INTESA SANPAOLO

PRESS RELEASE

INTESA SANPAOLO: CONSOLIDATED RESULTS AS AT 30 JUNE 2021

THE RESULTS FOR H1 2021 CONFIRM INTESA SANPAOLO'S ABILITY TO EFFECTIVELY FACE THE CHALLENGING AFTERMATH OF THE COVID-19 EPIDEMIC AND ARE FULLY ON TRACK TO DELIVER A FULL-YEAR NET INCOME OF MINIMUM €4 BILLION.

THE RESULTS FOR H1 2021 REFLECT INTESA SANPAOLO'S SUSTAINABLE PROFITABILITY DERIVING FROM A SOLID CAPITAL BASE AND LIQUIDITY POSITION, A RESILIENT AND WELL-DIVERSIFIED BUSINESS MODEL, STRATEGIC FLEXIBILITY IN MANAGING OPERATING COSTS AND ASSET QUALITY. THESE FEATURES HAVE MADE IT POSSIBLE TO EFFECTIVELY MITIGATE THE IMPACT OF THE ADVERSE SCENARIO OF THE 2021 EBA/ECB STRESS TEST AND ARE REFLECTED IN A LOW RISK PROFILE BOLSTERING THE SUPPORT PROVIDED TO ITALY BY THE GROUP, WHICH IS ALSO COMMITTED TO BECOMING A REFERENCE MODEL IN TERMS OF SUSTAINABILITY AND SOCIAL AND CULTURAL RESPONSIBILITY.

VALUE GENERATION FOR ALL STAKEHOLDERS WILL BE ACCRETED BY SYNERGIES ESTIMATED AT OVER €1 BILLION DERIVING FROM THE MERGER OF UBI BANCA, SUCCESSFULLY COMPLETED WITH NO SOCIAL COSTS, AND BY OVER €6 BILLION IN 2020 AND OVER €300 MILLION IN H1 2021, BOTH OUT OF PRE-TAX PROFIT, DEVOTED BY THE GROUP TO FURTHER STRENGTHENING THE SUSTAINABILITY OF RESULTS.

INTESA SANPAOLO'S INITIATIVES TO FACE THE COVID-19 IMPACTS:
- **PROVIDING SAFE CONDITIONS FOR THE GROUP PEOPLE AND CUSTOMERS;**
- **SUPPORTING HEALTHCARE INITIATIVES WITH MORE THAN €100 MILLION DONATED;**
- **PROVIDING €150 MILLION FROM THE FUND FOR IMPACT (EQUAL TO 50%) TO REDUCE SOCIO-ECONOMIC DISTRESS;**
- **FIRST BANK IN ITALY TO SUSPEND MORTGAGE AND LOAN INSTALMENTS EVEN BEFORE THE SPECIFIC REGULATION CAME INTO FORCE (SUSPENSIONS OF PAYMENTS FOR €109 BILLION APPROVED TO DATE), AND TO SIGN THE COLLABORATION PROTOCOL WITH SACE, THUS PROVIDING IMMEDIATE SUPPORT TO ENTERPRISES UNDER THE LIQUIDITY DECREE (€39.5 BILLION INCLUDING THE SME FUND GRANTED TO DATE);**
- **UP TO €50 BILLION IN NEW LOANS MADE AVAILABLE TO ENTERPRISES AND PROFESSIONALS TO PROTECT JOBS AND MANAGE PAYMENTS DURING THE EMERGENCY.**

THE TRENDS OF THE NEW ENVIRONMENT FIND INTESA SANPAOLO FULLY EQUIPPED, THANKS TO THE GROUP'S COMPETITIVE ADVANTAGES:
- **LEADERSHIP IN WEALTH MANAGEMENT & PROTECTION AND STRONGER POSITIONING IN THE HEALTH INSURANCE SECTOR THROUGH RBM;**
- **EFFECTIVE PROACTIVE CREDIT MANAGEMENT (PULSE) AND GROUP'S STRATEGIC PARTNERSHIPS WITH LEADING NPL INDUSTRIAL PLAYERS;**
- **STRONG DIGITAL PROPOSITION, WITH AROUND 12.1 MILLION MULTICHANNEL CUSTOMERS AND AROUND 7.5 MILLION CUSTOMERS USING THE INTESA SANPAOLO APP, AND STRATEGIC PARTNERSHIP WITH NEXI AS REGARDS PAYMENT SYSTEMS;**
- **AROUND 79,000 GROUP PEOPLE IN SMART WORKING AND OPTIMISATION OF THE DISTRIBUTION MODEL WITH BRANCH RATIONALISATION, THE BANCA 5 - SISALPAY STRATEGIC PARTNERSHIP (MOONEY), AND MOST CUSTOMERS WHO WILL BE SERVED THROUGH ALTERNATIVE CHANNELS;**
- **LEADERSHIP IN INCLUSION IN SUSTAINABILITY INDICES AND ESG INTERNATIONAL ASSESSMENTS.**

THE CAPITAL POSITION WAS SOLID AND WELL ABOVE REGULATORY REQUIREMENTS EVEN UNDER THE 2021 EBA/ECB STRESS TEST ADVERSE SCENARIO: PRO-FORMA FULLY LOADED COMMON EQUITY TIER 1 RATIO WAS 15.7% DEDUCTING €2,116 MILLION OF DIVIDENDS ACCRUED IN H1 2021 FROM CAPITAL.

NET INCOME AT €3,023 MILLION, UP BY 17.8% ON H1 2020.

OPERATING MARGIN UP 5.9% ON H1 2020.

CREDIT QUALITY IMPROVED. GROSS NPLs WERE REDUCED BY 7.6% ON YEAR-END 2020 AND BY AROUND €33 BILLION SINCE THE END OF 2017 EXCEEDING BY AROUND €7 BILLION THE €26 BILLION DELEVERAGING TARGET SET FOR THE ENTIRE FOUR-YEAR PERIOD OF THE 2018-2021 BUSINESS PLAN. NPL RATIO WAS 4.1% GROSS AND 2.1% NET. ANNUALISED COST OF RISK IN H1 2021 DECREASED TO 43 BASIS POINTS.

INTESA SANPAOLO CONTINUES TO OPERATE AS A GROWTH ACCELERATOR IN THE REAL ECONOMY IN ITALY. IN H1 2021, MEDIUM/LONG-TERM NEW LENDING GRANTED BY THE GROUP TO ITALIAN HOUSEHOLDS AND BUSINESSES AMOUNTED TO AROUND €37 BILLION. IN H1 2021, THE GROUP FACILITATED THE RETURN TO PERFORMING STATUS OF AROUND 5,000 COMPANIES, THUS SAFEGUARDING AROUND 25,000 JOBS. THIS BROUGHT THE TOTAL TO AROUND 128,000 COMPANIES SINCE 2014, WITH AROUND 640,000 JOBS SAFEGUARDED OVER THE SAME PERIOD. THE GROUP HAS MADE AVAILABLE MORE THAN €400 BILLION IN MEDIUM/LONG TERM LENDING TO BUSINESSES AND HOUSEHOLDS TO SUPPORT ITALY'S RECOVERY AND RESILIENCE PLAN.

THE GROUP'S SOCIAL AND CULTURAL RESPONSIBILITY HAS TRANSLATED, IN ITALY, INTO:

- **INITIATIVES TO REDUCE CHILD POVERTY AND SUPPORT PEOPLE IN NEED, DELIVERING, SINCE 2018, AROUND 19.9 MILLION MEALS, 1.2 MILLION DORMITORY BEDS, 260,500 MEDICINE PRESCRIPTIONS AND 212,000 ITEMS OF CLOTHING;**
- **THE FUND FOR IMPACT, WITH AROUND €123 MILLION GRANTED, SINCE ITS LAUNCH, BY PER MERITO (THE FIRST LINE OF CREDIT WITHOUT COLLATERAL DEDICATED TO ALL ITALIAN UNIVERSITY STUDENTS), THE LAUNCH, IN JULY 2020, OF MAMMA@WORK (A SUBSIDISED LOAN TO BALANCE MOTHERHOOD AND WORK, WITH AROUND €0.5 MILLION GRANTED SINCE LAUNCH) AND, IN AUGUST 2020, OF "XME STUDIOSTATION" (LOANS TO FAMILIES TO SUPPORT DISTANCE LEARNING, WITH AROUND €1.7 MILLION GRANTED SINCE LAUNCH);**
- **A €6 BILLION CIRCULAR ECONOMY CREDIT PLAFOND TO SUPPORT SUSTAINABLE DEVELOPMENT, WITH AROUND €4.5 BILLION ALREADY DISBURSED; S-LOANS TO IMPROVE SMEs' SUSTAINABILITY PROFILE (A €2 BILLION PLAFOND ALLOCATED, WITH AROUND €780 MILLION GRANTED SINCE LAUNCH);**
- **IN H1 2021, OVER 250 START-UPS EVALUATED (AROUND 2,900 SINCE 2018) IN THREE ACCELERATION PROGRAMS WITH 56 COACHED START-UPS (OVER 440 SINCE 2018);**
- **"*GIOVANI E LAVORO*" PROGRAM UNDERWAY AIMED AT INTRODUCING 5,000 YOUNG PEOPLE TO THE ITALIAN LABOUR MARKET: IN H1 2021, AROUND 5,000 YOUNG PEOPLE APPLIED TO THE PROGRAM (OVER 20,000 SINCE 2019), AROUND 800 STUDENTS WERE INTERVIEWED AND AROUND 350 STUDENTS TRAINED / IN TRAINING THROUGH 14 COURSES, WITH AROUND 1,700 COMPANIES INVOLVED SINCE THE LAUNCH OF THE PROGRAM (AROUND 4,400 STUDENTS INTERVIEWED AND OVER 1,800 TRAINED / IN TRAINING SINCE 2019);**
- **CONSTRUCTION UNDER WAY AT THE TWO BUILDING SITES OF THE NEW GALLERIE D'ITALIA IN TURIN AND NAPLES, EACH 9,000 SQUARE METERS WIDE, DEDICATED RESPECTIVELY TO PHOTOGRAPHY AND TO CARAVAGGIO'S MASTERPIECES; THE "*TIEPOLO: VENEZIA, MILANO, L'EUROPA"* EXHIBITION AT THE GALLERIE D'ITALIA IN MILAN WAS MAINLY ONLINE, WITH 52.6 MILLION VIEWS AND ONE MILLION INTERACTIONS FOR DIGITAL CONTENTS ON GALLERIE D'ITALIA AND INTESA SANPAOLO SOCIAL CHANNELS; AFTER THE LOCKDOWN, THE EXHIBITIONS "LOS ANGELES (STATE OF MIND)" IN NAPLES AND "PAINTING IS BACK. 80s PAINTING IN ITALY" IN MILAN, WHOSE LIVE STREAMING PRESENTATION REACHED AROUND 800,000 PEOPLE, HAVE BEEN OPENED TO THE PUBLIC.**

- **NET INCOME TO €3,023M IN H1 2021 UP BY 17.8% VS €2,566M IN H1 2020**

- **OPERATING MARGIN UP BY 5.9% ON H1 2020**

- **NET FEE AND COMMISSION INCOME UP BY 13.2% ON H1 2020**

- **OPERATING COSTS DOWN BY 2.3% ON H1 2020**

- **IMPROVEMENT IN CREDIT QUALITY TREND:**
  - **DECREASE IN NPLs:**
    - **GROSS NPL REDUCTION: AROUND €33BN SINCE DECEMBER 2017 AND AROUND €46BN SINCE THE SEPTEMBER 2015 PEAK**
    - **NPL STOCK DOWN 7.6% GROSS AND 9.6% NET ON YEAR-END 2020, NPL TO TOTAL LOAN RATIO OF 4.1% GROSS AND 2.1% NET**
  - **ANNUALISED COST OF RISK IN H1 2021 DOWN TO 43 BASIS POINTS**

- **SOLID CAPITAL POSITION, WELL ABOVE REGULATORY REQUIREMENTS:**
  - **COMMON EQUITY TIER 1 RATIO AS AT 30 JUNE 2021, AFTER THE DEDUCTION FROM CAPITAL OF €2,116M OF DIVIDENDS ACCRUED IN H1 2021:**
    - **14.9% PHASED-IN** (1) (2)
    - **14.4% FULLY LOADED** (1) (3)
    - **15.7% PRO-FORMA FULLY LOADED** (1) (*)

---

(1) After the deduction of dividends accrued in H1 2021 and the coupons accrued on the Additional Tier 1 issues.
(2) Calculated including the mitigation of the impact of the first time adoption of IFRS 9.
(3) Calculated excluding the mitigation of the impact of the first time adoption of IFRS 9.
(*) Estimated by applying the fully loaded parameters to the financial statements as at 30 June 2021, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca, and the expected distribution of the H1 2021 net income of insurance companies.

HIGHLIGHTS:

OPERATING INCOME:	Q2 2021	-5.6%	TO €5,184M FROM €5,490M IN Q1 2021
	H1 2021	+1.7%	TO €10,674M FROM €10,494M IN H1 2020
OPERATING COSTS:	Q2 2021	+3.1%	TO €2,668M FROM €2,587M IN Q1 2021
	H1 2021	-2.3%	TO €5,255M FROM €5,379M IN H1 2020
OPERATING MARGIN:	Q2 2021	-13.3%	TO €2,516M FROM €2,903M IN Q1 2021
	H1 2021	+5.9%	TO €5,419M FROM €5,115M IN H1 2020
GROSS INCOME:	Q2 2021	€1,700M	FROM €2,613M IN Q1 2021
	H1 2021	€4,313M	FROM €4,246M IN H1 2020
NET INCOME:	Q2 2021	€1,507M	FROM €1,516M IN Q1 2021
	H1 2021	€3,023M	FROM €2,566M IN H1 2020

CAPITAL RATIOS: COMMON EQUITY TIER 1 RATIO AFTER DIVIDENDS ACCRUED IN H1 2021:

14.9% PHASED-IN (4) (5)
14.4% FULLY LOADED (4) (6)
15.7% PRO-FORMA FULLY LOADED (4) (*)

---

(4) After the deduction of dividends accrued in H1 2021 and the coupons accrued on the Additional Tier 1 issues.

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

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

(*) Estimated by applying the fully loaded parameters to the financial statements as at 30 June 2021, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca, and the expected distribution of the H1 2021 net income of insurance companies.

Turin - Milan, 4 August 2021 – At its meeting today, the Board of Directors of Intesa Sanpaolo approved the consolidated half-yearly report as at 30 June 2021(7).

The results for the first half of 2021 confirm Intesa Sanpaolo's ability to effectively face the challenging aftermath of the COVID-19 epidemic and are fully on track to deliver a full-year net income of minimum €4 billion.

The results reflect Intesa Sanpaolo's **sustainable profitability** deriving from a **solid capital base and liquidity position**, a **resilient and well-diversified business model**, **strategic flexibility in managing operating costs** and **asset quality**. These features **have made it possible to effectively mitigate the impact of the adverse scenario of the 2021 EBA/ECB stress test** and are reflected in a low risk profile bolstering **the support provided to Italy by the Group**, which is also committed **to becoming a reference model in terms of sustainability and social and cultural responsibility**.

Value generation for all stakeholders will be accreted by synergies estimated at **over €1bn** deriving from **the merger of UBI Banca**, **successfully completed with no social costs**, and **by over €6bn in 2020 and over €300m in H1 2021**, both out of pre-tax profit, **devoted by the Group to further strengthening the sustainability of results**.

The trends of the new environment find Intesa Sanpaolo fully equipped thanks to the Group's competitive advantages:

- growing **demand for** health, wealth and business **protection**: **Intesa Sanpaolo leadership in Wealth Management & Protection** and stronger positioning in the **health** insurance sector enhanced through the acquisition of RBM;
- **riskier environment**: **effective proactive credit management** (Pulse) and Group's **strategic partnerships** with NPL leading industrial players; **for the second consecutive year**, **the Bank has ranked first**, **among Italian corporates**, **in the "Cyber Resilience amid a Global Pandemic" competition** organised by *AIPSA* (Italian Association of Corporate Security Professionals);
- **customer digitalisation**: **top positioning in Europe for mobile app functionalities** and Group's **strong digital proposition**, with around **12.1 million multichannel customers** and around **7.5 million customers using the Intesa Sanpaolo App**, and s**trategic partnership with Nexi in payment systems** (stake in Nexi share capital);
- **digital way of working**: around **79,000 Group people in smart working** and successful **evolution towards a "light" distribution model** with significant room for further branch reduction following the acquisition of UBI Banca, the Banca 5 - SisalPay (Mooney) strategic partnership, and changes in the behaviour of customers brought about by COVID-19 with most of them who will continue to be served by the Group via its high-quality alternative channels;

(7) Methodological note on the scope of consolidation on page 25.

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

In the first half of 2021, the Group recorded:

- **net income at €3,023m** up by 17.8% versus €2,566m in H1 2020;
- **growth in gross income**, up 1.6% on H1 2020;
- **growth in operating margin**, up 5.9% on H1 2020;
- **growth in operating income**, up 1.7% on H1 2020 with **net fee and commission income** up by 13.2%;
- **operating costs down** by 2.3% on H1 2020;
- **high efficiency,** with a **cost/income of 49.2%** in H1 2021, **a level among the best in the top tier European banks**;
- annualised **cost of risk** in H1 2021 down to **43bps**, with **conservative net adjustments to loans which are still based on the December 2020 macroeconomic scenario and therefore do not consider the improved H1 2021 scenario**, versus the 48bps of full-year 2020 excluding adjustments for future COVID-19 impacts (equivalent to 49bps);
- **improving credit quality**:
  - gross **NPL reduction** was around **€46bn since the September 2015 peak** and around **€33bn since December 2017, exceeding in advance, and by around €7bn, the deleveraging target of around €26bn set for the entire four-year period of the 2018-2021 Business Plan**;
  - **NPL stock, in June 2021, decreased 7.6% gross and 9.6% net on December 2020**;
  - **NPL to total loan ratio** was **4.1% gross and 2.1% net** in June 2021 (°). Based on the **EBA methodology, NPL to total loan ratio stood at 3.1% gross and 1.6% net**.

(°) NPLs at the end of June 2021 did not include portfolios classified as ready to be sold, accounted under non-current assets held for sale and discontinued operations, amounting to around €5.2bn gross and €1.5bn net.

- **sizeable NPL coverage**:
  - **NPL cash coverage ratio of 49.7%** at the end of June 2021, **with a cash coverage ratio of 60.3% for the bad loan component**;
  - **robust reserve buffer on performing loans**, amounting to 0.6% at the end of June 2021;
- **very solid capital position**, with capital ratios well above regulatory requirements. As at 30 June 2021, after the deduction from capital of €2,116m of dividends accrued in H1 2021, the Common Equity Tier 1 ratio calculated by applying the transitional arrangements for 2021 came in at 14.9% (8) (9), the fully loaded Common Equity Tier 1 ratio at 14.4% (8) (10) and the **pro-forma fully loaded Common Equity Tier 1 ratio** at **15.7%** (8) (*), **top level among leading European banks**. This compares with a SREP requirement for 2021, comprising Capital Conservation Buffer, O-SII Buffer and Countercyclical Capital Buffer (**), equal to 8.63% (***). Under the 2021 EBA/ECB stress test adverse scenario, the fully loaded Common Equity Tier 1 ratio for 2023 - calculated on balance sheet figures as at 31 December 2020 - stands at 9.38%. The ratio would stand at 9.97% when restoring the actual neutral effect on capital ratios of the 2018-2021 Long-term Incentive Plan LECOIP 2.0 based on financial instruments (which is not captured by the stress test assumption of a static balance sheet) and taking into account the sale transactions of the going concerns, related to the acquisition of UBI Banca in 2020, finalised in H1 2021, other things being equal. The pro-forma fully loaded ratio would stand at 11.5% (°).
- **strong liquidity position and funding capability**, with **liquid assets of €323bn** and **available unencumbered liquid assets of €181bn at the end of June 2021. The Basel 3 Liquidity Coverage Ratio and Net Stable Funding Ratio requirements have been comfortably complied with**. The refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment amounted to around €130bn as at 30 June 2021, and consisted entirely of TLTROs III.

---

(8) After the deduction of dividends accrued in H1 2021 and the coupons accrued on the Additional Tier 1 issues.

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

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

(*) Estimated by applying the fully loaded parameters to the financial statements as at 30 June 2021, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca, and the expected distribution of the H1 2021 net income of insurance companies.

(**) *Countercyclical Capital Buffer* calculated taking into account the exposure as at 30 June 2021 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2021, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for the first nine months of 2021).

(***) Applying the regulatory change 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.

(°) Calculated also considering the DTA absorptions indicated in note (*).

- **<u>support provided to the real economy</u>**, with around **€43bn of medium/long-term new lending** in H1 2021. **Loans** amounting to around **€37bn were granted in Italy,** of which around **€31bn was granted to households and SMEs**. **In H1 2021**, the Group facilitated the return from non-performing **to performing status** of around **5,000 companies thus safeguarding** around **25,000 jobs.** This brought the total to around **128,000 companies since 2014, thus safeguarding** around **640,000 jobs**. The Group has made available more than **€400bn in medium/long term lending** to businesses and households **to support Italy's Recovery and Resilience Plan**.
- **<u>sustainability and social and cultural responsibility</u>** which, in the presence of solid financials, translated into the actions shown below, carried out by the Group in Italy:
  - initiatives **to reduce child poverty** and **support people in need**, delivering, since 2018, around **19.9 million meals**, around **1.2 million dormitory beds**, around **260,500 medicine prescriptions** and around **212,000 items of clothing**;
  - **Ecobonus**: **Intesa Sanpaolo ready to buy tax credits** to support households, condominiums and businesses through modular and flexible financial solutions in order to benefit from the 110% deduction for expenses related to energy efficiency and measures to reduce seismic risk;
  - **launch of the Fund for Impact** in Q4 2018, enabling lending of around €1.5bn to categories that otherwise would have difficulties in accessing credit, despite their potential; launch of the first line of credit without collateral dedicated to all Italian university students studying in Italy or abroad (***Per Merito***), with €32m granted in H1 2021 and around €123m since its launch at the beginning of 2019; in July 2020, launch of **MAMMA@WORK**, a subsidised loan to balance motherhood and work in children's early years of life, with around €0.5m granted since the launch of the initiative; launch, in August 2020, of **XME StudioStation**, loans to families to support distance learning, with around €0.5m granted in H1 2021 and around €1.7m granted since launch; loans to support **working mothers in India** and **people over the age of 50 who have lost their jobs or have difficulties in assessing pension schemes**; three additional lending initiatives launched in July 2021: ***"per Esempio"*** dedicated to volunteers of Civil Service, ***"per Crescere"*** dedicated to school age children's parents and ***"per avere Cura"*** for families with non-self-sufficient relatives;
  - **€6bn Circular Economy credit Plafond** to support **sustainable development**: since its launch, around **€4.5bn** already disbursed (around €2.3bn in H1 2021); in March 2021, issuance of a **Green Bond for €1.25bn** focused on **green mortgages** granted for the construction or the purchase of energy efficient properties (energy classification A or B), in addition to the **three Green Bonds issued** in 2017 and 2019, one for €500m focused on **renewables** and **energy efficiency**, one for €500m related to **renewable energy sectors** (issued by UBI Banca) and one for €750m focused on **circular economy**;

- **S-Loans**, an Intesa Sanpaolo innovative solution launched in July 2020 and targeted at SMEs, aimed at financing projects to improve their sustainability profile. A **€2bn plafond has been allocated** with a reduced interest rate subject to the monitoring of two ESG KPIs which must be reported in the annual report of the financed enterprises (around €650m granted in H1 2021 and around €780m since launch).
- in H1 2021, **over 250 start-ups evaluated** (around 2,900 since 2018) in **three acceleration programs with 56 coached start-ups** (over 440 since 2018), and introduced to selected investors and ecosystem players (around 6,100 to date);
- the Intesa Sanpaolo "*Giovani e Lavoro*" program underway, in partnership with Generation, aimed at **training** and **introducing 5,000 young people to the Italian labour market over a three-year period**: around 5,000 young people, aged 18-29, applied to the program in H1 2021 (over 20,000 since 2019), around 800 students were interviewed and around 350 trained / in training through 14 courses in H1 2021 (around 4,400 students interviewed and over 1,800 trained / in training since 2019), with around 1,700 companies involved since the launch of the program;
- the **P-Tech initiative** in partnership with IBM, with the objective of training young professionals in the field of new digital jobs, involving 20 Intesa Sanpaolo people in mentoring activities for 40 young professionals;
- Intesa Sanpaolo is the Main Sponsor of the **Generation4Universities** project, developed by Generation Italy and McKinsey & Company, aimed at facilitating talented senior-year university students to start a successful professional career. The program, just ended in July, involved 69 students from 31 universities and 18 top-tier Italian corporations as potential employers.
- construction under way at the **two building sites of the new Gallerie d'Italia** in **Turin** and **Naples**, **each 9,000 square meters wide**, dedicated respectively to photography and to Caravaggio's masterpieces. The ***"Tiepolo: Venezia, Milano, l'Europa"*** exhibition at the Gallerie d'Italia in Milan was mainly online, with 52.6 million views and one million interactions for digital contents on Gallerie d'Italia and Intesa Sanpaolo social channels; after the lockdown, the exhibitions **"Los Angeles (State of Mind)"** in Naples and **"Painting is back. 80s painting in Italy"** in Milan, whose live streaming presentation reached around 800,000 people, have been opened to the public.

- **<u>Group's economic and social initiatives to face the COVID-19 impacts</u>**, implemented to date, specifically:
  - **safe conditions for the Group people and customers**, in particular with around **79,000 people working from home**, around **100% of branches opened and fully operational** (by appointment) and **business continuity** ensured by the effective multichannel bank model (via the online branch, internet banking, App and ATM / cash machines) and the **remote relationship advisory service** provided by around **32,000 relationship managers**;
  - **around 1,700 people hired** in Italy since January 2020;

- **support to healthcare initiatives** with over €100m, including donations coming from the Managing Director and CEO and 21 top managers, who decided to forgo an overall amount of around €6m of the bonus they were awarded under the 2019 Incentive Plan;
- €150m provided by the **Fund for Impact** (equal to 50%) to reduce the socio-economic distress caused by COVID-19;
- **Programma Rinascimento**, providing a total of **€80m** in lending and including impact loans to micro-enterprises and start-ups, for the **recovery and reshaping of their business models** in the pandemic aftermath, leveraging on growth and innovation projects boosting economic growth and social and territorial cohesion, launched in Bergamo in partnership with the Municipality (€30m) and in Florence in partnership with CR Firenze Foundation (€50m);
- the first bank in Italy to **suspend mortgage and loan instalments** even before the specific regulation came into force. Since the beginning of 2020, suspensions of payments for around €109bn, renewals included, have been approved (around 77% relating to businesses and around 23% to households). Suspensions of payments currently amount to around €16.6bn (around 87% relating to businesses and around 13% to households) [(°)].
- the first bank in Italy to sign the collaboration protocol with **SACE**, thus providing immediate support to enterprises under the Liquidity Decree. Overall, including the SME Fund as well, around €39.5bn in loans backed by a state guarantee has been granted to date (around €10bn from SACE and around €29.5bn from SME Fund).
- **€50bn in new credit made available to enterprises and professionals** to protect jobs and manage payments during the emergency;
- **€10bn in new credit facilities to sustain around 2,500** Italian **industrial supplier value chains** through the enhancement of the "Sviluppo Filiere" Program.

(°) Equal to €3.5bn in accordance with EBA criteria (around 74% relating to businesses and around 26% to households).

The income statement for the second quarter of 2021 (°)

The consolidated income statement for Q2 2021 recorded **net interest income** of €1,995m, up 2.2% compared with €1,952m in Q1 2021 and down 2.1% compared with €2,037m in Q2 2020.

Net fee and commission income amounted to €2,370m, up 2.5% from €2,313m in Q1 2021. Specifically, commissions on commercial banking activities were up 10.7% and commissions on management, dealing and consultancy activities were up 0.7% (portfolio management, distribution of insurance products, dealing and placement of securities,..). The latter recorded an increase of 6.5% in portfolio management (performance fees contributed €64m in Q2 2021 and €56m in Q1 2021) and a decrease of 2.4% in dealing and placement of securities and 5.7% in distribution of insurance products. Net fee and commission income for Q2 2021 was up 17.7% from €2,014m in Q2 2020. Specifically, commissions on commercial banking activities were up 11.1% while those on management, dealing and consultancy activities were up 20.7%. The latter recorded increases of 71.4% in dealing and placement of securities, 20.3% in portfolio management (performance fees contributed €35m in Q2 2020) and 4.9% in distribution of insurance products.

Income from insurance business amounted to €456m from €398m in Q1 2021 and €456m in Q2 2020.

Profits on financial assets and liabilities at fair value amounted to €344m, compared with €795m in Q1 2021. Contributions from customers decreased from €85m to €72m, those from capital markets decreased from €318m to €97m, those from trading and treasury decreased from €387m to €173m and those from structured credit products decreased from €5m to €2m. The Q2 2021 profits of €344m compare with €306m in Q2 2020 when contributions from customers amounted to €104m, those from capital markets were negative for €72m, those from trading and treasury amounted to €263m and those from structured credit products were €12m.

Operating income amounted to €5,184m, down 5.6% compared with €5,490m in Q1 2021 and up 7.1% compared with €4,842m in Q2 2020.

(°) The figures for the two quarters of 2021 and the four quarters of 2020 were prepared to take into account the inclusion of the UBI Banca Group and the Reyl Group for the period before their acquisition and, on the basis of management figures, the reallocation of the contribution from the going concerns object of sale to income (loss) from discontinued operations as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, not considering the effects attributable to the going concerns object of sale, as illustrated in the methodological note on the scope of consolidation on page 25.

Operating costs amounted to €2,668m, up 3.1% from €2,587m in Q1 2021, attributable to increases of 1.7% in personnel expenses and 9% in administrative expenses and a decrease of 2% in adjustments. Operating costs for Q2 2021 were down 2% compared to €2,723m in Q2 2020, attributable to decreases of 0.4% in personnel expenses, 4.7% in administrative expenses and 4.1% in adjustments.

As a result, **operating margin** amounted to €2,516m, down 13.3% from €2,903m in Q1 2021 and up 18.7% from €2,119m in Q2 2020. The cost/income ratio was 51.5% in Q2 2021 versus 47.1% in Q1 2021 and 56.2% in Q2 2020.

Net adjustments to loans amounted to €599m, including around €200m set aside with regard to specific NPL portfolios to accelerate NPL deleveraging, from €402m in Q1 2021, and from €1,543m in Q2 2020 which included €915m for future COVID-19 impacts.

Net provisions and net impairment losses on other assets amounted to €220m, including around €125m to replenish insurance reserves also in accordance with *IVASS* Regulation no. 22/2008 regarding the measurement of risks on existing policies, compared with €134m in Q1 2021 and a net recovery of €251m in Q2 2020 following the recovery, with reallocation under net adjustments to loans, of provisions of around €300m, which were set aside in the previous quarter under allowances to risks and charges in relation to COVID-19.

Other income was negative by €7m versus a positive result of €198m in Q1 2021(including the capital gain of €194m deriving from the sale of the business line related to the activities of Custodian Bank and Fund Administration of Fideuram Bank Luxembourg) and a nil result in Q2 2020.

Income (Loss) from discontinued operations amounted to €10m versus €48m in Q1 2021 and €1,230m in Q2 2020 (including the €1,110m capital gain on Nexi).

Gross income amounted to €1,700m from €2,613m in Q1 2021 and €2,057m in Q2 2020.

Consolidated net income for the quarter amounted to €1,507m, after accounting:
- taxes on income of €85m, including a benefit of around €460m deriving from the tax realignment of intangible assets;
- charges (net of tax) for integration and exit incentives of €55m;
- effect of purchase price allocation (net of tax) of €18m;
- levies and other charges concerning the banking industry (net of tax) of €83m, deriving from pre-tax charges of €109m in relation to the contribution to the resolution fund, €4m in relation to contributions to the deposit guarantee scheme concerning the international network and €6m in relation to levies incurred by international subsidiaries. In Q1 2021, this caption amounted to €196m, deriving from pre-tax charges of €272m in relation to the resolution fund, €5m in relation to contributions to the deposit guarantee scheme concerning the international network, €5m in relation to levies incurred by international subsidiaries, and negative fair value differences of €2m regarding the *Atlante* fund. In Q2 2020, the caption amounted to €91m, deriving from pre-tax charges of €100m in relation to the contribution to the resolution fund, €8m in relation to contributions to the deposit

guarantee scheme concerning the international network and €21m in relation to levies incurred by international subsidiaries.
- losses pertaining to minority interests of €48m.

Net income for Q2 2021 was €1,507m, compared with €1,516m in Q1 2021 and €1,415m in Q2 2020.

The income statement for the first half of 2021 (°)

The consolidated income statement for H1 2021 recorded **net interest income** of €3,947m, down 3.2% from €4,077m in H1 2020.

Net fee and commission income amounted to €4,683m, up 13.2% from €4,136m in H1 2020. Specifically, commissions on commercial banking activities were up 5.3% and commissions on management, dealing and consultancy activities were up 16.5%. The latter, which include portfolio management, distribution of insurance products, dealing and placement of securities, etc., recorded increases of 58.9% in dealing and placement of securities, 15.4% in portfolio management (performance fees contributed €120m in H1 2021 and €44m in H1 2020), and 4.8% in distribution of insurance products.

Income from insurance business amounted to €854m from €896m in H1 2020.

Profits on financial assets and liabilities at fair value amounted to €1,139m, compared with €1,355m in H1 2020. Contributions from customers declined from €261m to €157m, those from capital markets increased from €407m to €415m, those from trading and treasury decreased from €713m to €560m while those from structured credit products recorded a positive result of €7m versus a negative result of €26m.

Operating income amounted to €10,674m, up by 1.7% versus €10,494m in H1 2020.

Operating costs amounted to €5,255m, down 2.3% from €5,379m in H1 2020, attributable to decreases of 0.8% in personnel expenses, 5.4% in administrative expenses and 3.2% in adjustments.

As a result, **operating margin** amounted to €5,419m, up 5.9% from €5,115m in H1 2020. The cost/income ratio was 49.2% in H1 2021 versus 51.3% in H1 2020.

Net adjustments to loans amounted to €1,001m, including around €200m set aside with regard to specific NPL portfolios to accelerate NPL deleveraging, from €2,081m in H1 2020 which included €965m for future COVID-19 impacts.

(°) The figures for the first half of 2021 and for full-year 2020 were prepared to take into account the inclusion of the UBI Banca Group and the Reyl Group for the period before their acquisition and, on the basis of management figures, the reallocation of the contribution from the going concerns object of sale to income (loss) from discontinued operations as well as the inclusion of the contribution of insurance companies Assicurazioni Vita (formerly Aviva Vita), Lombarda Vita and Cargeas, not considering the effects attributable to the going concerns object of sale, as illustrated in the methodological note on the scope of consolidation on page 25.

Net provisions and net impairment losses on other assets amounted to €354m, including around €125m to replenish insurance reserves also in accordance with *IVASS* Regulation no. 22/2008 regarding the measurement of risks on existing policies, versus €180m in H1 2020.

Other income amounted to €191m (including the capital gain of €194m deriving from the sale of the business line related to the activities of Custodian Bank and Fund Administration of Fideuram Bank Luxembourg) versus €13m in H1 2020.

Income (Loss) from discontinued operations amounted to €58m versus €1,379m in H1 2020 (including the Nexi capital gain of €1,110m).

Gross income amounted to €4,313m, compared with €4,246m in H1 2020.

Consolidated net income for the first half amounted to €3,023m, after accounting:
- taxes on income of €922m, including a benefit of around €460m deriving from the tax realignment of intangible assets;
- charges (net of tax) for integration and exit incentives of €107m;
- effect of purchase price allocation (net of tax) of €34m;
- levies and other charges concerning the banking industry (net of tax) of €279m, deriving from pre-tax charges of €381m in relation to the contribution to the resolution fund, €9m in relation to contributions to the deposit guarantee scheme concerning the international network, €11m in relation to levies incurred by international subsidiaries, and negative fair value differences of €2m regarding the *Atlante* fund. In H1 2020, this caption amounted to €297m, deriving from the following pre-tax figures: charges of €372m in relation to the contribution to the resolution fund, €13m in relation to contributions to the deposit guarantee scheme concerning the international network, €41m in relation to levies incurred by international subsidiaries, and positive fair value differences of €1m regarding the *Atlante* fund.
- losses pertaining to minority interests of €52m.

Net income of €3,023m in H1 2021 was up by 17.8% versus the €2,566m of H1 2020.

Balance sheet as at 30 June 2021

As regards the consolidated balance sheet figures, as at 30 June 2021 **loans to customers** amounted to €463bn, up 0.1% on year-end 2020 and down 0.2% on 30 June 2020 (down 0.5% on Q1 2021 and up 3.4% on H1 2020 when taking into account quarterly and half-yearly average volumes [(*)]). Total **non-performing loans** (bad, unlikely-to-pay, and past due) amounted - net of adjustments - to €9,713m, down 9.6% from €10,743m at year-end 2020. In detail, bad loans decreased to €3,692m from €4,003m at year-end 2020, with a bad loan to total loan ratio of 0.8% (0.9% as at year-end 2020), and a cash coverage ratio of 60.3% (58.3% as at year-end 2020). Unlikely-to-pay loans decreased to €5,539m from €6,223m at year-end 2020. Past due loans decreased to €482m from €517m at year-end 2020.

Customer financial assets amounted to €1,231bn, up 3.7% on year-end 2020 and 8.7% on 30 June 2020. Under customer financial assets, **direct deposits from banking business** amounted to €532bn, up 0.9% on year-end 2020 and 4.9% on 30 June 2020. **Direct deposits from insurance business and technical reserves** amounted to €204bn, up 0.5% on year-end 2020 and 6% on 30 June 2020. Indirect customer deposits amounted to €698bn, up 5.8% on year-end 2020 and 11.6% on 30 June 2020. **Assets under management** amounted to €459bn, up 4.6% on year-end 2020 and 10% on 30 June 2020. As for bancassurance, in H1 2021 the new business for life policies amounted to €8.6bn. Assets held under administration and in custody amounted to €239bn, up 8.3% on year-end 2020 and 14.9% on 30 June 2020.

Capital ratios as at 30 June 2021, calculated by applying the transitional arrangements for 2021[(11)], and deducting €2,116m of dividends accrued in H1 2021 from capital, were as follows:
- Common Equity Tier 1 ratio [(12)] at 14.9% (14.7% at year-end 2020 [(13)]),
- Tier 1 ratio [(12)] at 16.8% (16.9% at year-end 2020 [(13)]),
- total capital ratio [(12)] at 19.6% (19.6% at year-end 2020 [(13)]).

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

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

(12) After the deduction of the dividends accrued in H1 2021 and the coupons accrued on the Additional Tier 1 issues. Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 14.4% for the Common Equity Tier 1 ratio, 16.2% for the Tier 1 ratio and 19.4% for the total capital ratio.

(13) In accordance with the transitional arrangements for 2020. Excluding the mitigation of the impact of the first time adoption of IFRS 9, capital ratios are 14% for the Common Equity Tier 1 ratio, 16.2% for the Tier 1 ratio and 19.2% for the total capital ratio.

The estimated **pro-forma** Common Equity Tier 1 ratio for the Group on a **fully loaded basis** was 15.7%, calculated by applying the fully loaded parameters to the financial statements as at 30 June 2021 and taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca, and the expected distribution of the H1 2021 net income of insurance companies.

* * *

As a result of the strategic decisions taken, **Intesa Sanpaolo** has maintained its position as **one of the most solid international banking Groups**. In addition to the asset quality and level of capital ratios commented on above, the Group has continued to build on its key strengths: **robust liquidity** and **low leverage**.

Specifically, with regard to the components of the Group's **liquidity**:
- the high level of available unencumbered liquid assets (including eligible assets with Central Banks received as collateral and excluding eligible assets currently used as collateral) amounted to €181bn at the end of June 2021;
- the high level of liquid assets (comprising available unencumbered liquid assets, excluding eligible assets received as collateral, and eligible assets currently used as collateral) amounted to €323bn at the end of June 2021;
- refinancing operations with the ECB to optimise the cost of funding and support businesses in their investment amounted to around €130bn as at 30 June 2021 and consisted entirely of TLTROs III;
- the sources of funding were stable and well diversified, with retail funding representing 83% of direct deposits from banking business (including securities issued);
- medium/long-term wholesale funding was €6.6bn in H1 2021 and included benchmark transactions of senior non-preferred bonds of €1.75bn, senior green bond of €1.25bn and Tier 2 of $1.5bn (around 92% were placed with foreign investors).

The Group's **leverage ratio** as at 30 June 2021 was 6.9% applying the transitional arrangements for 2021 and 6.7% fully loaded, best in class among major European banking groups.

* * *

As at 30 June 2021, the Intesa Sanpaolo Group's **operating structure** had a total network of 5,255 branches, consisting of 4,258 branches in Italy and 997 abroad, and employed 99,112 people.

* * *

Breakdown of results by business area

The **Banca dei Territori** Division comprises:
- Retail customers (individual customers with financial assets up to €250,000 and annual net income of less than €50,000, businesses/companies with low-complexity needs);
- Exclusive customers (individual customers with financial assets between €250,000 and €1m or annual net income of more than €50,000);
- SME customers (enterprises with group turnover of €350m or less);
- customers that are non-profit organisations.

The division includes the "proximity bank" activities carried out, through the partnership between the subsidiary Banca 5 and SisalPay (Mooney), by using alternative channels to bank branches and focused on instant banking and targeting categories of customers who rarely use banking products and services.

In the second quarter of 2021, the Banca dei Territori Division recorded:
- operating income of €2,208m, -0.8% versus €2,226m in Q1 2021;
- operating costs of €1,594m, in line with €1,594m in Q1 2021;
- operating margin of €615m, -2.7% versus €632m in Q1 2021;
- a cost/income ratio of 72.2% versus 71.6% in Q1 2021;
- net provisions and adjustments of €389m versus €303m in Q1 2021;
- gross income of €226m versus €330m in Q1 2021;
- net income of €135m versus €217m in Q1 2021.

In the first half of 2021, the Banca dei Territori division recorded:
- operating income of €4,434m, +1.2% versus €4,383m in H1 2020 contributing approximately 42% of the consolidated operating income (42% in H1 2020 as well);
- operating costs of €3,187m, -2.9% versus €3,283m in H1 2020;
- operating margin of €1,247m, +13.4% versus €1,100m in H1 2020;
- a cost/income ratio of 71.9% versus 74.9% in H1 2020;
- net provisions and adjustments of €691m versus €1,646m in H1 2020;
- gross income of €556m versus -€546m in H1 2020;
- net income of €352m versus -€355m in H1 2020.

The **IMI Corporate & Investment Banking** Division includes:

- Global Corporate, which manages the relationship with corporate clients with a turnover higher than €350m, grouped, in accordance with a sector-based model, in the following eight industries: Automotive & Industrials; Basic Materials & Healthcare; Food & Beverage and Distribution; Retail & Luxury; Infrastructure & Real Estate Partners; Public Finance; Energy; Telecom, Media & Technology;
- International Department, which ensures the development of the division and is responsible for foreign branches, representative offices and foreign subsidiaries carrying out corporate banking (Intesa Sanpaolo Bank Luxembourg, Intesa Sanpaolo Bank Ireland, Intesa Sanpaolo Brasil and Banca Intesa in the Russian Federation);
- Global Banking & Sovereign Institutions, which is responsible for relationships with financial institutions;
- Global Transaction Banking, which is responsible for management of transaction banking services;
- Global Markets & Investment Banking, which operates in investment banking (M&A and advisory), structured finance, capital markets and primary markets (equity and debt capital market).

The division also comprises the management of the Group's proprietary trading.

In the second quarter of 2021, the IMI Corporate & Investment Banking Division recorded:

- operating income of €1,067m, -23.2% versus €1,389m in Q1 2021;
- operating costs of €335m, +7.9% versus €311m in Q1 2021;
- operating margin of €732m, -32.1% versus €1,078m in Q1 2021;
- cost/income ratio of 31.4% versus 22.4% in Q1 2021;
- net recoveries of €17m versus net provisions and adjustments of €69m in Q1 2021;
- gross income of €749m versus €1,009m in Q1 2021;
- net income of €514m versus €707m in Q1 2021.

In the first half of 2021, the IMI Corporate & Investment Banking Division recorded:

- operating income of €2,456m, -6.9% versus €2,639m in H1 2020 contributing approximately 23% of the consolidated operating income (25% in H1 2020);
- operating costs of €646m, -0.2% versus €647m in H1 2020;
- operating margin of €1,810m, -9.1% versus €1,992m in H1 2020;
- a cost/income ratio of 26.3% versus 24.5% in H1 2020;
- net provisions and adjustments of €52m versus €263m in H1 2020;
- gross income of €1,758m versus €1,729m in H1 2020;
- net income of €1,220m versus €1,151m in H1 2020.

The **International Subsidiary Banks** Division is responsible for operations on international markets through commercial banking subsidiaries and associates, and provides guidelines, coordination and support for the Group's subsidiaries. It is responsible for defining the Group's development strategy related to its direct presence abroad, including exploring and analysing new growth opportunities in markets where the Group already has a presence, as well as in new ones. This division also coordinates operations of international subsidiary banks and their relations with the Parent Company's head office departments and the IMI Corporate & Investment Banking Division's branches and offices abroad. The division is in charge of the Group's operations in the following geographical areas: i) South-Eastern Europe, through Privredna Banka Zagreb in Croatia, Banca Intesa Beograd in Serbia, Intesa Sanpaolo Banka Bosna i Hercegovina in Bosnia and Herzegovina, Intesa Sanpaolo Bank Albania and Intesa Sanpaolo Bank Romania; ii) Central-Eastern Europe, through Intesa Sanpaolo Bank in Slovenia, VUB Banka in Slovakia and CIB Bank in Hungary; iii) CIS and South Mediterranean, through Pravex Bank in Ukraine, Eximbank in Moldova and Bank of Alexandria in Egypt.

In the second quarter of 2021, the International Subsidiary Banks Division recorded:
- operating income of €499m, +6.5% versus €468m in Q1 2021;
- operating costs of €256m, +2.1% versus €250m in Q1 2021;
- operating margin of €243m, +11.5% versus €218m in Q1 2021;
- a cost/income ratio of 51.3% versus 53.5% in Q1 2021;
- net provisions and adjustments of €40m versus €54m in Q1 2021;
- gross income of €205m versus €166m in Q1 2021;
- net income of €147m versus €104m in Q1 2021.

In the first half of 2021, the International Subsidiary Banks Division recorded:
- operating income of €967m, +3.1% versus €938m in H1 2020, contributing approximately 9% of the consolidated operating income (9% in H1 2020 as well);
- operating costs of €506m, +0.2% versus €505m in H1 2020;
- operating margin of €461m, +6.5% versus €433m in H1 2020;
- a cost/income ratio of 52.3% versus 53.8% in H1 2020;
- net provisions and adjustments of €94m versus €125m in H1 2020;
- gross income of €371m versus €314m in H1 2020;
- net income of €251m versus €185m in H1 2020.

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

In the second quarter of 2021, the Private Banking Division recorded:
- operating income of €591m, -1.7% versus €601m in Q1 2021;
- operating costs of €224m, +8.6% versus €207m in Q1 2021;
- operating margin of €366m, -7.2% versus €395m in Q1 2021;
- a cost/income ratio of 38% versus 34.4% in Q1 2021;
- net provisions and adjustments of €9m versus €8m in Q1 2021;
- gross income of €358m versus €582m in Q1 2021;
- net income of €237m versus €395m in Q1 2021.

In the first half of 2021, the Private Banking Division recorded:
- operating income of €1,192m, +8.9% versus €1,095m in H1 2020, contributing approximately 11% of the consolidated operating income (10% in H1 2020);
- operating costs of €431m, +2.1% versus €422m in H1 2020;
- operating margin of €761m, +13.1% versus €673m in H1 2020;
- a cost/income ratio of 36.2% versus 38.5% in H1 2020;
- net provisions and adjustments of €16m versus €44m in H1 2020;
- gross income of €939m versus €641m in H1 2020;
- net income of €631m versus €433m in H1 2020.

The **Asset Management** Division develops asset management solutions targeted at the Group's customers, commercial networks outside the Group and the institutional clientele through Eurizon Capital. Eurizon Capital controls Pramerica (merged by incorporation on 1 July 2021), Eurizon Capital SA, a Luxembourg asset management company dedicated to development on international markets, Epsilon SGR, a company specialising in structured products, Eurizon Asset Management Slovakia, which heads up the Hungarian company CIB IFM and the Croatian company PBZ Invest (the asset management hub in Eastern Europe), Eurizon Capital Real Asset SGR focused on alternative asset classes, Eurizon SLJ Capital LTD, an English asset management company focused on macroeconomic and currency strategies. Eurizon Capital owns 49% of the Chinese asset management company Penghua Fund Management.

In the second quarter of 2021, the Asset Management Division recorded:
- operating income of €332m, +10.5% versus €301m in Q1 2021;
- operating costs of €55m, +7.4% versus €51m in Q1 2021;
- operating margin of €278m, +11.2% versus €250m in Q1 2021;
- a cost/income ratio of 16.4% versus 16.9% in Q1 2021;
- gross income of €278m versus €250m in Q1 2021;
- net income of €204m versus €172m in Q1 2021.

In the first half of 2021, the Asset Management Division recorded:
- operating income of €633m, +37.6% versus €460m in H1 2020, contributing approximately 6% of the consolidated operating income (4% in H1 2020);
- operating costs of €105m, +2.9% versus €102m in H1 2020;
- operating margin of €528m, +47.5% versus €358m in H1 2020;
- a cost/income ratio of 16.6% versus 22.2% in H1 2020;
- gross income of €528m versus €358m in H1 2020;
- net income of €376m versus €243m in H1 2020.

The **Insurance** Division develops insurance products tailored for the Group's clients; the Division includes Intesa Sanpaolo Vita (which controls Intesa Sanpaolo Assicura, Intesa Sanpaolo Life, and Intesa Sanpaolo RBM Salute), Fideuram Vita and, in addition, the companies whose control was acquired following the acquisition of UBI Banca (Bancassurance Popolari, Lombarda Vita, Assicurazioni Vita - formerly Aviva Vita - and Cargeas).

In the second quarter of 2021, the Insurance Division recorded:
- operating income of €437m, +14% versus €383m in Q1 2021;
- operating costs of €102m, +17.2% versus €87m in Q1 2021;
- operating margin of €335m, +13% versus €296m in Q1 2021;
- a cost/income ratio of 23.4% versus 22.7% in Q1 2021;
- net provisions and adjustments of €128m versus €3m in Q1 2021;
- gross income of €207m versus €293m in Q1 2021;
- net income of €214m versus €225m in Q1 2021.

In the first half of 2021, the Insurance Division recorded:
- operating income of €820m, -1.8% versus €835m in H1 2020, contributing approximately 8% of the consolidated operating income (8% in H1 2020 as well);
- operating costs of €189m, +3.8% versus €182m in H1 2020;
- operating margin of €631m, -3.4% versus €653m in H1 2020;
- a cost/income ratio of 23% versus 21.8% in H1 2020;
- net provisions and adjustments of €132m versus €19m in H1 2020;
- gross income of €499m versus €634m in H1 2020;
- net income of €439m versus €334m in H1 2020.

Outlook

In 2021, the Intesa Sanpaolo Group is expected to deliver a full-year net income of minimum €4 billion.

As regards the Group's dividend policy, in addition to €694 million in cash dividends for 2020 paid out in May 2021, in line with the 2018-2021 Business Plan it is envisaged:

- for the 2020 results, a cash distribution from reserves that, in addition to the aforementioned dividends, leads to the payment of a total amount corresponding to a payout ratio of 75% of the €3,505 million adjusted net income (14),
- for the 2021 results, the payment of an amount of cash dividends corresponding to a payout ratio of 70%, to be partially distributed as interim dividend this year.

The Board of Directors will convene in due course an Ordinary Shareholders' Meeting - to be held in the first half of October 2021 - to submit a proposal regarding a cash distribution to be drawn from the Extraordinary reserve, for the 2020 results, of €1,935,274,145.18 deriving from 9.96 euro cents on each of the 19,430,463,305 ordinary shares. This is to ensure that the distribution, if it is approved at the Meeting, takes place on the first available date after 30 September 2021 – the deadline for the ECB recommendation of 15 December 2020 in respect of dividend policies – namely 20 October 2021 (with coupon presentation on 18 October and record date on 19 October).

The Board of Directors of today has preliminarily defined an amount of €1.4 billion as the cash interim dividend to be distributed for the 2021 results. The Board will pass the relevant resolution on 3 November 2021, when it meets to approve the consolidated results as at 30 September 2021, in the absence of any inconvenience due to the results of the third quarter 2021 or to those foreseeable for the fourth quarter 2021. Once the planned distribution has been approved, the interim dividend, equal to €1,400,936,404.29, deriving from 7.21 euro cents on each ordinary share, will be paid out on the first available date following the Board of Directors' resolution, namely 24 November 2021 (with coupon presentation on 22 November and record date on 23 November).

---

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

Both the Board of Directors' proposal at the Meeting regarding the distribution from the Extraordinary reserve for the 2020 results and its resolution regarding the distribution of an interim dividend for the 2021 results are conditional on the compliance with all supervisory obligations, as well as any recommendations by Regulators regarding capital requirements applicable to Intesa Sanpaolo. Both the proposal and the resolution are, in any case, conditional on the verification that - even taking into account the respective distribution - the Group's fully loaded Common Equity Tier 1 ratio is no lower than 13% on a pro-forma basis (15) (12% fully phased-in (16)). This verification will be carried out on the date of the planned board approval of the notice convening the Meeting called to discuss the distribution from the Extraordinary reserve and on the date of the planned board resolution to distribute the interim dividend.

No distribution will be made to own shares held by the Bank at the record date. The distribution of reserves shall be subject to the same tax regime as the distribution of dividends. Based on the ratio between the envisaged per-share amount to be distributed and the reference price of the stock on 3 August 2021, the dividend yield would be 4.3% for the distribution of reserves related to the 2020 results and 3.1% for the interim dividend related to the 2021 results.

* * *

(15) Estimated by applying the fully loaded parameters, taking into account the total absorption of deferred tax assets (DTAs) related to goodwill realignment, loan adjustments, the first time adoption of IFRS 9 and the non-taxable public cash contribution of €1,285m covering the integration and rationalisation charges relating to the acquisition of the Aggregate Set of Banca Popolare di Vicenza and Veneto Banca, as well as the expected absorption of DTAs on losses carried forward and DTAs on the acquisition of UBI Banca.

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

For consistency purpose, the income statement and balance sheet figures for the first quarter of 2020 were restated following the acquisition of RBM Assicurazione Salute, finalised in May 2020. The related items were consolidated line by line, including the corresponding net income under minority interests and the corresponding shareholders' equity under shareholders' equity minority interests. These figures are reported in the attached statements.

Moreover, the income statement and balance sheet figures for the four quarters of 2020 were also restated following i) on one side, the acquisition of UBI Banca finalised in August 2020 (the related items were consolidated line by line for the first seven months of 2020 with reference to the income statement, including the corresponding net income under minority interests, and for the first two quarters of 2020 with reference to the balance sheet, including the corresponding shareholders' equity under shareholders' equity minority interests), and ii) on the other side, the sales transactions regarding the going concerns, finalised in H1 2021 (the related items were deconsolidated line by line since 1 January 2020 and the contribution to the income statement was allocated - on the basis of management figures - to income/loss from discontinued operations and the contribution to the balance sheet was allocated to non-current assets held for sale and discontinued operations and to liabilities associated with non-current assets held for sale and discontinued operations). These figures are reported in the attached statements as "Redetermined figures".

The "Redetermined figures" of the income statement for the four quarters of 2020 and the first quarter 2021 include the restatement done:
- following the acquisition of the control of Lombarda Vita and Aviva Vita (renamed Assicurazioni Vita), finalised in April 2021, and Cargeas finalised at the end of May 2021. The related items were consolidated line by line on the basis of management figures, excluding the items attributable to customers involved in the sale transactions regarding the going concerns finalised in H1 2021, with the allocation of the corresponding net income to minority interests; with regard to Lombarda Vita and Aviva Vita, the contribution in terms of profits on investments carried at equity was eliminated and allocated to minority interests.
- following the acquisition of the REYL Group, finalised at the beginning of June 2021. The related items were consolidated line by line, including the corresponding net income under minority interests.

Finally, the balance sheet figures for the four quarters of 2020 and the first quarter 2021 include the restatement done following the acquisition of the control of Lombarda Vita, Assicurazioni Vita (formerly Aviva Vita), Cargeas and the REYL Group. The related items were consolidated line by line, including the corresponding shareholders' equity under shareholders' equity minority interests.

The income statement and balance sheet figures related to the Business areas for the four quarters of 2020 and the first quarter 2021 were restated to attribute the related items regarding the acquisition of UBI Banca, Lombarda Vita, Assicurazioni Vita (formerly Aviva Vita), Cargeas and Reyl and to reallocate some items between Business areas and Corporate Centre.

* * *

In order to present more complete information on the results generated in the first half of 2021, the reclassified consolidated income statement and the reclassified consolidated balance sheet included in the report approved by the Board of Directors are attached. Please note that the auditing company in charge of performing the limited review of the half-yearly report has not yet completed its analysis

* * *

The manager responsible for preparing the company's financial reports, Fabrizio Dabbene, declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

* * *

The content of this document has a merely informative and provisional nature and is not to be construed as providing investment advice. The statements contained herein have not been independently verified. No representation or warranty, either express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or reliability of the information contained herein. Neither the Company nor any of its representatives shall accept any liability whatsoever (whether in negligence or otherwise) arising in any way in relation to such information or in relation to any loss arising from its use or otherwise arising in connection with this document. By accessing these materials, you agree to be bound by the foregoing limitations.

This press release contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Intesa Sanpaolo Group's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

* * *

Investor Relations
+39.02.87943180
investor.relations@intesasanpaolo.com

Media Relations
+39.02.87962326
stampa@intesasanpaolo.com

group.intesasanpaolo.com

Intesa Sanpaolo Group

Reclassified consolidated statement of income

(millions of euro)

	30.06.2021	30.06.2020	Changes	
			amount	%
Net interest income	4,013	3,505	508	14.5
Net fee and commission income	4,777	3,606	1,171	32.5
Income from insurance business	811	736	75	10.2
Profits (Losses) on financial assets and liabilities designated at fair value	1,140	1,265	-125	-9.9
Other operating income (expenses)	65	-3	68	
Operating income	**10,806**	**9,109**	**1,697**	**18.6**
Personnel expenses	-3,333	-2,764	569	20.6
Other administrative expenses	-1,358	-1,142	216	18.9
Adjustments to property, equipment and intangible assets	-606	-534	72	13.5
Operating costs	**-5,297**	**-4,440**	**857**	**19.3**
Operating margin	**5,509**	**4,669**	**840**	**18.0**
Net adjustments to loans	-1,007	-1,801	-794	-44.1
Other net provisions and net impairment losses on other assets	-351	-157	194	
Other income (expenses)	191	-12	203	
Income (Loss) from discontinued operations	-	1,163	-1,163	
Gross income (loss)	**4,342**	**3,862**	**480**	**12.4**
Taxes on income	-921	-875	46	5.3
Charges (net of tax) for integration and exit incentives	-107	-50	57	
Effect of purchase price allocation (net of tax)	-34	-50	-16	-32.0
Levies and other charges concerning the banking industry (net of tax)	-292	-277	15	5.4
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	35	-44	79	
Net income (loss)	**3,023**	**2,566**	**457**	**17.8**

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

Intesa Sanpaolo Group

Reclassified consolidated statement of income – Redetermined figures

(millions of euro)

	30.06.2021	30.06.2020	Changes	
	Redetermined figures	Redetermined figures	amount	%
Net interest income	3,947	4,077	-130	-3.2
Net fee and commission income	4,683	4,136	547	13.2
Income from insurance business	854	896	-42	-4.7
Profits (Losses) on financial assets and liabilities designated at fair value	1,139	1,355	-216	-15.9
Other operating income (expenses)	51	30	21	70.0
Operating income	**10,674**	**10,494**	**180**	**1.7**
Personnel expenses	-3,282	-3,308	-26	-0.8
Other administrative expenses	-1,365	-1,443	-78	-5.4
Adjustments to property, equipment and intangible assets	-608	-628	-20	-3.2
Operating costs	**-5,255**	**-5,379**	**-124**	**-2.3**
Operating margin	**5,419**	**5,115**	**304**	**5.9**
Net adjustments to loans	-1,001	-2,081	-1,080	-51.9
Other net provisions and net impairment losses on other assets	-354	-180	174	96.7
Other income (expenses)	191	13	178	
Income (Loss) from discontinued operations	58	1,379	-1,321	-95.8
Gross income (loss)	**4,313**	**4,246**	**67**	**1.6**
Taxes on income	-922	-997	-75	-7.5
Charges (net of tax) for integration and exit incentives	-107	-37	70	
Effect of purchase price allocation (net of tax)	-34	-50	-16	-32.0
Levies and other charges concerning the banking industry (net of tax)	-279	-297	-18	-6.1
Impairment (net of tax) of goodwill and other intangible assets	-	-	-	-
Minority interests	52	-299	351	
Net income (loss)	**3,023**	**2,566**	**457**	**17.8**

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

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated statement of income

(millions of euro)

	2021		2020			
	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter
Net interest income	2,000	2,013	2,191	2,103	1,754	1,751
Net fee and commission income	2,382	2,395	2,597	2,141	1,752	1,854
Income from insurance business	438	373	319	298	367	369
Profits (Losses) on financial assets and liabilities designated at fair value	344	796	194	130	266	999
Other operating income (expenses)	16	49	14	1	12	-15
Operating income	**5,180**	**5,626**	**5,315**	**4,673**	**4,151**	**4,958**
Personnel expenses	-1,657	-1,676	-1,824	-1,608	-1,393	-1,371
Other administrative expenses	-708	-650	-889	-662	-585	-557
Adjustments to property, equipment and intangible assets	-300	-306	-321	-304	-269	-265
Operating costs	**-2,665**	**-2,632**	**-3,034**	**-2,574**	**-2,247**	**-2,193**
Operating margin	**2,515**	**2,994**	**2,281**	**2,099**	**1,904**	**2,765**
Net adjustments to loans	-599	-408	-1,475	-938	-1,398	-403
Other net provisions and net impairment losses on other assets	-218	-133	-122	-67	262	-419
Other income (expenses)	-7	198	62	23	-18	6
Income (Loss) from discontinued operations	-	-	-	-	1,134	29
Gross income (loss)	**1,691**	**2,651**	**746**	**1,117**	**1,884**	**1,978**
Taxes on income	-82	-839	-167	-319	-314	-561
Charges (net of tax) for integration and exit incentives	-55	-52	-1,485	-28	-35	-15
Effect of purchase price allocation (net of tax)	-18	-16	-1,227	3,237	-24	-26
Levies and other charges concerning the banking industry (net of tax)	-83	-209	-38	-197	-86	-191
Impairment (net of tax) of goodwill and other intangible assets	-	-	-912	-	-	-
Minority interests	54	-19	-16	-	-10	-34
Net income (loss)	**1,507**	**1,516**	**-3,099**	**3,810**	**1,415**	**1,151**

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

Intesa Sanpaolo Group

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

(millions of euro)

	2021		2020			
	Second quarter Redetermined figures	First quarter Redetermined figures	Fourth quarter Redetermined figures	Third quarter Redetermined figures	Second quarter Redetermined figures	First quarter Redetermined figures
Net interest income	1,995	1,952	2,072	2,129	2,037	2,040
Net fee and commission income	2,370	2,313	2,442	2,147	2,014	2,122
Income from insurance business	456	398	436	353	456	440
Profits (Losses) on financial assets and liabilities designated at fair value	344	795	193	127	306	1,049
Other operating income (expenses)	19	32	6	1	29	1
Operating income	**5,184**	**5,490**	**5,149**	**4,757**	**4,842**	**5,652**
Personnel expenses	-1,655	-1,627	-1,744	-1,646	-1,662	-1,646
Other administrative expenses	-712	-653	-898	-744	-747	-696
Adjustments to property, equipment and intangible assets	-301	-307	-315	-313	-314	-314
Operating costs	**-2,668**	**-2,587**	**-2,957**	**-2,703**	**-2,723**	**-2,656**
Operating margin	**2,516**	**2,903**	**2,192**	**2,054**	**2,119**	**2,996**
Net adjustments to loans	-599	-402	-1,440	-972	-1,543	-538
Other net provisions and net impairment losses on other assets	-220	-134	-121	-64	251	-431
Other income (expenses)	-7	198	62	22	-	13
Income (Loss) from discontinued operations	10	48	129	80	1,230	149
Gross income (loss)	**1,700**	**2,613**	**822**	**1,120**	**2,057**	**2,189**
Taxes on income	-85	-837	-191	-322	-362	-635
Charges (net of tax) for integration and exit incentives	-55	-52	-1,485	-27	-22	-15
Effect of purchase price allocation (net of tax)	-18	-16	-1,227	3,237	-24	-26
Levies and other charges concerning the banking industry (net of tax)	-83	-196	-38	-178	-91	-206
Impairment (net of tax) of goodwill and other intangible assets	-	-	-912	-	-	-
Minority interests	48	4	-68	-20	-143	-156
Net income (loss)	**1,507**	**1,516**	**-3,099**	**3,810**	**1,415**	**1,151**

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

Intesa Sanpaolo Group

Reclassified consolidated balance sheet

(millions of euro)

Assets	30.06.2021	31.12.2020	Changes	
			amount	%
Due from banks	152,688	108,310	44,378	41.0
Loans to customers	463,297	462,802	495	0.1
Loans to customers measured at amortised cost	*461,348*	*461,373*	*-25*	*-*
Loans to customers designated at fair value through other comprehensive income and through profit or loss	*1,949*	*1,429*	*520*	*36.4*
Financial assets measured at amortised cost which do not constitute loans	42,615	47,102	-4,487	-9.5
Financial assets at fair value through profit or loss	59,826	57,074	2,752	4.8
Financial assets at fair value through other comprehensive income	66,415	57,590	8,825	15.3
Financial assets pertaining to insurance companies measured at fair value pursuant to IAS 39	206,138	205,537	601	0.3
Financial assets pertaining to insurance companies measured at amortised cost pursuant to IAS 39	906	1,562	-656	-42.0
Investments in associates and companies subject to joint control	1,707	1,671	36	2.2
Property, equipment and intangible assets	19,451	19,131	320	1.7
Assets owned	*17,815*	*17,311*	*504*	*2.9*
Rights of use acquired under leases	*1,636*	*1,820*	*-184*	*-10.1*
Tax assets	19,014	19,777	-763	-3.9
Non-current assets held for sale and discontinued operations	1,566	28,702	-27,136	-94.5
Other assets	23,972	24,744	-772	-3.1
Total Assets	**1,057,595**	**1,034,002**	**23,593**	**2.3**

Liabilities	30.06.2021	31.12.2020	Changes	
			amount	%
Due to banks at amortised cost	164,840	115,944	48,896	42.2
Due to customers at amortised cost and securities issued	519,223	514,229	4,994	1.0
Financial liabilities held for trading	57,335	59,044	-1,709	-2.9
Financial liabilities designated at fair value	3,361	3,032	329	10.9
Financial liabilities pertaining to insurance companies measured at amortised cost pursuant to IAS 39	2,518	2,023	495	24.5
Financial liabilities pertaining to insurance companies measured at fair value pursuant to IAS 39	83,010	80,699	2,311	2.9
Tax liabilities	2,490	3,370	-880	-26.1
Liabilities associated with non-current assets held for sale and discontinued operations	78	35,676	-35,598	-99.8
Other liabilities	31,674	24,365	7,309	30.0
of which lease payables	*1,570*	*1,762*	*-192*	*-10.9*
Technical reserves	119,475	121,360	-1,885	-1.6
Allowances for risks and charges	7,041	7,194	-153	-2.1
of which allowances for commitments and financial guarantees given	*548*	*626*	*-78*	*-12.5*
Share capital	10,084	10,084	-	-
Reserves	46,671	44,775	1,896	4.2
Valuation reserves	-476	-515	-39	-7.6
Valuation reserves pertaining to insurance companies	661	809	-148	-18.3
Equity instruments	6,269	7,464	-1,195	-16.0
Minority interests	318	1,172	-854	-72.9
Net income (loss)	3,023	3,277	-254	-7.8
Total liabilities and shareholders' equity	**1,057,595**	**1,034,002**	**23,593**	**2.3**

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

Intesa Sanpaolo Group

Quarterly development of the reclassified consolidated balance sheet

(millions of euro)

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

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

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

Intesa Sanpaolo Group

Breakdown of financial highlights by business area

(millions of euro)

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total (Redetermined figures)
Operating income								
30.06.2021	4,434	2,456	967	1,192	633	820	172	10,674
30.06.2020	4,383	2,639	938	1,095	460	835	144	10,494
% change	1.2	-6.9	3.1	8.9	37.6	-1.8	19.4	1.7
Operating costs								
30.06.2021	-3,187	-646	-506	-431	-105	-189	-191	-5,255
30.06.2020	-3,283	-647	-505	-422	-102	-182	-238	-5,379
% change	-2.9	-0.2	0.2	2.1	2.9	3.8	-19.7	-2.3
Operating margin								
30.06.2021	1,247	1,810	461	761	528	631	-19	5,419
30.06.2020	1,100	1,992	433	673	358	653	-94	5,115
% change	13.4	-9.1	6.5	13.1	47.5	-3.4	-79.8	5.9
Net income (loss)								
30.06.2021	352	1,220	251	631	376	439	-246	3,023
30.06.2020	-355	1,151	185	433	243	334	575	2,566
% change		6.0	35.7	45.7	54.7	31.4		17.8

	Banca dei Territori	IMI Corporate & Investment Banking	International Subsidiary Banks	Private Banking	Asset Management	Insurance	Corporate Centre	Total
Loans to customers								
30.06.2021	252,761	149,554	37,297	12,932	357	-	10,396	463,297
31.12.2020	251,809	145,974	36,079	12,128	452	-	16,360	462,802
% change	0.4	2.5	3.4	6.6	-21.0	-	-36.5	0.1
Direct deposits from banking business								
30.06.2021	281,343	88,117	47,739	49,602	25	-	64,786	531,612
31.12.2020	267,450	92,938	46,308	49,841	14	-	70,214	526,765
% change	5.2	-5.2	3.1	-0.5	78.6	-	-7.7	0.9

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