2,629	-	-
160.	Share premium reserve	28,003	28,003	-	-
170.	Share capital	10,369	10,369	-	-
180.	Treasury shares (-)	-141	-140	1	0.7
190.	Minority interests (+/-)	122	164	-42	-25.6
200.	Net income (loss) (+/-)	2,301	7,724	-5,423	-70.2
Total liabilities and shareholders' equity		**931,596**	**963,570**	**-31,974**	**-3.3**

Consolidated income statement

(millions of euro)

		31.03.2024	31.03.2023	Changes	
				amount	%
10.	Interest and similar income	9,109	6,620	2,489	37.6
	of which: interest income calculated using the effective interest rate method	*7,684*	*5,962*	*1,722*	*28.9*
20.	Interest and similar expense	-4,650	-2,896	1,754	60.6
30.	**Interest margin**	**4,459**	**3,724**	**735**	**19.7**
40.	Fee and commission income	2,793	2,586	207	8.0
50.	Fee and commission expense	-668	-668	-	-
60.	**Net fee and commission income**	**2,125**	**1,918**	**207**	**10.8**
70.	Dividend and similar income	161	123	38	30.9
80.	Profits (Losses) on trading	163	33	130	
90.	Fair value adjustments in hedge accounting	2	-14	16	
100.	Profits (Losses) on disposal or repurchase of:	127	111	16	14.4
	a) financial assets measured at amortised cost	*48*	*52*	*-4*	*-7.7*
	b) financial assets measured at fair value through other comprehensive income	*62*	*51*	*11*	*21.6*
	c) financial liabilities	*17*	*8*	*9*	
110.	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss	1,154	919	235	25.6
	a) financial assets and liabilities designated at fair value	*-2,429*	*-908*	*1,521*	
	b) other financial assets mandatorily measured at fair value	*3,583*	*1,827*	*1,756*	*96.1*
120.	**Net interest and other banking income**	**8,191**	**6,814**	**1,377**	**20.2**
130.	Net losses/recoveries for credit risk associated with:	-262	-297	-35	-11.8
	a) financial assets measured at amortised cost	*-259*	*-257*	*2*	*0.8*
	b) financial assets measured at fair value through other comprehensive income	*-3*	*-40*	*-37*	*-92.5*
140.	Profits (Losses) on changes in contracts without derecognition	-	6	-6	
150.	**Net income from banking activities**	**7,929**	**6,523**	**1,406**	**21.6**
160.	Insurance service result	380	663	-283	-42.7
	a) insurance revenue arising from insurance contracts issued	*771*	*6,162*	*-5,391*	*-87.5*
	b) insurance service expenses arising from insurance contracts issued	*-364*	*-5,495*	*-5,131*	*-93.4*
	c) insurance revenue arising from reinsurance contracts held	*19*	*41*	*-22*	*-53.7*
	d) insurance service expenses arising from reinsurance contracts held	*-46*	*-45*	*1*	*2.2*
170.	Balance of financial income and expenses related to insurance operations	-1,934	-1,532	402	26.2
	a) net financial expenses/revenue related to insurance contracts issued	*-1,932*	*-1,533*	*399*	*26.0*
	b) net financial expenses/revenue related to reinsurance contracts held	*-2*	*1*	*-3*	
180.	**Net income from banking and insurance activities**	**6,375**	**5,654**	**721**	**12.8**
190.	Administrative expenses:	-2,829	-2,741	88	3.2
	a) personnel expenses	*-1,550*	*-1,507*	*43*	*2.9*
	b) other administrative expenses	*-1,279*	*-1,234*	*45*	*3.6*
200.	Net provisions for risks and charges	-58	-17	41	
	a) commitments and guarantees given	*28*	*35*	*-7*	*-20.0*
	b) other net provisions	*-86*	*-52*	*34*	*65.4*
210.	Net adjustments to / recoveries on property and equipment	-162	-164	-2	-1.2
220.	Net adjustments to / recoveries on intangible assets	-269	-228	41	18.0
230.	Other operating expenses (income)	284	239	45	18.8
240.	**Operating expenses**	**-3,034**	**-2,911**	**123**	**4.2**
250.	Profits (Losses) on investments in associates and companies subject to joint control	45	-9	54	
260.	Valuation differences on property, equipment and intangible assets measured at fair value	-	3	-3	
270.	Goodwill impairment	-	-	-	
280.	Profits (Losses) on disposal of investments	1	122	-121	-99.2
290.	**Income (Loss) before tax from continuing operations**	**3,387**	**2,859**	**528**	**18.5**
300.	Taxes on income from continuing operations	-1,077	-896	181	20.2
310.	**Income (Loss) after tax from continuing operations**	**2,310**	**1,963**	**347**	**17.7**
320.	Income (Loss) after tax from discontinued operations	-	-	-	
330.	**Net income (loss)**	**2,310**	**1,963**	**347**	**17.7**
340.	Minority interests	-9	-7	2	28.6
350.	**Parent Company's net income (loss)**	**2,301**	**1,956**	**345**	**17.6**
	Basic EPS - Euro	**0.13**	**0.10**		
	Diluted EPS - Euro	**0.13**	**0.10**		

Statement of consolidated comprehensive income

(millions of euro)

		31.03.2024	31.03.2023	Changes	
				amount	%
10.	**Net income (Loss)**	**2,310**	**1,963**	**347**	**17.7**
	Other comprehensive income (net of tax) that may not be reclassified to the income statement	**-87**	**-102**	**-15**	**-14.7**
20.	Equity instruments designated at fair value through other comprehensive income	44	-50	94	
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)	-115	-54	61	
40.	Hedging of equity instruments designated at fair value through other comprehensive income	-	-	-	
50.	Property and equipment	-23	-21	2	9.5
60.	Intangible assets	-	-	-	
70.	Defined benefit plans	7	23	-16	-69.6
80.	Non current assets classified as held for sale	-	-	-	
90.	Share of valuation reserves connected with investments carried at equity	-	-	-	
100.	Financial revenue and expenses related to insurance contracts issued	-	-	-	
	Other comprehensive income (net of tax) that may be reclassified to the income statement	**-224**	**259**	**-483**	
110.	Hedges of foreign investments	19	2	17	
120.	Foreign exchange differences	-242	-80	162	
130.	Cash flow hedges	62	83	-21	-25.3
140.	Hedging instruments (not designated elements)	-	-	-	
150.	Financial assets (other than equities) measured at fair value through other comprehensive income	131	1,630	-1,499	-92.0
160.	Non-current assets held for sale and discontinued operations	-	-	-	
170.	Share of valuation reserves connected with investments carried at equity	16	-10	26	
180.	Financial revenue and expenses related to insurance contracts issued	-210	-1,361	-1,151	-84.6
190.	Financial revenue and expenses related to reinsurance contracts held	-	-5	-5	
200.	**Total other comprehensive income (net of tax)**	**-311**	**157**	**-468**	
210.	**Total comprehensive income (captions 10 + 200)**	**1,999**	**2,120**	**-121**	**-5.7**
220.	**Total consolidated comprehensive income pertaining to minority interests**	**-32**	**-21**	**11**	**52.4**
230.	**Total consolidated comprehensive income pertaining to the Parent Company**	**2,031**	**2,141**	**-110**	**-5.1**

Changes in consolidated shareholders’ equity as at 31 March 2024

(millions of euro)

	31.03.2024												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim dividend	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2023	**10,491**	**-**	**28,019**	**13,711**	**1,132**	**-2,157**	**7,948**	**-2,629**	**-140**	**7,752**	**64,127**	**63,963**	**164**
Changes in opening balances	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2024	**10,491**	**-**	**28,019**	**13,711**	**1,132**	**-2,157**	**7,948**	**-2,629**	**-140**	**7,752**	**64,127**	**63,963**	**164**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves	**-**	**-**	**-**	**7,743**	**-**	**-**	**-**	**-**	**-**	**-7,743**	**-**	**-**	**-**
Dividends and other allocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-9**	**-9**	**-**	**-9**
CHANGES IN THE PERIOD													
Changes in reserves	**-**	**-**	**-**	**-**	**39**	**-**	**-**	**-**	**-**	**-**	**39**	**39**	-
Operations on shareholders' equity													
Issue of new shares	-	-	-	-	-	-	-	-	1	-	1	1	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-2	-	-2	-2	-
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity instruments	-	-	-	-	-	-	-59	-	-	-	-59	-59	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-170	-	-	-	-	-	-	-170	-169	-1
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-311**	**-**	**-**	**-**	**2,310**	**1,999**	**2,031**	**-32**
SHAREHOLDERS’ EQUITY AS AT 31.03.2024	**10,491**	**-**	**28,019**	**21,284**	**1,171**	**-2,468**	**7,889**	**-2,629**	**-141**	**2,310**	**65,926**	**65,804**	**122**
- Group	**10,369**	**-**	**28,003**	**21,120**	**1,171**	**-2,279**	**7,889**	**-2,629**	**-141**	**2,301**	**65,804**		
- minority interests	**122**	**-**	**16**	**164**	**-**	**-189**	**-**	**-**	**-**	**9**	**122**		

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

Changes in consolidated shareholders' equity as at 31 March 2023

(millions of euro)

	31.03.2023												
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Interim dividend	Treasury shares	Net income (loss)	Shareholders' equity	Group shareholders' equity	Minority interests
	ordinary shares	other shares		retained earnings	other								
AMOUNTS AS AT 31.12.2022	**10,537**	**-**	**28,068**	**14,254**	**904**	**-2,583**	**7,211**	**-1,400**	**-124**	**4,402**	**61,269**	**61,103**	**166**
Changes in opening balances	**-**	**-**	**-**	**-59**	**-**	**59**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMOUNTS AS AT 1.1.2023	**10,537**	**-**	**28,068**	**14,195**	**904**	**-2,524**	**7,211**	**-1,400**	**-124**	**4,402**	**61,269**	**61,103**	**166**
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR (a)													
Reserves	**-**	**-**	**-**	**4,402**	**-**	**-**	**-**	**-**	**-**	**-4,402**	**-**	**-**	**-**
Dividends and other allocations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
CHANGES IN THE PERIOD													
Changes in reserves	**-**	**-**	**-57**	**-**	**99**	**-**	**-**	**-**	**-**	**-**	**42**	**42**	-
Operations on shareholders' equity													
Issue of new shares	-	-	-	-	-	-	-	-	1	-	1	1	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-1,578	-	-1,578	-1,578	-
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity instruments	-	-	-	-	-	-	3	-	-	-	3	3	-
Derivatives on treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-253	-	-	-	-	-	-	-253	-249	-4
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**157**	**-**	**-**	**-**	**1,963**	**2,120**	**2,141**	**-21**
SHAREHOLDERS' EQUITY AS AT 31.03.2023	**10,537**	**-**	**28,011**	**18,344**	**1,003**	**-2,367**	**7,214**	**-1,400**	**-1,701**	**1,963**	**61,604**	**61,463**	**141**
- Group	**10,369**	**-**	**27,996**	**18,240**	**1,003**	**-2,214**	**7,214**	**-1,400**	**-1,701**	**1,956**	**61,463**		
- minority interests	**168**	**-**	**15**	**104**	**-**	**-153**	**-**	**-**	**-**	**7**	**141**		

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

Report on operations

Economic results

General aspects

A condensed reclassified consolidated income statement has been prepared to give a more immediate understanding of results. In addition to the amounts for the reporting period, the format adopted shows the comparative figures for the same period of 2023 and their quarterly movements. To ensure comparison on a like-for-like basis, the income statement data referring to previous periods are normally restated, where necessary and material, to make them as consistent as possible with the different periods presented, particularly in relation to any changes in the scope of consolidation. No restatements were necessary in this Report and the figures presented for comparison have therefore not changed from those published in 2023.

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

The reclassifications and aggregations of captions in the reclassified consolidated income statement refer to:

– dividends relating to shares or units in portfolio and dividends collected or paid within the framework of securities lending, which have been reallocated to the caption Profits (losses) on financial assets and liabilities at fair value;
– insurance companies' portions of Net interest income, Dividends, Profits (Losses) on financial assets and liabilities at fair value, Net losses/recoveries for credit risk associated with financial assets measured at amortised cost and with financial assets measured at fair value through other comprehensive income, which are posted, along with the Insurance service result and the Balance of financial income and expenses related to insurance operations, in the specific caption Income from insurance business. The Insurance service result is considered excluding the related operating costs (personnel expenses, administrative expenses and amortisation/depreciation) and the fees and commissions paid to financial advisors of the Private Banking Division for placing and managing insurance products which, in line with representation of costs by the nature of the expense, are attributed to the specific captions;
– differentials on derivatives, classified to the trading book and contracted to hedge transactions in foreign currencies, which have been allocated among Net interest income owing to the close correlation;
– net fee and commission income, which includes the above-mentioned fees and commissions paid to financial advisors of the Private Banking Division for placing and managing insurance products, in line with the representation of costs by the nature of the expense;
– Profits (losses) on trading, Fair value adjustments in hedge accounting, Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss, Profits (losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income and on disposal or repurchase of financial liabilities – for the portion contributed by the banking segment – which have been reallocated to the single caption Profits (losses) on financial assets and liabilities at fair value, except for any amounts relating to adjustments on portions of loans mandatorily measured at fair value which, as they relate to the measurements of credit positions, are reclassified to the caption Net adjustments to loans in order to permit unitary representation of the adjustments relating to the same position;
– the share of the premium on the issue of the certificates paid to the networks for their placement, which is reclassified from Profits (losses) on trading and Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss to Net fee and commission income;
– the return components of the insurance policies taken out to cover contractual indemnities and retention plans for financial advisors, which are deducted directly from Profits (Losses) on financial assets and liabilities at fair value, in accordance with the valuation effect of the assets in question, rather than being presented – as attributable to the advisors – among Other net provisions and net impairment losses on other assets (for valuation effects) or among Net fee and commission income or Other operating income (expenses), depending on the type of insurance policy used (for effects from realisation);
– the operating income and costs of entities operating in sectors entirely distinct from banking and finance, synthetically reallocated to Other operating income (expenses), including that of the entities not subject to management and coordination within the framework of the Group (Risanamento and its subsidiaries);
– the costs of several incentive systems for employees of the Group's distribution networks, where funded by fee and commission income generated by the networks in question on the basis of deterministic quantification criteria correlated to the revenues concerned, which are reclassified from Personnel expenses to Fee and commission expense by analogy to the accounting treatment of incentive systems for non-employee financial advisors;
– the recoveries of expenses, taxes and duties, which are deducted from Administrative expenses, rather than being included under Other income (expenses), and the amounts relating to certain taxes of some international subsidiary banks, which – due to their nature – have been reclassified from Administrative expenses to Taxes on income;
– operating costs, which include the above operating costs relating to the Insurance service result attributed to the specific captions (personnel expenses, administrative expenses and amortisation/depreciation), in line with the representation of costs by the nature of the expense;
– profits and losses on disposal or repurchase of financial assets measured at amortised cost (loans and debt securities representing loans), which have been allocated to Net adjustments to loans;

- the portion of net losses/recoveries for credit risk associated with financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income contributed by the banking segment, the effects on the income statement of the changes in contracts without derecognition as well as the net provisions for risks and charges for credit risk relating to commitments and guarantees given, attributed to the single caption Net adjustments to loans. The caption also includes any amounts relating to credit risk adjustments to portions of loans mandatorily measured at fair value, which, as they relate to the measurement of credit positions, are reclassified to the caption Net adjustments to loans to permit unitary representation of the adjustments relating to the same position;
- the reversal in the time value of Employee termination indemnities and Allowances for risks and charges, which has been included among Net interest income, as a phenomenon deriving directly from the application of the amortised cost criterion, in the absence of changes in projected future cash flows, in keeping with the treatment of the time value of financial assets measured at amortised cost;
- Net losses for credit risk associated with financial assets measured at amortised cost other than loans and net impairment losses on equity investments, as well as property and equipment and intangible assets (including property and other assets, also those resulting from the enforcement of guarantees or purchase at auction and intended for sale on the market in the near future), which have been reclassified to Other net provisions and net impairment losses on other assets. This last caption consequently includes – in addition to the provisions for risks and charges other than those relating to commitments and guarantees – the valuation effects of the assets other than loans, with the sole exception of impairment losses on intangible assets that have been reclassified to Impairment (net of tax) of goodwill and other intangible assets;
- realised profits (losses) on financial assets measured at amortised cost other than loans, on equity investments and on other investments, which have been reclassified to Other income (expenses). Accordingly, in addition to the income and expenses not strictly related to operations, this caption represents the summary of the effects from the realisation of assets other than loans. Profits (Losses) realised on debt securities represent an exception; in view of their business model, which involves management closely correlated with the other financial instruments, they are classified to Profits (Losses) on financial assets and liabilities at fair value;
- Charges (net of tax) for integration and exit incentives, which are reclassified from Personnel expenses, Administrative expenses and other captions of the income statement to a separate caption;
- the Effects of purchase price allocation, net of tax, which are indicated in a specific caption. They normally represent adjustments to and any impairment losses on financial assets and liabilities as well as property, equipment and intangible assets which are measured at fair value as provided for by IFRS 3;
- levies and other charges aimed at maintaining the stability of the banking industry, which are reclassified, net of tax, to the specific caption;
- Goodwill impairment and impairment losses on other intangible assets, which – where present – are shown, as stated above, net of tax.

Reclassified income statement

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Net interest income	3,932	3,254	678	20.8
Net fee and commission income	2,272	2,137	135	6.3
Income from insurance business	455	397	58	14.6
Profits (Losses) on financial assets and liabilities at fair value	79	262	-183	-69.8
Other operating income (expenses)	-6	7	-13	
Operating income	**6,732**	**6,057**	**675**	**11.1**
Personnel expenses	-1,592	-1,560	32	2.1
Administrative expenses	-623	-644	-21	-3.3
Adjustments to property, equipment and intangible assets	-355	-332	23	6.9
Operating costs	**-2,570**	**-2,536**	**34**	**1.3**
Operating margin	**4,162**	**3,521**	**641**	**18.2**
Net adjustments to loans	-236	-189	47	24.9
Other net provisions and net impairment losses on other assets	-53	-70	-17	-24.3
Other income (expenses)	57	101	-44	-43.6
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**3,930**	**3,363**	**567**	**16.9**
Taxes on income	-1,278	-1,084	194	17.9
Charges (net of tax) for integration and exit incentives	-56	-42	14	33.3
Effect of purchase price allocation (net of tax)	-29	-46	-17	-37.0
Levies and other charges concerning the banking industry (net of tax)	-257	-228	29	12.7
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-9	-7	2	28.6
Net income (loss)	**2,301**	**1,956**	**345**	**17.6**

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

Quarterly development of the reclassified income statement

(millions of euro)

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

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

Operating income

The Intesa Sanpaolo Group achieved an excellent performance in this first period of the year in terms of profitability, liquidity and capital position. Operating income amounted to 6,732 million euro in the first quarter, up by 11.1% from 6,057 million euro in the same period of 2023. This was driven by an increase in net interest income, which benefited from high interest rates, net fee and commission income and income deriving from insurance business, only partly offset by the decline in profits (losses) on financial assets and liabilities at fair value and, to a lesser extent, in other operating income (expenses).

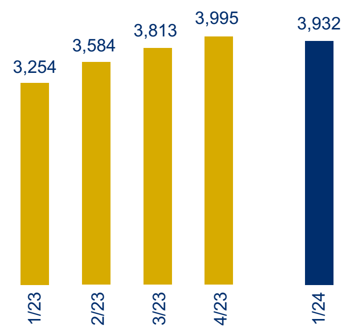
Net interest income

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Relations with customers	3,541	3,115	426	13.7
Securities issued	-1,102	-596	506	84.9
Customer dealing	**2,439**	**2,519**	**-80**	**-3.2**
Instruments measured at amortised cost which do not constitute loans	423	309	114	36.9
Other financial assets and liabilities measured at fair value through profit or loss	59	45	14	31.1
Other financial assets measured at fair value through other comprehensive income	558	279	279	
Financial assets and liabilities	**1,040**	**633**	**407**	**64.3**
Relations with banks	**173**	**22**	**151**	
Differentials on hedging derivatives	**-76**	**-122**	**-46**	**-37.7**
Other net interest income	**356**	**202**	**154**	**76.2**
Net interest income	**3,932**	**3,254**	**678**	**20.8**

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

Quarterly development
Net interest income
(millions of euro)



Net interest income was 3,932 million euro, up by 20.8% on the first quarter of 2023. In particular, financial assets and liabilities made a higher contribution (+64.3%, or +407 million euro) thanks to the positive performance of all the components: other financial assets measured at fair value through other comprehensive income (+279 million euro), securities measured at amortised cost (+114 million euro) and financial assets and liabilities measured at fair value through profit or loss (+14 million euro).
Net interest income on relations with banks (+151 million euro), which mainly benefited from the remuneration of excess deposits with the ECB, and negative differentials on hedging derivatives, which fell by 37.7%, also recorded good performance.
In contrast, customer dealing recorded a moderate decline (-3.2%, or -80 million euro): higher interest expense on securities issued was largely offset by the increase in interest on relations with customers, which benefited from the ECB having kept interest rates high.
Finally, other net interest income, inclusive of that accrued on non-performing assets, made a positive contribution of 356 million euro, an increase of 154 million euro.

Within the relations with banks, the TLTROs III with the ECB resulted in an interest expense of 439 million euro in the three months, compared to 471 million euro in the same period of 2023, in relation to balances that fell to 9.1 billion euro at the end of the first quarter of 2024 following the repayment at maturity, on 27 March, of a 36-billion-euro transaction (put in place in March 2021). In the first three months of 2023, the average outstanding TLTRO stock was 81.4 billion euro with rates applied (deposit facility rates) gradually rising but still below the current 4% in force since September 2023.
The liquidity invested in on-demand deposits (overnight deposits) with the ECB generated interest income of 807 million euro, compared to around 630 million euro in January-March 2023, which had recorded higher average balances at lower rates (deposit facility rates) compared to 2024.

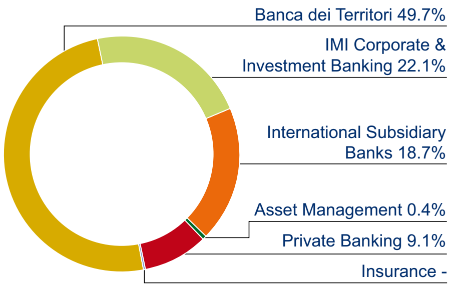
The net interest income flow in the first quarter of 2024 was slightly lower than in the fourth quarter of 2023, mainly due to the day count effect, and higher than in the first three quarters of last year.

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Banca dei Territori	1,701	1,571	130	8.3
IMI Corporate & Investment Banking	758	598	160	26.8
International Subsidiary Banks	640	520	120	23.1
Private Banking	313	280	33	11.8
Asset Management	14	1	13	
Insurance	-	-	-	-
Total business areas	**3,426**	**2,970**	**456**	**15.4**
Corporate Centre	506	284	222	78.2
Intesa Sanpaolo Group	**3,932**	**3,254**	**678**	**20.8**

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

Business areas
Net interest income



The Banca dei Territori Division, which accounts for 49.7% of the operating business areas results, recorded net interest income of 1,701 million euro, up compared to the first quarter of 2023 (+8.3%, equal to +130 million euro), due to the performance of market interest rates, which favoured the profitability of customer dealing.
The contribution to net interest income from the other Divisions was also higher: IMI Corporate & Investment Banking Division (+26.8%, or +160 million euro), mainly attributable to the operations of Global Markets; International Subsidiary Banks Division (+23.1%, or +120 million euro), primarily due to the positive performance of the subsidiaries operating in Croatia, Egypt, Slovakia and Serbia; and Private Banking Division (+33 million euro), due to the greater contribution from investments in securities and intermediation with banks.
The Corporate Centre's net interest income grew (+222 million euro), benefiting from the rise in market interest rates.

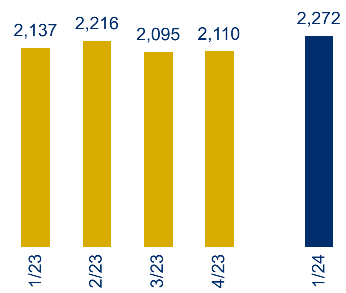
Net fee and commission income

(millions of euro)

	31.03.2024			31.03.2023			Changes	
	Income	Expense	**Net**	Income	Expense	**Net**	**amount**	**%**
Guarantees given / received	135	-87	48	123	-89	34	14	41.2
Collection and payment services	203	-36	167	189	-33	156	11	7.1
Current accounts	327	-	327	341	-	341	-14	-4.1
Credit and debit cards	215	-120	95	207	-113	94	1	1.1
Commercial banking activities	**880**	**-243**	**637**	**860**	**-235**	**625**	**12**	**1.9**
Dealing and placement of securities	374	-71	303	297	-67	230	73	31.7
Currency dealing	4	-1	3	3	-1	2	1	50.0
Portfolio management	912	-255	657	864	-250	614	43	7.0
Distribution of insurance products	375	-	375	396	-	396	-21	-5.3
Other	132	-59	73	108	-51	57	16	28.1
Management, dealing and consultancy activities	**1,797**	**-386**	**1,411**	**1,668**	**-369**	**1,299**	**112**	**8.6**
Other net fee and commission income	**282**	**-58**	**224**	**273**	**-60**	**213**	**11**	**5.2**
Net fee and commission income	**2,959**	**-687**	**2,272**	**2,801**	**-664**	**2,137**	**135**	**6.3**

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

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



The net fee and commission income earned in the first quarter of 2024 amounted to 2,272 million euro, up by 6.3% from the 2,137 million euro recorded in the same period of 2023.
This result was driven by the increase in fees and commissions on management, dealing and consultancy activities (+8.6%, or +112 million euro) and, to a lesser extent, on commercial banking (+1.9%, or +12 million euro), and other net fee and commission income (+5.2%, or +11 million euro). In detail, in the first type of fees and commissions, there was an increase in the contribution from dealing and placement of securities (+31.7%, or +73 million euro), driven by transactions in certificates, portfolio management schemes (+7%, or +43 million euro), both collective and individual, and other management and dealing commissions, in particular related to advisory activities.
In the commercial banking area, there was an increase for fee and commission income on guarantees given/received (+14 million euro), as well as collection and payment services (+11 million euro), partly offset by current accounts (-14 million euro), in connection with the Bank's reduction of account maintenance fees charged to customers.
Lastly, other net fee and commission income increased (+11 million euro), mainly due to higher fee and commission income on loans.

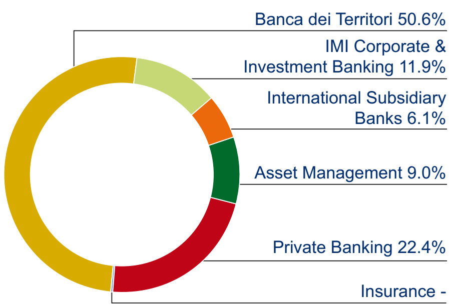
In the first three months of 2024, this caption reported a higher figure than in all the quarters of 2023, mainly due to dealing and placement of securities.

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Banca dei Territori	1,208	1,176	32	2.7
IMI Corporate & Investment Banking	283	256	27	10.5
International Subsidiary Banks	146	138	8	5.8
Private Banking	534	455	79	17.4
Asset Management	214	209	5	2.4
Insurance	1	1	-	-
Total business areas	**2,386**	**2,235**	**151**	**6.8**
Corporate Centre	-114	-98	16	16.3
Intesa Sanpaolo Group	**2,272**	**2,137**	**135**	**6.3**

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

Business areas
Net fee and commission income



With regard to the business areas, the Banca dei Territori Division, which accounts for 50.6% of the fee and commission income of the business units, recorded a slight increase in fee and commission income in the first three months of 2024 (+2.7%, or +32 million euro), specifically that deriving from assets under management. The other Divisions also posted an increase in fee and commission income, specifically: Private Banking (+17.4%, or +79 million euro), particularly for recurring fee and commission income, due to the increase in average assets under management, and up-front commissions; IMI Corporate & Investment Banking Division (+10.5%, or +27 million euro), essentially due to the performance of commercial banking and structured finance; International Subsidiary Banks (+5.8%, or +8 million euro); and Asset Management (+2.4%, or +5 million euro).
The Corporate Centre recorded a deterioration in the balance of net fee and commission income.

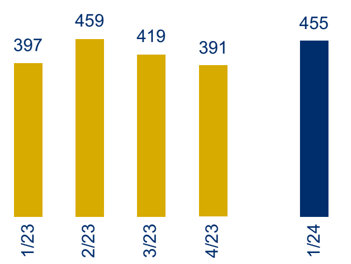
Income from insurance business

(millions of euro)

	31.03.2024			31.03.2023			Changes	
	Life	Non-life	**Total**	Life	Non-life	**Total**	**amount**	**%**
TECHNICAL MARGIN	**219**	**124**	**343**	**290**	**118**	**408**	**-65**	**-15.9**
Contractual service margin release	276	17	293	352	16	368	-75	-20.4
Claims, expected expenses and other amounts	143	289	432	139	312	451	-19	-4.2
Insurance revenue	**419**	**306**	**725**	**491**	**328**	**819**	**-94**	**-11.5**
Total actual claims and expenses	-185	-179	-364	-247	-199	-446	-82	-18.4
Other Insurance Expenses	-15	-3	-18	46	-11	35	-53	
Insurance expenses	**-200**	**-182**	**-382**	**-201**	**-210**	**-411**	**-29**	**-7.1**
NET INVESTMENT RESULT	**88**	**17**	**105**	**-27**	**4**	**-23**	**128**	
Net financial income and expenses related to insurance contracts issued	-1,935	1	-1,934	-1,380	-4	-1,384	550	39.7
Net interest income	483	13	496	419	6	425	71	16.7
Dividends	98	-	98	77	-	77	21	27.3
Gains/losses on disposal	25	6	31	-276	2	-274	305	
Valuation gains/losses	1,363	-	1,363	1,067	-	1,067	296	27.7
Net fee and commission income	54	-3	51	66	-	66	-15	-22.7
Income from insurance business gross of consolidation effects	**307**	**141**	**448**	**263**	**122**	**385**	**63**	**16.4**
Consolidation effects	**7**	**-**	**7**	**12**	**-**	**12**	**-5**	**-41.7**
INCOME FROM INSURANCE BUSINESS	**314**	**141**	**455**	**275**	**122**	**397**	**58**	**14.6**

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

Quarterly development
Income from insurance business
(millions of euro)



Income from insurance business includes the cost and revenue captions of the insurance business, including the reinsurance component, of the Group's life and non-life companies, and is presented in application of IFRS 17 and IFRS 9. In the first quarter of 2024, it amounted to 455 million euro, up by 14.6% on the same period in 2023. This performance was driven both by the life business, which benefited from the increase in the net investment result attributable to the difference in the interest rate trends in the two quarters under comparison, and by the non-life business, which benefited from a lower claims rate for the portfolio and from the financial components, specifically net interest income and realised gains. Moreover, the life business technical margin decreased due to the reduction in the release of the contractual service margin (CSM) as a result of the increase in surrenders that affected the entire insurance sector.

The income from insurance business, including life and non-life/health, in the first three months of 2024 was broadly in line with the second quarter of 2023 and higher than in the other quarters of last year.

(millions of euro)

Business	31.03.2024	*of which new business*	31.03.2023
Life insurance business	**3,127**	***3,054***	**4,107**
Premiums issued on traditional products	2,160	*2,132*	3,355
Premiums issued on unit-linked products	353	*314*	300
Premiums issued on multi-line products	372	*368*	246
Premiums issued on pension funds	241	*240*	206
Premiums issued on capitalisation products	1	-	-
Non-life insurance business	**420**	*108*	**407**
Premiums issued	420	*108*	407
Premiums ceded to reinsurers	**-50**	***-11***	**-47**
Net premiums issued from insurance products	**3,497**	***3,151***	**4,467**
Business on unit-linked contracts	596	*586*	521
Total business from investment contracts	**596**	***586***	**521**
Total business	**4,093**	***3,737***	**4,988**

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

In the first three months of 2024, business in the insurance segment amounted to 4.1 billion euro, down on the business recorded in the same period of 2023 (5 billion euro). The fall in premiums was driven by the decline in the life business, particularly in the traditional products component (-1.2 billion euro), while unit-linked policies of a mainly insurance nature, multi-line policies and pension funds recorded modest increases. The non-life business grew by 3.2%, with strong performance in the non-motor segment. Primarily Class III financial unit-linked policies also grew to 0.6 billion euro (against 0.5 billion euro in the first quarter of 2023). New business totalled 3.7 billion euro, accounting for over 90% of the total collected premiums of the Group's insurance companies.

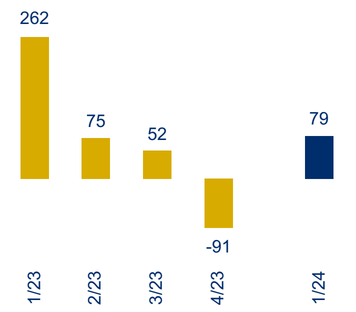
Profits (Losses) on financial assets and liabilities at fair value

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Profits (losses) on trading and on financial instruments under fair value option	-236	-4	232	
Profits (losses) on hedges under hedge accounting	2	-14	16	
Profits (losses) on assets mandatorily measured at fair value through profit or loss	61	94	-33	-35.1
Profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost	236	179	57	31.8
Profits (losses) on the buyback of financial liabilities	16	7	9	
Profits (Losses) on financial assets and liabilities at fair value	**79**	**262**	**-183**	**-69.8**

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

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



In the first quarter of 2024, profits (losses) on financial assets and liabilities at fair value, amounting to 79 million euro, declined significantly on the same period in 2023. That performance should be interpreted along with the sharp increase in the net interest income, with specific reference to 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 following the increase in market rates.
The decrease, amounting to 69.8%, was attributable to profits (losses) on trading and on financial instruments under fair value option (-232 million euro), due in particular to the performance of the certificates described above, as well as the reduction in the positive impact of the Own Credit Risk (OCR) of the certificates as a result of the tightening of Intesa Sanpaolo's credit spread. There was also a decrease in the net income from assets measured at fair value through profit or loss (-33 million euro), attributable to debt securities. In contrast, there was an increase in the profits (losses) on dividends and on disposal of assets measured at fair value through other comprehensive income and disposal of assets at amortised cost (+57 million euro), following the divestment of HTC and HTCS securities, mainly consisting of government bonds, and in the profits (losses) on hedges under hedge accounting (+16 million euro).

The result for the first three months of 2024 was a profit of 79 million euro, recovering from the loss of -91 million euro recorded in the last quarter of 2023, but lower when compared to the same period of the previous year.

Other operating income (expenses)

In the first quarter of 2024, this caption showed other operating expenses of -6 million euro, compared to other operating income of 7 million euro in the same period of 2023. This caption includes both operating income and expenses – including those of subsidiaries not subject to management and coordination operating in sectors completely distinct from banking and finance – and profits on equity investments carried at equity. The trend in this caption was due to the increase in other operating expenses (+9 million euro) and the lower contribution from dividends and profits on investments carried at equity (-4 million euro), attributable in particular to the Chinese subsidiary Penghua Fund Management.

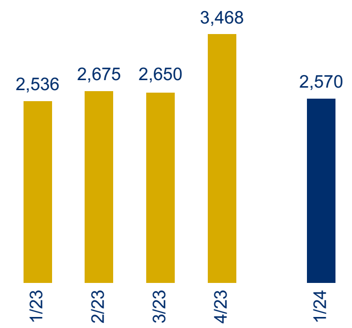
Operating costs

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Wages and salaries	1,091	1,079	12	1.1
Social security charges	280	279	1	0.4
Other	221	202	19	9.4
Personnel expenses	**1,592**	**1,560**	**32**	**2.1**
Information technology expenses	190	199	-9	-4.5
Management of real estate assets expenses	78	92	-14	-15.2
General structure costs	101	99	2	2.0
Professional and legal expenses	56	54	2	3.7
Advertising and promotional expenses	21	19	2	10.5
Indirect personnel costs	38	37	1	2.7
Other costs	104	101	3	3.0
Indirect taxes and duties	42	50	-8	-16.0
Recovery of expenses and charges	-7	-7	-	-
Administrative expenses	**623**	**644**	**-21**	**-3.3**
Property and equipment	137	141	-4	-2.8
Intangible assets	218	191	27	14.1
Adjustments	**355**	**332**	**23**	**6.9**
Operating costs	**2,570**	**2,536**	**34**	**1.3**

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

Quarterly development
Operating costs
(millions of euro)



In the first three months of 2024, operating costs amounted to 2,570 million euro, slightly higher than the figure recorded in the first quarter of 2023 (+1.3%).

Personnel expenses, amounting to 1,592 million euro, were up (+2.1%), mainly as a consequence of the renewal of the National Collective Bargaining Agreement at the end of 2023, which was only partly offset by the savings on the exits negotiated with the trade unions.

Administrative expenses amounted to 623 million euro, down by 3.3%. The main savings were recorded in property management expenses (-14 million euro), mainly due to lower electricity and gas tariffs, in information technology expenses (-9 million euro), related to lower outsourcing costs, and in indirect taxes and duties (-8 million euro), due to higher recoveries.

Adjustments to property, equipment and intangible assets, which in accordance with IFRS 16 also include the share relating to rights of use acquired under operating leases, increased (+6.9%) on the first quarter of 2023, due to the intangible assets, followed by technology investments focused on software, continuing the process of development already reported in the previous year.

Despite the significant technology investments, in the first quarter of 2024, the cost/income ratio reached an all-time low of 38.2%, further improving on the value of the same period of 2023 (41.9%).

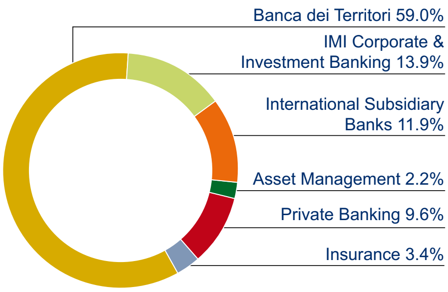
The quarterly comparison confirms the trend of cost containment, with the exception of the amount in the fourth quarter of 2023, which was impacted by the higher costs linked to the renewal of the National Collective Bargaining Agreement.

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Banca dei Territori	-1,476	-1,503	-27	-1.8
IMI Corporate & Investment Banking	-348	-325	23	7.1
International Subsidiary Banks	-298	-268	30	11.2
Private Banking	-239	-229	10	4.4
Asset Management	-54	-52	2	3.8
Insurance	-86	-82	4	4.9
Total business areas	**-2,501**	**-2,459**	**42**	**1.7**
Corporate Centre	-69	-77	-8	-10.4
Intesa Sanpaolo Group	**-2,570**	**-2,536**	**34**	**1.3**

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

Business areas
Operating costs



With regard to operating costs, the Banca dei Territori Division, which accounts for 59% of the costs of the operating areas, showed an opposite trend, recording a decrease (-1.8%, or -27 million euro), thanks to the savings on personnel expenses, mainly attributable to the reduction in the workforce following the negotiated exits, and on administrative expenses. In contrast, there were cost increases in IMI Corporate & Investment Banking (+7.1%, or +23 million euro), International Subsidiary Banks (+11.2%, or +30 million euro), and in Asset Management (+3.8%, or +2 million euro), in relation to greater administrative and personnel expenses. An increase was also recorded by the Private Banking Division (+4.4%, or +10 million euro), related to all the expense captions, and by Insurance (+4.9%, +4 million euro), mainly related to personnel expenses.
The Corporate Centre recorded a decrease (-10.4%, or -8 million euro), due to higher charge backs by the Corporate Centre to the business units for pure services and guidance and control services.

Operating margin

The operating margin in the period under review amounted to 4,162 million euro, up by 18.2% on the amount recorded in the first quarter of 2023, essentially due to an increase in revenues.

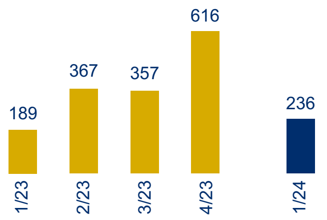
Net adjustments to loans

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Bad loans	-62	-90	-28	-31.1
Unlikely to pay	-162	-205	-43	-21.0
Past due loans	-92	-61	31	50.8
Stage 3 loans	**-316**	**-356**	**-40**	**-11.2**
of which debt securities	*-1*	*-*	*1*	*-*
Stage 2 loans	**1**	111	**-110**	**-99.1**
of which debt securities	*1*	*-2*	*3*	
Stage 1 loans	**51**	**15**	**36**	
of which debt securities	*6*	*12*	*-6*	*-50.0*
Net losses/recoveries on impairment of loans	**-264**	**-230**	**34**	**14.8**
Profits/losses from changes in contracts without derecognition	**-**	**6**	**-6**	
Net provisions for risks and charges for credit risk associated with commitments and financial guarantees given	**28**	**35**	**-7**	**-20.0**
Net adjustments to loans	**-236**	**-189**	**47**	**24.9**

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

Quarterly development
Net adjustments to loans
(millions of euro)



Net adjustments to loans amounted to 236 million euro, up from 189 million euro recorded in the first quarter of 2023.
The performance of this caption mainly reflected the lower write-backs on Stage 2 loans (-110 million euro) and on net provisions relating to commitments and guarantees given (-7 million euro), partially offset by higher write-backs on Stage 1 loans (+36 million euro) and an improvement in the adjustments to Stage 3 non-performing loans (-40 million euro), with the latter resulting from adjustments of -43 million euro to unlikely-to-pay loans, -28 million euro to bad loans and +31 million euro to past due loans.
In March 2024, the ratio of gross non-performing loans to total loans was 2.3%, in line with the December 2023 figure.
The annualised cost of credit – expressed as the ratio of net adjustments to net loans – decreased in the first quarter of 2024 to 22 basis points, without release of prudential provisions, compared to 36 basis points in 2023. The performance of the cost of credit was favoured by very low inflows from performing to non-performing loans in the first three months of 2024 (0.6 billion euro net of outflows from non-performing to performing loans).
In March 2024, the coverage ratio for non-performing loans rose to 50.7%. Specifically, bad loans required net adjustments of 62 million euro, down from the figure for the first quarter of 2023 (90 million euro), with a coverage ratio of 73%. Net adjustments to unlikely-to-pay loans, totalling 162 million euro, were down (-21%) from 205 million euro recorded in the same period of 2023; the coverage ratio for these positions amounted to 39.1%. Net adjustments to past due loans amounted to 92 million euro (61 million euro in the first three months of 2023), with a coverage ratio of 27.9%. The coverage ratio for forborne positions within the non-performing loan category was 44.3%. Finally, the coverage of performing loans was 0.6% and incorporated the physiological risk inherent in the loan portfolio.

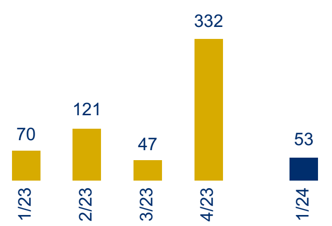
Other net provisions and net impairment losses on other assets

(millions of euro)

	31.03.2024	31.03.2023	Changes	
			amount	%
Other net provisions	-54	-36	18	50.0
Net impairment losses on instruments measured at amortised cost and on instruments measured at fair value through other comprehensive income	4	-37	41	
Net impairment losses on other assets	-3	3	-6	
Other net provisions and net impairment losses on other assets	**-53**	**-70**	**-17**	**-24.3**

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

Quarterly development Other net provisions and net impairment losses on other assets
(millions of euro)



Within the layout of the reclassified income statement, this caption primarily consists of other net provisions for risks and charges and net impairment losses on other assets and on securities measured at amortised cost and at fair value. In the first three months of 2024, other net provisions and net impairment losses on other assets amounted to 53 million euro, lower than the 70 million euro recorded in the same period of the previous year. The decrease was attributable to net impairment losses on securities measured at amortised cost and on securities measured at fair value through other comprehensive income, which recorded write-backs of 4 million euro in the first three months of 2024 compared to -37 million euro of net impairment losses recognised in the first quarter of 2023, mainly attributable to the credit risk component within the instruments measured at fair value through other comprehensive income and the securities measured at amortised cost. The caption other net provisions recorded a deterioration of 18 million euro due to higher allocations to the provisions for other risks and charges and lower uses for legal and tax disputes. The other net provisions included 34 million euro related to the write-off of the shareholders' equity of the Russian subsidiary BIR.

Other income (expenses)

In this caption of the reclassified income statement, the "profits (losses) on financial assets measured at amortised cost other than loans, equity investments and other investments" are aggregated together with other income and expenses not strictly linked to operations.

In the first quarter of 2024, other income amounted to 57 million euro, compared to 101 million euro for the same period in 2023, which included 116 million euro in profits on the disposal to Nexi of the acquiring business line of the subsidiary PBZ operating in Croatia.

Gross income (loss)

In the first three months of 2024, income before tax from continuing operations came to 3,930 million euro, up by 16.9% compared with 3,363 million euro for the same period in 2023.

Taxes on income

Current and deferred taxes came to 1,278 million euro for a tax rate of 32.5%, slightly higher than the figure recorded in the first quarter of 2023 (32.2%).

Charges (net of tax) for integration and exit incentives

This caption, the main component of which relates to depreciation and amortisation on property and equipment and intangible assets, rose to 56 million euro from 42 million euro in the same period of the previous year.

Effect of purchase price allocation (net of tax)

This caption comprises amounts attributable to the revaluation of loans, debts, real estate and the recognition of new intangible assets, in application of IFRS 3, upon recognition of acquisition of equity investments and/or aggregate assets. In the first quarter of 2024, this caption amounted to -29 million euro, compared to the -46 million euro recorded in the same period of 2023.

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

The caption includes the levies imposed by legislative provisions and/or aimed at maintaining the stability of the banking industry and consequently outside the company management. In the first quarter of 2024, these charges came to 257 million euro, compared to the 228 million euro recorded in the same period of the previous year.
The charges recognised during the reporting period may be broken down as follows: 239 million euro attributable to the deposit guarantee funds, 3 million euro to the resolution funds, 5 million euro to levies recognised by international subsidiary banks and 10 million euro resulting from the write-down of the Atlante Fund.

Minority interests

In the first three months of 2024, the caption showed net income of 9 million euro attributable to minority interests relating to companies subject to line-by-line consolidation, compared with 7 million euro for the first quarter of 2023.

Net income (loss)

The Intesa Sanpaolo Group closed the first quarter of 2024 with a net income of 2,301 million euro, up on the same period of 2023 (+17.6%). This result represents the best performance since 2007, underscoring a diversified business model, with leadership in Wealth Management, Protection & Advisory, which enabled the Group to swiftly take advantage of the first signs of recovery in assets under management. The double-digit increase was the result of the healthy revenue performance, which benefited from the strong momentum of the interest component and the recovery of net fee and commission income and income from insurance business, as well as the limited adjustments to loans and the careful management of operating costs.

Balance sheet aggregates

General aspects

A reclassified condensed balance sheet has been prepared to permit a more immediate understanding of the Group's assets and liabilities.
In addition to the amounts as at the reporting date, the format adopted shows the comparative figures as at 31 December 2023 and their quarterly development. To enable a like-for-like comparison, the figures from the previous periods are normally restated, where necessary and material, to make them as consistent as possible, particularly in relation to any changes in the scope of consolidation. No restatements were necessary in this Report and the figures presented for comparison have therefore not changed from those published in 2023.

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

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

Reclassified balance sheet

(millions of euro)

Assets	31.03.2024	31.12.2023	Changes	
			amount	%
Cash and cash equivalents	51,156	89,270	-38,114	-42.7
Due from banks	29,006	31,216	-2,210	-7.1
Loans to customers	423,254	429,540	-6,286	-1.5
Loans to customers measured at amortised cost	*420,919*	*427,806*	*-6,887*	*-1.6*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*2,335*	*1,734*	*601*	*34.7*
Financial assets measured at amortised cost which do not constitute loans	62,521	59,965	2,556	4.3
Financial assets measured at fair value through profit or loss	42,027	42,026	1	-
Financial assets measured at fair value through other comprehensive income	77,214	67,716	9,498	14.0
Financial assets pertaining to insurance companies measured at amortised cost	5	5	-	-
Financial assets pertaining to insurance companies measured at fair value through profit or loss	103,265	101,718	1,547	1.5
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	70,928	72,135	-1,207	-1.7
Investments in associates and companies subject to joint control	2,502	2,501	1	-
Property, equipment and intangible assets	18,595	19,349	-754	-3.9
Assets owned	*17,216*	*17,975*	*-759*	*-4.2*
Rights of use acquired under leases	*1,379*	*1,374*	*5*	*0.4*
Tax assets	14,467	14,533	-66	-0.5
Non-current assets held for sale and discontinued operations	731	264	467	
Other assets	35,925	33,332	2,593	7.8
Total Assets	**931,596**	**963,570**	**-31,974**	**-3.3**

Liabilities	31.03.2024	31.12.2023	Changes	
			amount	%
Due to banks at amortised cost	55,963	92,497	-36,534	-39.5
Due to customers at amortised cost and securities issued	543,667	546,206	-2,539	-0.5
Financial liabilities held for trading	44,737	43,486	1,251	2.9
Financial liabilities designated at fair value	23,218	21,344	1,874	8.8
Financial liabilities at amortised cost pertaining to insurance companies	2,222	2,199	23	1.0
Financial liabilities held for trading pertaining to insurance companies	67	90	-23	-25.6
Financial liabilities designated at fair value pertaining to insurance companies	51,748	51,438	310	0.6
Tax liabilities	2,670	1,946	724	37.2
Liabilities associated with non-current assets held for sale and discontinued operations	5	2	3	
Other liabilities	15,669	15,096	573	3.8
of which lease payables	*1,230*	*1,217*	*13*	*1.1*
Insurance liabilities	120,561	119,849	712	0.6
Allowances for risks and charges	5,143	5,290	-147	-2.8
of which allowances for commitments and financial guarantees given	*495*	*524*	*-29*	*-5.5*
Share capital	10,369	10,369	-	-
Reserves	50,153	42,560	7,593	17.8
Valuation reserves	-1,977	-1,711	266	15.5
Valuation reserves pertaining to insurance companies	-302	-298	4	1.3
Interim dividend	-2,629	-2,629	-	-
Equity instruments	7,889	7,948	-59	-0.7
Minority interests	122	164	-42	-25.6
Net income (loss)	2,301	7,724	-5,423	-70.2
Total liabilities and shareholders' equity	**931,596**	**963,570**	**-31,974**	**-3.3**

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

Quarterly development of the reclassified balance sheet

(millions of euro)

Assets	2024	2023			
	31/3	31/12	30/9	30/6	31/3
Cash and cash equivalents	51,156	89,270	85,585	79,875	77,700
Due from banks	29,006	31,216	30,116	30,128	30,468
Loans to customers	423,254	429,540	433,710	437,497	449,860
Loans to customers measured at amortised cost	*420,919*	*427,806*	*431,824*	*435,583*	*447,419*
Loans to customers measured at fair value through other comprehensive income and through profit or loss	*2,335*	*1,734*	*1,886*	*1,914*	*2,441*
Financial assets measured at amortised cost which do not constitute loans	62,521	59,965	57,626	60,052	58,744
Financial assets measured at fair value through profit or loss	42,027	42,026	45,652	48,434	45,988
Financial assets measured at fair value through other comprehensive income	77,214	67,716	60,310	59,369	53,314
Financial assets pertaining to insurance companies measured at amortised cost	5	5	2	3	3
Financial assets pertaining to insurance companies measured at fair value through profit or loss	103,265	101,718	99,226	102,480	103,096
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	70,928	72,135	69,136	71,724	72,562
Investments in associates and companies subject to joint control	2,502	2,501	2,558	2,599	2,395
Property, equipment and intangible assets	18,595	19,349	18,888	18,892	19,462
Assets owned	*17,216*	*17,975*	*17,486*	*17,457*	*17,995*
Rights of use acquired under leases	*1,379*	*1,374*	*1,402*	*1,435*	*1,467*
Tax assets	14,467	14,533	15,871	16,080	17,104
Non-current assets held for sale and discontinued operations	731	264	256	614	243
Other assets	35,925	33,332	28,198	27,458	24,236
Total Assets	**931,596**	**963,570**	**947,134**	**955,205**	**955,175**

Liabilities	2024	2023			
	31/3	31/12	30/9	30/6	31/3
Due to banks at amortised cost	55,963	92,497	97,390	94,077	120,018
Due to customers at amortised cost and securities issued	543,667	546,206	533,143	532,468	515,369
Financial liabilities held for trading	44,737	43,486	47,428	47,639	45,681
Financial liabilities designated at fair value	23,218	21,344	16,388	13,608	10,893
Financial liabilities at amortised cost pertaining to insurance companies	2,222	2,199	2,422	2,326	2,275
Financial liabilities held for trading pertaining to insurance companies	67	90	193	96	111
Financial liabilities designated at fair value pertaining to insurance companies	51,748	51,438	50,715	53,160	54,099
Tax liabilities	2,670	1,946	3,116	2,938	1,964
Liabilities associated with non-current assets held for sale and discontinued operations	5	2	13	-	-
Other liabilities	15,669	15,096	11,138	22,107	17,716
of which lease payables	*1,230*	*1,217*	*1,231*	*1,260*	*1,292*
Insurance liabilities	120,561	119,849	115,616	119,381	119,815
Allowances for risks and charges	5,143	5,290	4,897	4,944	5,630
of which allowances for commitments and financial guarantees given	*495*	*524*	*538*	*539*	*673*
Share capital	10,369	10,369	10,369	10,369	10,369
Reserves	50,153	42,560	42,464	42,585	45,538
Valuation reserves	-1,977	-1,711	-1,917	-1,709	-1,794
Valuation reserves pertaining to insurance companies	-302	-298	-466	-375	-420
Interim dividend	-2,629	-2,629	-	-	-1,400
Equity instruments	7,889	7,948	7,939	7,217	7,214
Minority interests	122	164	164	152	141
Net income (loss)	2,301	7,724	6,122	4,222	1,956
Total Liabilities and Shareholders' Equity	**931,596**	**963,570**	**947,134**	**955,205**	**955,175**

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

BANKING BUSINESS

Loans to customers

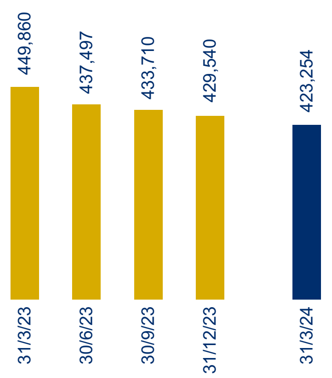
Loans to customers: breakdown

(millions of euro)

	31.03.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Current accounts	20,041	4.7	21,488	5.0	-1,447	-6.7
Mortgages	222,625	52.6	225,521	52.4	-2,896	-1.3
Advances and other loans	152,768	36.1	155,080	36.1	-2,312	-1.5
Commercial banking loans	**395,434**	**93.4**	**402,089**	**93.5**	**-6,655**	**-1.7**
Repurchase agreements	**16,819**	**4.0**	**16,636**	**3.9**	**183**	**1.1**
Loans represented by securities	**6,046**	**1.4**	**5,850**	**1.4**	**196**	**3.4**
Non-performing loans	**4,955**	**1.2**	**4,965**	**1.2**	**-10**	**-0.2**
Loans to customers	**423,254**	**100.0**	**429,540**	**100.0**	**-6,286**	**-1.5**

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

Quarterly development
Loans to customers
(millions of euro)



As at 31 March 2024, loans to customers of the Group totalled 423.3 billion euro, down slightly (-1.5%) from the end of 2023. This was driven by commercial banking loans (-1.7%, or -6.7 billion euro), where there was a decrease in mortgage loans to individuals and businesses (-2.9 billion euro), advances and loans (-2.3 billion euro) and overdraft facilities (-1.4 billion euro). The substantial rise in interest rates, which remained high in the first quarter, led businesses to limit their use of bank loans, relying instead on their own liquidity or alternative sources of funding.
Among the other components, which represent a less significant proportion of the total aggregate, there was an increase in loans represented by securities (+3.4%, or +0.2 billion euro) and repurchase agreements (+1.1%, or +0.2 billion euro), while non-performing loans were substantially stable compared to the end of 2023.

In the domestic medium-/long-term loan market, disbursements to households in the first three months of 2024 (including the small business accounts having similar needs to family businesses) amounted to approximately 3.8 billion euro, while disbursements to businesses under the Banca dei Territori scope (including customers with turnover of up to 350 million euro) came to 2 billion euro. Loans granted by the Agribusiness segment amounted to 380 million euro. The medium/long-term disbursements to customers of the IMI Corporate & Investment Banking Division amounted to 2.5 billion euro, excluding the international portion. Overall disbursements within Italy, inclusive of the loans to the non-profit sector, disbursements through third-party networks and Prestitalia totalled 8.8 billion euro. If the activities of the international subsidiary banks and the international part of IMI C&IB are included, the Group's medium/long-term disbursements totalled 13.6 billion euro.
As at 31 March 2024, the Intesa Sanpaolo Group's share of the Italian domestic market was estimated at 18.2% for total loans to customers. This estimate was based on the sample deriving from the ten-day report of the Bank of Italy for March, as the global banking system figures were not yet available.

With regard to the specific measures to support the production system, established in response to the COVID-19 pandemic, Intesa Sanpaolo was the first Bank in Italy to sign the collaboration protocol with SACE. Overall, Intesa Sanpaolo provided a plafond of 50 billion euro dedicated to loans in favour of companies under which, also through the SME Fund, a total of 49 billion euro[10] in loans backed by government guarantee were disbursed from the start of the pandemic (in application of the "*Liquidità*" Decree Law no. 23 of 8 April 2020): 13.4 billion euro backed by SACE guarantee and around 35.6 billion euro backed by SME Fund guarantee. The data regarding the monitoring of the guarantees from the "Fondo Centrale di Garanzia" (Central Guarantee Fund), despite showing higher impairment rates than the rest of the loans, do not identify significant risks, thanks to the careful and timely management.
At consolidated level, also considering the operations in the other countries where the Group has a presence, as at March 2024 the residual debt of exposures subject to government guarantee schemes totalled 22.3 billion euro, compared to 24.5 billion euro in December 2023. The decrease, essentially attributable to the Parent Company, was correlated with the redemptions during the period.

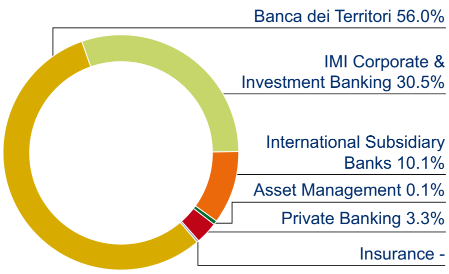
Under the Bank's initiatives related to the measures established by the "*Rilancio*" Decree (Decree Law 34/2020) for the relaunch of the construction sector, Intesa Sanpaolo – through the Banca dei Territori and IMI Corporate & Investment Banking Divisions – purchased tax credits of 32 billion euro (27.1 billion euro as at 31 December 2023), from the start of the operations through to 31 March 2024. This was in addition to 2.6 billion euro of contracts signed and 4.2 billion euro of applications received that are undergoing validation, which will need to be assessed in light of the changes introduced by Legislative Decree no. 39 of 29 March 2024.
Net of decreases of around 9.4 billion euro (attributable to offsetting carried out during the year, deferrals recognised, resales carried out and fair value adjustments, where required by the business model of reference), as at 31 March 2024 tax credits of 22.6 billion euro (20.1 billion euro at the end of 2023) were recognised in the financial statements, under caption 130 Other assets of the Consolidated balance sheet and Other assets of the Reclassified consolidated balance sheet.

(millions of euro)

	31.03.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	228,993	232,406	-3,413	-1.5
IMI Corporate & Investment Banking	124,506	124,215	291	0.2
International Subsidiary Banks	41,262	42,050	-788	-1.9
Private Banking	13,557	14,372	-815	-5.7
Asset Management	263	243	20	8.2
Insurance	-	-	-	-
Total business areas	**408,581**	**413,286**	**-4,705**	**-1.1**
Corporate Centre	14,673	16,254	-1,581	-9.7
Intesa Sanpaolo Group	**423,254**	**429,540**	**-6,286**	**-1.5**

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

Business areas
Loans to customers



In the analysis by business area, the Banca dei Territori Division, which accounts for 56% of the aggregate of the Group's business areas, recorded a decrease from the beginning of the year (-1.5%, or -3.4 billion euro), essentially attributable to the performance of loans to businesses which, in the presence of high interest rates, limited their use of bank loans, relying instead on their own liquidity or alternative sources of funding. There was also a decrease in the loans of the Private Banking Division (-5.7%, or -0.8 billion euro), mainly consisting of short-term credit facilities, and of the International Subsidiary Banks Division (-1.9%, or -0.8 billion euro), attributable to the lower contribution from the subsidiaries operating in Egypt (due to the devaluation of the Egyptian pound) and Hungary.
The loans of the IMI Corporate & Investment Banking Division were up slightly (+0.2%, or +0.3 billion euro), due to the positive performance of the International Department and Global Markets, largely offset by the decline for Global Corporate.
The loans of the Asset Management Division, which are relatively modest in scope owing to its line of business, increased by 8.2%.
Loans on central assets of the Corporate Centre decreased significantly (-9.7%) partly in relation to repurchase agreements.

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

Loans to customers: credit quality

(millions of euro)

	31.03.2024		31.12.2023		Change
	Net exposure	**% breakdown**	**Net exposure**	**% breakdown**	**Net exposure**
Bad loans	987	0.2	937	0.2	50
Unlikely to pay	3,541	0.9	3,571	0.9	-30
Past due loans	427	0.1	457	0.1	-30
Non-Performing Loans	**4,955**	**1.2**	**4,965**	**1.2**	**-10**
Non-performing loans in Stage 3 (subject to impairment)	*4,907*	*1.2*	*4,917*	*1.2*	*-10*
Non-performing loans measured at fair value through profit or loss	*48*	*-*	*48*	*-*	*-*
Performing loans	**412,171**	**97.4**	**418,630**	**97.4**	**-6,459**
Stage 2	*35,130*	*8.3*	*36,186*	*8.4*	*-1,056*
Stage 1	*376,301*	*88.9*	*381,755*	*88.8*	*-5,454*
Performing loans measured at fair value through profit or loss	*740*	*0.2*	*689*	*0.2*	*51*
Performing loans represented by securities	**6,046**	**1.4**	**5,850**	**1.4**	**196**
Stage 2	*318*	*0.1*	*339*	*0.1*	*-21*
Stage 1	*5,728*	*1.3*	*5,511*	*1.3*	*217*
Loans held for trading	**82**	**-**	**95**	**-**	**-13**
Total loans to customers	**423,254**	**100.0**	**429,540**	**100.0**	**-6,286**
of which forborne performing	***4,702***		***4,781***		***-79***
of which forborne non-performing	***1,853***		***1,800***		***53***
Loans to customers classified as non-current assets held for sale	**136**		**139**		**-3**

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

As at 31 March 2024, the net non-performing loans of the Group amounted to 4,955 million euro, slightly lower than the figure recorded as at 31 December 2023 (4,965 million euro), and representing a new all-time low, continuing the virtuous trend already recorded in the previous quarters. The ratio of non-performing loans to total net loans to customers came to 1.2% (1% according to the EBA definition) with the coverage ratio for non-performing loans increasing to 50.7% from 49.8% at the end of 2023.
In further detail, in March 2024 bad loans amounted to 987 million euro (+5.3% from 31 December 2023), net of adjustments, representing 0.2% of total net loans with a coverage ratio of 73%. Loans included in the unlikely-to-pay category amounted to 3.5 billion euro, down by 0.8%, accounting for 0.9% of total net loans to customers, with a coverage ratio of 39.1%. Past due loans amounted to 427 million euro (-6.6% from the end of 2023), with a coverage ratio of 27.9%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 1.9 billion euro, with a coverage ratio of 44.3%. Forborne exposures in the performing loan category amounted to 4.7 billion euro.

At the end of March 2024, net performing loans amounted to 412.2 billion euro, down by 6.5 billion euro (-1.5%) on the end of 2023, recording an overall coverage ratio of 0.57% of which 4.62% (from 4.59% at the end of 2023) in respect of loans in Stage 2 and 0.18% (stable compared to the end of December 2023) in respect of those in Stage 1. In terms of stock, net loans in Stage 1 decreased by 1.4% to 376.3 billion euro and those in Stage 2 fell by 2.9% to 35.1 billion euro.

Other banking business financial assets and liabilities: breakdown

(millions of euro)

Type of financial instruments	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL financial assets	Financial liabilities held for trading (*)
Debt securities issued by Governments					
31.03.2024	5,666	51,321	40,671	**97,658**	X
31.12.2023	5,953	44,764	37,834	**88,551**	X
Changes amount	-287	6,557	2,837	**9,107**	X
Changes %	-4.8	14.6	7.5	**10.3**	X
Other debt securities					
31.03.2024	4,913	24,529	21,850	**51,292**	X
31.12.2023	4,379	21,660	22,131	**48,170**	X
Changes amount	534	2,869	-281	**3,122**	X
Changes %	12.2	13.2	-1.3	**6.5**	X
Equities					
31.03.2024	2,162	1,364	X	**3,526**	X
31.12.2023	2,385	1,292	X	**3,677**	X
Changes amount	-223	72	X	**-151**	X
Changes %	-9.4	5.6	X	**-4.1**	X
Quotas of UCI					
31.03.2024	3,828	X	X	**3,828**	X
31.12.2023	3,817	X	X	**3,817**	X
Changes amount	11	X	X	**11**	X
Changes %	0.3	X	X	**0.3**	X
Due to banks and to customers					
31.03.2024	X	X	X	**X**	-8,970
31.12.2023	X	X	X	**X**	-8,713
Changes amount	X	X	X	**X**	257
Changes %	X	X	X	**X**	2.9
Financial derivatives					
31.03.2024	22,846	X	X	**22,846**	-24,205
31.12.2023	24,217	X	X	**24,217**	-25,050
Changes amount	-1,371	X	X	**-1,371**	-845
Changes %	-5.7	X	X	**-5.7**	-3.4
Credit derivatives					
31.03.2024	2,612	X	X	**2,612**	-2,521
31.12.2023	1,275	X	X	**1,275**	-1,137
Changes amount	1,337	X	X	**1,337**	1,384
Changes %		X	X		
TOTAL 31.03.2024	**42,027**	**77,214**	**62,521**	**181,762**	**-35,696**
TOTAL 31.12.2023	**42,026**	**67,716**	**59,965**	**169,707**	**-34,900**
Changes amount	**1**	**9,498**	**2,556**	**12,055**	**796**
Changes %	**-**	**14.0**	**4.3**	**7.1**	**2.3**

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

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

The table above shows the breakdown of other financial assets and liabilities, excluding those pertaining to insurance companies. Financial liabilities held for trading do not include certificates, which are included in the direct deposits from banking business aggregates.

The Intesa Sanpaolo Group's other financial assets, excluding those of the insurance companies, amounted to 181.8 billion euro, up by 12.1 billion euro compared to the end of the year (+7.1%). Financial liabilities held for trading increased (+2.3%) to 35.7 billion euro.

The increase in total financial assets was essentially due to the performance of debt securities (+12.2 billion euro), while the decline in financial derivatives (-1.4 billion euro) was offset by an increase in credit derivatives (+1.3 billion euro). The slight increase in financial liabilities held for trading was due to the increase in credit derivatives (+1.4 billion euro) and amounts due to banks and customers (+0.3 billion euro), partially offset by the decrease in financial derivatives (-0.8 billion euro).

Financial assets measured at fair value through profit or loss amounted to 42 billion euro, stable compared to 31 December 2023, with the decrease in financial derivatives, government debt securities and equities offset by the increase in credit derivatives and other debt securities.
Instruments measured at amortised cost which do not constitute loans amounted to 62.5 billion euro, up by 4.3%, due to the performance of government debt securities. HTC debt securities have primarily been classified to Stage 1 (89.2%).
Financial assets measured at fair value through other comprehensive income, which reached 77.2 billion euro, also increased from the end of 2023 (+14%), essentially due to the performance of debt securities. HTCS debt securities have been classified almost exclusively to Stage 1 (98.6%).

Debt securities: stage allocation

(millions of euro)

Debt securities: stage allocation	Financial assets measured at fair value through other comprehensive income	Instruments measured at amortised cost which do not constitute loans	TOTAL
Stage 1			
31.03.2024	74,816	55,781	**130,597**
31.12.2023	64,736	52,961	**117,697**
Changes amount	10,080	2,820	**12,900**
Changes %	15.6	5.3	**11.0**
Stage 2			
31.03.2024	1,034	6,722	**7,756**
31.12.2023	1,688	6,982	**8,670**
Changes amount	-654	-260	**-914**
Changes %	-38.7	-3.7	**-10.5**
Stage 3			
31.03.2024	-	18	**18**
31.12.2023	-	22	**22**
Changes amount	-	-4	**-4**
Changes %	-	-18.2	**-18.2**
TOTAL 31.03.2024	**75,850**	**62,521**	**138,371**
TOTAL 31.12.2023	**66,424**	**59,965**	**126,389**
Changes amount	**9,426**	**2,556**	**11,982**
Changes %	**14.2**	**4.3**	**9.5**

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

The reduction from December in securities classified as Stage 2, which totalled -0.9 billion euro, related for the most part (72%) to instruments measured at fair value through other comprehensive income.

Customer financial assets

(millions of euro)

	31.03.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Direct deposits from banking business	575,926	43.2	576,136	44.1	-210	-
Direct deposits from insurance business	173,776	13.0	172,746	13.3	1,030	0.6
Indirect customer deposits	750,003	56.2	722,194	55.3	27,809	3.9
Netting (a)	-165,907	-12.4	-165,543	-12.7	364	0.2
Customer financial assets	**1,333,798**	**100.0**	**1,305,533**	**100.0**	**28,265**	**2.2**

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

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

As at 31 March 2024 customer financial assets, after netting, reached 1,334 billion euro, up from the year end (+2.2%, or +28.3 billion euro), driven by indirect customer deposits (+3.9%, or +27.8 billion euro) and, to a lesser extent, by direct deposits from insurance business (+0.6%, or +1 billion euro). Direct deposits from banking business were stable compared to the end of December.

Direct deposits from banking business

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

(millions of euro)

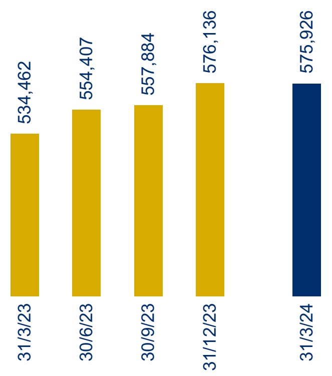
	31.03.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Current accounts and deposits	392,996	68.2	407,910	70.8	-14,914	-3.7
Repurchase agreements and securities lending	26,120	4.5	13,009	2.3	13,111	
Bonds	76,229	13.2	78,321	13.6	-2,092	-2.7
Certificates of deposit	1,948	0.4	2,334	0.4	-386	-16.5
Subordinated liabilities	13,046	2.3	12,158	2.1	888	7.3
Other deposits	65,587	11.4	62,404	10.8	3,183	5.1
of which measured at fair value (*)	*32,259*	*5.6*	*29,930*	*5.2*	*2,329*	*7.8*
Direct deposits from banking business	**575,926**	**100.0**	**576,136**	**100.0**	**-210**	**-**

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

(*) Figures relating to investment certificates and other forms of funding included in the Balance sheet under “Financial liabilities held for trading” and “Financial liabilities designated at fair value”. Specifically:
- as at 31 March 2024, this caption consisted of 9,041 million euro of certificates classified under “Financial liabilities held for trading” and 23,218 million euro of certificates (23,214 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”;
- as at 31 December 2023, this caption consisted of 8,586 million euro of certificates classified under “Financial liabilities held for trading” and 21,344 million euro of certificates (21,340 million euro) and other forms of funding (4 million euro) classified under “Liabilities designated at fair value”.

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

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



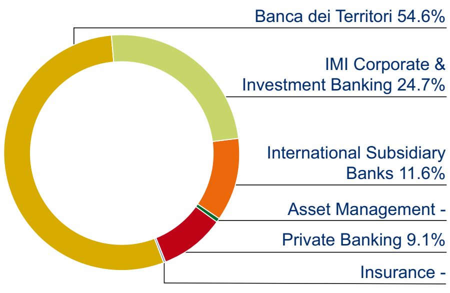
The Group's direct deposits from banking business totalled 575.9 billion euro, stable since the end of the year, essentially due to an increase in repurchase agreements (+13.1 billion euro) and other deposits (+3.2 billion euro), thanks to the performance of certificates and commercial paper, which offset the decline in current accounts and deposits (-14.9 billion euro) and bonds (-2.1 billion euro).
The recomposition within the direct deposits aggregate, already underway in 2023, should be viewed in relation to a scenario of increases in interest rates, where companies used their liquidity to reduce their use of bank loans, and retail customers redirected a portion of their available funds held on current accounts to more remunerative investment products, such as certificates, as well as government and corporate bond issues, which increased the dossiers of assets under administration (+18.5 billion euro).
As at 31 March 2024, the Intesa Sanpaolo Group's direct deposits (deposits and bonds) represented an estimated share of the domestic market of 21.6%. As described above with reference to loans, this estimate is based on the sample deriving from the ten-day report produced by the Bank of Italy.

(millions of euro)

	31.03.2024	31.12.2023	Changes	
			amount	%
Banca dei Territori	263,425	270,604	-7,179	-2.7
IMI Corporate & Investment Banking	119,302	113,087	6,215	5.5
International Subsidiary Banks	55,851	57,910	-2,059	-3.6
Private Banking	43,822	45,805	-1,983	-4.3
Asset Management	25	16	9	56.3
Insurance	-	-	-	-
Total business areas	**482,425**	**487,422**	**-4,997**	**-1.0**
Corporate Centre	93,501	88,714	4,787	5.4
Intesa Sanpaolo Group	**575,926**	**576,136**	**-210**	**-**

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

Business areas
Direct deposits from banking business



In the analysis of funding by sector, the Banca dei Territori Division, which accounts for 54.6% of the aggregate attributable to the Group's operating units, came in below the levels of the previous year (-2.7%, or -7.2 billion euro), in view of the decrease in amounts due to customers. In response to a rapid rise in interest rates, businesses used their liquidity to limit the use of bank loans, and households redirected a portion of their available funds on current accounts to more remunerative investment products.
A fall was also recorded by the International Subsidiary Banks (-3.6%, or -2.1 billion euro), driven by the decline at the subsidiaries operating in Egypt, Croatia and Hungary, and by Private Banking (-4.3%, or -2 billion euro), linked to the reduction in time deposits and current account deposits. In contrast, direct deposits increased for IMI Corporate & Investment Banking (+5.5%, or +6.2 billion euro), thanks to the increase in amounts due to global markets and international customers, the performance of the transactions in certificates and the growth in securities issued, particularly of the Luxembourg subsidiary.
The increase in Corporate Centre funding was mainly attributable to transactions in repurchase agreements.

Indirect customer deposits

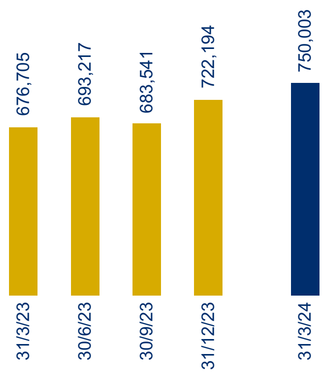
(millions of euro)

	31.03.2024		31.12.2023		Changes	
		% breakdown		% breakdown	amount	%
Mutual funds [(a)]	159,186	21.2	155,524	21.6	3,662	2.4
Open-ended pension funds and individual pension plans	17,590	2.4	16,667	2.3	923	5.5
Portfolio management	83,458	11.1	80,066	11.1	3,392	4.2
Insurance liabilities and insurance financial liabilities	165,907	22.1	165,543	22.9	364	0.2
Relations with institutional customers	27,178	3.6	26,231	3.6	947	3.6
Assets under management	**453,319**	**60.4**	**444,031**	**61.5**	**9,288**	**2.1**
Assets under administration and in custody	**296,684**	**39.6**	**278,163**	**38.5**	**18,521**	**6.7**
Indirect customer deposits	**750,003**	**100.0**	**722,194**	**100.0**	**27,809**	**3.9**

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

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

Quarterly development
Indirect customer deposits
(millions of euro)



As at 31 March 2024, indirect customer deposits reached 750 billion euro and were up by 3.9% from the end of 2023. The trend was due to assets under administration and assets under management, which also benefited from strong market performance.
Assets under management, which, at 453.3 billion euro, constitute 60.4% of the total aggregate, recorded growth (+2.1%, or +9.3 billion euro), attributable to all its components: mutual funds (+3.7 billion euro), portfolio management schemes (+3.4 billion euro), relations with institutional customers (+0.9 billion euro), and open pension funds and individual pension policies (+0.9 billion euro) and insurance liabilities and insurance financial liabilities (+0.4 billion euro). In the first three months of 2024, the new life business of the insurance companies of the Intesa Sanpaolo Group, including pension products, amounted to 3.6 billion euro.
Assets under administration, amounting to 296.7 billion euro, increased (+6.7%, or +18.5 billion euro), concentrated in securities and third-party products in custody, to which investors have transferred part of their liquidity in order to benefit from higher yields.

Amounts due from and to banks - net interbank position

Starting in September 2022, excess liquidity is no longer deposited on the account of the Reserve Requirement under "Due from banks", but in on-demand deposits (overnight deposits) at the Central Bank, recognised in the caption "Cash and cash equivalents". At the end of March 2024, this amount was 38.4 billion euro, of which 29 billion euro attributable to the Parent Company (75.2 billion euro in December 2023, of which 64 billion euro attributable to the Parent Company)[11].
Calculated considering the liquidity referred to above, as at 31 March 2024 the Group's net interbank position had a positive imbalance of 11.5 billion euro, which was lower than the 13.9 billion euro at the end of 2023. This change reflected the significant reduction in the aggregate of cash and cash equivalents and amounts due from banks (-36.6% to 67.4 billion euro), as well as the amounts due to banks (-39.5% to 56 billion euro), as a result of repayments, both early and at maturity, of the funds raised through the TLTROs.
As at 31 March 2024, TLTRO III refinancing was outstanding for nominal 9.1 billion euro – almost all attributable to Intesa Sanpaolo – of which 9 billion euro maturing in June 2024 and 60 million euro in September 2024. The amount was down considerably from 45.1 billion euro at the end of 2023, with 36 billion euro having been repaid at maturity by Intesa Sanpaolo in March 2024.

[11] In order to better represent the Group's liquidity position, in addition to those held by the Parent Company, as a borrower of TLTRO funds, the overnight deposits of the Group's other euro area banks have been considered, even when those banks are not recipients of TLTRO funds.

INSURANCE BUSINESS

Financial assets and liabilities pertaining to insurance companies

(millions of euro)

Type of financial instruments	Financial assets pertaining to insurance companies measured at fair value through profit or loss and Hedging derivatives	Financial assets pertaining to insurance companies measured at fair value through other comprehensive income	Financial assets pertaining to insurance companies measured at amortised cost	TOTAL Financial assets pertaining to insurance companies	Due to Banks and Financial Derivatives pertaining to insurance companies (*)	
Debt securities issued by Governments						
31.03.2024	4,819	54,197	-	**59,016**	X	
31.12.2023	4,536	55,834	-	**60,370**	X	
Changes amount	283	-1,637	-	**-1,354**	X	
Changes %	6.2	-2.9	-	**-2.2**	X	
Other debt securities						
31.03.2024	3,274	16,724	-	**19,998**	X	
31.12.2023	3,185	16,294	-	**19,479**	X	
Changes amount	89	430	-	**519**	X	
Changes %	2.8	2.6	-	**2.7**	X	
Equities						
31.03.2024	5,908	7	-	**5,915**	X	
31.12.2023	5,523	7	-	**5,530**	X	
Changes amount	385	-	-	**385**	X	
Changes %	7.0	-	-	**7.0**	X	
Quotas of UCI						
31.03.2024	88,997	-	-	**88,997**	X	
31.12.2023	87,998	-	-	**87,998**	X	
Changes amount	999	-	-	**999**	X	
Changes %	1.1	-	-	**1.1**	X	
Due from banks and loans to customers						
31.03.2024	210	-	5	**215**	X	
31.12.2023	425	-	5	**430**	X	
Changes amount	-215	-	-	**-215**	X	
Changes %	-50.6	-	-	**-50.0**	X	
Due to banks						
31.03.2024	X	X	X	**X**	755	(**)
31.12.2023	X	X	X	**X**	740	(**)
Changes amount	X	X	X	**X**	15	
Changes %	X	X	X	**X**	2.0	
Financial derivatives						
31.03.2024	57	-	-	**57**	67	(***)
31.12.2023	51	-	-	**51**	90	(***)
Changes amount	6	-	-	**6**	-23	
Changes %	11.8	-	-	**11.8**	-25.6	
Credit derivatives						
31.03.2024	-	-	-	**-**	-	(***)
31.12.2023	-	-	-	**-**	-	(***)
Changes amount	-	-	-	**-**	-	
Changes %	-	-	-	**-**	-	
TOTAL 31.03.2024	**103,265**	**70,928**	**5**	**174,198**	**822**	
TOTAL 31.12.2023	**101,718**	**72,135**	**5**	**173,858**	**830**	
Changes amount	**1,547**	**-1,207**	**-**	**340**	**-8**	
Changes %	**1.5**	**-1.7**	**-**	**0.2**	**-1.0**	

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

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

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

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

Financial assets and amounts due to banks, and financial derivatives pertaining to insurance companies, summarised in the table above, amounted to 174.2 billion euro and 822 million euro, respectively. Financial assets were broadly in line with the figure at the end of 2023 (+0.2%), due to the decline in government debt securities (-1.4 billion euro) and, to a lesser extent, amounts due from banks and customers (-0.2 billion euro), offset by the rise for quotas of UCI (+1 billion euro), other debt securities (+0.5 billion euro) and equities (+0.4 billion euro).

Direct deposits from insurance business

(millions of euro)

	31.03.2024				31.12.2023				Changes	
	Life	Non-life	Total	% breakdown	Life	Non-life	Total	% breakdown	amount	%
Liabilities for remaining coverage (*)	117,995	992	118,987	68.5	117,353	944	118,297	68.5	690	0.6
of which: Present value of cash flows	*109,258*	*187*	*109,445*	*63.0*	*108,482*	*193*	*108,675*	*62.9*	*770*	*0.7*
of which: Adjustment for non-financial risks	*414*	*17*	*431*	*0.2*	*387*	*16*	*403*	*0.2*	*28*	*6.9*
of which: Contractual service margin	*8,323*	*327*	*8,650*	*5.0*	*8,484*	*336*	*8,820*	*5.1*	*-170*	*-1.9*
Liabilities for incurred claims	730	844	1,574	0.9	667	885	1,552	0.9	22	1.4
Total Insurance liabilities	**118,725**	**1,836**	**120,561**	**69.4**	**118,020**	**1,829**	**119,849**	**69.4**	**712**	**0.6**
Investment contracts										
Unit linked (**)	51,748	-	51,748	29.8	51,438	-	51,438	29.8	310	0.6
Total Financial liabilities	**51,748**	**-**	**51,748**	**29.8**	**51,438**	**-**	**51,438**	**29.8**	**310**	**0.6**
Other insurance deposits (***)	**1,467**	**-**	**1,467**	**0.8**	**1,459**	**-**	**1,459**	**0.8**	**8**	**0.5**
Direct deposits from insurance business	**171,940**	**1,836**	**173,776**	**100.0**	**170,917**	**1,829**	**172,746**	**100.0**	**1,030**	**0.6**

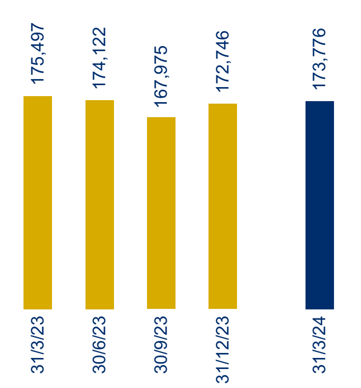
Figures restated, where necessary and material, considering the changes in the scope of consolidation and discontinued operations.

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

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

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

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



Direct deposits from insurance business stood at 173.8 billion euro as at 31 March 2024, up slightly (+0.6%, or +1 billion euro) from the end of 2023. The positive performance was attributable to the insurance liabilities (+0.6%, or +0.7 billion euro), particularly in the remaining coverage component, and to the financial liabilities of the life business (+0.6%, or +0.3 billion euro), consisting of unit-linked products. Other insurance deposits, which represent a marginal component of the total aggregate and include subordinated liabilities, were stable compared to December 2023.

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

This caption contains assets and related liabilities which no longer refer to continuing operations as they are being disposed of. As at 31 March 2024, assets held for sale amounted to 731 million euro – consisting of sales of properties under the transfer as part of the agreement between Intesa Sanpaolo and COIMA, of disposals of equity investments, and of unlikely-to-pay and performing positions subject to a de-risking transaction due to be completed in the first half of 2024 – against associated liabilities of 5 million euro. At the end of 2023, assets held for sale amounted to 264 million euro – mainly relating to non-performing assets, sold in the first part of 2024 – and the associated liabilities amounted to 2 million euro.

SHAREHOLDERS' EQUITY

As at 31 March 2024, the Group's shareholders' equity amounted to 65,804 million euro compared to the 63,963 million euro as at 31 December 2023. The increase was attributable to the incorporation of the net income earned in the first three months of the current year (2,301 million euro), which was only slightly offset by the change in valuation reserves.
The Group assigned net income of 7,724 million euro for the year 2023 to reserves, pending distribution in May 2024 of the remaining cash amount to shareholders (2.8 billion euro), for a total payout ratio - interim dividend and remaining dividend - of 70% of 2023 consolidated net income.

Valuation reserves

(millions of euro)

	Reserve 31.12.2023	Change of the period	Reserve 31.03.2024
Financial assets measured at fair value through other comprehensive income (debt instruments)	-1,508	-47	-1,555
Financial assets measured at fair value through other comprehensive income (equities)	-476	44	-432
Property and equipment	1,863	-17	1,846
Foreign investment hedges	-24	19	-5
Cash flow hedges	-318	35	-283
Foreign exchange differences	-1,248	-207	-1,455
Non-current assets held for sale and discontinued operations	-	-	-
Financial liabilities designated at fair value through profit or loss (change in its creditworthiness)	-125	-115	-240
Actuarial profits (losses) on defined benefit pension plans	-187	6	-181
Portion of the valuation reserves connected with investments carried at equity	1	16	17
Legally-required revaluations	311	-	311
Valuation reserves (excluding valuation reserves pertaining to insurance companies)	**-1,711**	**-266**	**-1,977**
Valuation reserves pertaining to insurance companies	**-298**	**-4**	**-302**

Bank valuation reserves were negative (-1,977 million euro), up by 266 million euro compared to 31 December 2023 (-1,711 million euro). The negative impact was mainly due to the exchange rate differences, primarily related to the devaluation of the Egyptian pound, the financial liabilities designated at fair value through profit or loss, and the reserves on debt securities. The valuation reserves of the insurance companies, amounting to -302 million euro, were similar to those at the end of 2023.

OWN FUNDS AND CAPITAL RATIOS

(millions of euro)

Own funds and capital ratios	31.03.2024	31.12.2023
Own funds		
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	40,448	41,476
Additional Tier 1 capital (AT1) net of regulatory adjustments	7,702	7,707
TIER 1 CAPITAL	**48,150**	**49,183**
Tier 2 capital net of regulatory adjustments	9,211	8,799
TOTAL OWN FUNDS	**57,361**	**57,982**
Risk-weighted assets		
Credit and counterparty risks	259,570	260,815
Market and settlement risk	14,926	12,621
Operational risks	28,471	28,471
Other specific risks (a)	266	203
RISK-WEIGHTED ASSETS	**303,233**	**302,110**
% Capital ratios		
Common Equity Tier 1 capital ratio	13.3%	13.7%
Tier 1 capital ratio	15.9%	16.3%
Total capital ratio	18.9%	19.2%

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

Own Funds, risk-weighted assets and the capital ratios as at 31 March 2024 were calculated according to the harmonised rules and regulations for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013, as amended respectively by Directive 2019/878/EU (CRD V) and by Regulation (EU) 876/2019 (CRR II), which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) to European Union laws, and on the basis of the related Bank of Italy Circulars.

Own funds

As at 31 March 2024, Own funds amounted to 57,361 million euro.

Even if the transitional period of IFRS 9 has ended, own funds take account of the provisions of the 2019 Budget Act, which temporarily called for - up to 2028 - the adjustments upon first-time adoption of the Standard to be applied in instalments for tax purposes, with the recognition of the resulting DTAs. These DTAs were fully included in the calculation of the thresholds established in Article 48 CRR, over the same time period. Moreover, it is noted that the Intesa Sanpaolo Group did not apply either the new transition regime for IFRS 9 (in force up to 31 December 2024), or the FVOCI prudential filter (ended on 31 December 2022). These were both introduced by Regulation (EU) no. 873/2020 (Quick Fix) in the context of the pandemic.

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

As at 31 March 2024, own funds take account of the deduction following the authorisation from the ECB to purchase own shares for annulment (buyback), as approved by the Shareholders' Meeting on 24 April 2024, for a total amount of 1.7 billion euro[12].

Moreover, in compliance with Article 3 of the CRR (“Application of stricter requirements by institutions”), for the purpose of calculating own funds as at 31 March 2024, the voluntary deduction of calendar provisioning[13] on exposures within the scope of Pillar 2 was included, which entailed the deduction of an impact of around 30 basis points from CET 1.

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

For the purposes of calculating own funds as at 31 March 2024, the net income for the first quarter was taken into account, less the related dividend and other foreseeable charges[14].

[12] As stated in the opening chapter of this Report, the programme was authorised by the ECB on 11 March 2024. Details of the transaction, to be launched in June 2024, will be disclosed in accordance with the applicable regulations.

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

[14] Coupons accrued on the Additional Tier 1 issues (97 million euro).

Risk-weighted assets
As at 31 March 2024, risk-weighted assets came to 303,233 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risks.
Common Equity Tier 1 Capital and risk-weighted assets as at 31 March 2024 take account of the impact of the application of the "Danish Compromise" (Art. 49.1 of Regulation (EU) no. 575/2013), as per the specific authorisation received from the ECB in 2019, according to which insurance investments are treated as risk-weighted assets instead of being deducted from capital.

Solvency ratios
On the basis of the above, the solvency ratios as at 31 March 2024 amounted to the following: Common Equity ratio above 13.3%, and Tier 1 ratio and Total capital ratio at 15.9% and 18.9% respectively.
Finally, on 30 November 2023, Intesa Sanpaolo announced that it had received notification of the ECB's final decision concerning the capital requirement that the Bank has to meet, on a consolidated basis, as of 1 January 2024, following the results of the Supervisory Review and Evaluation Process (SREP).
The overall requirement to be met in terms of Common Equity Tier 1 ratio is currently 9.34%, inclusive of the Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer[15] requirements.

Reconciliation of Shareholders' equity and Common Equity Tier 1 capital

(millions of euro)

Captions	31.03.2024	31.12.2023
Group Shareholders' equity	65,804	63,963
Minority interests	122	164
Shareholders' equity as per the Balance Sheet	**65,926**	**64,127**
Interim dividend (a)	2,629	2,629
Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period		
- Other equity instruments eligible for inclusion in AT1	-7,702	-7,707
- Minority interests eligible for inclusion in AT1	-	-
- Minority interests eligible for inclusion in T2	-	-
- Ineligible minority interests on full phase-in	-122	-164
- Ineligible net income for the period (b)	-1,663	-5,787
- Treasury shares included under regulatory adjustments (c)	1,865	165
- Buyback of own shares (d)	-1,700	-
- Other ineligible components on full phase-in (e)	-5,700	-325
Common Equity Tier 1 capital (CET1) before regulatory adjustments	**53,533**	**52,938**
Regulatory adjustments (f)	**-13,085**	**-11,462**
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	**40,448**	**41,476**

(a) As at 31 March 2024 and 31 December 2023, the Shareholders' equity as per the Balance Sheet did not include the interim dividend of 2,629 million euro (net of the undistributed portion in respect of the own shares held at the record date).

(b) Common Equity Tier 1 capital as at 31 March 2024 includes the net income for the period, less the related dividend and other foreseeable charges (accrued coupon on Additional Tier 1 instruments, net of the tax effects).

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

(d) The amount as at 31 March 2024 refers to the total amount of the programme of purchase of own shares for annulment (buyback), amounting to 1.7 billion euro, approved by the Shareholders' Meeting of 24 April 2024, following the receipt of the related authorisation from the Supervisory Authority on 11 March 2024.

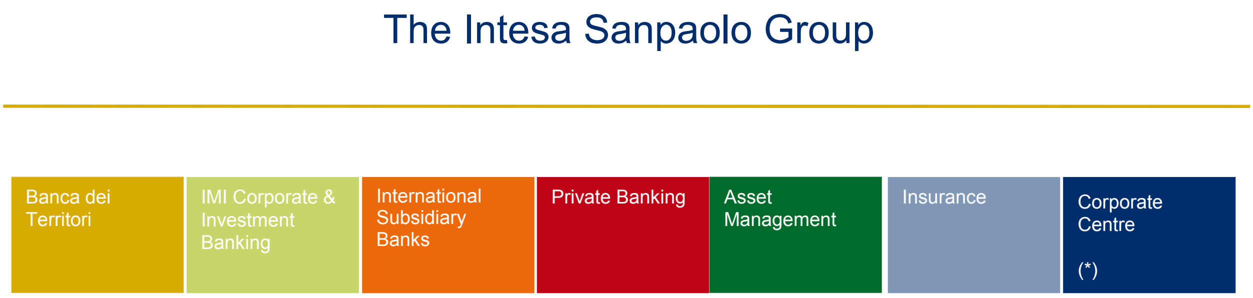
(e) The amount as at 31 March 2024 primarily includes the dividend and the portion intended for charitable donations relating to 2023 net income, as approved by the Shareholders' Meeting on 24 April 2024.

(f) The regulatory adjustments include the book value of own shares and the shares for which the Group has already received the buyback authorisation, in addition to 891 million euro of Article 3 CRR deduction (for the calendar provisioning on exposures included within the scope of Pillar 2).

[15] The Countercyclical Capital Buffer is calculated taking into account the exposure as at 31 March 2024 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2025, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for H1 2024).

Breakdown of consolidated results by business area

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



(*) Includes Group Treasury & Capital Management and the NPE Head Office Department

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

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

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

Division figures for the comparative periods have been restated to reflect the changes in scope of the Business Units, where necessary and if they are material. Since there were no changes in the scope of consolidation, Banca Intesa Russia was reallocated from the IMI Corporate & Investment Banking Division to the Corporate Centre from the first quarter of 2024, with no impact on net income.

Summary figures by business area

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Operating income								
31.03.2024	2,941	1,009	788	858	240	441	455	6,732
31.03.2023	2,777	951	663	754	235	384	293	6,057
% change	5.9	6.1	18.9	13.8	2.1	14.8	55.3	11.1
Operating costs								
31.03.2024	-1,476	-348	-298	-239	-54	-86	-69	-2,570
31.03.2023	-1,503	-325	-268	-229	-52	-82	-77	-2,536
% change	-1.8	7.1	11.2	4.4	3.8	4.9	-10.4	1.3
Operating margin								
31.03.2024	1,465	661	490	619	186	355	386	4,162
31.03.2023	1,274	626	395	525	183	302	216	3,521
% change	15.0	5.6	24.1	17.9	1.6	17.5	78.7	18.2
Net income (loss)								
31.03.2024	588	468	318	409	163	241	114	2,301
31.03.2023	689	394	366	343	129	201	-166	1,956
% change	-14.7	18.8	-13.1	19.2	26.4	19.9		17.6

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Loans to customers								
31.03.2024	228,993	124,506	41,262	13,557	263	-	14,673	423,254
31.12.2023	232,406	124,215	42,050	14,372	243	-	16,254	429,540
% change	-1.5	0.2	-1.9	-5.7	8.2	-	-9.7	-1.5
Direct deposits from banking business								
31.03.2024	263,425	119,302	55,851	43,822	25	-	93,501	575,926
31.12.2023	270,604	113,087	57,910	45,805	16	-	88,714	576,136
% change	-2.7	5.5	-3.6	-4.3	56.3	-	5.4	-
Risk-weighted assets								
31.03.2024	78,411	110,159	35,112	11,979	2,022	-	65,550	303,233
31.12.2023	79,502	108,183	36,071	11,924	1,990	-	64,440	302,110
% change	-1.4	1.8	-2.7	0.5	1.6	-	1.7	0.4
Absorbed capital								
31.03.2024	7,128	10,016	3,858	1,160	216	4,756	3,708	30,842
31.12.2023	7,227	9,852	3,928	1,167	213	4,398	3,689	30,474
% change	-1.4	1.7	-1.8	-0.6	1.4	8.1	0.5	1.2

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

BUSINESS AREAS

Banca dei Territori

(millions of euro)

Income statement	31.03.2024	31.03.2023	changes	
			amount	%
Net interest income	1,701	1,571	130	8.3
Net fee and commission income	1,208	1,176	32	2.7
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	29	32	-3	-9.4
Other operating income (expenses)	3	-2	5	
Operating income	**2,941**	**2,777**	**164**	**5.9**
Personnel expenses	-788	-802	-14	-1.7
Other administrative expenses	-688	-701	-13	-1.9
Adjustments to property, equipment and intangible assets	-	-	-	-
Operating costs	**-1,476**	**-1,503**	**-27**	**-1.8**
Operating margin	**1,465**	**1,274**	**191**	**15.0**
Net adjustments to loans	-257	-211	46	21.8
Other net provisions and net impairment losses on other assets	-10	-6	4	66.7
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**1,198**	**1,057**	**141**	**13.3**
Taxes on income	-394	-348	46	13.2
Charges (net of tax) for integration and exit incentives	-22	-13	9	69.2
Effect of purchase price allocation (net of tax)	-6	-7	-1	-14.3
Levies and other charges concerning the banking industry (net of tax)	-188	-	188	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**588**	**689**	**-101**	**-14.7**

(millions of euro)

	31.03.2024	31.12.2023	changes	
			amount	%
Loans to customers	228,993	232,406	-3,413	-1.5
Direct deposits from banking business	263,425	270,604	-7,179	-2.7
Risk-weighted assets	78,411	79,502	-1,091	-1.4
Absorbed capital	7,128	7,227	-99	-1.4

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

Banca dei Territori’s operating income in the first quarter of 2024 amounted to 2,941 million euro, representing around 44% of the Group’s consolidated revenues, and was up (+5.9%) on the same period of the previous year.
In detail, net interest income increased (+8.3%), due to the trend in market interest rates, which favoured the profitability of customer dealing. Net fee and commission income also increased (+2.7%), attributable in particular to the assets under management segment, buoyed by higher placement levels than in the first quarter of 2023, as well as the non-life insurance segment, assets under administration, driven by fees on the placements of certificates and on dealing in securities, and the higher contribution from advisory services. Within the commercial banking fees, there was an increase for cards and other payment services, only partially offset by the decrease in the loans and guarantees component, attributable to lower disbursements, and in the fee and commission income on current accounts, related to the decrease in the account maintenance fees charged by the Bank to customers. Among the other revenue components, which provide a marginal contribution to the Division’s operating income, the profits (losses) on financial assets and liabilities at fair value came to 29 million euro (-9.4%) and other net operating income amounted to 3 million euro. Operating costs, equal to 1,476 million euro, were down by 1.8%, thanks to savings on personnel expenses, mainly attributable to the reduction of the workforce following negotiated exits and the containment of administrative expenses. As a result of the above, the operating margin rose to 1,465 million euro compared to 1,274 million euro in the first three months of 2023 (+15%) and the gross income came to 1,198

million euro, up 13.3%. Lastly, after allocation to the Division of taxes of 394 million euro, charges for integration of 22 million euro, the effects of purchase price allocation of 6 million euro and the levies and other charges concerning the banking industry of 188 million euro (which were recognised in September in the previous year), net income came to 588 million euro, down 14.7% on 689 million euro in the same period of 2023.

In terms of quarterly development, there was a significant increase in the operating margin on the fourth quarter of 2023, attributable to the growth in revenues and the decrease in operating costs. The gross income and net income were well above the levels of the fourth quarter of 2023, which was impacted by the recognition of significant adjustments.

The balance sheet figures at the end of March 2024 showed a decline in total intermediated volumes of loans and deposits from the end of December 2023 (-2.1%). In detail, loans to customers, amounting to 228,993 million euro, decreased (-1.5%, or -3.4 billion euro) essentially due to the trend in loans to businesses, which, in the presence of high interest rates, limited their use of bank loans, relying instead on their own liquidity or alternative sources of funding. Direct deposits from banking business, amounting to 263,425 million euro, stood at lower levels than the end of December (-2.7%, equal to -7.2 billion euro) in relation to the decrease in amounts due to customers. Businesses drew on their liquidity to reduce their use of bank loans, and retail customers redirected a portion of their available funds on current accounts to more remunerative investment products, such as Intesa Sanpaolo certificates structured by the IMI Corporate & Investment Banking Division and government/corporate bond issues, which increased the dossiers of the assets under administration.

IMI Corporate & Investment Banking

(millions of euro)

Income statement	31.03.2024	31.03.2023	changes amount	changes %
Net interest income	758	598	160	26.8
Net fee and commission income	283	256	27	10.5
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	-32	97	-129	
Other operating income (expenses)	-	-	-	-
Operating income	**1,009**	**951**	**58**	**6.1**
Personnel expenses	-128	-113	15	13.3
Other administrative expenses	-216	-208	8	3.8
Adjustments to property, equipment and intangible assets	-4	-4	-	-
Operating costs	**-348**	**-325**	**23**	**7.1**
Operating margin	**661**	**626**	**35**	**5.6**
Net adjustments to loans	39	-3	42	
Other net provisions and net impairment losses on other assets	-2	-38	-36	-94.7
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**698**	**585**	**113**	**19.3**
Taxes on income	-224	-185	39	21.1
Charges (net of tax) for integration and exit incentives	-6	-6	-	-
Effect of purchase price allocation (net of tax)	-	-	-	-
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**468**	**394**	**74**	**18.8**

(millions of euro)

	31.03.2024	31.12.2023	changes amount	changes %
Loans to customers	124,506	124,215	291	0.2
Direct deposits from banking business [(1)]	119,302	113,087	6,215	5.5
Risk-weighted assets	110,159	108,183	1,976	1.8
Absorbed capital	10,016	9,852	164	1.7

(1) The item includes certificates.

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

In the first quarter of 2024, the **IMI Corporate & Investment Banking Division** recorded operating income of 1,009 million euro (representing 15% of the Group's consolidated total), up by 6.1% compared to the same period of last year.
In detail, net interest income, amounting to 758 million euro, was up 26.8%, mainly due to the operations of Global Markets. Net fee and commission income, amounting to 283 million euro, increased by 10.5%, essentially due to the performance of the commercial banking and structured finance segments. The profits (losses) on financial assets and liabilities at fair value, which amounted to a loss of -32 million euro, showed a sharp decrease compared to the profit of 97 million euro in the same period of 2023, mainly attributable to the management of trading activities in the Global Markets area. The segment was negatively impacted by the management of financial risks related to funding in certificates due to the growth in market interest rates, which also had positive effects on net interest income in terms of greater liquidity invested, as well as the lower contribution from the Own Credit Risk (OCR) of the certificates, as a result of the tightening of Intesa Sanpaolo's credit spread.
Operating costs amounted to 348 million euro, an increase of 7.1%, attributable to personnel and administrative expenses. As a result of the above revenue and cost trends, the operating margin increased by 5.6% compared to the value recorded in the first quarter of last year, amounting to 661 million euro. Gross income, amounting to 698 million euro, was up (+19.3%) on the

figure for the first three months of 2023, partly due to the release of adjustments to loans factored in the first quarter of the current year. Lastly, net income came to 468 million euro, higher than the 394 million euro realised in the same period of the previous year.

The IMI Corporate & Investment Banking Division saw growth in the operating margin in the first quarter of 2024 compared to the fourth quarter of 2023, due to lower operating costs and higher revenues. The gross income and net income also showed positive performance, benefiting from the recoveries on loans recognised in the quarter versus the adjustments recognised in the previous quarter.

The Division’s intermediated volumes increased compared to the end of 2023 (+2.7%). In detail, loans to customers, amounting to 124,506 million euro, increased slightly (+0.2%, or +0.3 billion euro) as a result of the growth posted by the International Department and Global Markets, largely offset by the decline for Global Corporate. Direct deposits from banking business, amounting to 119,302 million euro, were up (+5.5%, or +6.2 billion euro), thanks to the increase in amounts due to global markets and international customers, the performance of the transactions in certificates and the growth in securities issued, particularly of the Luxembourg subsidiary.

International Subsidiary Banks

(millions of euro)

Income statement	31.03.2024	31.03.2023	changes	
			amount	%
Net interest income	640	520	120	23.1
Net fee and commission income	146	138	8	5.8
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	17	21	-4	-19.0
Other operating income (expenses)	-15	-16	-1	-6.3
Operating income	**788**	**663**	**125**	**18.9**
Personnel expenses	-156	-138	18	13.0
Other administrative expenses	-113	-102	11	10.8
Adjustments to property, equipment and intangible assets	-29	-28	1	3.6
Operating costs	**-298**	**-268**	**30**	**11.2**
Operating margin	**490**	**395**	**95**	**24.1**
Net adjustments to loans	-19	-	19	-
Other net provisions and net impairment losses on other assets	-	-2	-2	
Other income (expenses)	1	120	-119	-99.2
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**472**	**513**	**-41**	**-8.0**
Taxes on income	-137	-130	7	5.4
Charges (net of tax) for integration and exit incentives	-11	-10	1	10.0
Effect of purchase price allocation (net of tax)	-1	-1	-	-
Levies and other charges concerning the banking industry (net of tax)	-5	-6	-1	-16.7
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**318**	**366**	**-48**	**-13.1**

(millions of euro)

	31.03.2024	31.12.2023	changes	
			amount	%
Loans to customers	41,262	42,050	-788	-1.9
Direct deposits from banking business	55,851	57,910	-2,059	-3.6
Risk-weighted assets	35,112	36,071	-959	-2.7
Absorbed capital	3,858	3,928	-70	-1.8

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

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

In the first quarter of 2024, the Division's operating income came to 788 million euro, up on the same period of the previous year (+18.9%, +22% at constant exchange rates). A detailed analysis shows that net interest income came to 640 million euro (+23.1%), mainly due to the favourable performance of PBZ – including Intesa Sanpaolo Bank (Slovenia) and Intesa Sanpaolo Banka Bosna i Hercegovina (+42 million euro) – Bank of Alexandria (+28 million euro), VUB Banka (+24 million euro) and Banca Intesa Beograd, including Intesa Leasing Beograd (+20 million euro). Net fee and commission income, amounting to 146 million euro, was up (+5.8%). Within the other income components, there was a decrease in profits (losses) on financial assets and liabilities at fair value (-4 million euro) and other operating expenses (-1 million euro).
Operating costs of 298 million euro increased (+11.2%; +13.7% at constant exchange rates) mainly due to personnel and administrative expenses.
As a result of the above revenue and cost trends, the operating margin increased by 24.1%, amounting to 490 million euro. Gross income, amounting to 472 million euro, was down on the figure for the first three months of the previous year (-8%), which benefited from the substantial gain from the sale of the acquiring business line of PBZ Card, recognised under other income. The Division closed the first quarter of 2024 with net income of 318 million euro, compared to 366 million euro in the same period of the previous year (-13.1%).

In the quarterly comparison, the first three months of 2024 showed growth in the operating margin compared to the fourth quarter of 2023, attributable both to revenue growth and a reduction in operating costs. Gross income and net income were higher than in the previous quarter, when high levels of adjustments to loans were recognised.

The Division's intermediated volumes at the end of March 2024 showed a decrease (-2.8%) compared to the end of December 2023, attributable to direct deposits from banking business (-3.6%) and, to a lesser extent, to loans to customers (-1.9%). The trend in deposits was mainly attributable to the decrease recorded by the subsidiaries operating in Egypt, Croatia and Hungary, while for loans, the decrease was mainly attributable to the subsidiaries operating in Egypt (due to the devaluation of the Egyptian pound) and in Hungary.

Private Banking

(millions of euro)

Income statement	31.03.2024	31.03.2023	changes amount	changes %
Net interest income	313	280	33	11.8
Net fee and commission income	534	455	79	17.4
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	7	20	-13	-65.0
Other operating income (expenses)	4	-1	5	
Operating income	**858**	**754**	**104**	**13.8**
Personnel expenses	-120	-117	3	2.6
Other administrative expenses	-94	-91	3	3.3
Adjustments to property, equipment and intangible assets	-25	-21	4	19.0
Operating costs	**-239**	**-229**	**10**	**4.4**
Operating margin	**619**	**525**	**94**	**17.9**
Net adjustments to loans	2	-6	8	
Other net provisions and net impairment losses on other assets	-7	-6	1	16.7
Other income (expenses)	20	-	20	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**634**	**513**	**121**	**23.6**
Taxes on income	-195	-158	37	23.4
Charges (net of tax) for integration and exit incentives	-6	-6	-	-
Effect of purchase price allocation (net of tax)	-5	-6	-1	-16.7
Levies and other charges concerning the banking industry (net of tax)	-18	-	18	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-1	-	1	-
Net income (loss)	**409**	**343**	**66**	**19.2**

(millions of euro)

	31.03.2024	31.12.2023	changes amount	changes %
Assets under management (1)	161,678	157,426	4,252	2.7
Risk-weighted assets	11,979	11,924	55	0.5
Absorbed capital	1,160	1,167	-7	-0.6

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

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

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

In the first quarter of 2024, the Division achieved gross income of 634 million euro, up by 121 million euro (+23.6%) compared to the amount in the first three months of 2023. The operating margin showed a positive trend (+94 million euro), attributable to higher operating income (+104 million euro), against a slight increase in operating costs (+10 million euro). The revenue performance was mainly attributable to net fee and commission income (+79 million euro), particularly for recurring fee and commission income, in connection with the increase in average assets under management, and for up-front commissions, related to increased placements of government bonds and Group bonds. The revenue performance was also attributable to net interest income which, in a scenario of rising market interest rates, rose to 313 million euro (+33 million euro), due to the greater contribution from investments in securities and intermediation with banks. Among the other revenue components, other net operating income was up (+5 million euro), while the profits (losses) on financial assets and liabilities at fair value moved in the opposite direction (-13 million euro). The Division closed the first quarter of 2024 with net income of 409 million euro, up by 19.2% on the same period of 2023.

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

As at 31 March 2024, assets gathered, which also include the contribution of the trust mandates for SIREF Fiduciaria, amounted to 316.5 billion euro (+12.9 billion euro compared to the end of December 2023). This trend was due to the market performance, which had a favourable impact on assets and, to a lesser extent, to positive net inflows. The assets under management component amounted to 161.7 billion euro (+4.3 billion euro).

Asset Management

(millions of euro)

Income statement	31.03.2024	31.03.2023	Changes	
			amount	%
Net interest income	14	1	13	
Net fee and commission income	214	209	5	2.4
Income from insurance business	-	-	-	-
Profits (Losses) on financial assets and liabilities at fair value	1	8	-7	-87.5
Other operating income (expenses)	11	17	-6	-35.3
Operating income	**240**	**235**	**5**	**2.1**
Personnel expenses	-24	-23	1	4.3
Other administrative expenses	-28	-27	1	3.7
Adjustments to property, equipment and intangible assets	-2	-2	-	-
Operating costs	**-54**	**-52**	**2**	**3.8**
Operating margin	**186**	**183**	**3**	**1.6**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	-	-2	-2	
Other income (expenses)	30	-	30	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**216**	**181**	**35**	**19.3**
Taxes on income	-52	-51	1	2.0
Charges (net of tax) for integration and exit incentives	-	-	-	-
Effect of purchase price allocation (net of tax)	-1	-1	-	-
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-	-	-
Net income (loss)	**163**	**129**	**34**	**26.4**

(millions of euro)

	31.03.2024	31.12.2023	changes	
			amount	%
Assets under management	316,413	311,291	5,122	1.6
Risk-weighted assets	2,022	1,990	32	1.6
Absorbed capital	216	213	3	1.4

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

The **Asset Management Division** pursues the mission of developing the best asset management solutions aimed at the Group's customers and its presence on the open market segment through the subsidiary Eurizon Capital SGR and its subsidiaries.

Operating income in the first quarter of 2024, amounting to 240 million euro, was up by 2.1% compared to the same period of the previous year, due to the performance of net interest income (+13 million euro) and net fee and commission income (+5 million euro), supported by the performance fees collected during the period and the placement fees for mutual funds. In a macroeconomic environment characterised by high interest rates, Eurizon Capital SGR and its subsidiaries have implemented product innovation to make the mutual funds competitive with other alternative financial products. Within the other revenue components, the contribution from the fair value measurement of the financial portfolio in which the cash and cash equivalents of the Division are invested was a positive 1 million euro (8 million euro in the first quarter of 2023). The Chinese subsidiary Penghua, consolidated at equity, provided a positive contribution to operating income of 11 million euro, compared to 17 million euro in the same period of the previous year. The growth in operating costs (+3.8%), attributable to the increase in the main components, was also connected with the incremental costs for technology infrastructure. As a result of the above revenue and cost trends, the operating margin came to 186 million euro, up by 1.6% on the first three months of 2023. The Division closed the first quarter of 2024 with net income of 163 million euro (+26.4%).

As at 31 March 2024, assets under management of the Asset Management Division came to 316.4 billion euro, up by 5.1 billion euro (+1.6%) compared to the end of 2023. This trend was attributable to the revaluation of assets under management, correlated with the positive performance of the markets, only partially offset by the net outflows (-2 billion euro).

The net outflows were attributable to insurance and pension products (-2.2 billion euro) and mutual funds (-0.4 billion euro), which were only partially offset by net inflows on portfolio management schemes for retail and private customers (+0.3 billion euro) and other institutional mandates (+0.3 billion euro).

As at 31 March 2024, Eurizon Capital’s Italian market share of assets under management was 16.2% (gross of duplications). Excluding the closed-end funds segment, in which the company has a limited presence, the share of assets under management at the end of March rose to 16.6%.

Insurance

(millions of euro)

Income statement	31.03.2024	31.03.2023	Changes	
			amount	%
Net interest income	-	-	-	-
Net fee and commission income	1	1	-	-
Income from insurance business	447	385	62	16.1
Profits (Losses) on financial assets and liabilities at fair value	-	-	-	-
Other operating income (expenses)	-7	-2	5	
Operating income	**441**	**384**	**57**	**14.8**
Personnel expenses	-38	-35	3	8.6
Other administrative expenses	-39	-39	-	-
Adjustments to property, equipment and intangible assets	-9	-8	1	12.5
Operating costs	**-86**	**-82**	**4**	**4.9**
Operating margin	**355**	**302**	**53**	**17.5**
Net adjustments to loans	-	-	-	-
Other net provisions and net impairment losses on other assets	1	2	-1	-50.0
Other income (expenses)	-	-	-	-
Income (Loss) from discontinued operations	-	-	-	-
Gross income (loss)	**356**	**304**	**52**	**17.1**
Taxes on income	-110	-97	13	13.4
Charges (net of tax) for integration and exit incentives	-3	-2	1	50.0
Effect of purchase price allocation (net of tax)	-2	-2	-	-
Levies and other charges concerning the banking industry (net of tax)	-	-	-	-
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	-	-2	-2	
Net income (loss)	**241**	**201**	**40**	**19.9**

(millions of euro)

	31.03.2024	31.12.2023	changes	
			amount	%
Direct deposits from insurance business [(1)]	173,796	172,746	1,050	0.6
Risk-weighted assets	-	-	-	-
Absorbed capital	4,756	4,398	358	8.1

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

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

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

In the first quarter of 2024, the Division reported income from insurance business of 447 million euro, up (+16.1%, or +62 million euro) compared to the same period of 2023, as a result of the contribution of the life business and the non-life business. The life business benefited from the different performance of the financial markets in the two quarters under comparison, and the non-life business from a lower claims rate for the portfolio and from the financial components, specifically net interest income and realised gains. Gross income, amounting to 356 million euro, was up by 17.1% as a result of higher operating income against a slight increase in operating costs.
The cost/income ratio, at 19.5%, remained at very good levels, lower than those recorded in the first quarter of 2023.
Lastly, net income came to 241 million euro (+19.9%) after the attribution of taxes of 110 million euro, charges for integration and exit incentives of 3 million euro and the effects of purchase price allocation of 2 million euro.

Direct deposits from insurance business, amounting to 173,796 million euro, grew slightly (+0.6%, or +1.1 billion euro) on the end of December 2023, essentially attributable to insurance and financial liabilities.

The Division's collected premiums for life policies and pension products, amounting to 3.7 billion euro, decreased by 19.6% compared to the first three months of the previous year, attributable to the fall in inflows on traditional products (-30.1%). In contrast, inflows on unit-linked products (+6.6%) and pension products (+16.7%) increased.

Collected premiums for the protection business totalled 420 billion euro, up by 3.2% on the same period of 2023. Premiums in the non-motor business (excluding CPI – Credit Protection Insurance) rose by 3.1%, mainly driven by the Businesses Line of Business (LoB) (+11%). The motor component (+2%) and credit-related products (+9.3%) also increased.

Corporate Centre

The Corporate Centre Structures generated an operating margin of 386 million euro in the first three months of 2024, compared to 216 million euro in the same period of the previous year. This performance was essentially attributable to the growth in operating income, largely due to the performance of net interest income, which benefited from the rise in market interest rates. Operating costs declined, due to higher charge backs by the Corporate Centre to the business units for pure services and guidance and control services, partially attenuated by the increase in the amortisation of intangible assets correlated with technological investments and higher personnel expenses. Gross income amounted to 356 million euro compared to 210 million euro in the same period of 2023. The first quarter of 2024 closed with a net income of 114 million euro, compared to a net loss of 166 million euro in the same period of the previous year. The income statement of the Corporate Centre includes the charges aimed at maintaining the stability of the banking industry, which amounted to 46 million euro after tax, compared to 222 million euro in the first quarter 2023[16].

Treasury and funding services

In the first quarter of 2024, Intesa Sanpaolo retained its market shares at national and European level, maintaining its systemic role as a "critical participant" in the ECB's cash (T2) and securities (T2S) settlement systems.
The Eurosystem continued to work on completing the Target Services renewal programme, developing the system for centralised collateral management, which is scheduled to start in November 2024. In the current testing phase of the project, the Group has provided continuous leadership and guidance to the entire Italian banking industry.
In addition, Intesa Sanpaolo's extensive project leadership experience in the area of settlement services enabled the implementation of a series of initiatives for the digitalisation of future payment systems (retail and wholesale, in collaboration with the Bank of Italy).

In the first quarter of the year, the ECB kept rates unchanged and maintained its data-dependent approach. It also emphasised the need for inflation to return to the 2% target on a sustainable basis before initiating an expansionary monetary policy cycle, and the market consensus is that the first official rate cut will not take place until the second quarter. In this context, money market prices showed some volatility, linked to expectations of at least three rate cuts totalling 75 basis points within the year and the factoring in of the changes introduced in March with the new operational framework, long awaited by the markets.

Intesa Sanpaolo maintained a strong liquidity position even after the repayment of a significant portion of TLTROs at the end of the quarter. In addition, the growth in short-term securitised funding continued due to favourable market conditions and investor interest in Intesa Sanpaolo's short-term issuances, in Europe and partly in the United States.

The FED also kept official rates unchanged during the quarter, confirming in March that the main goal continues to be stabilising inflation at 2%. Liquidity in the US money market remained abundant with no signs of stress.

During the period, the total amount of the Group's medium/long-term issues placed on the domestic market, through own networks and direct listing, came to 5,139 million euro, of which 3,550 million euro in certificates, 1,536 million euro in issues placed through the Private Banking Division and 53 million euro in securities traded on the MOT and/or EuroTLX markets of Borsa Italiana (direct listing).
The bonds placed through the Private Banking Division amounted to a total of 1,536 million euro, of which 228 million euro of senior preferred fixed-rate bonds with a 5-year term and 1,308 million euro of T2 fixed- and floating-rate bonds with a 10-year term. The T2 bonds are reserved for professional customers and eligible counterparties.
Among the securities placed, there was a prevalence of the component consisting of financial instruments (primarily represented by structures linked to interest rates, indices and equities) with a share of 69%, while the share of plain-vanilla instruments amounted to 31%. A breakdown by average maturity shows that 64% were comprised of instruments with 2- to 5-year maturities and the remaining 36% of 6- to 10-year maturities.

During the quarter, a total of 1,057 million euro in institutional unsecured funding transactions were placed, of which 1,029 million euro in debt securities issued by the Bank and 28 million euro of securities (bonds and certificates) placed by the IMI Corporate & Investment Banking Division on third-party networks.
With regard to bond funding, on 8 March, an issuance was carried out of fixed-rate senior preferred green bonds aimed at the Asian market for a total amount of 37,100 million JPY (corresponding to around 229 million euro), divided into three tranches: 35,000 million JPY with a 2-year maturity, 1,900 million JPY with a 3-year maturity, and 200 million JPY with a 7-year maturity.
In addition, on 14 February, a private placement was carried out of 800 million euro of fixed-rate senior preferred social bonds with a 6.5-year maturity.
The "green" issues aim to fund all green projects in line with the Green, Social and Sustainability Bond Framework: "Renewable Energy", "Energy Efficiency", "Green Buildings", "Clean Transportation" and "Circular Economy". The "social" issues aim to fund all the social categories described in the Green, Social and Sustainability Bond Framework. Currently, the social portfolio is mainly composed of loans to SMEs operating in disadvantaged areas (including COVID-19 loans) and to non-profit organisations operating in sectors with a specific social focus (Healthcare, Education, Welfare and Solidarity).

[16] The reduction was due to the discontinuation of the contribution to the European Single Resolution Fund (222 million euro in the first quarter of 2023), due to the end of the initial phase of its establishment. At the same time, the National Interbank Deposit Guarantee Fund announced the early call of the 2024 annual contribution to enable the achievement of the target level of 0.8% of total covered deposits by 3 July 2024. The portion attributable to the Corporate Centre (46 million euro) mainly relates to the contribution for the gradual restoration of the resources used for the interventions made by the Fund.

Within the covered bond programme guaranteed by ISP CB Pubblico, the 13th and 14th series (both retained) amounting to a total of 1,850 million euro were redeemed in advance in January. In preparation for the closure of the programme, which took place on 2 April, the repurchase by the Bank of the entire residual portfolio of segregated loans in the Vehicle (1,850 million euro) was completed in the first quarter of 2024.
Within the covered bond programme guaranteed by ISP OBG, the 32nd retained series matured in February for an amount of 1,650 million euro.
Within the covered bond programme guaranteed by UBI Finance, the 14th series matured in February for an amount of 1 billion euro.
Under the covered bond programme guaranteed by ISP CB Ipotecario, the 25th series matured in March for an amount of 1 billion euro. In the same month the 34th retained series was issued in the amount of 1 billion euro, with a floating rate and a 5-year maturity.
In March, the subsidiary VUB Banka carried out an issuance of covered bonds aimed at institutional investors. These are fixed-rate securities for an amount of 500 million euro, with 7-year maturity.

For the management of collateral, Intesa Sanpaolo also uses the A.Ba.Co. (Collateralised Bank Assets) procedure, which allows bank loans disbursed to non-financial companies to be used to secure loan transactions with the Bank of Italy. At 31 March 2024, the outstanding amount, gross of haircuts applicable to loans lodged as pledge by the Group, came to around 17 billion euro.

With regard to the securities portfolio, in a quarter in which the ECB drove market expectations towards a first interest rate cut at its next meeting in June, the long-term part of the European curves was influenced by the dynamics of US rates, pushed up by the strength of the labour market and the lower-than-expected decline in core inflation. The revision of the ECB operational framework did not alter the short-term dynamics of swap spreads, while demand for peripheral debt was still strong, in line with the risk-on tone prevailing in the markets.
During the quarter, the portfolio’s credit sensitivity was increased in all the asset classes, including Italy risk. The shift sensitivity, on the other hand, remained virtually unchanged from the end of 2023 levels, net of the portfolio rotation induced by rate volatility.

With reference to the repo market, volumes of Italian government bonds traded increased significantly compared to the previous year and interest rates reached slightly higher levels than the deposit facility.
The spread between the rates of the government securities of the core countries and Italian government securities narrowed compared to the first quarter of 2023, while there was no significant change in rates and spreads between the first and second quarters of 2024.

During the period, Intesa Sanpaolo carried out new operations to collect liquidity, by implementing securities financing transactions with underlying mainly comprised of own retained bonds on different maturities, primarily medium/long-term. At the end of the quarter, outstanding transactions with underlying own issues amounted to around 12,750 million euro.

Strategic ALM

With regard to the Group’s Asset & Liability Management (ALM), operational management of the financial risks of the Group’s banking book is carried out by Group Treasury & Capital Management (formerly Group Treasury and Finance) under the supervision of the CRO Area. Interest rate risk is monitored and managed by examining the sensitivity of the market value of the various positions in the banking book to parallel shifts in the interest rate curve and the sensitivity of net interest income to the market views; moreover, specific scenario analysis techniques on rate developments are used, as well as behavioural scenarios for specific positions. The strategic choices on interest rate risk are made by the Group Financial Risk Committee, Asset & Liability Committee - ALCO session, within the limits established by the Board of Directors: the Group Treasury & Capital Management structure plays an instrumental role in the active management of interest rate risk within the limits assigned and supports the Committee’s decision-making activity by formulating analyses and proposals. The structural component of liquidity risk is managed, based on the liquidity policies defined at Group level, as part of the funding plan, which is used to monitor the current and future short and long-term liquidity balances, defining the funding plan on the various channels and instruments (domestic/international, retail/corporate, secured/unsecured, preferred/non preferred/subordinate). The funding plan optimises the various forms of funding in compliance with the liquidity indicators (LCR, NSFR and other indicators in the Risk Appetite Framework), the rating targets, the various regulatory capital buckets and the MREL buffers, in line with the loan-deposit targets of the Business Units. The structural component of foreign exchange risk is managed, based on the related policies established at Group level, by monitoring the Group’s overall position, also with a view to optimising the capital ratios.

Risk management

THE CORE PRINCIPLES OF RISK MANAGEMENT

The policies relating to risk taking and the processes for the management of the risks to which the Group is or could be exposed are approved by the Board of Directors of Intesa Sanpaolo as the Parent Company, with the support of the Risks and Sustainability Committee. The Management Control Committee, which is the body with control functions, supervises the adequacy, efficiency, functionality and reliability of the risk management process and of the Risk Appetite Framework (RAF).
The Managing Director and CEO has the power to submit proposals for the adoption of resolutions concerning the risk system and implements all the resolutions of the Board of Directors, with particular reference to the implementation of the strategic guidelines, the RAF and the risk governance policies.
The Corporate Bodies also benefit from the action of some managerial committees on risk management. These committees, which include the Steering Committee, operate in compliance with the primary responsibilities of the Corporate Bodies regarding the internal control system and the prerogatives of corporate control functions, and in particular the risk control function.
The Chief Risk Officer Governance Area, directly reporting to the Managing Director and CEO, in which the risk management functions are concentrated, including the controls on the risk management and internal validation process, represents a relevant component of the "second line of defence" of the internal control system that is separate and independent from the business supporting functions. This Area is responsible for: i) governing the macro process of definition, approval, control and implementation of the Group's Risk Appetite Framework with the support of the other corporate functions involved; ii) assisting the Corporate Bodies in setting and implementing the Group's risk management guidelines and policies, in accordance with the company's strategies and objectives; iii) coordinating and verifying their implementation by the responsible units of the Group, also within the various corporate areas; iv) guaranteeing the measurement and control of the Group's exposure to various types of risk and v) implementing the second level controls on credit and other risks, in addition to ensuring the validation of internal risk measurement and management systems.
The Parent Company performs a guidance and coordination role with respect to the Group companies[17], aimed at ensuring effective and efficient risk management at Group level, exercising responsibility in setting the guidelines and methodological rules for the risk management process, and pursuing, in particular, integrated information at Group level to the Bodies of the Parent Company, with regard to the completeness, adequacy, functioning and reliability of internal control system. For the corporate control functions in particular, there are two different types of models within the Group: i) the centralised management model based on the centralisation of the activities at the Parent Company and ii) the decentralised management model that involves the presence of locally established corporate control functions that conduct their activities under the direction and coordination of the same corporate control functions of the Parent Company, to which they report in functional terms.
Irrespective of the control model adopted within their company, the Corporate Bodies of the Group companies are aware of the choices made by the Parent Company and are responsible for the implementation, within their respective organisations, of the control strategies and policies pursued and promoting their integration within the Group controls.
The risk measurement and management tools contribute to defining a risk-monitoring framework at Group level, capable of assessing the risks assumed by the Group from a regulatory and economic point of view. The level of absorption of economic capital, defined as the maximum "unexpected" loss the Group might incur over a year, at a given confidence level, is a key measure for determining the Group's financial structure, risk appetite and for guiding operations, ensuring a balance between risks assumed and shareholder returns. It is estimated on the basis of the current situation and also at a forecast level, in line with the Risk Appetite Framework approved by the Group, based on the budget assumptions and the forecast macroeconomic scenario, and in relation to stress scenarios. The economic capital together with the risk capital calculated on a regulatory basis is a fundamental element in the assessment of the Group's capital adequacy within the ICAAP.
The assessment of capital is included in business reporting and is submitted quarterly to the Steering Committee, the Risks and Sustainability Committee and the Board of Directors, as part of the Tableau de Bord of the Group Risks. Risk hedging, given the nature, frequency and potential impact of the risk, is based on a constant balance between mitigation/hedging action, control procedures/processes and capital protection measures.

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

With specific regard to risk management, details concerning credit risk are provided in the paragraph "The valuation impacts for the ISP Group of the military conflict between Russia and Ukraine", and there continue to be no significant impacts of the Russian-Ukrainian conflict on the counterparty risk and market risk measurement metrics for the Group's trading book and banking book. Likewise, in light of the low exposure to Russian and Ukrainian counterparties, there were no significant impacts on the Group's consolidated liquidity position. With regard to foreign exchange risk, there continue to be no significant impacts due to the low exposures. With regard to operational risks, the additional costs incurred for business continuity and

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

any losses resulting from physical damage to premises/branches located in the conflict zone form part of the monitoring of the exposure to the risk, including that relating to the Risk Appetite Framework. Lastly, with regard to the monitoring of insurance risks, the focus remains on exposures to countries involved in the conflict, which are still entirely residual in nature compared to the total assets.

THE BASEL 3 REGULATIONS

In view of compliance with the reforms of the previous accord by the Basel Committee ("Basel 3"), the Intesa Sanpaolo Group has undertaken adequate project initiatives, expanding the objectives of the Basel 2 Project in order to improve the measurement systems and the related risk management systems. In the first three months of 2024, the project work continued on the preparations for the incorporation of the restructuring of the Basel Committee agreements ("Basel 4").

With regard to credit risk, there were no changes compared to 31 December 2023.
The periodic updating and alignment to changes in regulations governing IRB systems and their extension continue in accordance with the Regulatory Roadmap agreed with the Supervisory Authorities.
With regard to both counterparty risk and operational risks, there were also no changes in the scope of application compared to 31 December 2023.
The annual Internal Capital Adequacy Assessment Process (ICAAP) Report, based on the extensive use of internal risk measurement methodologies, internal capital and total capital available, was approved and sent to the ECB in March 2024.
As part of its adoption of Basel 3, the Group publishes information concerning capital adequacy, exposure to risks and the general characteristics of the systems aimed at identifying, monitoring and managing them in a document entitled "Basel 3 - Pillar 3" or simply "Pillar 3". The document is published on the website (group.intesasanpaolo.com) on a quarterly basis.

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

As at 31 March 2024, the Group had the following on-balance sheet exposures to counterparties resident in Russia and Ukraine, net of ECA guarantees and gross/net of value adjustments carried out:

(millions of euro)

	31.03.2024 (*)				31.12.2023 (**)			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine	Russia	Ukraine
Loans to customers	**808**	**182**	**597**	**127**	**872**	**186**	**643**	**123**
Banca Intesa Russia	*187*	*-*	*111*	*-*	*197*	*-*	*117*	*-*
Pravex	*-*	*54*	*-*	*-*	*-*	*62*	*-*	*-*
Cross-border exposures	*621*	*128*	*486*	*127*	*675*	*124*	*526*	*123*
Due from banks	**709**	**65**	**699**	**64**	**707**	**59**	**696**	**59**
Banca Intesa Russia	*693*	*-*	*685*	*-*	*691*	*-*	*683*	*-*
Pravex	*-*	*65*	*-*	*64*	*-*	*59*	*-*	*59*
Cross-border exposures	*16*	*-*	*14*	*-*	*16*	*-*	*13*	*-*
Securities	**8**	**53**	**6**	**50**	**12**	**53**	**10**	**49**
Banca Intesa Russia	*7*	*-*	*6*	*-*	*11*	*-*	*10*	*-*
Pravex	*-*	*48*	*-*	*48*	*-*	*48*	*-*	*47*
IMI C&IB Division	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Insurance Division	*1*	*5*	*-*	*2*	*1*	*5*	*-*	*2*

(*) In addition to the on-balance sheet exposures shown in the table, there are off-balance sheet exposures to customers for 43 million euro (37 million euro net) at Banca Intesa Russia, and 37 million euro (gross and net value) at Pravex, in addition to 24 million euro (book value nil in net terms) in cross-border off-balance sheet exposures to resident customers in Russia, net of ECA, and 7 million euro (7 million euro net) to customers resident in Ukraine.
There is also 66 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Russia and 9 million euro (gross and net value) in cross-border off-balance sheet exposures to banks resident in Ukraine.
Lastly, the cross-border exposures to customers resident in Ukraine are, for the corporate part, backed by guarantees provided by European and US persons, while, for the household part, the amounts as at 31 March 2024 and the increase of around 4 million euro compared to 31 December 2023 mainly relate to exposures disbursed by the subsidiary VUB to households with permanent residence in Slovakia.

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

As shown in the table, as at 31 March 2024, the remaining on-balance sheet exposures to the total counterparties resident in Russia amounted, in terms of gross values, to 187 million euro (111 million euro net) for Banca Intesa Russia and 621 million euro (486 million euro net) for cross-border exposures to customers resident in Russia (net of ECA guarantees). These were accompanied by exposures to banks totalling 709 million euro (699 million euro net) and in securities totalling 8 million euro (6 million euro net). Exposures to customers resident in Ukraine amounted to 182 million euro (127 million euro net), of which 54 million euro (book value nil in net terms) related to the subsidiary Pravex Bank. These were accompanied by exposures to banks of 65 million euro (64 million euro net) and in securities totalling 53 million euro (50 million euro net). The majority of the exposures to Russian[18] and Ukrainian counterparties essentially consist of loans to customers subject to measurement in accordance with IFRS 9 “Financial Instruments”.

During the first quarter of 2024, the gross on-balance sheet exposure to the total counterparties resident in Russia and Ukraine decreased by 64 million euro (-3% from the end of the previous year). This reduction was made up of 54 million euro for non-performing exposures to customers resident in Russia, mainly as a result of repayments on various exposures, 8 million euro for exposures to banks and customers of the investee Banca Intesa Russia, and around 4 million euro for securities issued by Russian counterparties.
The overall net exposure (customers, banks, and securities) as at 31 March 2024 to counterparties resident in Russia and Ukraine, amounting to 1,543 million euro, decreased by 37 million euro (-2%) from 1,580 million euro on 31 December 2023.

As at 31 March 2024, the Group Companies other than those operating in the countries involved in the conflict had a total of 42 million euro of gross on-balance sheet non-performing loans to counterparties resident in Russia.
The non-performing loans of the Russian subsidiary amounted to 41 million euro (40 million euro as at 31 December 2023), while the classification of the entire portfolio of the Ukrainian subsidiary to bad loan status led to the recognition of 54 million euro in bad loans (62 million euro as at 31 December 2023).
In line with the disclosure already provided in the Annual Report as at 31 December 2023, with regard to the portfolio that did not show specific signs of deterioration, the analyses of IFRS 9 and the related Annexes show no indications or examples aimed at setting out specific guidelines for the measurement of Expected Credit Losses in contexts of war or defining specific

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

methods of increasing credit risk due to sudden, serious geopolitical crises such as the current one. The most pertinent references to the current scenario seem to be those set out in the Application Guidance of the standard. These allow/suggest the use of collective assessment to verify the existence of a Significant Increase in Credit Risk (SICR) with a view to staging the credit exposures[19], as well as, in line with the treatment set out for capturing the critical issues of another recent emergency situation (COVID-19[20]), using management overlays in the calculation of the ECL, to define the most suitable methods to incorporate the aspects linked to the ongoing conflict into provisions.

For the cross-border positions, the approaches used to determine the ECL as at 31 March 2024 were the same as those already adopted in 2022 and maintained throughout 2023.
The classification to Stage 2 has been confirmed for the counterparties in scope guided by the emergence of "via transfer" risk, namely the risk that counterparties do not honour their debt payment commitments as a result of restrictions or decisions in their countries of residence and not due to aspects directly pertaining to their business, and therefore applied based on the country of residence of the counterparties. This approach was implemented both to determine the SICR and the related classification in Stage 2, and to calculate the ECL.
Specifically, the ECL on the Core scope is calculated using the through the cycle PD associated to the assigned rating, without forward-looking conditioning. This approach was deemed more prudent, as the conditioning methodology, relating to the approaches currently adopted in the satellite models, would not represent the specific risk linked to the countries in conflict. On the other hand, an additional prudential buffer was calculated that ensures equivalence with the use of an estimated loss rate according to an approach based on the transfer of the risk of the country of residence under Pillar 2 modelling (unconditioned LGD of 55% set by the transfer risk model). At the same time, the ratings for the highest risk class already assigned to the most significant counterparties exposed to conflict-related risk have been maintained. Lastly, adjustments have been applied to a counterparty (increases in the ECL as calculated above) to capture potential expected losses not adequately measured by the estimates.
The banks of the ISB Division adopt the ratings of the Parent Company and the centrally determined "transfer risk" parameter of LGD on the Group's common cross-border customers. For the other exposures, the ratings are determined by local models, in line with the instructions received from the Parent Company's Group Rating Desk.

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

With regard to Banca Intesa Russia, specific prudent choices were defined, while also considering the different situation of risk/operations than that of the Ukrainian subsidiary. An approach to classifying and measuring performing loans was therefore adopted that strongly considers the geopolitical risk deriving from the ongoing crisis. Therefore, the assessments carried out on the loans of the subsidiary, following their classification to Stage 2, included a centrally determined prudent factor that takes account of the worsening of the domestic economic situation in light of the continuation of the conflict and the increased isolation of the Russian economy. As a result of the provisions made, the total coverage of performing loans of the Russian subsidiary amounted to around 35% of their gross value (the same as in December 2023).

The Parent Company and two subsidiaries had provided Banca Intesa Russia with loans to support the bank's operations with a residual book value as at 31 March 2024 of 211 million euro.

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

The securities portfolio of the investee Banca Intesa Russia, amounting to 7 million euro (11 million euro as at 31 December 2023), consisted of Russian government securities. The securities portfolio of the subsidiary Pravex, amounting to 48 million euro (also 48 million euro as at December 2023), consisted of short-term government securities and securities issued by central banks as an investment of part of the liquidity from the reduction of the loan portfolio.

Overall, there were no significant profit and loss impacts on the Russian and Ukrainian exposures as at 31 March 2024. Before tax, net charges totalling 29 million euro were recognised, of which 5 million euro related to reversals of impairment losses on loans, mainly attributable to collections, and 34 million euro to additional provisions for risks and charges made on consolidation of the investee Banca Intesa Russia to write off its equity contribution to the Group's consolidated financial statements, which was positive at the end of the first quarter of 2024 due to the investee's positive operating performance. Following this provision, as at 31 March 2024, the reserve established for this purpose totalled around 197 million euro.

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

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

CREDIT RISK

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

Credit quality

(millions of euro)

	31.03.2024			31.12.2023			Change
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure	Net exposure
Bad loans	3,649	-2,662	987	3,390	-2,453	937	50
Unlikely to pay	5,812	-2,271	3,541	5,880	-2,309	3,571	-30
Past due loans	592	-165	427	626	-169	457	-30
Non-Performing Loans	**10,053**	**-5,098**	**4,955**	**9,896**	**-4,931**	**4,965**	**-10**
Non-performing loans in Stage 3 (subject to impairment)	*9,973*	*-5,066*	*4,907*	*9,818*	*-4,901*	*4,917*	*-10*
Non-performing loans measured at fair value through profit or loss	*80*	*-32*	*48*	*78*	*-30*	*48*	*-*
Performing loans	**414,536**	**-2,365**	**412,171**	**421,066**	**-2,436**	**418,630**	**-6,459**
Stage 2	*36,831*	*-1,701*	*35,130*	*37,927*	*-1,741*	*36,186*	*-1,056*
Stage 1	*376,965*	*-664*	*376,301*	*382,450*	*-695*	*381,755*	*-5,454*
Performing loans measured at fair value through profit or loss	*740*	*-*	*740*	*689*	*-*	*689*	*51*
Performing loans represented by securities	**6,069**	**-23**	**6,046**	**5,875**	**-25**	**5,850**	**196**
Stage 2	*335*	*-17*	*318*	*358*	*-19*	*339*	*-21*
Stage 1	*5,734*	*-6*	*5,728*	*5,517*	*-6*	*5,511*	*217*
Loans held for trading	**82**	**-**	**82**	**95**	**-**	**95**	**-13**
Total loans to customers	**430,740**	**-7,486**	**423,254**	**436,932**	**-7,392**	**429,540**	**-6,286**
of which forborne performing	***5,038***	***-336***	***4,702***	***5,118***	***-337***	***4,781***	***-79***
of which forborne non-performing	***3,328***	***-1,475***	***1,853***	***3,217***	***-1,417***	***1,800***	***53***
Loans to customers classified as non-current assets held for sale	**180**	**-44**	**136**	**181**	**-42**	**139**	**-3**

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

As at 31 March 2024, the Group's gross non-performing loans amounted to 10.1 billion euro, up by 157 million euro (+1.6%) compared to December 2023. Their ratio to total loans remained stable at 2.3% gross and 1.2% net (2.3% and 1.2% respectively at the end of 2023). According to the EBA methodology, on the same date the NPL ratio stood at 2.0% gross and 1.0% net, up on December 2023 (1.8% and 0.9% respectively)[21].

Non-performing loans continue to benefit from new inflows from performing loans which are at moderate levels due to the performance of the prevention initiatives on non-performing loans.
During the first quarter, gross inflows amounted to 739 million euro. In the comparison period of 2023, gross inflows amounted to 657 million euro. In net terms, namely net of outflows to performing loans, inflows amounted to 617 million euro, compared to 427 million euro in the first three months of 2023.

The table shows that the increase in gross non-performing loans was driven by bad loans in the amount of 259 million euro (+7.6%), against a slight reduction in unlikely-to-pay loans of 68 million euro (-1.2%) and in past-due loans, which were also down by 34 million euro.

[21] The increase was mainly attributable to the decrease in the total exposures used as the denominator of the ratio, which include exposures to banks (including the reserve requirement and on-demand receivables, i.e. current accounts and on-demand deposits).

At the end of the first quarter, the Group's net non-performing loans amounted to 4.96 billion euro, a new all-time low. The ratio of non-performing loans to total net loans to customers came to 1.2% (1.0% according to the EBA definition) with the coverage ratio for non-performing loans amounting to 50.7%, up on the 49.8% at the end of 2023.

In further detail, in March 2024 bad loans amounted to 987 million euro (+5.3%), after adjustments, representing 0.2% of total net loans with a coverage ratio of 73%. Loans included in the unlikely-to-pay category amounted to 3.5 billion euro, down by 0.8%, accounting for 0.9% of total net loans to customers, with a coverage ratio of 39.1%. Past-due loans amounted to 427 million euro (-6.6%), with a coverage ratio of 27.9%. Within the non-performing loan category, forborne exposures, generated by forbearance measures for borrowers experiencing difficulty in meeting their financial obligations, amounted to 1.9 billion euro, with a coverage ratio of 44.3%. Forborne exposures in the performing loan category amounted to 4.7 billion euro.

At the end of the first quarter of 2024, net performing loans amounted to 412.2 billion euro, down on December by 6.5 billion euro (-1.5%), recording total coverage of 0.57%, of which 4.62% in respect of loans in Stage 2 (from 4.59% at the end of 2023).

Macroeconomic scenario for forward-looking conditioning

For the purposes of forward-looking conditioning of the ECL estimation parameters, Intesa Sanpaolo's policy envisages the use of the macroeconomic scenario produced and updated by the CFO Area Research Department on at least a half-yearly basis (June/December). In March 2024, the forecasts were updated and did not differ substantially from the previous forecasts. As a result, the updating of the scenario would not lead to significant effects on the outcomes of the modelling used for the forward-looking conditioning of the ECL and, therefore, in line with the Group policy, the next update will be made at the time of the Half-Yearly Report.

With regard to the projections for the Eurozone, the first signs of stabilisation of the cycle have emerged in recent months, although they do not yet appear to be signalling an immediate return to growth. The recovery is expected in the second half of 2024, by which time the peak of the lagged effects of the monetary tightening will have passed and the renewed purchasing power of households is expected to support private consumption. In 2024, credit and fiscal conditions will continue to be restrictive, preventing an acceleration in the average annual GDP growth relative to 2023. Compared to December 2023, the growth forecast for the Eurozone in 2024 remains at 0.4%, while the estimate for 2025 has been reduced by two-tenths of a percent to 1.3% in the wake of the ongoing weakness of the German economy, while the forecast for 2026 has been maintained at 1.6%.

For Italy, after stronger-than-expected growth in 2023, the estimates for Italian GDP have been maintained at 0.7% for 2024 and 1.2% for 2025. The risks in the forecast appear to be improving, as indications of an acceleration in expenditure funded by the National Recovery and Resilience Plan could lead to upside risks for the forecast scenario.

Inflation in the Eurozone is expected to return below 2% on average in 2025, although the risks for the forecast scenario are still moderately on the upside. Between June and December, the deposit rate is expected to fall by 75 to 100 basis points, as the ECB, cautiously, approaches the rate-cutting phase.

The above forecast has been prepared in a context where the main scenario uncertainties are related to possible adverse developments in the ongoing conflicts and the results of the US presidential elections at the end of 2024.

Managerial adjustments to the results of the models

In the interim statement as at 31 March, there were no changes to the approaches introduced in the 2023 Annual Report, 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 31 March 2024 included prudential elements of 0.9 billion euro relating to both on-balance sheet exposures and unsecured exposures, unchanged from December. This figure does not include the additional provisions made on exposures to Russian and Ukrainian counterparties, relating to cross-border positions, and those of Banca Intesa Russia and Pravex, already described in the paragraph "The valuation impacts for the ISP Group of the military conflict between Russia and Ukraine" above.

MARKET RISKS

TRADING BOOK

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

Daily managerial VaR of the trading book

(millions of euro)

	2024			2023			
	average 1st quarter	minimum 1st quarter	maximum 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Total Group Trading Book (a)	**31.9**	**19.9**	**42.2**	**26.4**	**33.7**	**35.5**	**27.9**
of which: Group Treasury & Capital Management	*6.2*	*2.8*	*9.7*	*3.8*	*3.7*	*4.4*	*5.1*
of which: IMI C&IB Division	*23.3*	*14.9*	*32.6*	*23.3*	*31.1*	*33.7*	*25.3*

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

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

In the first quarter of 2024, as shown in the table above, compared to the averages for the fourth quarter of 2023, there was an increase in trading managerial risks, which rose from 26.4 million euro (average value in the fourth quarter of 2023) to 31.9 million euro (average value in the first quarter of 2024). This increase was mainly attributable to the management of the trading book’s exposure to interest rate risk, only partially offset by the scenario “rolling effect”.
This trend can also be seen in the comparison, shown in the table below, between the summary statistics for the first quarter of 2024 and those for the same period in 2023.

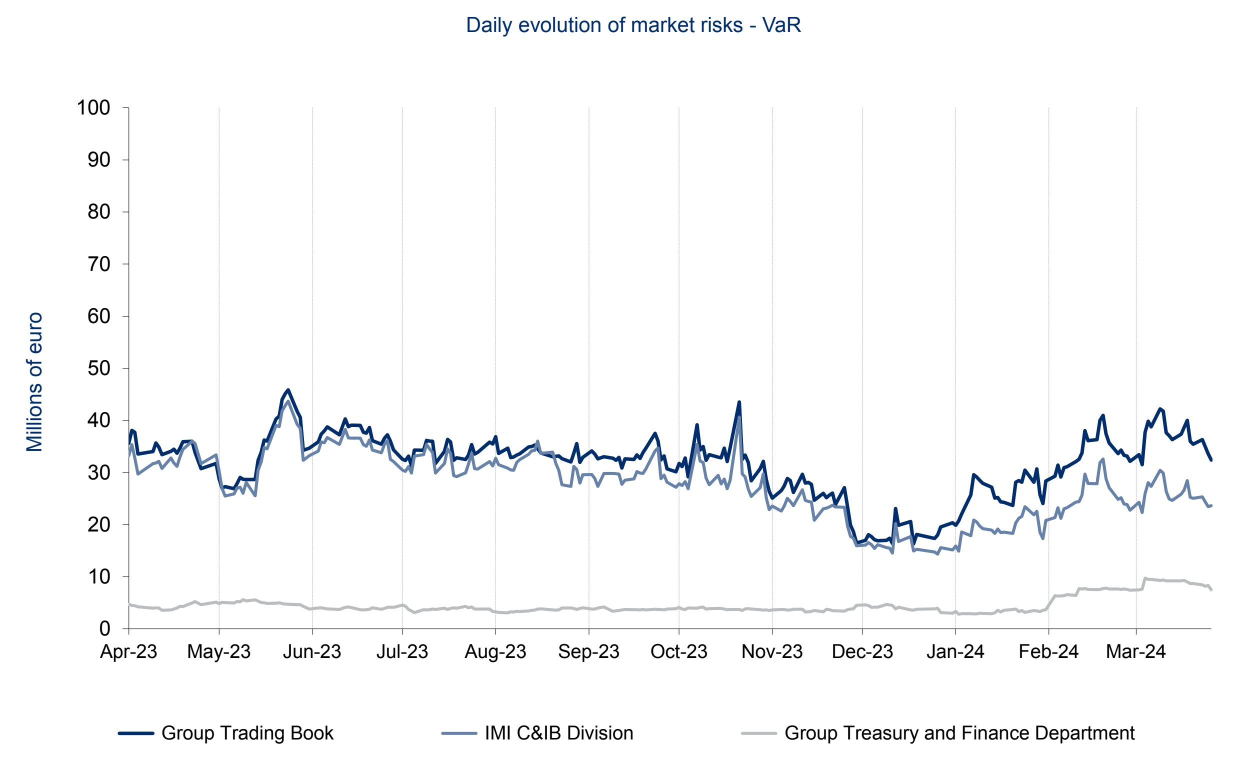
(millions of euro)

	2024			2023		
	average 1st quarter	minimum 1st quarter	maximum 1st quarter	average 1st quarter	minimum 1st quarter	maximum 1st quarter
Total Group Trading Book (a)	**31.9**	**19.9**	**42.2**	**27.9**	**21.5**	**36.9**
of which: Group Treasury & Capital Management	*6.2*	*2.8*	*9.7*	*5.1*	*4.4*	*6.3*
of which: IMI C&IB Division	*23.3*	*14.9*	*32.6*	*25.3*	*19.5*	*34.8*

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

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

In addition, as shown in the graph below, the main contribution to the movements in the Trading VaR continues to be the trading conducted by the IMI C&IB Division.



The breakdown of the Group's risk profile in the trading book in the first quarter of 2024 shows a prevalence of interest rate risk and credit spread risk, accounting for 46% and 26% respectively, of the Group's total managerial VaR. The individual risk-taking centres, on the other hand, show a prevalence of interest rate risk and exchange rate risk for the Group Treasury & Capital Management (54% and 40%, respectively) and of interest rate risk and credit spread risk for the IMI C&IB Division (42% and 32%, respectively).

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

1st quarter 2024	Shares	Interest rates	Credit spreads	Foreign exchange rates	Other parameters	Commodities
Group Treasury & Capital Management	4%	54%	2%	40%	0%	0%
IMI C&IB Division	14%	42%	32%	3%	4%	5%
Total	**11%**	**46%**	**26%**	**10%**	**3%**	**4%**

(a) Each line in the table sets out the contribution of risk factors considering 100% the overall capital at risk, calculated as the average of daily estimates in the first quarter of 2024, broken down between Group Treasury & Capital Management and IMI C&IB Division and indicating the distribution of the Group's overall capital at risk.

Risk control with regard to the activity of the Intesa Sanpaolo Group also uses scenario analyses and stress tests. The impact of selected scenarios relating to the evolution of stock prices, interest rates, credit spreads, foreign exchange rates, commodity prices and inflation at the end of March is summarised in the following table:

(millions of euro)

	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITIES		INFLATION	
	Crash	Bullish	+40bp	lower rate	-25bp	+25bp	-5%	+5%	Crash	Bullish	Up	Down
Total Trading Book	117	157	-70	80	7	-4	17	-10	-14	1	-1	3

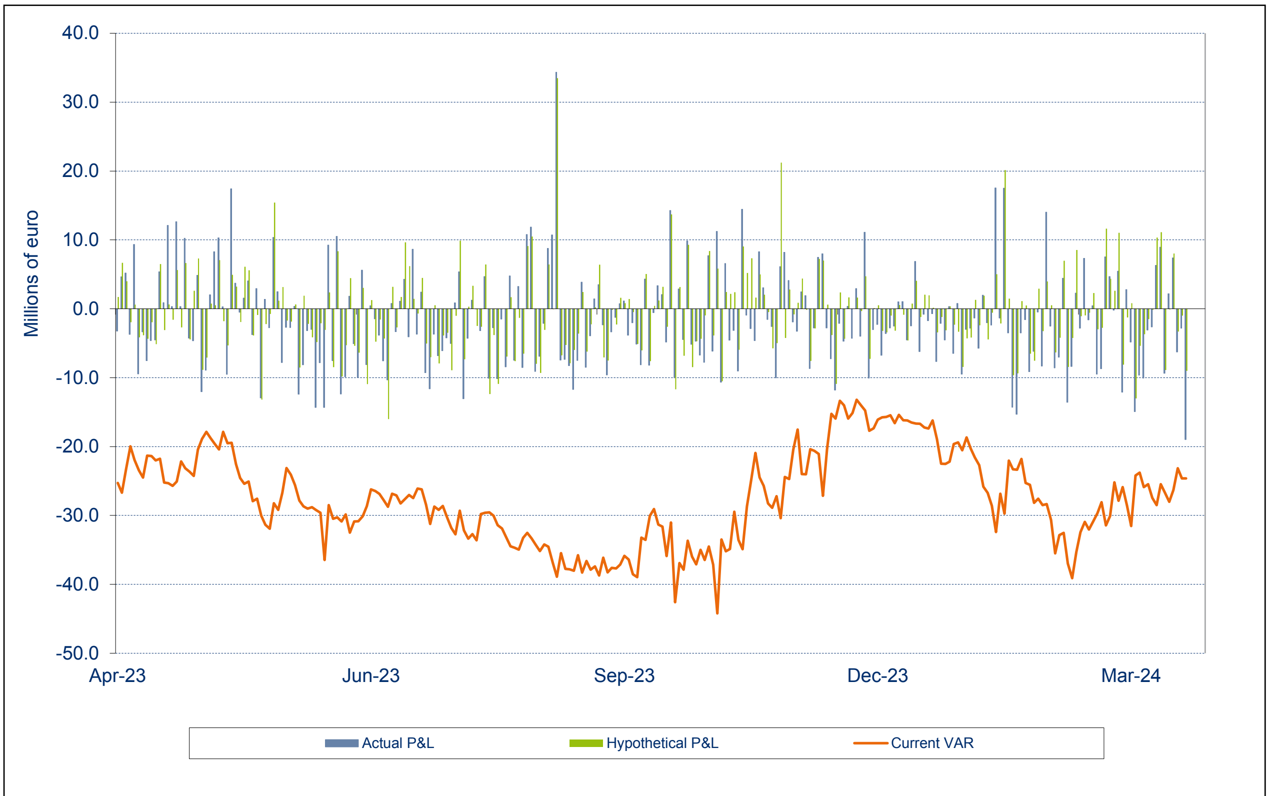
In particular:
- for stock market positions, there would not be potential losses either in the case of sudden increases in stock prices or in the case of sharp decreases therein;
- for positions in interest rates, there would be potential losses of 70 million euro in the event of a 40 basis point rise in interest rates;
- for positions in credit spreads, a widening of credit spreads of 25 basis points would result in an overall loss of 4 million euro;
- for positions in exchange rates, there would be potential losses of 10 million euro in the event of a 5% appreciation of the Euro against the other currencies;
- for positions in commodities, there would be a loss of 14 million euro in the event of a fall in prices of commodities other than precious metals;
- lastly, for the inflation-indexed positions, there would be potential losses of 1 million euro in the event of an increase in inflation.

With regard to the use of the overall limit relating to trading and the hold to collect and sell (HTCS) business model, there was an increase in market managerial VaR in the first quarter of 2024 from 116 million euro (average managerial VaR fourth quarter of 2023) to 136 million euro (average managerial VaR first quarter of 2024).

Backtesting

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

Backtesting allows verification of the model's capability of correctly seizing, from a statistical viewpoint, the variability in the daily valuation of trading positions, covering an observation period of one year (approximately 250 estimates). Any critical situations relative to the adequacy of the internal model are represented by situations in which daily profits/losses based on backtesting highlight more than four occasions, in the year of observation, in which the daily loss is higher than the value at risk estimate. Current regulations require that backtesting is performed by taking into consideration both the actual and hypothetical P&L series.
During the last twelve months there were no backtesting exceptions[22] for the regulatory VaR measure of Intesa Sanpaolo.



[22] In the last 250 observations, the Bank has not recorded any Actual P&L exceptions and/or Hypothetical P&L exceptions. For the total calculation, in accordance with the applicable regulations, the maximum between Actual P&L and Hypothetical P&L exceptions is counted.

BANKING BOOK

At the end of March 2024, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity of the economic value, amounted to -1,996 million euro. The increase from the end of 2023 reflected the implementation of a strategy to protect the net interest income from expected interest rate declines in the coming years.
The sensitivity of net interest income – assuming a +50, -50 and +100 basis point change in interest rates – amounted to 214 million euro, -170 million euro and 369 million euro, respectively, at the end of March 2024.
Interest rate risk, measured in terms of VaR, recorded a value of 566 million euro at the end of March 2024.

The table below shows the changes in the main risk measures during the first quarter of 2024, with regard to the Group's banking book.

(millions of euro)

	1st quarter 2024			31.03.2024	31.12.2023
	average	minimum	maximum		
Shift Sensitivity of the Economic Value +100 bp	-1,576	-1,074	-1,996	-1,996	-1,001
Shift Sensitivity of Net Interest Income -50bp	-235	-170	-323	-170	-332
Shift Sensitivity of Net Interest Income +50bp	266	214	320	214	350
Shift Sensitivity of Net Interest Income +100bp	467	369	564	369	614
Value at Risk - Interest Rate	455	326	566	566	273

Lastly, the table below shows a sensitivity analysis of the banking book to price risk, measuring the impact on shareholders' equity of a price shock of ±10% for the minority interests, mainly held under the HTCS business model. This risk amounted to +/-57 million euro at the end of March 2024.

Price risk: impact on Shareholders' Equity

(millions of euro)

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

LIQUIDITY RISK

The Group’s liquidity position, supported by suitable high-quality liquid assets (HQLA) and the significant contribution from stable customer deposits, remained largely within the risk limits set out in the current Group Liquidity Policy in the first quarter of 2024.
The levels for both the regulatory indicators – Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) – are above the minimum regulatory requirements.
Over the last 12 months, the Liquidity Coverage Ratio of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, has amounted to an average of 168.7% (168.1% in December 2023).
At the end of March 2024, the value of the total unencumbered HQLA reserves, at the various Treasury Departments of the Group, amounted to 119.5 billion euro (160.3 billion euro at the end of 2023). Adding the other marketable reserves and/or eligible Central Bank reserves, including retained self-securitisations, the Group’s total unencumbered liquidity reserves amounted to 192.4 billion euro (202.2 billion euro at the end of 2023).
The Group’s total reserves decreased mainly due to higher liquidity absorption by the Commercial Networks and temporarily non-renewed of maturities of retained securitisations. The HQLA reserves decreased even more due to the repayment of the TLTRO tranche in March, which freed up non-HQLA collateral eligible for the Central Bank.

(millions of euro)

	Unencumbered (net of haircut)	
	31.03.2024	31.12.2023
HQLA Liquidity Reserves	**119,459**	**160,309**
Cash and Deposits held with Central Banks (HQLA)	43,012	80,461
Highly liquid securities (HQLA)	66,540	68,522
Other HQLA securities not included in LCR	9,907	11,326
Other eligible and/or marketable reserves	**72,900**	**41,877**
Total Group's Liquidity Buffer	**192,359**	**202,186**

The NSFR was significantly higher than minimum regulatory requirement of 100%, supported by a solid base of stable deposits from customers, in addition to adequate wholesale medium/long-term securitised funding. The remaining component of the TLTRO funding (around 9 billion euro at the end of March 2024) no longer contributes to the support of the indicator, as it is almost entirely maturing by 28 June 2024. As at 31 March 2024, the Intesa Sanpaolo Group’s NSFR, measured in accordance with regulatory instructions, was 121.0% (121.1% at the end of 2023).
The stress tests, in view of the high liquidity reserves, yielded results in excess of the target threshold for the Intesa Sanpaolo Group, with a liquidity surplus capable of meeting extraordinary cash outflows for a period longer than 3 months.
Adequate and timely information regarding the development of market conditions and the position of the Bank and/or Group was regularly provided to the corporate bodies and internal committees in order to ensure full awareness and manageability of the main risk factors.

INFORMATION ON FINANCIAL PRODUCTS

FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy – *Assets and liabilities measured at fair value on a recurring basis: fair value by level*

(millions of euro)

Assets / liabilities at fair value	31.03.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	109,259	27,800	9,112	107,488	27,918	9,188
a) Financial assets held for trading	11,524	26,399	173	11,546	26,487	130
of which: Equities	*1,653*	*-*	*27*	*1,892*	*-*	*23*
of which: quotas of UCI	*385*	*-*	*27*	*444*	*-*	*6*
b) Financial assets designated at fair value	-	1	-	-	1	-
c) Other financial assets mandatorily measured at fair value	97,735	1,400	8,939	95,942	1,430	9,058
of which: Equities	*5,978*	*202*	*210*	*5,578*	*205*	*210*
of which: quotas of UCI	*84,613*	*199*	*7,601*	*83,672*	*192*	*7,501*
2. Financial assets measured at fair value through other comprehensive income	138,547	10,481	579	130,591	9,489	673
of which: Equities	*506*	*495*	*370*	*458*	*497*	*344*
3. Hedging derivatives	-	6,728	-	-	7,006	-
4. Property and equipment	-	-	6,678	-	-	7,222
5. Intangible assets	-	-	-	-	-	-
Total	**247,806**	**45,009**	**16,369**	**238,079**	**44,413**	**17,083**
1. Financial liabilities held for trading	8,199	36,400	148	7,829	35,614	50
2. Financial liabilities designated at fair value	3,472	71,307	187	91	72,660	31
3. Hedging derivatives	-	4,740	-	-	5,188	-
Total	**11,671**	**112,447**	**335**	**7,920**	**113,462**	**81**

The table above shows the figures for the entire Group, including the insurance companies, which are applying IFRS 9 Financial Instruments from 2023, for which the application had been deferred under the Deferral Approach.

Looking at the table, with regard to assets, level 3 instruments, which allow for more discretion in fair value measurement, they represent a small portion of the portfolio, with an impact of 5.3% on total assets (5.7% as at 31 December 2023).

Level 3 financial assets refer mainly to UCI units under Financial assets mandatorily measured at fair value, and are mainly attributable to equity and bond funds of insurance companies. With regard to the banking segment, the UCI units under Financial assets mandatorily measured at fair value are mainly attributable to the Parent Company and in terms of composition they relate, in order of significance, to private equity funds, real estate funds, private debt funds, infrastructure funds, hedge funds, and venture capital funds. The caption also includes 247 million euro relating to interests held by the bank in the Atlante Fund and in the Italian Recovery Fund (formerly Atlante Fund II), alternative investment funds to support Italian banks in their recapitalisation transactions and in the management of the bad loans in the sector.

Property and equipment measured at level 3 fair value includes real estate assets and valuable art assets, which represent 40.8% of the balance sheet assets at level 3 fair value.

A total of 80.15% of assets measured at fair value are determined based on market prices (level 1), and therefore without any discretion by the valuator.

A total of 90.4% of the liabilities at fair value are attributable to Level 2, primarily to Financial liabilities designated at fair value.

Fair value hierarchy – Assets and liabilities measured at fair value on a recurring basis: fair value by level *(of which: Banking Group and Other corporates)*

(millions of euro)

Assets / liabilities at fair value	**31.03.2024**			**31.12.2023**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
1. Financial assets measured at fair value through profit or loss	11,715	27,225	4,006	11,703	27,257	3,940
a) Financial assets held for trading	11,507	26,399	173	11,521	26,485	130
of which: Equities	*1,653*	*-*	*27*	*1,892*	*-*	*23*
of which: quotas of UCI	*385*	*-*	*27*	*444*	*-*	*6*
b) Financial assets designated at fair value	-	1	-	-	1	-
c) Other financial assets mandatorily measured at fair value	208	825	3,833	182	771	3,810
of which: Equities	*153*	*202*	*127*	*137*	*205*	*128*
of which: quotas of UCI	*55*	*199*	*3,162*	*45*	*192*	*3,130*
2. Financial assets measured at fair value through other comprehensive income	70,864	7,330	485	61,003	7,135	480
of which: Equities	*506*	*488*	*370*	*458*	*490*	*344*
3. Hedging derivatives	-	6,688	-	-	6,982	-
4. Property and equipment	-	-	6,671	-	-	7,214
5. Intangible assets	-	-	-	-	-	-
Total	**82,579**	**41,243**	**11,162**	**72,706**	**41,374**	**11,634**
1. Financial liabilities held for trading	8,195	36,394	148	7,825	35,611	50
2. Financial liabilities designated at fair value	3,472	19,559	187	91	21,222	31
3. Hedging derivatives	-	4,683	-	-	5,105	-
Total	**11,667**	**60,636**	**335**	**7,916**	**61,938**	**81**

With regard to assets, level 3 instruments, which allow for more discretion in fair value measurement, account for a limited portion of the portfolio, with an impact of 8.3% on total assets (9.3% as at 31 December 2023).
A total of 61.2% of assets measured at fair value are determined based on market prices (level 1), and therefore without any discretion by the valuator.
Property and equipment measured at level 3 fair value includes real estate assets and valuable art assets, which represent 59.8% of the balance sheet assets at level 3 fair value.
A total of 83.5% of liabilities are classified in level 2 and the share of level 3 instruments is less than 1% of total liabilities.

Lastly, the caption “Other assets”, not directly included in the table above, comprised tax credits recognised and measured at fair value for 9.7 billion euro as at 31 March 2024, of which 3.8 billion euro held under the Hold to Collect and Sell business model and 5.9 billion euro held under the Other/Trading business model. The fair value of those credits was determined with reference to the changes in interest rates. Given the specific characteristics of the credits in question, they have been assigned to level 3, also in line with the considerations set out in the clarification note issued by the Bank of Italy on 24 July 2023 (“Clarification Note on credit risk”).

Fair value hierarchy – *Assets and liabilities measured at fair value on a recurring basis: fair value by level* *(of which Insurance Companies)*

(millions of euro)

Assets / liabilities at fair value	31.03.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	97,544	575	5,106	95,785	661	5,248
a) Financial assets held for trading	17	-	-	25	2	-
of which: Equities	-	-	-	-	-	-
of which: quotas of UCI	-	-	-	-	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-
c) Other financial assets mandatorily measured at fair value	97,527	575	5,106	95,760	659	5,248
of which: Equities	*5,825*	-	*83*	*5,441*	-	*82*
of which: quotas of UCI	*84,558*	-	*4,439*	*83,627*	-	*4,371*
2. Financial assets measured at fair value through other comprehensive income	67,683	3,151	94	69,588	2,354	193
of which: Equities	-	*7*	-	-	*7*	-
3. Hedging derivatives	-	40	-	-	24	-
4. Property and equipment	-	-	7	-	-	8
5. Intangible assets	-	-	-	-	-	-
Total	**165,227**	**3,766**	**5,207**	**165,373**	**3,039**	**5,449**
1. Financial liabilities held for trading	4	6	-	4	3	-
2. Financial liabilities designated at fair value	-	51,748	-	-	51,438	-
3. Hedging derivatives	-	57	-	-	83	-
Total	**4**	**51,811**	**-**	**4**	**51,524**	**-**

With regard to assets, level 3 instruments, which allow for more discretion in fair value measurement, account for a limited portion of the portfolio, with an impact of 3% on total assets (3.1% as at 31 December 2023).
94.9% of financial assets measured at fair value in the insurance segment are determined based on market prices (level 1), and therefore without any discretion by the valuator.
Liabilities at fair value were almost entirely measured using level 2 inputs and attributable to Financial liabilities designated at fair value.

INFORMATION ON STRUCTURED CREDIT PRODUCTS

The risk exposure in structured credit products, came to 4,520 million euro as at 31 March 2024, a net increase of 52 million euro compared to the stock of 4,468 million euro as at 31 December 2023. The exposure included investments in CLOs (Collateralised Loan Obligations) of 2,532 million euro, in ABSs (Asset Backed Securities) of 1,917 million euro and in CDOs (Collateralised Debt Obligations) of 71 million euro, which was again a marginal activity also in the first quarter 2024.

(millions of euro)

Accounting categories	31.03.2024				31.12.2023	changes	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	Total		absolute	%
Financial assets held for sale	318	449	-	**767**	**775**	-8	-1.0
Financial assets mandatorily measured at fair value	-	3	-	**3**	**3**	-	-
Financial assets measured at fair value through other comprehensive income	1,405	677	1	**2,083**	**2,106**	-23	-1.1
Financial assets measured at amortised cost	809	788	70	**1,667**	**1,584**	83	5.2
Total	**2,532**	**1,917**	**71**	**4,520**	**4,468**	**52**	**1.2**

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

Group or by public entities, in addition to those issued within transactions where the Group finances its corporate and financial institution customers[23].
The performance of the portfolio in the first quarter of 2024 shows higher overall investments than disposals and redemptions, with a total increase of 52 million euro, mainly attributable to the operations of the IMI Corporate & Investment Banking Division.
Exposures measured at fair value (CLO, ABS and CDO debt securities) decreased sharply by 31 million euro, from 2,884 million euro in December 2023 to 2,853 million euro in March 2024. The decrease was attributable to higher redemptions and disposals totalling 553 million euro, of which 347 million euro relating to financial assets held for trading and 206 million euro to financial assets measured at fair value through other comprehensive income, offset by investments totalling 522 million euro, of which 339 million euro relating to the first component and 183 million euro to the second component.
Exposures classified among assets measured at amortised cost (CLO, ABS and CDO debt securities) amounted to 1,667 million euro in March 2024, compared with a balance of 1,584 million euro in December 2023, a net increase of 83 million euro, generated by higher investments of 135 million euro, only partially offset by sales and reimbursements of 52 million euro.
From the perspective of the income statement, the overall profit of +8 million euro as at 31 March 2024 compares with a profit of +3 million euro as at 31 March 2023.
The performance of assets held for trading in the first quarter of the year, caption 80 of the income statement, amounted to +6 million euro and related to the CLO and ABS exposures (+4 million euro from realisation impacts and +2 million euro from valuation effects), whereas in the first quarter of 2023 it amounted to +1 million euro, relating to exposures in CLO and ABS (+3 million euro on disposals and -2 million euro from valuations).
The profits (losses) from financial assets mandatorily measured at fair value as at 31 March 2024 were essentially nil, the same as the situation as at 31 March 2023.
The exposures to debt securities classified as assets measured at fair value through other comprehensive income recorded a net increase in fair value of +12 million euro in the first three months of 2024 through a shareholders' equity reserve (from a reserve of -30 million euro in December 2023 to -18 million euro in March 2024), in addition to impacts from sales from the portfolio of +2 million euro (which were not present in the first three months of 2023).
On the debt securities classified as assets measured at amortised cost, the result was essentially nil as at 31 March 2024 compared to a profit of +2 million euro as at 31 March 2023 (attributable to valuation components for write-backs).

(millions of euro)

Income statement results broken down by accounting category	**31.03.2024**				**31.03.2023**	**changes**	
	Collateralized Loan Obligations	Asset Backed Securities	Collateralized Debt Obligations	**Total**		**absolute**	**%**
Financial assets held for sale	5	1	-	**6**	**1**	5	
Financial assets mandatorily measured at fair value	-	-	-	**-**	**-**	-	-
Financial assets measured at fair value through other comprehensive income	2	-	-	**2**	**-**	2	-
Financial assets measured at amortised cost	-	-	-	**-**	**2**	-2	
Total	**7**	**1**	**-**	**8**	**3**	**5**	

INFORMATION ON ACTIVITIES PERFORMED THROUGH SPECIAL PURPOSE ENTITIES (SPES)

For the purpose of this analysis, legal entities established to pursue a specific, clearly defined and limited objective (raising funds on the market, acquiring/selling/managing assets both for asset securitisations, acquisition of funding through self-securitisations and the issuance of covered bonds, developing and/or financing specific business initiatives, undertaking leveraged buy-out transactions, or managing credit risk inherent in an entity's portfolio) are considered Special Purpose Entities (SPEs).
The sponsor of the transaction is normally an entity which requests the structuring of a transaction that involves the SPE for the purpose of achieving certain objectives. In some cases, the sponsor may be the Bank itself, which establishes a SPE to achieve one of the aims mentioned above.
For the SPE categories identified as non-consolidated structured entities, no changes have been made to the criteria applied by the Intesa Sanpaolo Group to decide whether to include said entities in the scope of consolidation, compared to the information provided in 2023 Annual Report.
With regard to the Covered Bond issuance programmes, under the programme issued by ISP CB Pubblico, in January, the last two remaining series, respectively the 13th and 14th, both retained, were redeemed in advance for an overall total of 1,850 million euro. In addition, during the first quarter of 2024, the Bank repurchased the entire residual loan portfolio segregated in the Vehicle, with payment of the sale price totalling 1,850 million euro in mid-March. The final payments for the closure of the Programme were made on 2 April 2024.
Within the covered bond programme guaranteed by ISP OBG, the 32nd retained series matured in February, for an amount of 1,650 million euro.
Within the covered bond programme guaranteed by UBI Finance, the 14th series matured in February for an amount of 1 billion euro. Under the covered bond programme guaranteed by ISP CB Ipotecario, the 25th series matured in March for an amount of 1 billion euro. In the same month, the 34th retained series was issued in the amount of 1 billion euro, with a floating rate and a 5-year maturity, listed on the Luxembourg Stock Exchange with a Moody's Aa3 rating.

[23] This is implemented by the Group through its subsidiary Duomo Funding Plc.

INFORMATION ON LEVERAGED TRANSACTIONS

In line with the ECB reference regulations, “Guidance on Leveraged Transactions”, the scope of leveraged transactions includes exposures in which the borrower’s level of leverage, measured as the ratio of total financial debt to EBITDA, is greater than 4, as well as exposures where the borrower is owned by one or more financial sponsors. Moreover, counterparties with Investment Grade ratings, private individuals, credit institutions, financial institutions and companies in the financial sector in general, public entities, non-profit entities, as well as counterparties with credit facilities below a certain materiality threshold (5 million euro), Retail SME counterparties and Corporate SME counterparties (the latter if not owned by financial sponsors) are explicitly excluded from that scope. Specialised lending transactions (project finance, real estate and asset financing) and certain other types of credit facilities, such as trade finance transactions, are also excluded.
As at 31 March 2024, for the Intesa Sanpaolo Group, the transactions that meet the definition of Leveraged Transactions as per the ECB Guidance amounted to around 26.8 billion euro, relating to 1,885 credit lines. The stock was up by 5.3% compared to the end of the previous year (around 25.4 billion euro as at 31 December 2023). This movement, influenced by the inflows and outflows that characterise this type of portfolio, was mainly attributable to the Parent Company, which recorded net inflows of almost 1 billion euro, and to a lesser extent to the international subsidiaries, with new net inflows of around 0.4 billion euro. The geographical distribution shows that more than half of the transactions, in terms of volume, were with domestic counterparties (57%), in line with the last quarter of 2023. The main economic macro-sectors of the counterparties concerned were the industrial, services and financial sectors, with volumes as a proportion of the total portfolio in line with the figure at the end of December 2023.
In accordance with the requirements of the ECB Guidance, as part of the Credit Risk Appetite specific limits for the outstanding stock of leveraged transactions and on new transaction flows were submitted for approval to the Board of Directors, in line with the Group’s risk appetite on these types of operations.

INFORMATION ON INVESTMENTS IN HEDGE FUNDS

The Parent Company’s hedge fund portfolio as at 31 March 2024 amounted to 220 million euro for the trading book and 201 million euro for the banking book for a total of 421 million euro, compared to 163 million euro and 184 million euro, respectively, as at 31 December 2023, for a total of 347 million euro.
The investments in the banking book are recognised under financial assets mandatorily measured at fair value and pertain to funds that adopt medium/long-term investment strategies and average redemption times that are longer than those of UCITS (Undertakings for Collective Investment Schemes in Transferable Securities) funds.
In the first quarter of 2024, there was an increase of 74 million euro on the end of the previous year, including investments of 61 million euro and increases in fair value of 13 million euro.
Specifically, the investments were mainly made in the trading book (50 million euro) in UCITS hedge funds that better meet the capital absorption requirements in accordance with the CRR2 that came into force on 30 June 2021, while the positive changes in fair value were made up of 6 million euro for the banking book and 7 million euro for the trading book.
In terms of effects on the income statement, as at 31 March 2024 there was an overall profit of +13 million euro, attributable to the valuation effects of funds in the portfolio, including financial assets mandatorily measured at fair value (+6 million euro) and financial assets held for trading (+7 million euro). As at 31 March 2023, the result in the income statement totalled +4 million euro, attributable to valuation effects of +3 million euro for the financial assets mandatorily measured at fair value and +1 million euro for the assets held for trading.
In the Intesa Sanpaolo Group, as at 31 March 2024, Eurizon Capital SGR held hedge funds for a total of 14 million euro (exposure unchanged from 31 December 2023), on which it recognised an income statement impact of +0.4 million euro in the quarter, entirely from valuations (+1 million euro as at 31 March 2023, also from valuations). Hedge funds are held according to a seeding approach that involves setting up a service portfolio consisting of shares of mutual funds for which marketing has begun in support of the funds.

INFORMATION ON TRADING TRANSACTIONS IN DERIVATIVES WITH CUSTOMERS

Considering relations with customers only, as at 31 March 2024, the Intesa Sanpaolo Group, in relation to derivatives trading with retail customers, non-financial companies and public entities (therefore excluding banks, financial and insurance companies), presented a positive fair value, not having applied netting agreements, of 2,626 million euro (2,830 million euro as at 31 December 2023). The notional value of these derivatives totalled 38,536 million euro (40,555 million euro as at 31 December 2023).
The positive fair value of contracts outstanding with the 10 customers with the highest exposures was 1,541 million euro (1,628 million euro as at 31 December 2023).
Conversely, the negative fair value referring to total contracts outstanding, determined with the same criteria, for the same types of contracts and with the same counterparties, totalled 3,440 million euro as at 31 March 2024 (3,545 million euro as at 31 December 2023). The notional value of these derivatives totalled 61,130 million euro (60,349 million euro as at 31 December 2023).
The fair value of derivative financial instruments entered into with customers was determined considering, as for all other OTC derivatives, the creditworthiness of the single counterparty ("Bilateral Credit Value Adjustment"). With regard to contracts outstanding as at 31 March 2024, this led to a negative impact of 1 million euro under “Profits (Losses) on trading” in the income statement (negative impact of 4 million euro as at 31 March 2023).
For details of the methodologies used in determining the fair value of financial instruments, see the paragraphs specifically dedicated to this subject in the 2023 Annual Report.
Please note that the figures reported above do not include fair value of derivatives embedded in structured bond issues as well as the related hedges taken out by the Group.

OPERATIONAL RISKS

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, people and systems or from external events[24].
The Intesa Sanpaolo Group has long defined the overall operational, ICT and security risk governance framework by setting up a Group policy and organisational processes for measuring, managing and controlling these risks.
To determine its capital requirements, the Group uses a combination of the methods allowed under applicable regulations (advanced measurement approach partially used along with the standardised approach and basic indicator approach). The capital absorption resulting from this process amounted to 2,278 million euro as at 31 March 2024, corresponding to the figure as at 31 December 2023.

Legal risks

Legal risks are thoroughly analysed by the Parent Company and Group companies. Provisions are made to the allowances for risks and charges in the event of disputes for which it is probable that funds will be disbursed and where the amount of the disbursement may be reliably estimated. For the main pending disputes, the significant developments in the quarter are described below. For previous disputes and a detailed illustration of significant individual disputes, see the Notes to the 2023 Annual Report.

Italian Antitrust Authority proceedings and representative action of the consumer association "Associazione Movimento Consumatori" against Intesa Sanpaolo and Isybank
In November 2023, the Italian Antitrust Authority (AGCM) announced the initiation of proceedings against Intesa Sanpaolo and Isybank aimed at verifying the existence of an unfair commercial practice regarding the transfer of relationships of around 2.4 million "predominantly digital" customers from Intesa Sanpaolo to Isybank as part of a transfer of business lines, with the accompanying unilateral amendment of the transferred contracts. The transfer of the first business line had already been made on 16 October 2023, while the transfer of the second business line was scheduled for 18 March 2024.
According to the arguments made by the Authority, among other things, the communication sent to the customers concerned was inadequate and the manner and timing of its distribution was not commensurate with the importance of the matter addressed.
In November 2023, the AGCM ordered the suspension, on a precautionary basis, of the commercial practice considered unfair.
In December 2023, Intesa Sanpaolo and Isybank filed a report containing the measures envisaged to comply with the precautionary measure, and specifically:
- for customers whose transfer to Isybank had already taken place on 16 October 2023, the possibility of opening a new account with Intesa Sanpaolo on terms at least similar to the original terms, with the option to close the Isybank account;
- for customers whose transfer to Isybank was scheduled to take place on 18 March 2024, exclusion from the transfer unless they give their express consent.

In December 2023, the two banks also submitted a proposal of commitments to the AGCM, detailing what they had already outlined in the report of compliance with the precautionary measure, for the purpose of reaching a positive conclusion of the proceedings.
In March 2024, the two banks submitted an addition to the proposal of commitments to the AGCM containing further measures in favour of the customers concerned.
The Authority now has to decide whether or not to accept the commitments submitted. If the Authority considers the commitments to be sufficient to rectify the claimed unlawfulness of the commercial practice, it will close the proceedings without a finding of infringement (proceedings that would continue if the commitments were to be rejected).
The deadline for the conclusion of the proceedings was extended to 14 June 2024.
Also with regard to the above-mentioned operation, the consumer association "Associazione Movimento Consumatori" brought a representative action against Intesa Sanpaolo and Isybank (with a petition served in January 2024) before the Court of Turin for alleged "violations of the collective interests of consumers".
The association is asking the court to prohibit the use of the new clauses in the transferred contracts, without the consent of the consumers, and the prohibition of the repetition of the unlawful conduct, as well as the adoption of appropriate measures to eliminate or reduce the effects of the violations if the unlawful conduct is confirmed.
The two banks filed their defence briefs, contesting the arguments of the Associazione Movimento Consumatori – with detailed reasons both on the merits and from a procedural perspective – and requesting the rejection of the claims in consideration of the measures (outlined above) taken in the meantime in favour of the customers within the AGCM proceedings.
The first hearing, initially set for March 2024, was postponed to 31 May 2024 at the joint request of the parties.

Italian Antitrust Authority proceedings against Intesa Sanpaolo RBM Salute
In May 2023, the AGCM initiated proceedings against Intesa Sanpaolo RBM Salute (ISP RBM) for alleged unfair business practices, purported to have been adopted from January 2023, aimed at hindering the exercise of consumers' rights arising from the contractual relationship, leading them to give up financial and welfare benefits provided by the insurance coverage held by them.
In its communication dated 15 February 2024, the Authority issued its conclusions on the preliminary findings, based on which it upheld the claims made in the decision to initiate proceedings and also considered that the unfair business practice was still ongoing. ISP RBM submitted a defence brief, in which it highlighted, among other things, the strategic and operational

[24] As far as the financial losses component is concerned, the Operational Risk includes the following risks: legal, conduct, compliance, financial crime, fiscal, IT and Cyber, physical security, business continuity, third-party, data quality, fraud, process and employer. Strategic and reputational risk are not included.

measures it had already taken prior to the commencement of the proceedings and the further improvements these measures had brought to the services provided to the policyholders.
The conclusion of the proceedings is set for 9 May 2024, by which time the Authority should have made its final decision known. In the event of an unfavourable decision, ISP RBM has the possibility of appealing it at the Lazio Regional Administrative Court.

Offering of diamonds
In 2017, the AGCM instituted proceedings for unfair business practices against the companies that sold diamonds (DPI and another company) and the banks that recommended the services of those companies. At the conclusion of the proceedings against Intesa Sanpaolo, the Authority imposed a fine of 3 million euro.
Intesa Sanpaolo filed an appeal at the Lazio Regional Administrative Court, which rejected the appeal in November 2022. The Bank then filed an appeal at the Council of State, which, in a ruling of March 2024, rejected the appeal and upheld the penalty measure.

Anatocism
In February 2017, the AGCM initiated proceedings against Intesa Sanpaolo for alleged unfair business practices involving, among other things, the methods used to request the above-mentioned authorisation from customers for the charging of the interest to the account imposed by the new regulations introduced in 2016.
The Authority completed the proceedings in October 2017, ruling that the Bank had implemented an “aggressive” policy aimed at acquiring the above-mentioned authorisation, and consequently setting a fine of 2 million euro.
The Bank filed an appeal at the Lazio Regional Administrative Court, which upheld the penalty measure in January 2023. Intesa Sanpaolo submitted an appeal to the Council of State, which, in a ruling of March 2024, rejected the appeal and upheld the penalty measure.

Azzurro 2000 S.a.s. di Tilli Renzo & C.
In 2004, the company Azzurro 2000 brought an action for damages against the former Sanpaolo Banco di Napoli for alleged unlawful reporting to the Central Credit Register, quantifying the claim at around 50 million euro.
The plaintiff’s claim was rejected at both first and second instance.
Against the appeal ruling, the plaintiff filed (i) an appeal before the Court of Cassation and (ii) a revocation proceeding before the same Court of Appeal. The latter declared the request for revocation inadmissible and the plaintiff filed a further appeal before the Court of Cassation against this second ruling of the Court of Appeal.
The Supreme Court combined the two cases and upheld the first appeal, basing solely on one of the grounds of appeal, overturning the decision and referring the case back to the Naples Court of Appeal, and declared the request for revocation inadmissible.
The plaintiff then resumed the action and the Bank appeared before the Court.

Reyl & Cie (Switzerland) – Proceedings pursuant to Legislative Decree 231/2001 of the Public Prosecutor’s Office of the Court of Milan
Within the criminal proceedings pursuant to Legislative Decree 231/01 pending before the Court of Milan for alleged money laundering offences, in February 2024 Reyl & Cie was notified of the indictment of the Bosia brothers, as well as Cramer & Cie and Reyl & Cie. The preliminary hearing was consequently set by the GIP (preliminary hearing judge) for 3 July 2024, in relation to which the Bank is assessing the best defence strategy, also in view of the fact that alleged actions took place before Reyl & Cie joined the Intesa Sanpaolo Group.

Lawsuit against two Hungarian subsidiaries of Intesa Sanpaolo
The lawsuit is connected with a lease agreement terminated by one of the subsidiaries in 2010. During 2011, the tenant initiated proceedings in civil court, and during 2021, it supplemented its initial claim, formulating new claims and, as a result, increasing the total of the claims to around 31 million euro.
In July 2022, the Court rejected all the plaintiff company’s claims, finding that it lacked standing. The plaintiff filed an appeal against that decision.
In December 2022, the Court of Appeal partially upheld the adverse party’s appeal, ordering one of the two defendant companies to pay around 9.5 million euro. The subsidiary filed an appeal with the Supreme Court, which overturned the second-instance decision, upholding the ruling of the First Instance Court.
The plaintiff then brought an action before the Constitutional Court and initiated review proceedings before the Court of First Instance. Both proceedings failed the admissibility test. An appeal is pending before the Court of Appeal against the ruling of the Court of First Instance.
Intesa Sanpaolo’s subsidiaries took action in 2012 for the recognition of their receivables claimed against the tenant resulting from unpaid lease rentals. These proceedings are currently pending.

Labour litigation
In line with the situation as at 31 December 2023, as at 31 March 2024 there were no significant cases of labour litigation from either a qualitative or quantitative standpoint. In general, all labour litigation is covered by specific provisions adequate to meet any outlays.

Tax litigation

The tax litigation risks of the Group (considering the subsidiaries subject to line-by-line consolidation) are covered by adequate provisions for risks and charges.

No new significant disputes were reported in the quarter for the Parent Company Intesa Sanpaolo. For the subsidiaries, see the aspects discussed below concerning the claims against the former Intesa Sanpaolo Life DAC merged into Intesa Sanpaolo Vita and against Eurizon Capital and its subsidiary Epsilon SGR in relation to transfer price applied to cross-border intragroup relations with Eurizon Capital SA Luxembourg.

With regard to the Parent Company, as at 31 March 2024 there were 477 pending litigation proceedings (487 as at 31 December 2023) for a total amount claimed (taxes, penalties and interest) of 108.1 million euro (107.6 million euro as at 31 December 2023), considering both administrative and judicial proceedings at various instances.
In relation to these proceedings, the actual risks were quantified at 40.9 million euro as at 31 March 2024 (41.4 million euro as at 31 December 2023).
Compared to 31 December 2023, for the Parent Company, the main events that gave rise to significant movements in the amount claimed (0.5 million euro) consisted of:
- an increase (1.9 million euro), due to: i) new disputes of 0.7 million euro, for municipal property tax (IMU) on both terminated and current lease contracts; ii) new disputes of 1 million euro for registration tax on judicial documents; and iii) accrued interest expense of 0.2 million euro;
- a decrease (1.4 million euro), due to: i) closures of disputes concerning registration tax for 0.8 million euro, mainly relating to registration tax on judicial documents and debt restructuring agreements; ii) closures of municipal property tax (IMU) disputes on terminated lease contracts for 0.5 million euro; and iii) closure of VAT disputes on boat leases for 0.1 million euro.

Also compared to 31 December 2023, for the Parent Company, the main changes in provisions (-0.5 million euro) consisted of:
- an increase (0.3 million euro), due to: i) new municipal property tax (IMU) disputes on terminated lease contracts for 0.2 million euro; and ii) legal fees and interest accrued on outstanding disputes for 0.1 million euro;
- a decrease (0.8 million euro) attributable to:
  - utilisations (0.3 million euro), due to: i) 0.1 million euro for the closure of VAT disputes on boats leases; and ii) 0.2 million euro for legal fees;
  - releases to the income statement (0.5 million euro), due to: i) 0.4 million euro for the settlement of municipal property tax (IMU) disputes on terminated lease contracts; and ii) 0.1 million euro for the settlement of disputes concerning registration tax.

With regard to the main outstanding disputes, there were no significant changes during the quarter and, therefore, reference should be made to the Notes to the 2023 Consolidated Financial Statements for a detailed analysis.

With regard to the questionnaires, as fully disclosed in the Notes to the 2023 Consolidated Financial Statements, several Regional and Provincial Departments of the Italian Revenue Agency raised doubts regarding the IRES tax treatment applied in 2017 by Intesa Sanpaolo (ISP) and its subsidiaries to the Parent Company's commitment to make shareholder payments to cover the expenses of the subsidiaries for the integration of Banca Popolare di Vicenza and Veneto Banca (below also the "Venetian Banks"). ISP, in performance of its management and coordination activities, took responsibility for safeguarding the subsidiaries from the impact on their income statements deriving from charges due to the integration of the going concerns acquired (charges for IT integration; charges for exit incentives for employees; charges for the closure, merger and standardisation of branches; and other charges), unilaterally undertaking to make a contribution, in the form of shareholder cash payments, without any obligation of repayment and/or reimbursement, calculated based on the charges incurred, net of tax.
The various Regional Revenue Directorates made a claim regarding the reduction applied by the subsidiaries with regard to the non-refundable payment. In particular, they objected an inconsistency between the tax treatment of said income component and the accounting treatment adopted by both Parent Company and subsidiaries, concluding that it could be classified as a contribution for operating expenses and as such subject to taxation.
After having set out, in various meetings and in a specific statement, the reasons why the arguments made by the Regional Revenue Directorates were unfounded, during the last meeting on 19 March 2024 the Italian Revenue Agency communicated that:
- it was of the opinion that the contributions in question i) were only taxable on a cash basis (obviously, therefore, only if and up to the amounts in which they were actually paid/received, thus excluding cases of contributions not paid due to the intervening merger of the subsidiary into ISP); and ii) were in any case only taxable outside the ISP tax consolidation (because within the consolidation, the taxation at the level of the consolidated entity corresponds to a deduction at the level of the consolidating parent company);
- it had consequently decided to abandon the initial claims and thus to close the assessments relating to 2017 (the year in which no contribution was paid by ISP to the subsidiaries).

The Italian Revenue Agency proposed a voluntary settlement to the Bank, based on the above criteria, for the years still open concerned by the issue (2018-2022) through the submission of supplementary tax returns "unfavourable" to the subsidiaries (which must tax the contribution received) and "favourable" to ISP (which must deduct the contribution paid). In which case they would not initiate any further audits regarding this matter.
During the above-mentioned meeting, the Bank agreed to examine/deepen their proposal and provide a statement in which the Bank would indicate how it intends to proceed with rectification and which criteria it intends to adopt in settling the various tax years of the companies involved. After obtaining the agreement of the Italian Revenue Agency, all the tax years would be settled voluntarily.
According to preliminary calculations, the total cost for net taxes, penalties and interest to heal the tax position of all years of

the companies involved will not be material.
If the Italian Revenue Agency will accept the settlement proposal in full – which is highly likely, given the agreement already reached on the principles it must adhere to – the matter in question (which could have led to a complex dispute involving large amount of money) would end without dispute and with a modest overall cost.

With regard to Intesa Sanpaolo's branches located abroad, as there were no significant new developments in the quarter, please refer to the Notes to the 2023 consolidated financial statements.

With regard to the subsidiaries, please note the following updates compared to 31 December 2023.

In 29 November 2023, the former Intesa Sanpaolo Life DAC – an insurance company incorporated under Irish law (hereafter ISL) – received a summons from Guardia di Finanza (Italian Tax Police) for clarifications regarding tax monitoring requirements. Following the merger into Intesa Sanpaolo Vita, this summons was renewed towards the absorbing company. At the end of the meeting, the investigating officials asked for the "*submission, for the tax periods 2018-2022, of an explanatory statement, accompanied by any supporting documentation, relating to the compliance with the obligations directly attributable to the above-mentioned foreign insurance company, concerning the tax monitoring, pursuant to Article 1 of Decree Law 167/1990, taking into account the content of the Resolution no. 62/E of 13 November 2023, of the Italian Revenue Agency*". After the submission of the statement on 25 January 2024, the company met with the Auditors on 1 March 2024, together with its advisor, and restated all the reasons why ISL was not subject to the tax monitoring obligation.
Therefore, Italian Tax Police – making reference to the Questionnaire of 11 October 2022 sent to the former Intesa Sanpaolo Life DAC and responded to on 2 December 2022 with the information regarding insurance premiums collected and insurance benefits provided to the beneficiaries in the years 2017-2020 – requested the addition to the statements submitted in 2022, solely for the years 2018-2020 (as the year 2017 had lapsed in the meantime), of the information relating to both the premiums collected and the amounts paid (relating to the insurance benefits provided). In addition, the same documentation provided for the years 2021 and 2022 was also requested for the years 2017 to 2020 accompanied by the same detailed schedules.
In relation to these requests, the company reserved the right to make the appropriate assessments on the merits, which are underway and will be formalised in writing in a specific statement prepared by the advisor.

For Eurizon Capital SGR S.p.A. (EC ITA) and Epsilon SGR S.p.A. (Epsilon), it was disclosed in the 2023 Annual Report that on 22 December 2023 the Italian Revenue Agency – Lombardy Regional Directorate had served orders to file an appearance on both companies with claims relating to IRES (Corporate Income Tax) and IRAP (Regional Business Tax) concerning the fairness of transfer prices in the intragroup transactions with foreign entities for 2017 tax year, later extended to 2018.
On 24 April 2024, the settlement agreements were signed with the Italian Revenue Agency and the amounts due for the years 2017 and 2018 were set at 9.7 million euro for EC ITA and 4.1 million euro for Epsilon, amounts consistent with the provisions already made by said companies in their financial statements as at 31 December 2023.

INSURANCE RISKS

Investment portfolios

The investments of the insurance companies of the Intesa Sanpaolo Group (Intesa Sanpaolo Vita, Intesa Sanpaolo Assicura, Fideuram Vita and Intesa Sanpaolo RBM Salute) are made with their shareholder fund and to cover contractual obligations with customers. These refer to traditional revaluable life insurance policies, unit-linked policies, pension funds and non-life policies.

As at 31 March 2024, the investment portfolios of Group companies, recorded at book value, amounted to 175,147 million euro. Of these, a part amounting to 88,406 million euro relates to traditional revaluable life policies (the financial risk of which is shared with the policyholders by virtue of the mechanism whereby the returns on assets subject to segregated management are determined), non-life policies and shareholder fund. The other component, whose risk is borne solely by the policyholders, consists of investments related to Unit-linked policies and pension funds and amounted to 86,741 million euro.

Considering the various types of risks, the analysis of investment portfolios, described below, concentrates on the assets held to cover traditional revaluable life policies, non-life policies and shareholder fund.

In terms of breakdown by asset class, net of derivative financial instruments, around 84% of assets, amounting to 73,948 million euro, were bonds, whereas assets subject to equity risk represented around 2% of the total and amounted to 2,059 million euro. The remainder (12,408 million euro) consisted of investments relating to UCI, Private Equity and Hedge Funds (around 14%).

The carrying value of derivatives came to around -10 million euro, of which around 7 million euro relating to effective management derivatives, and the remaining portion (around -17 million euro) is attributable to hedging derivatives.

At the end of the first three months of 2024, investments made with the shareholder fund of Intesa Sanpaolo Vita and Fideuram Vita amounted to around 802 million euro at market value, and presented a risk in terms of VaR (99% confidence level, 10-day holding period) of around 14 million euro.

The breakdown of the bond portfolio in terms of fair value sensitivity to interest rate changes showed that a +100 basis points parallel shift in the curve leads to a decrease of around 4,480 million euro.

The distribution of the portfolio by rating class was as follows: AAA/AA bonds represented around 4.9% of total investments and A bonds around 11.6%; low investment grade securities (BBB) represented around 80.1% of the total and the portion of speculative grade or unrated was minimal (3.4%); and in the BBB area a considerable proportion was made up of securities issued by the Italian Republic.

The analysis of the exposure in terms of the issuers/counterparties produced the following results: securities issued by Governments and Central Banks made up around 74.3% of the total investments, while financial companies (mostly banks) contributed around 16.2% of exposure and industrial securities made up around 9.5%.

At the end of the first quarter of 2024, the fair value sensitivity of bonds to a change in issuer credit rating, intended as a market credit spread shock of +100 basis points, was -4,713 million euro, with -3,939 million euro due to government issuers and -774 million euro to corporate issuers (financial institutions and industrial companies).

Accounting policies

Criteria for the preparation of the Interim Statement

General preparation principles

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

The Interim Statement as at 31 March 2024 has been prepared, in consolidated form, in compliance with the recognition and measurement criteria required by the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS-IC) and endorsed by the European Commission as provided for by Community Regulation 1606 of 19 July 2002.

The accounting standards adopted in preparation of this Consolidated interim report on operations, with regard to the classification, recognition, measurement and derecognition of the balance sheet assets and liabilities, and the recognition methods for revenues and costs, have remained unchanged compared to those adopted for the Intesa Sanpaolo Group 2023 Annual Report, which should be consulted for the complete details.

Regulation No. 2579/2023 of 20 November 2023 and Regulation No. 2822/2023 of 19 December 2023 apply from 1 January 2024, in relation to which no aspects of particular significance to the Group have been identified. Below is a brief summary of their main content.

Regulation no. 2579/2023 - amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback
Regulation no. 2579/2023 of 20 November 2023 amending 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[25] 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[26].
The amendments are mandatory for annual reporting periods beginning on or after 1 January 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16, i.e., 1 January 2019.
These amendments are not particularly significant for the Intesa Sanpaolo Group given the characteristics of its existing sale and leaseback agreements, which have no variable or insignificant variable payments.

[25] 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.

[26] 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.

Regulation no. 2822/2023 – amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Regulation no. 2822 of 19 December 2023 was published in December 2023, introducing some limited amendments to IAS 1 Presentation of Financial Statements.

The clarifications aim to promote consistency in applying IAS 1 across companies to determine whether, in the statement of financial position, payables and other liabilities with an uncertain settlement date are to be classified as current (due or potentially to be paid within one year) or non-current.

Specifically, IAS 1 requires that an entity may classify a liability as non-current only where the entity has the right at the reporting date to defer settlement of the liability for at least twelve months. However, the right to defer settlement of a liability may be subject to covenants. The amendments to IAS 1 specify that covenants to be met after the reporting date (for example, a covenant based on the entity's financial position six months after the end of the reporting period), do not influence the classification of the payable as current or non-current at the reporting date.

On the other hand, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting period.

Given the content of the amendment and the obligation to apply the formats set forth in Bank of Italy Circular no. 262/05, the proposed limited amendments to IAS 1 are not significant for banks.

The Interim Statement as at 31 March 2024, drawn up in euro as the functional currency, contains the Balance sheet, the Income statement, the Statement of comprehensive income and the Changes in shareholders' equity, drawn up pursuant to the 8th update to Circular 262, these Accounting policies, and a Report on operations. They are also complemented by information on significant events which occurred in the period, and on the main risks and uncertainties.

The amounts indicated in the financial statements and explanatory notes are expressed in millions of euro, unless otherwise specified.

In addition to the amounts for the reporting period, the financial statements also indicate the corresponding comparison figures for the period ended 31 March 2023 for the Income statement and as at 31 December 2023 for the Balance sheet.

The assets held for sale as at 31 March 2024 included: (i) a portfolio made up of both unlikely-to-pay loans and performing loans, with a total gross book value of approximately 0.2 billion euro, which was involved in a de-risking transaction approved by the Board of Directors of Intesa Sanpaolo in December 2023 and scheduled to be completed in the first half of 2024 (already held for sale at the end of 2023); (ii) the investment in Cronos Vita, in which Intesa Sanpaolo Vita holds a 22.5% interest, as part of the system-wide transaction aimed at protecting the policyholders of Eurovita involving the five leading Italian insurance companies, for which there was a clear intention from the outset on the part of the shareholder companies to hold the investment for a limited period of time (already held for sale at the end of December 2023); and (iii) the properties subject to transfer under the agreement between Intesa Sanpaolo and COIMA, approved by the Board of Directors of Intesa Sanpaolo on 28 March 2024 and signed by the parties on 19 April 2024.

The Interim Statement as at 31 March 2024 is accompanied by certification of the Manager responsible for preparing the Company's financial reports pursuant to Article 154-bis of the Consolidated Law on Finance, and the consolidated financial statements are subject to a limited review by the Independent Auditors for the sole purpose of issuing the certification required by Article 26, paragraph 2 of European Union Regulation 575/2013 and European Central Bank Decision 2015/656.

With regard to auditing activity, as previously reported, on 30 April 2019 the ordinary shareholders' meeting awarded EY S.p.A. the engagement for the independent audit of the accounts for the financial years 2021 to 2029.

Scope of consolidation and consolidation methods

Scope of consolidation

The Consolidated financial statements include Intesa Sanpaolo and the companies that it directly and indirectly controls and consider in the scope of consolidation – as specifically set out by IAS/IFRS – also the companies operating in dissimilar sectors from the Parent Company as well as private equity investments. Similarly, structured entities are included when the requisite of effective control recurs, even if there is no stake in the company.
Companies are considered subsidiaries where Intesa Sanpaolo is exposed to, or has rights to, variable returns from its involvement with them, and has the ability to affect those returns by exercising its own power over the entity in question.
Control only exists if all of the following conditions are met:
– the power to direct the relevant activities of the subsidiary;
– the exposure, or rights, to variable returns from the involvement with the investee;
– the ability to use the power over the investee to affect the amount of the investor's returns.
Companies are considered as subject to joint control if control is directly or indirectly contractually shared by the Parent Company with one or more other parties external to the Group, or where the decisions about the relevant activities require the unanimous consent of all the parties sharing control.
Companies are considered associates, that is subject to significant influence, when Intesa Sanpaolo, directly or indirectly, holds 20% or more of the voting rights (including "potential" voting rights) or when the Parent Company – despite a lower percentage of voting rights due to specific legal agreements such as the participation of voting syndicates – has the power of participating in the determination of the financial and operating policies of the company.
Certain companies in which the Parent Company holds an equity stake exceeding 20% of voting share capital are excluded from the scope of consolidation and are classified based on the provisions of IFRS 9, since they are of limited absolute amount, or since Intesa Sanpaolo, directly or indirectly, exclusively holds rights on a portion of the rewards of the investment, and does not have access to management policies and may exercise limited governance rights to safeguard its economic interest.
Equity investments held, directly or through funds, in companies involved in the venture capital business are also excluded from the line-by-line scope of consolidation. These equity investments are included in the category of Financial assets measured at fair value through profit or loss.
Companies for which the shares have been received as pledges with voting rights exceeding 20% are not consolidated, in consideration of the substance underlying the pledge, which has the purpose of guaranteeing loans and not of exercising control and direction over financial and economic policies in order to benefit from the economic return on the shares.
Intesa Sanpaolo does not perform management and coordination activity over Risanamento S.p.A. and its subsidiaries pursuant to Article 2497 et seq. of the Italian Civil Code.

Compared to 31 December 2023, there were no significant entries or exits in the scope of line-by-line consolidation. With regard to the exits, mention is made, solely for the sake of completeness, of those resulting from the elimination from the Company Register of entities in liquidation, and in particular of:
− IN.FRA - Investire nelle Infrastrutture S.r.l. in liquidation;
− Compagnia Italiana Finanziaria S.r.l. in liquidation;
− Iniziative Logistiche S.r.l. in liquidation.

Consolidation methods

The methods used for line-by-line consolidation of subsidiaries and consolidation by the equity method of associates and companies subject to joint control have remained unchanged with respect to those adopted for the 2023 Intesa Sanpaolo Group Annual Report, to which reference should therefore be made.
The financial statements of the Parent Company and of the other companies used to prepare the Interim Statement as at 31 March 2024 refer to the same date.
In certain limited cases, for subsidiaries which are not material, the latest official figures are used.
Where necessary – and only in wholly marginal cases – the financial statements of consolidated companies which are drawn up using different accounting criteria are restated to be compliant with the standards used by the Group.

With regard to the Ukrainian subsidiary Pravex, as a result of the continuation of the critical situation in Kyiv (where the subsidiary's offices are located) now since mid-October 2022, due to the repeated Russian bombings of the main Ukrainian power plants, it was decided, with a view to reducing "operational" risk, that it was best to retain, in the March 2024 consolidation, the accounting values produced by Pravex for the consolidation of December 2023. Thus, for the Interim Statement as at 31 March 2024, the balance sheet and income statement results of Pravex were included based on a consolidation package, drawn up in compliance with the IAS/IFRSs, as set out in the Group Accounting Policies, related to 31 December 2023, using the exchange rate as at 31 March 2024 for conversion into Euro.
The decision to use the data as at 31 December 2023 for the line-by-line consolidation of Pravex, also taken in light of the slight materiality of the subsidiary, and motivated by objective operational restrictions, is also based on the indications in IFRS 10, though for specific cases.
The financial statements of non-Eurozone companies are translated into euro by applying the spot exchange rate at period-end to assets and liabilities in the Balance sheet, and the average exchange rate for the period to Income statement captions.

The Board of Directors

Milan, 3 May 2024

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 par. 2 of art. 154-bis of the Italian Consolidated Law on Finance, that the accounting information contained in this Interim Statement as at 31 March 2024 corresponds to corporate records, books and accounts.

Milan, 3 May 2024

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

Attachments

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

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

Reconciliation between published consolidated income statement for the period ended 31 March 2023 and adjusted income statement for the period ended 31 March 2023

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

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

Reconciliation between published consolidated income statement for the period ended 31 March 2023 and restated consolidated income statement for the period ended 31 March 2023

Reconciliation between consolidated financial statements and reclassified consolidated financial statements

Reconciliation between consolidated balance sheet and reclassified consolidated balance sheet

Reconciliation between consolidated income statement and reclassified consolidated income statement

Reconciliation between published consolidated financial statements and adjusted consolidated financial statements

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

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

Reconciliation between published consolidated income statement for the period ended 31 March 2023 and adjusted income statement for the period ended 31 March 2023

The published consolidated income statement as at 31 March 2023, did not require any adjustments.

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

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

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

Reconciliation between published consolidated income statement for the period ended 31 March 2023 and restated consolidated income statement for the period ended 31 March 2023

The published consolidated income statement as at 31 March 2023 did not require any restatements.

Reconciliation between consolidated financial statements and reclassified consolidated financial statements

Reconciliation between consolidated balance sheet and reclassified consolidated balance sheet

(millions of euro)

Assets		31.03.2024	31.12.2023
Cash and cash equivalents		**51,156**	**89,270**
Caption 10	Cash and cash equivalents	51,156	89,270
Due from banks		**29,006**	**31,216**
Caption 40a (partial)	Financial assets measured at amortised cost - Loans to Banks (Contribution of banking business)	28,957	31,174
Caption 20a (partial)	Financial assets held for trading - Due from banks (Contribution of banking business)	-	-
Caption 20b (partial)	Financial assets designated at fair value - Due from banks (Contribution of banking business)	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Due from banks (Contribution of banking business)	49	42
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Due from banks (Contribution of banking business)	-	-
Loans to customers		**423,254**	**429,540**
Loans to customers measured at amortised cost		***420,919***	***427,806***
Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers (Contribution of banking business)	414,855	421,937
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	6,064	5,869
Loans to customers measured at fair value through other comprehensive income and through profit or loss		***2,335***	***1,734***
Caption 20a (partial)	Financial assets held for trading - Loans to customers (Contribution of banking business)	82	95
Caption 20b (partial)	Financial assets designated at fair value - Loans to customers (Contribution of banking business)	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value - Loans to customers (Contribution of banking business)	788	737
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income - Loans to customers (Contribution of banking business)	1,465	902
Financial assets measured at amortised cost which do not constitute loans		**62,521**	**59,965**
Caption 40a (partial)	Financial assets measured at amortised cost - Debt securities (banks) (Contribution of banking business)	2,147	1,725
Caption 40b (partial)	Financial assets measured at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	60,374	58,240
Financial assets measured at fair value through profit or loss		**42,027**	**42,026**
Caption 20a (partial)	Financial assets held for trading (Contribution of banking business)	37,997	38,041
Caption 20b (partial)	Financial assets designated at fair value - Debt securities (Contribution of banking business)	1	1
Caption 20c (partial)	Other financial assets mandatorily measured at fair value (Contribution of banking business)	4,029	3,984
Financial assets measured at fair value through other comprehensive income		**77,214**	**67,716**
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income (Contribution of banking business)	77,214	67,716
Financial assets pertaining to insurance companies measured at amortised cost		**5**	**5**
Caption 40a (partial)	Financial assets measured at amortised cost - Loans to Banks (Contribution of insurance business)	-	-
Caption 40b (partial)	Financial assets measured at amortised cost - Loans to customers (Contribution of insurance business)	5	5
Financial assets pertaining to insurance companies measured at fair value through profit or loss		**103,265**	**101,718**
Caption 20a (partial)	Financial assets held for trading (Contribution of insurance business)	17	27
Caption 20b (partial)	Financial assets designated at fair value (Contribution of insurance business)	-	-
Caption 20c (partial)	Other financial assets mandatorily measured at fair value (Contribution of insurance business)	103,208	101,667
Caption 50 (partial)	Hedging derivatives (Contribution of insurance business)	40	24
Financial assets pertaining to insurance companies measured at fair value through other comprehensive income		**70,928**	**72,135**
Caption 30 (partial)	Financial assets measured at fair value through other comprehensive income (Contribution of insurance business)	70,928	72,135
Equity investments		**2,502**	**2,501**
Caption 70	Investments in associates and companies subject to joint control	2,502	2,501
Property, equipment and intangible assets		**18,595**	**19,349**
Assets owned		***17,216***	***17,975***
Caption 90 (partial)	Property and equipment	7,857	8,451
Caption 100	Intangible assets	9,359	9,524
Rights of use acquired under leases		***1,379***	***1,374***
Caption 90 (partial)	Property and equipment	1,379	1,374
Tax assets		**14,467**	**14,533**
Caption 110	Tax assets	14,467	14,533
Non-current assets held for sale and discontinued operations		**731**	**264**
Caption 120	Non-current assets held for sale and discontinued operations	731	264
Other assets		**35,925**	**33,332**
Caption 50	Hedging derivatives (Contribution of banking business)	6,688	6,982
Caption 60	Fair value change of financial assets in hedged portfolios (+/-)	-6,003	-5,695
Caption 80	Insurance assets	887	813
Caption 130	Other assets	34,353	31,232
Total Assets		**931,596**	**963,570**

(millions of euro)

Liabilities			31.03.2024	31.12.2023
Due to banks at amortised cost			**55,963**	**92,497**
	Caption 10 a)	Financial liabilities measured at amortised cost - Due to banks (Contribution of banking business)	55,967	92,501
	- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of banking business)	-4	-4
Due to customers at amortised cost and securities issued			**543,667**	**546,206**
	Caption 10 b)	Financial liabilities measured at amortised cost - Due to customers (Contribution of banking business)	437,704	440,312
	Caption 10 c)	Financial liabilities measured at amortised cost - Securities issued (Contribution of banking business)	107,183	107,101
	- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of banking business)	-1,220	-1,207
Financial liabilities held for trading			**44,737**	**43,486**
	Caption 20	Financial liabilities held for trading (Contribution of banking business)	44,737	43,486
Financial liabilities designated at fair value			**23,218**	**21,344**
	Caption 30	Financial liabilities designated at fair value (Contribution of banking business)	23,218	21,344
Financial liabilities at amortised cost pertaining to insurance companies			**2,222**	**2,199**
	Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (Contribution of insurance business)	755	741
	Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (Contribution of insurance business)	125	137
	Caption 10 c) (partial)	Financial liabilities measured at amortised cost - Securities issued (Contribution of insurance business)	1,348	1,327
	- Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of insurance business)	-	-
	- Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of insurance business)	-6	-6
Financial liabilities held for trading pertaining to insurance companies			**67**	**90**
	Caption 20 (partial)	Financial liabilities held for trading (Contribution of insurance business)	10	7
	Caption 40 (partial)	Hedging derivatives (Contribution of insurance business)	57	83
Financial liabilities designated at fair value pertaining to insurance companies			**51,748**	**51,438**
	Caption 30 (partial)	Financial liabilities designated at fair value (Contribution of insurance business)	51,748	51,438
Tax liabilities			**2,670**	**1,946**
	Caption 60	Tax liabilities	2,670	1,946
Liabilities associated with non-current assets held for sale and discontinued operations			**5**	**2**
	Caption 70	Liabilities associated with non-current assets held for sale and discontinued operations	5	2
Other liabilities			**15,669**	**15,096**
	Caption 40	Hedging derivatives (Contribution of banking business)	4,683	5,105
	Caption 50	Fair value change of financial liabilities in hedged portfolios (+/-)	-4,552	-3,967
	Caption 80	Other liabilities	14,308	12,741
	Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of banking business)	4	4
	Caption 10 a) (partial)	Financial liabilities measured at amortised cost - Due to banks (of which lease payables) (Contribution of insurance business)	-	-
	Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of banking business)	1,220	1,207
	Caption 10 b) (partial)	Financial liabilities measured at amortised cost - Due to customers (of which lease payables) (Contribution of insurance business)	6	6
Insurance liabilities			**120,561**	**119,849**
	Caption 110	Insurance liabilities	120,561	119,849
Allowances for risks and charges			**5,143**	**5,290**
	Caption 90	Employee termination indemnities	758	767
	Caption 100 a)	Allowances for risks and charges - Loan commitments and guarantees given	495	524
	Caption 100 b)	Allowances for risks and charges - Post-employment benefits	98	98
	Caption 100 c)	Allowances for risks and charges - Other allowances for risks and charges	3,792	3,901
Share capital			**10,369**	**10,369**
	Caption 170	Share capital	10,369	10,369
Reserves			**50,153**	**42,560**
	Caption 130	Redeemable shares	-	-
	Caption 150	Reserves	22,291	14,697
	Caption 160	Share premium reserve	28,003	28,003
	- Caption 180	Treasury shares (-)	-141	-140
Valuation reserves			**-1,977**	**-1,711**
	Caption 120	Valuation reserves (Contribution of banking business and including IAS19 Reserves pertaining to insurance business)	-1,977	-1,711
Valuation reserves pertaining to insurance companies			**-302**	**-298**
	Caption 120	Valuation reserves (Contribution of insurance business)	-302	-298
Interim dividend			**-2,629**	**-2,629**
	Caption 155	Interim dividend (-)	-2,629	-2,629
Equity instruments			**7,889**	**7,948**
	Caption 140	Equity instruments	7,889	7,948
Minority interests			**122**	**164**
	Caption 190	Minority interests	122	164
Net income (loss)			**2,301**	**7,724**
	Caption 200	Net income (loss) (+/-)	2,301	7,724
Total Liabilities and Shareholders' Equity			**931,596**	**963,570**

Reconciliation between consolidated income statement and reclassified consolidated income statement

(millions of euro)

Captions		31.03.2024	31.03.2023
Net interest income		**3,932**	**3,254**
Caption 30	Interest margin	4,459	3,724
- Caption 30 (partial)	Net interest income (Contribution of insurance business)	-496	-425
- Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	-	3
- Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	15	34
+ Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	-	-
- Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	-	-
+ Caption 80 (partial)	Hedging swap differentials	-30	-63
+ Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	-10	-11
+ Caption 200 (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	-6	-8
Net fee and commission income		**2,272**	**2,137**
Caption 60	Net fee and commission income	2,125	1,918
- Caption 60 (partial)	Net fee and commission income - Insurance segment	124	183
- Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	1	1
- Caption 60 (partial)	Net fee and commission income (Periodic fees and commissions on current accounts with positive balances (negative rates)	-	-
+ Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	22	14
+ 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)	47	62
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	2	1
+ Caption 160b) (partial)	Insurance service expenses arising from insurance contracts issued (Contribution of banking business) Fee and commission income Private Banking Division financial advisors	-13	-15
+ Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	-19	-17
+ Caption 190 b) (partial)	Other administrative expenses (Recovery of expenses)	-17	-10
Income from insurance business		**455**	**397**
Caption 160	Insurance service result	380	663
Caption 170	Balance of financial income and expenses related to insurance operations	-1,934	-1,532
+ Caption 30 (partial)	Net interest income (Contribution of insurance business)	496	425
+ Caption 60 (partial)	Net fee and commission income (Contribution of insurance business)	-124	-183
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, measured at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs) (Contribution of insurance business)	98	77
+ Caption 80 (partial)	Profits (Losses) on trading (Contribution of insurance business)	-19	-45
+ Caption 90 (partial)	Fair value adjustments in hedge accounting (Contribution of insurance business)	-	-
+ Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income - Contribution of insurance business	-53	-101
+ Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss - Contribution of insurance business	-2,071	-783
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Contribution of insurance business)	3,540	1,749
+ Caption 130 b) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at fair value through other comprehensive income (Contribution of insurance business)	-5	-28
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Personnel expenses	81	84
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Other Administrative Expenses	37	40
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Depreciation Property and Equipment	4	6
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Amortisation of Intangible Assets	12	10
- Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued (Contribution of banking business) Fee and commission income Private Banking Division financial advisors	13	15
- Caption 160 b) (partial)	Costs for insurance services deriving from insurance contracts issued - release of insurance liabilities	-	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment of insurance business	-	-

(millions of euro)

Captions		31.03.2024	31.03.2023
Profits (Losses) on financial assets and liabilities at fair value		**79**	**262**
Caption 80	Profits (Losses) on trading	163	33
Caption 90	Fair value adjustments in hedge accounting	2	-14
Caption 110 a)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value	-2,429	-908
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	3,583	1,827
Caption 100 b)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income	62	51
Caption 100 c)	Profits (Losses) on disposal or repurchase of financial liabilities	17	8
+ Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, measured at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs) (Contribution of banking business)	63	46
+ Caption 30 (partial)	Components of net interest income relating to Profits (losses) on trading (Dividends received and paid within securities lending operations)	-	-
- Caption 80 (partial)	Profits (Losses) on trading (Placement of Certificates)	-22	-14
- Caption 80 (partial)	Profits (Losses) on trading (Contribution of insurance business)	19	45
- Caption 80 (partial)	Hedging swap differentials	30	63
- Caption 90 (partial)	Fair value adjustments in hedge accounting (Contribution of insurance business)	-	-
- Caption 100 b) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at fair value through other comprehensive income (Contribution of insurance business)	53	101
+ 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	63	57
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business) - Effect associated with profits (losses) on trading	2	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)	-47	-62
- Caption 110 a) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (a) financial assets and liabilities designated at fair value (Contribution of insurance business)	2,071	783
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Contribution of insurance business)	-3,540	-1,749
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	-32	-15
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Charges concerning the banking industry)	15	-8
- Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (amounts attributed to net adjustments on loans)	-	14
- Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation) (Contribution of banking business)	-	-1
+ Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	6	4

(millions of euro)

Captions		31.03.2024	31.03.2023
Other operating income (expenses)		**-6**	**7**
Caption 70	Dividend and similar income	161	123
Caption 230	Other operating expenses (income)	284	239
+ Caption 30 (partial)	Interest margin - Reclassification of operations of entities not subject to management and coordination	-	-3
+ Caption 60 (partial)	Net fee and commission income - Reclassification of operations of entities not subject to management and coordination	-1	-1
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	4	6
- Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs) (Contribution of banking business)	-63	-46
- Caption 70 (partial)	Dividend and similar income on equity instruments held for trading, designated at fair value through profit or loss or for which the option has been exercised of their designation at fair value through other comprehensive income (including dividends on UCIs) (Contribution of insurance business)	-98	-77
- Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-4	-5
- Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	-256	-219
- Caption 230 (partial)	Other operating expenses/(income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	-18	1
- Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	2	-
- Caption 230 (partial)	Other operating expenses (income) (Impairment losses on repurchased property and equipment)	-	-
- Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	1	2
- Caption 230 (partial)	Other operating expenses (income) (Trading and valuation of other assets)	-6	-4
+ Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-2	-3
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-16	-16
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	-1	-1
+ Caption 250 (partial)	Profits (losses) on investments in associates and companies subject to joint control (carried at equity)	7	11
Operating income		**6,732**	**6,057**
Personnel expenses		**-1,592**	**-1,560**
Caption 190 a)	Personnel expenses	-1,550	-1,507
- Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	10	3
- Caption 190 a) (partial)	Personnel expenses (Time value employee termination indemnities and other)	10	11
- Caption 190 a) (partial)	Personnel expenses (Charges for incentive systems for employees of the distribution networks)	19	17
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Personnel expenses	-81	-84
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	-	-
Other administrative expenses		**-623**	**-644**
Caption 190 b)	Other administrative expenses	-1,279	-1,234
- Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	8	7
- Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	366	338
- Caption 190 b) (partial)	Other administrative expenses (Recovery of expenses)	17	10
- Caption 190 b) (partial)	Other administrative expenses (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	2	3
- Caption 190 b) (partial)	Other administrative expenses (extraordinary taxes on international subsidiaries)	40	48
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Other Administrative Expenses	-37	-40
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of indirect taxes)	256	219
+ Caption 230 (partial)	Other operating expenses (income) (Recovery of expenses)	4	5
Adjustments to property, equipment and intangible assets		**-355**	**-332**
Caption 210	Net adjustments to / recoveries on property and equipment	-162	-164
Caption 220	Net adjustments to / recoveries on intangible assets	-269	-228
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment of insurance business	-	-
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	13	13
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	1	-
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Effects of purchase price allocation)	-	-
- Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	16	16
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Depreciation Property and Equipment	-4	-6
+ Caption 160 b) (partial)	Insurance service expenses arising from insurance contracts issued - Amortisation of Intangible Assets	-12	-10
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	47	33
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-	-
- Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	14	13
- Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Reconciliation of non-banking, financial and insurance entity operations - operating leases)	1	1
Operating costs		**-2,570**	**-2,536**
Operating margin		**4,162**	**3,521**

(millions of euro)

Captions		31.03.2024	31.03.2023
Net adjustments to loans		**-236**	**-189**
Caption 140	Profits/losses from changes in contracts without derecognition	-	6
Caption 200 a)	Net provisions for risks and charges for credit risk related to commitments and guarantees given	28	35
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Loans (Contribution of banking business)	-22	-14
+ Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	5	8
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation) (Contribution of banking business)	14	22
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (amounts attributed to net adjustments on loans)	-	-14
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Loans (Contribution of banking business)	-266	-244
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (public entities, non-financial companies and others) (Contribution of banking business)	1	2
+ Caption 130 b) (partial)	Net adjustments/Recoveries for credit risk associated with financial assets designated at fair value through other comprehensive income - Loans (Contribution of banking business)	4	10
+ Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	-	-
Other net provisions and net impairment losses on other assets		**-53**	**-70**
Caption 260	Valuation differences on property, equipment and intangible assets measured at fair value	-	3
Caption 200 b)	Net provisions for risks and charges - Other net provisions	-86	-52
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Return components of insurance policies taken out for the benefit of financial advisor networks)	26	8
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	5	-16
+ Caption 130 a) (partial)	Net adjustments/recoveries for credit risk associated with financial assets measured at amortised cost - Debt securities due to Banks (Contribution of banking business)	1	1
+ Caption 130 b) (partial)	Net adjustments/Recoveries for credit risk associated with financial assets designated at fair value through other comprehensive income - Debt securities (Contribution of banking business)	-2	-22
- Caption 200 (partial)	Net provisions for risks and charges (Charges for integration)	-	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Time value allowances for risks and charges)	6	8
- Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	-
- Caption 200 b) (partial)	Net provisions for risks and charges (Provisions for non-recurring expenses)	-	-
+ Caption 160 b (partial)	Costs for insurance services deriving from insurance contracts issued - release of insurance liabilities	-	-
- Caption 260 (partial)	Valuation differences on property, equipment and intangible assets measured at fair value	-	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Impairment)	-1	-
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Impairment)	-	-
+ Caption 230 (partial)	Other operating expenses (income) (Impairment losses on repurchased property and equipment)	-	-
+ Caption 230 (partial)	Other operating expenses (income) (Valuation effects of other assets)	-2	-
+ Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	-	-
Other income (expenses)		**57**	**101**
Caption 250	Profits (Losses) on investments in associates and companies subject to joint control	45	-9
Caption 280	Profits (Losses) on disposal of investments	1	122
Caption 100 a) (partial)	Profits (losses) on disposal or repurchase of financial assets at amortised cost - Debt securities (Governments, financial and insurance companies) (Contribution of banking business)	61	57
Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business)	4	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) - Effect associated with profits (losses) on trading	-63	-57
- Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Debt securities (Banks) (Contribution of banking business) - Effect associated with profits (losses) on trading	-2	-1
+ Caption 230 (partial)	Other operating expenses/(income) (Non-recurring income/expenses or income/expenses not linked to continuing operations)	18	-1
+ Caption 260 (partial)	Valuation differences on property, equipment and intangible assets measured at fair value	-	-
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (carried at equity)	-7	-11
- Caption 250 (partial)	Profits (Losses) on investments in associates and companies subject to joint control (Adjustments/recoveries due to impairment of associates)	-	-
- Caption 280 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	-
Income (Loss) from discontinued operations		**-**	**-**
Caption 320	Income (Loss) after tax from discontinued operations	-	-
+ Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	-
Gross income (loss)		**3,930**	**3,363**

(millions of euro)

Captions		31.03.2024	31.03.2023
Taxes on income		**-1,278**	**-1,084**
Caption 300	Taxes on income from continuing operations	-1,077	-896
+ Caption 190 b) (partial)	Other administrative expenses (extraordinary taxes on international subsidiaries)	-40	-48
- Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	-23	-16
- Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	-14	-22
- Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	-124	-102
- Caption 300 (partial)	Taxes on income from continuing operations (Impairment of goodwill and other intangible assets)	-	-
- Caption 320 (partial)	Income (Loss) after tax from discontinued operations (Tax)	-	-
Charges (net of tax) for integration and exit incentives		**-56**	**-42**
+ Caption 190 a) (partial)	Personnel expenses (Charges for integration and exit incentives)	-10	-3
+ Caption 190 b) (partial)	Other administrative expenses (Charges for integration)	-8	-7
+ Caption 200 (partial)	Net provisions for risks and charges (Charges for integration)	-	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Charges for integration)	-13	-13
+ Caption 220 (partial)	Net adjustments to / recoveries on intangible assets (Charges for integration)	-47	-33
+ Caption 230 (partial)	Other operating expenses (income) (Charges/revenues from integration)	-1	-2
+ Caption 300 (partial)	Taxes on income from continuing operations (Charges for integration)	23	16
Effect of purchase price allocation (net of tax)		**-29**	**-46**
+ Caption 30 (partial)	Interest margin (Effect of purchase price allocation)	-15	-34
+ Caption 100 a) (partial)	Profits (Losses) on disposal or repurchase of financial assets measured at amortised cost - Loans (Effect of purchase price allocation) - (Contribution of banking business)	-14	-22
+ Caption 100 c) (partial)	Profits (Losses) on disposal or repurchase of financial liabilities (Effect of purchase price allocation) (Contribution of banking business)	-	1
+ Caption 200 b) (partial)	Net provisions for risks and charges (Effect of purchase price allocation)	-	-
+ Caption 210 (partial)	Net adjustments to / recoveries on property and equipment (Effects of purchase price allocation)	-	-
+ Caption 220 (partial)	Net adjustments to/recoveries on intangible assets (Effect of purchase price allocation)	-14	-13
+ Caption 280 (partial)	Profits (Losses) on disposal of investments (Effect of purchase price allocation)	-	-
+ Caption 300 (partial)	Taxes on income from continuing operations (Effect of purchase price allocation)	14	22
Levies and other charges concerning the banking industry (net of tax)		**-257**	**-228**
+ Caption 110 b) (partial)	Profits (Losses) on other financial assets and liabilities measured at fair value through profit or loss (b) other financial assets mandatorily measured at fair value (Charges concerning the banking industry)	-15	8
+ Caption 190 b) (partial)	Other administrative expenses (Resolution fund and deposit guarantee scheme)	-366	-338
+ Caption 300 (partial)	Taxes on income from continuing operations (Resolution fund and deposit guarantee scheme)	124	102
Impairment (net of tax) of goodwill and other intangible assets		**-**	**-**
Caption 270	Goodwill impairment	-	-
+ Caption 300 (partial)	Taxes on income from continuing operations (Impairment of goodwill and other intangible assets)	-	-
Minority interests		**-9**	**-7**
Caption 340	Minority interests	-9	-7
Net income (loss)		**2,301**	**1,956**

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Financial calendar

Approval of the half-yearly report as at 30 June 2024:	30 July 2024
Approval of the Interim Statement as at 30 September 2024 and resolution with regard to the distribution of an interim dividend	31 October 2024

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“*Panta Rhei*, the aphorism attributed to Heraclitus, captures my artistic ethos - that everything flows and changes, nothing stands still and that all things are in a state of flux - perfectly”.

Alfredo Pini was born in Mirandola in 1958. Despite graduating with a diploma from vocational business school, in 1985, he devoted himself entirely to his true passion in life: painting. He moved to Ferrara, where he opened the *Lacerba* art gallery, visited the studios of various artists and enrolled in a number of painting courses. This led him to connect with a number of prominent contemporary artists, including Primo Conti, Bruno Cassinari, Mario Schifano, Bruno Ceccobelli, Concetto Pozzati and Omar Galliani.

In 1987, he began exhibiting work and enrolled in the DAMS (Drama, Art and Music Studies) degree programme at the University of Bologna, whose teachers included Renato Barilli, Umberto Eco and Alfredo De Paz.

Through his work as a painter, he established increasingly close collaborative ties with various galleries in cities in Italy, Spain and the United States, where he continues to present his works in solo and group exhibitions today.

Pini is a figurative artist whose style is characterised by rapid and expressive brush-strokes that capture the movement and vitality of the subjects he depicts.

Cover:

Alfredo Pini
(Mirandola, 1958)
Landscape, 20th century
oil on canvas, 49 x 68 cm

While this piece from the Intesa Sanpaolo collection retains the artist’s signature pulsating energy, it shows him adopting a slower and more reflective approach. Featuring stunning mountains with patches of snow in the background and a light blue sky populated with white clouds, which - much like the cerulean blue vein-like stream coursing down the mountainside - provides a subtle hint that spring is imminent, this landscape painting depicts a natural setting that, while imposing, is not oppressive.

Enlivened by small touches of colour provided by the cloths hung out to dry in the open air and the bell tower of the small church flanked by soaring green conifers, the small village in the middle of the composition is painted with heart-felt affection. Here, a quiet rural community reliant on hard work and household tasks lives and breathes.

A lone figure, portrayed from behind, ascends a white path cutting through the middle of a grassy expanse caressed by the wind and sun.

In this painting, there is a sense of a memory evoking a simple, tranquil and almost meditative life created by brush-strokes that, in contrast to the excitable and synthetic ones of the artist’s best-known works, are vibrant yet robust. The “flux” captured in this work is not that synonymous with the hectic, breakneck pace of the modern cities that Alfredo Pini often depicts on his canvases, but rather a slow and natural one that conveys the passing of the seasons and our ancient relationship with planet Earth.